Foreign relations of the United States diplomatic papers, 1944. General: economic and social matters. Volume II 1944

United States Department of State
Washington, D.C.: U.S. Government Printing Office, 1944

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Foreign Relations of the United States

1944

Volume II

GENERAL: ECONOMIC AND SOCIAL MATTERS

Department of State
Washington

79th Congress, 1st Session - - - House Document No. 303, Pt. 2

Foreign Relations of the United States

Diplomatic Papers

1944

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United States
Government Printing Office
Washington : 1967

DEPARTMENT OF STATE PUBLICATION 8211

HISTORICAL OFFICE
BUREAU OF PUBLIC AFFAIRS

For sale by the
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PREFACE

This volume was prepared under the direct supervision of E. Ralph Perkins, formerly Chief of the Foreign Relations Division, presently headed by S. Everett Gleason. Editorial assistance was provided by Fredrick Aandahl. The compilers of the volume were Velma Hastings Cassidy, the late Gustave Nuermberger, and former staff members N. O. Sappington, Matilda F. Axton, George H. Dengler, Douglas W. Houston, John Rison Jones, and Shirley L. Phillips.

The Publishing and Reproduction Services Division (Jerome H. Perlmutter, Chief) was responsible for the technical editing of the volume and for preparation of the index. These functions were performed in the Historical Editing Section under the direct supervision of Elizabeth A. Vary, Chief, and Ouida J. Ward, Assistant Chief.

WILLIAM M. FRANKLIN
Director, Historical Office,
Bureau of Public Affairs

JANUARY 18, 1967

PRINCIPLES FOR THE COMPILATION AND EDITING OF "FOREIGN RELATIONS"

The principles which guide the compilation and editing of *Foreign Relations* are stated in Department of State Regulation 1350 of June 15, 1961, a revision of the order approved on March 26, 1925, by Mr. Frank B. Kellogg, then Secretary of State. The text of the current regulation is printed below:

1350 DOCUMENTARY RECORD OF AMERICAN DIPLOMACY

1351 *Scope of Documentation*

The publication *Foreign Relations of the United States, Diplomatic Papers*, constitutes the official record of the foreign policy of the United States. These volumes include, subject to necessary security considerations, all documents needed to give a comprehensive record of the major foreign policy decisions within the range of the Department of State's responsibilities, together with appropriate materials concerning the facts which contributed to the formulation of policies. When further material is needed to supplement the documentation in the Department's files for a proper understanding of the relevant policies of the United States, such papers should be obtained from other Government agencies.

1352 *Editorial Preparation*

The basic documentary diplomatic record to be printed in *Foreign Relations of the United States, Diplomatic Papers*, shall be edited by the Historical Office, Bureau of Public Affairs of the Department of State. The editing of the record shall be guided by the principles of historical objectivity. There shall be no alteration of the text, no deletions without indicating where in the text the deletion is made, and no omission of facts which were of major importance in reaching a decision. Nothing shall be omitted for the purpose of concealing or glossing over what might be regarded by some as a defect of policy. However, certain omissions of documents are permissible for the following reasons:

a. To avoid publication of matters which would tend to impede current diplomatic negotiations or other business.
b. To condense the record and avoid repetition of needless details.
c. To preserve the confidence reposed in the Department by individuals and by foreign governments.
d. To avoid giving needless offense to other nationalities or individuals.
e. To eliminate personal opinions presented in despatches and not acted upon by the Department. To this consideration there is one qualification—in connection with major decisions it is desirable, where possible, to show the alternatives presented to the Department before the decision was made.

1353 *Clearance*

To obtain appropriate clearances of material to be published in *Foreign Relations of the United States, Diplomatic Papers*, the Historical Office shall:

a. Refer to the appropriate policy offices of the Department and of other agencies of the Government such papers as appear to require policy clearance.
b. Refer to the appropriate foreign governments requests for permission to print as part of the diplomatic correspondence of the United States those previously unpublished documents which were originated by the foreign governments.

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INFORMAL AND EXPLORATORY DISCUSSIONS REGARDING POSTWAR ECONOMIC POLICY [1]

840.50/3432 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, January 4, 1944—5 p. m.
[Received 6:21 p. m.]

56. In accordance with the arrangement made by Penrose [2] with Hawkins [3] and Pasvolsky [4] before leaving Washington, this is the first of a number of messages based on personal conversations with British civil servants some of whom took part in the recent United States–United Kingdom economic talks. We suggest that it be circulated for confidential use by those concerned with the economic conversations only.

Economic Talks on Article VII Questions: [5] It appears doubtful whether the British group will be ready to renew the discussions much before the beginning of March. This is due to three causes:

(1) On their return to London the group took about 6 weeks to clear off arrears of other work;

(2) The prolonged absence of the Prime Minister has hindered clearance of economic matters at the Cabinet level;

(3) The necessity of consultation with the Dominions slows up action on amendments of the positions outlined in former meetings with economists of the Dominions Governments.

As the success of most of the international economic measures depends on multilateral agreement, the British are anxious to have the Dominions keep in agreement with Britain and the United States at each stage in the economic talks. They feel, however, that there are

[1] Continued from *Foreign Relations*, 1943, vol. I, pp. 1099–1126.

[2] Ernest F. Penrose, Special Assistant to the Ambassador in London.

[3] Harry C. Hawkins, Chief of the Division of Commercial Policy and Agreements; appointed Director of the Office of Economic Affairs, January 15, 1944, and Counselor of Embassy for Economic Affairs at London, September 12, 1944.

[4] Leo Pasvolsky, Special Assistant to the Secretary of State.

[5] Article VII of the Lend Lease Agreement between the United States and the United Kingdom, signed at Washington February 23, 1942; for text, see Department of State Executive Agreement Series No. 241, or 56 Stat. (pt. 2) 1433. Article VII provided for conversations between the two Governments "to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations." Article VIII, which set February 23, 1942, as the effective date of this Agreement, should not be confused with Article VIII of the United States–United Kingdom Agreement signed November 17, 1938, mentioned in telegram 4783, June 16, 1944, to London, p. 47.

disadvantages in having large numbers around one table in the early stages of formulation of the economic measures. The alternative is to have separate consultations between the American-British meetings such as those in Washington between the United States and Canada and other consultations which the British will have with the Dominions before the next talks. The British realize that this takes time but intend to speed it up as much as possible.

There appears to be considerable interest and some concern in British Government circles as to the furthest point to which the international economic measures can be taken up to the time of the presidential election. The British civil servants agree, of course, that the working out of agreed positions among the technicians has still a considerable way to go, especially on questions of commercial policy, raw materials, subsidies and cartels. They are considering, however, what plans should be made to prepare the way in political circles and among the public and would be glad to hear of any views we may have on this subject.

Subsidies: Recently personal conversations with Meade and Liesching[6] indicate that there may be substantial opposition in Great Britain and some of the Dominions to a formal limit on domestic subsidies. This opposition appears to be mainly political and based on the fear that if the interested group are to be persuaded to agree to substantial tariff reductions and elimination of preferences and import quotas, it would not be practicable to apply a rigid limit to domestic subsidies. On this point, the British seem to have in mind (1) certain sections of their domestic producers and (2) countries in an early stage of industrialization some of which have built up their industries during the war.

In practice this covers cases that come legitimately within the category of the infant industry, but the British seem also to have in mind other less defensible cases where political pressures predominate over economic considerations. The British think that the visible drain on the taxpayer arising out of subsidies would in practice be a severe restraining influence that would keep protectionism within reasonable limits if tariffs were held down and import quotas eliminated.

The line between infant industry subsidies and other subsidies has not yet been clearly drawn and an early attempt at an approximate working definition seems essential to further progress in the discussion. So far it appears that British ideas on the subject are still vague.

Meade, expressing a personal opinion, put forward the following suggestion: (1) That export subsidies should be banned; (2) that domestic subsidies should be permitted; (3) that provision should be made under certain conditions for declaring a commodity to be in a

[6] James E. Meade and Percivale Liesching of the British Board of Trade.

state of surplus, and that after such a declaration countries with domestic subsidies on the commodity should agree to remove such subsidies completely as long as the state of surplus continued. Failure to do so would release other countries from the obligation not to apply export subsidies to the commodity in question.

Multilateral Tariff Reductions: Among the various formulas for multilateral tariff cuts, Meade expressed a personal preference for the principle of an agreed proportionate reduction of tariffs keeping within a specified tariff floor and ceiling. Among suggestions from the American side, he liked best the idea of a 15% tariff floor with a 50% reduction of tariffs which are above the floor.

WINANT

840.50/3437 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, January 5, 1944—10 p. m.
[Received 11:03 p. m.]

106. The following is for confidential use by groups concerned with the Article VII conversations and belongs to the series indicated in paragraph 1 of Embassy's 56, January 4, 1944:

Long Term International Investment: [7] Keynes [8] in personal conversation said that he had not yet had time to work out fully and set down his views on international investment but that he would concentrate on it as soon as he had cleared away some immediate tasks.

He restated his general thesis regarding private losses and public gains in past international investments, and the difficulties of constructing an international organization which will reduce the first without reducing the second. According to this thesis, the financial losses of individual investors have greatly exceeded financial gains made by them but there has been a very large net gain to borrowing and lending countries and to the whole world as a result of the economic development made possible by the international investments, including a large part of those which brought losses to the actual investors.

Keynes pointed out that the United States Treasury proposal for a United Nations bank of reconstruction and development aims at "sound" international investment and this soundness applies particularly to the financial prospects of the investments. Therefore, international investment in projects that raise productivity but fail to

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[7] For additional documentation regarding monetary and financial matters, see pp. 106 ff.

[8] John Maynard Keynes, Economic Adviser to the British Government.

bring financial returns might not come within its operations even though many projects that fail even to produce sufficient direct financial returns to service the loans are of the greatest benefit. Keynes, of course, appreciates the political difficulties of setting up an international investment body without stressing financial "soundness" as a fundamental principle. He will concentrate on this problem shortly.

Keynes stressed the importance of international loans that can be used by borrowers to obtain consumption goods to sustain workers engaged on capital projects. In some of the Asiatic countries external aid is needed for this purpose rather than for the import of capital goods.

Further information on the development of British thinking on this subject will be obtained as opportunities arise.

WINANT

840.50/3449 : Telegram

The Minister in Australia (Johnson) to the Secretary of State

CANBERRA, January 8, 1944—2 p. m.
[Received January 8—1:16 p. m.]

4. Informed that Dixon [9] reports Article VII talks with Canada were at the invitation of the United States Government. I am asked if there is special reason for singling out Canada and what our attitude might be if Australia desired to have similar talks. They feel that their studies have developed points of view more representative of these alternations or units and which would assist you in anticipating such nations.

Incidentally I am in possession of a set of documents constituting those studies and the agreed recommendations by their Interdepartmental Committee on External Relations which will be presented to Cabinet next week. (See my despatch 564 September 18 last.) [10] These are being copied and will accompany an airmail despatch within a few days.[11] What they will want to say at the talks you will read in these documents covering employment, money, commodities, tariffs, etc; hence it [will?] be advisable to stall until they have been read by all concerned there.

JOHNSON

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[9] Owen Dixon, Australian Minister in the United States.
[10] Not printed.
[11] Despatch 657, January 11, not printed.

840.50/3449 : Telegram

The Secretary of State to the Minister in Australia (Johnson)

WASHINGTON, January 17, 1944—7 p. m.

7. Please inform appropriate authorities, in reply to query mentioned in your 4, January 8, that Canada was invited for brief Article VII discussions because of possibility for Canadians to arrive, owing to proximity of Ottawa, while we were awaiting information regarding arrangements of Russian and Chinese Governments for sending delegations to Washington. Russian and Chinese Governments were invited, simultaneously with the United Kingdom, to send delegations to discuss informally Article VII problems; but no definitive arrangement yet made by Russians or Chinese, although anticipated momentarily.

In your discretion, you might indicate that the Department proposes to have such conversations with all principal countries subscribing to Article VII, including Australia; that Department is gratified at Australia's interest and has informally kept in touch on general pertinent developments with McCarthy [12] and Fletcher, who represented Australia in the similar Commonwealth discussions in London last summer.

HULL

840.50/3467 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, January 19, 1944—noon.
[Received 9:35 p. m.]

491. Embassy's 56, January 4 and 66 [*106*], January 5. For those concerned with economic conversations under Article VII.

International Commodity Organization. Robbins [13] in personal conversation drew a rough contrast between what he thought the best procedure in dealing with monetary and commercial policy on the one hand and commodity questions on the other. In regard to the two former, he thought it necessary to work out in considerable detail the preliminary measures to be adopted. In regard to the latter, he holds to the view that the initial step should be agreement on a very general statement of principles and on the framework of a general commodity council, and that agreement on this should be possible at a fairly early stage. He thought the application of the principles to particular commodities could be worked out later and that the general

[12] E. McCarthy, Assistant Secretary, Australian Department of Commerce and Agriculture.

[13] Lionel Robbins of the Economic Secretariat, British War Cabinet Offices.

agreement need not wait for the working out of detailed methods of application. As to the practicability of purely buffer stock arrangements, he envisaged a period of experimentation with certain commodities. He emphasized that the British Government would continue to act as it had done in the case of rubber [14] and oppose renewal of prewar commodity controls pending establishment of a general international commodity council, after which arrangements for particular commodities would be formulated in line with agreed general principles and with the approval of the general commodity council.

Robbins is personally more sympathetic to the case for a formal limit to subsidies than others with whom the subject has been discussed but shares their doubts of its political practicability here. It seems possible that some progress might be made here after a detailed study of alternative methods of formulating such limits.

Fears of American Postwar Depression. There is increasing evidence here of concern about the ability of the United States to maintain a high level of employment after the war. This creates an attitude of reservation regarding the prospects for international economic reconstruction, and thus may indirectly affect the political reception that will be given here to measures for implementing Article VII of the mutual aid agreement.

Keynes, Robbins and Meade have recently emphasized the importance of this in personal conversations. Keynes felt that the vast majority in American business and congressional circles had not yet grasped the fundamental principles of full employment policy and would reject the measures necessary to apply them. Meade argued for maximum elasticity in exchange rates, chiefly because of his skepticism of America's ability to prevent serious depression even a decade after the war. Robbins spoke of a tendency in some civil service and ministerial circles here to favor going slow with commitments on international economic reconstruction for fear that a slump in America would dislocate international economic organization. The British group that took part in the economic conversations vigorously opposes this tendency but would welcome evidence of greater activity in the formulation of domestic plans for maintaining full employment in the United States, and of a more favorable attitude in the legislative branch towards the adoption of the necessary measures for maintaining employment after the war. In particular, they do not think there is much evidence that any comprehensive housing program is being prepared. In Britain, it is felt that a well considered housing program is essential to the maintenance of construction activity after the war and the British program is well under way.

[14] For documentation regarding termination of the International Rubber Regulation Agreement and exploratory discussions for a new agreement, see pp. 950 ff.

There is no doubt that the greater the evidences of American activity in respect to postwar domestic full employment measures the more disposition there will be in political and public circles here to favor large British contributions to international economic reconstruction.

British Labor Viewpoints Relevant to Article VII Discussions. We learn in strict confidence that the General Council of the Trade Union Congress is preparing to approach the Government with an offer to waive the restoration of restrictive union practices after the war on condition that the Government gives assurances it will adopt adequate measures for the maintenance of full employment.

In regard to British press statements implying that the General Council of the Trade Union Congress has endorsed the Edgar Jones plan for a world trade alliance,[15] we find from personal inquiries that the Council has not endorsed any of the specific proposals of the World Trade Alliance but has merely given its approval to the principle of a permanent international economic organization concerned with international trade problems.

WINANT

840.50/3437 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, January 19, 1944—1 p. m.

464. Embassy's telegrams on Article VII talks background, your 56 of January 4 and 106 of January 5, very helpful. Please continue to supply as much information of this nature as possible.

HULL

840.50/3500 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, February 6, 1944—11 p. m.
[Received February 7—8:35 a. m.]

1026. For those concerned with Article VII discussions. This telegram continues the series included in Embassy's 56, January 4, 106, January 5 and 491, January 19:

Talks With Dominions. Ronald[16] indicated recently that these would probably take place about the last week in February.

[15] For information concerning the organization of the World Trade Alliance at London, July 19, 1943, under leadership of Sir Edgar R. Jones, see the London *Times*, July 20, 1943, p. 2.

[16] Nigel Bruce Ronald, British Assistant Under Secretary of State for Foreign Affairs.

State Trading. The principles of state trading may be important in relation to British imports after the war and possibly in relation to some reestablished or newly established governments on the continent of Europe. Some British economists in Government stress that the subject should not be considered as if the Soviet Union were the only important case involved.

The future of the Ministry of Food has been discussed from time to time in Government circles and with it the question of bulk purchasing of food imports under Government direction or control. It appears certain that the Ministry will continue some time after the war and probable that it will continue permanently. Bulk purchasing contracts will not now be made that go beyond 1946 or 1947 since the long term policy is still undecided and will be formed by the Cabinet on the basis of political considerations. Certain commitments to domestic farmers will probably cover the same period since it would be politically impracticable to give guaranteed prices for the products of farmers overseas without doing the same for farmers at home. While the Ministry of Food is likely to be established on a permanent basis the forces opposed to continuance of state trading beyond the transition period seem likely in the present Government to outweigh those in favor of it. If the war ends this year, however, bulk purchasing under present commitments will continue for about 2 years and ultimate policy may be determined by a differently constituted Government from the present one.

There are considerable differences of opinion in Parliament and among both permanent and temporary civil servants on bulk purchasing of certain imports in peacetime under Government direction. Commercial importing interests of course oppose state trading. A number of temporary civil servants in the Ministry of Food and the raw material controls were drawn from the trades concerned and many of them oppose continuance of Government trading operations and controls after the immediate post-war transition. Even among this group there are individual exceptions. The economists are not wholly in agreement on the subject. Information on the individual positions of some of them will be sent in a later message.

In the course of internal civil service discussions those opposed to bulk purchasing under Government control use as one of their objections the argument that the United States would be opposed to such forms of trading. This argument, particularly when used by those considered to be influenced by private commercial interests, adds to the feeling among some of the British tendencies that the United States will be a drag on post-war social change. Congressional utterances and actions and stress in American public utterances on the virtues of private enterprise have led to suspicion of future American

policy among many in liberal and labor and even left wing conservative circles. In international trade questions, the issue is somewhat clouded by lack of a clearly conceived progressive policy and failure to grasp the importance of reconciling planning with an advantageous territorial division of labor.

At the technical level, work on internal commodity questions has been distributed as follows: Foods are in the hands of the Ministry of Food, not of the Ministry of Agriculture. The Ministry of Food insisted strongly on this arrangement. Minerals are dealt with by the Ministry of Supply and by the raw material controls some of which are attached to the Ministry of Supply. The Ministry of Agriculture has designated some of its economic staff to examine the relation of Article VII talks to domestic agricultural policy. For this purpose P. Lamartine Yates and Mrs. Holland have been brought into the Ministry under Enfield.[17]

Yates in a personal conversation referred recently to the joint statement on state trading (made after the Washington talks), paragraph 9,[18] in which two criteria are formulated to assist in determining whether in any given case protectionism under state trading exceeded the maximum allowed under tariff agreements. He thought the first criterion was useful but was unable to attach any clear meaning to the second, which is put in the form of a question "whether the monopoly was satisfying the full domestic demand for the foreign products".

Yates is personally in favor of a limit on subsidies and mentioned a suggestion that it might be fixed at a level that did not raise domestic prices by more than 25 percent above the "world" level. However, in further conversation he spoke favorably of "indirect" subsidies for certain products. Such subsidies are opposed by most of the British economists.

State trading is being studied by some of the British technicians concerned with food and agriculture from the point of view of the problem of offsetting fluctuations in world prices. They are considering the advisability of bulk state purchase of imports accompanied by guaranteed domestic prices of the product. This would involve some degree of stabilization to offset world fluctuations. Subsidies might be used for welfare purposes in support of a policy to guarantee to the consumer certain basic foods at prices within the reach of the low income groups, or to maintain guaranteed prices to domestic producers of certain products in the event of sharp fluctuations in world prices. In general there is a feeling that much more work needs

[17] R. R. Enfield, Principal Assistant Secretary, British Ministry of Agriculture and Fisheries.

[18] See telegram 1316, December 2, 1943, 2 p. m., to Moscow, item VI *d*, paragraphs 4 (*a*) and (*b*), *Foreign Relations*, 1943, vol. I, pp. 1119, 1123.

to be done to distinguish between the use of subsidies for purposes of stabilization and their use for protectionist purposes.

WINANT

840.50/3513 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, February 12, 1944—6 p. m.
[Received February 13—10:40 a. m.]

1211. For those concerned with Article VII discussions. Reference Embassy's telegram 1026, February 6:

Relation Between Domestic and International Reconstruction. The move to expedite the talks with the Dominions has been accompanied by an intensification of work on the Article VII discussions.

There are also numerous signs of increased activity in planning for domestic as well as international economic reconstruction and since the two cannot be kept in isolation from one another, the effect is to widen the interest in the progress of international plans. Those concerned with domestic plans are anxiously scanning the international field to determine how far it may impose limitations on what can be done at home.

In the near future White Papers will be issued on four subjects—a national medical service, the Government's position on the Beveridge report, workmen's compensation and full employment policy.[19] These papers will represent Government policy approved in ministerial as well as civil service circles and their publication will constitute a step in the direction of legislation.

The White Paper on a national medical service will be comprehensive and based on the acceptance of Government responsibility for ensuring that a full medical service shall be made available to all regardless of income. The economic aspects of the measure will be the most difficult and important. The objective will be to establish health centers in which practitioners will work in association. Coordination of the voluntary hospitals and those of the local authorities will be dealt with. There have been sharp differences on the methods of remuneration of doctors under national service. Sir Wilson Jamieson, chief medical officer of the Ministry of Health, and the more forward looking persons in the field believe that a salaried service is the only satisfactory method but compromise with the British Medical Association seems likely on this point.

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[19] The four White Papers were printed during the summer of 1944 as British Cmd. 6502, 6527, 6550, and 6551. For text of the Beveridge report of 1942, see British Cmd. 6404: *Social Insurance and Allied Services, Report by Sir William Beveridge*, November 1942.

The paper on full employment policy, which will probably be issued within the next three months, will be an important state document, constituting for the first time a British Government statement of official policy on the principles of full employment. It will represent agreement among the leading British economists now in government service and who compose the great majority of economists in the country, and approval by the Cabinet. The bearing of international economic policy on the prospects of full domestic employment will be recognized and we believe discussed to some extent.

The personal conversations with government economists and other civil servants on which this message is based confirm the views expressed in the second subtitle of Embassy's telegram 491, January 19, noon.

The greatest single anxiety of the British with respect to the prospects of postwar international economic organization and of the maintenance of full employment at home has to do with our chances of maintaining a continuously high level of economic activity in the United States. This anxiety is intensified at present by fears of an increasingly conservative attitude in the Congress after the next election leading to an unwillingness not only to enter into bold international economic arrangements but also to permit effective government action to raise economic activity to and maintain it at the level needed to secure full employment in peacetime.

The public demand in Britain for full employment policies after the war is likely to be so strong that no government of any party or combination of parties that failed to meet it can hope to survive. The spotlight was first turned on social security among measures for postwar domestic reconstruction. This was largely due to the able way in which Beveridge seized the opportunity given by his appointment to head a committee on the subject. It is significant that the Beveridge report stresses the assumption that adequate measures will be taken to maintain a high level of employment, and that Beveridge, again sensing the public feeling, is now giving all his energies to the preparation of a report on full employment policies which, though not associated with any government inquiry, may be expected to have a wide effect on public opinion.

In general, government economists and permanent civil servants believe that the attitudes of the British Government, business men, trade unions and the public have now developed to a stage which makes it politically practicable to follow successfully a domestic policy of full employment provided that external economic conditions are favorable. They are very sceptical, however, whether a corresponding development has taken place in the United States and many other countries and the question with which they are most concerned

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is how to meet the public demand for full employment in an economic system open to the effects of changes in the rest of the world.

The British economists point out that increased incomes resulting from the pursuit of a full employment policy lead in the absence of restraint to increased purchases of goods abroad. According to one calculation relating to inter-war experience 15 to 20 percent of the rise in incomes is spent on imports. How, it is asked, are exports to be increased correspondingly if an important part of the rest of the world is not following successfully the same type of domestic policy? And if exports cannot be expanded sufficiently, how is the resulting maladjustment in the balance of payments to be met? Lively discussions on these questions in Whitehall and among the few economists—mainly of Continental European origin—who remain outside show differences in emphasis. One approach is to hold out for substantial flexibility in exchange rates and reservation of the right to resort to limitation of imports temporarily to correct maladjustments in the balance of payments. These are regarded as emergency and temporary measures adopted on the assumption that satisfactory readjustments on a multilateral basis will subsequently be attained.

Another approach is to stress the importance of stability in trading arrangements as a means to stability in production and employment. Trading arrangements, it is said, are much more a matter of long term arrangements than they were formerly. By such arrangements Britain might assure itself of essential imports over a stated period of time. It is argued that this would not necessarily involve bilateralism in the sense of balancing accounts between any two countries but might take the form of a sort of planned multilateralism.

Such an approach attracts some of the permanent civil servants and business men who in the inter-war period leaned towards *laissez faire*. This does not arise simply out of fears regarding the balance of payments position but also out of the habits and practices associated with wartime trading. Civil servants and business men have become so accustomed to bulk purchasing, long term contracts, planned expansion of capacity to meet guaranteed demand that some of them are reluctant to return to the uncertainties of former individualist peacetime methods of trading and production. A most important factor in Britain, which does not have equal force in all countries, is that the wartime methods and controls have been operated with impressive efficiency in the civilian sector of the war economy as well as in production for the armed forces, with the result that on the whole distrust of the ability of government in economic matters has diminished, especially in government circles.

It is only in exceptional cases—and then rarely in government circles—that this second approach is pushed to extremes and that

complete regimentation of world trade by multilateral planning is advocated. In most cases, there is a genuine desire for multilateral trade and nondiscrimination and a groping for means of reconciling them with a greater degree of forward planning and large scale operations than were practiced in the 19th and early 20th centuries. When pressed on how far they would carry the second approach described above, some of its advocates take the following position. In pursuing a full employment policy Britain will find itself unable to increase exports enough to offset increased imports. When adverse tendencies appear in its balance of payments, it should put up the whole problem to an international gathering, perhaps through an international commercial policy organization. Its case would be that it could not abandon a full employment policy, that that policy was increasing markets for the goods of other countries, and that those countries should undertake to seek methods of taking more British goods to avoid the necessity of restriction of British imports. Several methods are suggested—one in terms of contracts to take goods needed for internal development in those countries, another that purchases arising out of long term international lending should be directed for a time to readjusting the balance of payments in Britain. While the precise methods may be open to question and need further study, the advocacy of full international consultation by an appropriately equipped body seems one to be encouraged and developed in more detail.

A leading permanent official of the General Council of the Trade Union Congress also in personal conversation strongly favored continuous international consultation on international trade problems. He said his members were not sympathetic towards what he considered to be the tendency of economists to subordinate everything to the interests of the "consumer" in the abstract. He referred especially to cases in which technical changes reducing costs of production of articles consumed only by high income groups might injure workers markedly in return for benefiting wealthy people slightly. He favored international as well as domestic measures for softening the impact of structural changes. As regards the TUC's attitude to the "World Trade Alliance" he said that they wished to encourage employers to seek international consultation on trade problems, that they were not committed to support any detailed scheme of the World Trade Alliance and that he thought the literature put out by the Alliance was *woolly*.

It is evident that the TUC has not yet done any detailed work on international economic problems and that for the most part it will examine and form a policy on measures proposed by others rather than construct proposals of its own. There seems little doubt that

it would strongly support international organizations on commercial policy, raw materials and monetary questions.

Chester, a well-informed economist of the War Cabinet Secretariat, when asked whether he thought that the fears that full employment policies in Britain would be prejudiced by external influences, would create any risk that Parliament would reject measures on the lines that are being worked out in the Article VII talks, replied strongly in the negative. Inside government circles the economists who participated in the Article VII talks are firmly upholding their position in favor of full cooperation with us in developing and giving effect to the measures discussed in the Washington talks.

We are sending shortly a pamphlet "Export Policy and Full Employment" by E. F. Schumacher which is of special interest in relation to present problems. The eighth in the reports series "Published Material Relating to Postwar Economic Planning and Reconstruction" which will be dispatched next week includes a discussion of the pamphlet.

International Investment. Keynes, who is extremely pleased at the agreement on the monetary plan at the technical level, says he will now turn to the consideration of international investment. Since the British wish to clear the monetary plan with the Dominions, they are keeping it strictly private until the talks with the Dominions take place late in the month.

WINANT

840.50/4–1844 : Telegram

President Roosevelt to the British Prime Minister (Churchill)[20]

WASHINGTON, 23 February 1944.

476. The Governments of the United Nations have, in recent months, taken a number of important steps toward laying foundations for postwar cooperative action in the various fields of international economic relations. The United Nations Conference on Food and Agriculture, held in May, 1943,[21] you will remember, led to an Interim Commission which is now drafting recommendations for a permanent organization in this field to put before the various governments. Already the United Nations Relief and Rehabilitation Administration has been established[22] and is now in operation. Preparatory to a possible convocation of an United Nations Monetary Conference,[23]

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[20] An identical message was sent on the same date to Premier Stalin.
[21] See *Foreign Relations*, 1943, vol. I, pp. 820 ff.
[22] See *ibid.*, pp. 851 ff.
[23] For documentation on the United Nations Monetary and Financial Conference at Bretton Woods, New Hampshire, July 1–22, 1944, see pp. 106 ff.

there have been informal technical discussions at the expert level among many of the United Nations on mechanisms for internal monetary stabilization. On a more restricted scale similar discussions have been taking place with regard to the possibility of setting up mechanisms for facilitating international developmental investment. With regard to such questions as commodity policy, cartels, and commercial policy, informal discussions have been taking place among some of the United Nations. It is contemplated that discussions will take place on such questions as oil,[24] commercial aviation,[25] etc. The International Labor Organization will hold a conference in April,[26] in part for the purpose of considering that organization's future activities.

At the Moscow meeting of Foreign Ministers[27] the Secretary of State, in a document entitled "Bases of Our Program for International Economic Cooperation,"[28] emphasized the need of both informal discussions and formal conferences on various economic problems. It was suggested that "the time has come for the establishment of a Commission comprising of [*sic*] representatives of the principal United Nations and possibly certain others of the United Nations for the joint planning of the procedures to be followed in these matters."

I do not mean to raise at this time and in this connection the broader issues of international organization for the maintenance of peace and security. Preliminary discussions on this subject are currently in contemplation between our three governments under the terms of the Moscow Protocol.[29] What I am raising here is the question of further steps toward the establishment of United Nations machinery for postwar economic collaboration which was raised by the Secretary of State at the Moscow meeting[30] and was discussed by you, Marshal Stalin and myself at Teheran.[31] It is clear to me that there is a manifest need for United Nations machinery for joint planning of the procedures by which consideration should be given to the various fields of international economic cooperation, the subjects which should be discussed, the order of discussion, and the means of coordinating existing and prospective arrangements and activities.

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[24] For documentation regarding Anglo-American petroleum discussions and agreement signed August 8, 1944, see vol. III, pp. 94 ff.

[25] For documentation regarding the International Civil Aviation Conference held November 1–December 7, 1944, and agreements adopted, see pp. 355 ff.

[26] For documentation on the 26th International Labor Conference held at Philadelphia April 20–May 12, 1944, see pp. 1007 ff.

[27] For documentation regarding the Moscow Conference, October 18–November 1, 1943, see *Foreign Relations*, 1943, vol. I, pp. 513 ff.

[28] *Ibid.*, p. 763.

[29] See Annex 1 of the Protocol, *ibid.*, pp. 749, 755.

[30] *Ibid.*, pp. 665–666.

[31] See *Foreign Relations*, The Conferences at Cairo and Tehran, 1943, pp. 530–533.

I should appreciate it very much if you would give me your ideas on the suggestions made by the Secretary of State at Moscow, together with any other ideas you may have as to the best procedures to be followed in this matter which is of such great importance.

840.50/4–1844 : Telegram

President Roosevelt to the British Prime Minister (Churchill)

WASHINGTON, 23 February 1944.

477. Reference my message No. 476,[31a] in which was suggested the need for United Nations machinery for joint planning of the procedures by which consideration should be given to the various fields of post-war international economic relations, I think that our two governments should be giving attention to the future status of the combined boards.[32] The good work these boards have been doing has impressed me as I know it has you. As we go forward with United Nations planning in the international economic field, it is clear that the question of the part which the combined boards could or should play in such future arrangements as may be planned will become of increasing importance.

The question is bound to be raised regarding the relation between combined boards and the United Nations not represented on them. I do not think that it has yet been satisfactorily solved even though some phases of this question have been discussed in an exchange of memoranda between the British Embassy and the Department of State.

Possible solutions are being worked up by us and I think that it is of the greatest importance that on your side you give immediate consideration to the matter. In order to prepare ourselves to meet these questions, I believe that in the near future we should have exchanges of views on this subject.

840.50/3559a : Telegram

The Ambassador in the United Kingdom (Winant) to President Roosevelt

[LONDON,] 27 February, 1944.

Your message to the Prime Minister in relation to the establishment of machinery for post-war economic collaboration was welcomed here. He turned it over to Eden [33] and the job of coordinating the British

[31a] *Supra.*

[32] For a list of Combined Boards on which the United States was represented, see Department of State *Bulletin*, January 16, 1943, p. 67.

[33] Anthony Eden, British Secretary of State for Foreign Affairs.

position has been given to Dick Law who is now a full Secretary of State but in the Foreign Office, a unique assignment under usual British procedure. He deals with economic and social problems that involve international relationships. I have been asked to consult with him on the problems raised. It would be very helpful to me if I knew our thinking in this field which I understand has been considered by a group in the State Department.

I am wiring you directly as the subject matter relates to a cable you personally addressed to the Prime Minister.

[WINANT]

840.50/3559a : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, March 1, 1944—10 p. m.

1565. Personal for the Ambassador. 1. The President has turned over to me your telegram of February 27 regarding his messages to the Prime Minister.

2. Our thought, as explained in the messages, is that the time has come for pushing vigorously forward the question of creating some kind of United Nations machinery to plan and coordinate activities in the field of international economic cooperation. The messages were prompted in part by the fact that we have had no reaction from either the British or the Soviet governments to the suggestion made by Secretary Hull at Moscow (see document entitled "Bases of Our Program for International Economic Cooperation" attached to the Protocol of the Moscow Conference), and in part by the emerging question of what to do about the future of the Combined Boards.

3. The message regarding United Nations machinery was sent to both the Prime Minister and Marshal Stalin. The message regarding the Combined Boards went only to the Prime Minister, since these Boards are still an Anglo-American affair.

4. What we are after fundamentally is the inauguration of discussions looking toward the following:

a. Creation of some United Nations machinery for joint planning of international discussions and possible conferences in the various separate fields of international economic relations;

b. Creation of some general United Nations agency for the coordination of the activities of such separate agencies as may be set up in the various fields—for example, food and agriculture, monetary relations, labor etc. It may well be that a United Nations conference, held within the next few months, would provide the most effective method of setting up such a general agency.

c. Development of a policy for the possible utilization, especially during the transitional period, of such wartime mechanisms as the Combined Boards.

5. The Moscow proposal envisaged the creation of a small Commission to do the initial planning. Such a Commission could well, at the beginning, be a kind of steering group. We proposed a Commission of seven—the four major powers plus Canada, the Netherlands and Brazil. It may well be that a Commission of the four major powers only would be more effective.

6. The British Government may have other ideas as to procedure. If so, we should very much like to have their views.

STETTINIUS

840.50/3568d

The Secretary of State to the Ambassador in the United Kingdom (Winant)

No. 3801 WASHINGTON, March 2, 1944.

SIR: For your background information there is enclosed some material[34] relating to informal exploratory conversations between officials of the United States and Canada which took place at Washington from January 3 to 7, 1944. These conversations covered the same subjects as the earlier United States–United Kingdom conversations of which a summary statement was sent you with the Department's instruction of November 8, 1944 [*1943*][35] and were of an equally tentative and confidential nature. The United States Government had not formulated any position on the questions discussed, and the American officials participating in the discussions did so in their individual capacities.

The enclosed papers consist primarily of agenda and studies prepared in connection with the United States–Canadian discussions of cartels and of international commodity arrangements. No summary statement covering these discussions of the sort covering the United States–United Kingdom discussions has been prepared, nor have papers similar to the enclosed been prepared covering the discussions with the Canadians on commercial policy.[36] None of the enclosed papers in any sense indicates the position of the United States Government. They were prepared by individual officials of the United States Government solely to facilitate the United States–Canadian discussions referred to and possible future discussions of these subjects. They have had no general clearance and in some instances may be at variance with official positions which may be ultimately adopted by the United States Government.

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[34] Not attached to file copy.

[35] *Foreign Relations*, 1943, vol. I, p. 1115.

[36] A summary statement of United States–Canadian discussions on commercial policy was transmitted to London in instruction 3854, March 15; no copy of this statement found in Department files.

In as much as the enclosed papers are similar in nature to the incidental papers previously prepared in connection with the United States–United Kingdom discussions referred to above, and in as much as the United States–United Kingdom discussions are summarized in the statement sent you on November 8, it is not considered necessary, for your adequate information on this subject, to send you the incidental papers prepared in connection with the United States–United Kingdom discussions, particularly since these papers are rather bulky and in many instances were prepared for the sole purpose of use during the discussions.

Very truly yours, For the Secretary of State:
DEAN ACHESON

840.50/3560 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 4, 1944—10 p. m.
[Received March 5—5:12 p. m.]

1807. For those engaged in Article VII discussions (see Embassy's 1211, February 12). The informal technical talks between the British and the Dominions on Article VII questions are progressing and will continue next week and perhaps in the following week as well. They are being held in strict secrecy and information in this and subsequent telegrams concerning them should be treated as particularly confidential since it is obtained privately and not officially. Following are preliminary notes which will be supplemented when the talks have developed further.

International Commodity Questions. The British now appear to be moving to a position roughly as follows: Agreements respecting particular commodities might be negotiated directly by governments in the light of agreed general principles adopted by a General Commodity Council. Such agreements in draft form might be submitted to the General Commodity Council for comment and advice before adoption.

The use of buffer stocks as a means of control of the business cycle was discussed at the meetings and the general conclusion is likely to be in favor of experimenting in this field with at least a few commodities. The British strongly favored this and Keynes intervened vigorously in support of it. He admitted the difficulties of covering a large number of commodities with this objective in view but argued that a beginning should be made as early as possible with a very small number of raw materials because of the importance of developing a flexible, quickly responding instrument of control over investment.

He feels that public works and public action to stimulate private investment in fixed capital operate too slowly to offset sharp changes in business activity and that it is therefore necessary to supplement such measures by developing means of effecting quick changes in investment and disinvestment in working capital.

The Canadians have stressed the importance of bringing commodity measures into operation promptly after the war. They are becoming sceptical of any tendency to treat the international commodity plan as a long run measure only to come into operation after a postwar transition period has been completed and a supposed equilibrium has been reached. They suggest that the Article VII plans, at least in respect to some raw materials, should start with the immediate postwar position and should tackle the disposal of wartime stocks in ways that would minimize undesirable fluctuations. The experience thus gained might help to set the pattern for subsequent operations.

Tariffs. So far the Canadians have shown themselves ready to consider a larger percentage cut in tariffs than the British seem inclined to favor. The British still hold out for both a ceiling and a floor. They also still oppose a formal limit on subsidies and the Canadians seem to be coming round to their viewpoint on the ground that some political safety valve is probably necessary to obtain acceptance at the political level of the comprehensive series of measures on commercial policy which are under consideration. The tendency is to assume that cost to the taxpayer will set an effective limit to subsidies. This of course, while probably true of total subsidy expenditure, leaves the way open to excessive subsidization in respect to particular commodities.

Full Employment. There has been some discussion of the relation of domestic full employment to the international monetary trade and commodity measures. The Australians have taken the lead in stressing the importance of this subject. So far it does not seem that substantial practical results have come from the discussion. There has been general recognition of the necessity of maintaining a high level of domestic activity if the international measures are to operate satisfactorily but constructive suggestions are hampered by consciousness of political limitations on the ability of international organization[s] or meetings to influence the domestic economic policy of a particular country. Keynes expressed the view that such international advice as would be readily acceptable by a country would be of little use while advice that would be effective if adopted would usually be resented or at least not accepted.

Some of those taking part in the discussions refer to these difficulties as giving additional reason for the establishment of international buffer stocks. They argue that if raw material stocks are dealt with separately in each country in times of maladjustment nationalistic

policies will lead to the adoption of conflicting and inappropriate measures in different countries, while buffer stocks under international control might be a convenient instrument through which international influences could be brought to bear on national policies.

WINANT

840.50/3561 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 5, 1944—9 p. m.
[Received March 5—8:20 p. m.]

1816. Personal for the Acting Secretary. Department's 1565, March 1. The Prime Minister's reply on the message concerning United Nations economic machinery will be dispatched shortly and his reply on the Combined Boards will follow a few days later.

Richard Law will advise Eden and the Prime Minister on both matters. Ronald is advising Law that the reply should suggest as a first step direct conversations between the Foreign Office and the State Department on (1) the range of economic subjects that should be included in United Nations discussions; (2) groupings of these subjects suitable for single discussions and conferences; (3) other United Nations that should be brought into the discussions of each group of subjects and perhaps procedures for bringing them in.

It will be suggested that these preliminary discussions should be brought to a head when the Under Secretary arrives here.[37]

In regard to the creation of a general United Nations agency for the coordination of the activities of separate international economic agencies Ronald thinks that consideration should be given to the question whether this might be included in the agenda of the informal technical conversations as a continuation of the discussions initiated in the Washington talks by the Sub-Committee on Employment Policy. However the Foreign Office seems to be open minded on the subject and an alternative method, for example direct governmental discussion of the subject at an early date, would probably meet with agreement here.

As regards the question of setting up a small commission to act as a steering group Ronald seems to think this should be taken up immediately after tentative understanding is reached on the range of economic subjects to be covered.

The appropriate British departments are submitting their views on the economic subjects that should be covered and it is likely that,

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[37] For the report to the Secretary of State by the Under Secretary on his mission to London, April 7–29, 1944, see vol. III, pp. 1 ff.

in addition to those on which discussions have already started under Article VII, they will include at least shipping,[38] inland transport,[39] and telecommunications and civil aviation.[40] These subjects, except possibly the last, are believed by the Foreign Office to be of the greatest importance to the immediate post-military phase in liberated areas and to the transition period after the war as well as to long term reconstruction.

There have been some fluctuations in the views of the British departments on the position of the Combined Boards machinery after the end of the war in Europe. One line of British thinking was described in Embassy's telegram 7538, October 31 [*30*], 1943.[41] It may find its way in some form into the Prime Minister's reply to the President's message and therefore will be of special interest to you at this time. Some of the departments however have been afraid that if the Combined Boards were given additional jobs not directly concerned with their present operations, as for example functions concerned with UNRRA operations,[42] their efficiency in performing their present functions might be impaired and this must be avoided at all costs until Japan is defeated as well as Germany. To a considerable extent however the suggestions outlined in Embassy's 7538, October 30, seem to meet this point.

This should be considered as a preliminary reply to your 1565 of March 1. Ronald's advice based on consultations with the departments on economic machinery will go to Richard Law today and to Eden and the Prime Minister shortly after. There may possibly be a delay of 4 or 5 days before advice on the Combined Boards question is put in final form.

WINANT

The Chairman of the Council of People's Commissars of the Soviet Union (Stalin) to President Roosevelt [43]

[Translation]

[Moscow,] March 10, 1944.

I have received your message [44] on the question of post-war economic collaboration. Undoubtedly, the questions touched upon in Mr.

[38] For documentation regarding the Interallied Shipping Conference, held at London, July 19–August 5, 1944, see pp. 639 ff.

[39] For discussions regarding the establishment of a European Inland Transport Organization and Conference held at London, beginning October 10, 1944, see pp. 743 ff.

[40] For documentation regarding civil aviation, see pp. 355 ff.

[41] *Foreign Relations*, 1943, vol. I, p. 1114.

[42] For documentation pertaining to U.S. participation in UNRRA activities, see pp. 331 ff.

[43] Copy of telegram obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

[44] See footnote 20, p. 14.

Hull's note regarding international collaboration in the sphere of economics are of great importance and demand attention. I consider as quite expedient the establishment at the present time of a United Nations apparatus for the working out of these questions and also for the establishment of conditions and order of consideration of various problems of the international economic collaboration in accordance with the decisions of the Moscow and Teheran Conferences.

840.50/3581 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 10, 1944—9 p. m.
[Received March 12—7 a. m.]

1973. Personal for the Acting Secretary. The Prime Minister's reply to the President's letter on economic machinery has been held up through differences of view among civil service and ministerial advisors.

One view has been that the formulation of the list of subjects to be covered and the question of an overall economic body and of a steering body should be dealt with at a future United States-British-Soviet discussion in Washington. A second view has been that direct discussion on the subjects to be covered should be started at once between the Foreign Office and the State Department and should be brought to a head during your visit here.

Ronald believes that the second of these views of procedure (see also Embassy's 1816, of March 5, 9 p. m.) will probably be adopted. He again expressed a personal view that decisions on the subject matter of economic negotiations should be reached before proceeding to the question of an international steering committee.

In a further conversation Ronald gave indications of an important modification of some of his past views. After expressing agreement on the need for more rapid progress on international economic discussions he suggested that a change from the technique of preliminary informal discussions at the technical level to the technique adopted at the Hot Springs Conference might at this stage produce more rapid advance. Such a procedure would aim at international agreement on general principles followed by continuing work on detailed measures. It would of course be necessary that the countries chiefly concerned should follow up the agreement on principles by putting their best technicians at once into the work of preparing detailed measures

to implement such principles. Departments and Ministers would be obliged to reach policy decisions on principles to meet the deadline of conference dates.

This modification in Ronald's attitude seems to be due in part at least to difficulties in getting the Departments and Ministers, particularly Ministers, to reach policy decisions on a number of important international economic matters. These difficulties result mainly from the following: (1) Insufficient thought has been given by Ministers to many of these matters and by the Departments to some of them. (2) There are growing internal difficulties in the coalition Government with respect to the electoral truce and to future political arrangements. On the relation of the second point to future economic discussions a separate message will follow shortly in the series on Article VII questions.

This message should have minimum circulation to protect Embassy's contacts here.

WINANT

840.50/3593½ : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 17, 1944—6 p. m.
[Received 9:14 p. m.]

2170. The replies to be made by the Prime Minister to the President's letters on economic machinery and on the Combined Boards are still under discussion by his advisers. Ronald indicated slight changes in the position outlined in Embassy's 1973 March 10. Owing to lack of time the suggestion to open discussions at once between the Foreign Office and the State Department on the subject matter to be covered in international economic discussions and bring them to a conclusion during the Under Secretary's visit is not now practicable, and as a substitute the British may suggest that preliminary discussions should be held with the Under Secretary during his visit but that conclusions be postponed until the visit of the British technicians to Washington to continue the informal Article VII talks. Ronald thought the British would be ready to resume these talks early in May.

In addition Ronald thought that in the Prime Minister's reply the establishment of a steering committee would be accepted in principle but it might be suggested that it should not be set up until tentative decisions had been reached during the talks in May on the scope of the subject matter to be discussed.

WINANT

840.50/3608½ : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 24, 1944—2 p. m.
[Received March 25—10:18 a. m.]

2388. For the Secretary and Under Secretary. It is unlikely that the British will be ready to resume Article VII talks before May but I think that some pressure might usefully be applied to fix the date at the beginning of May.

On the question of a steering committee for all the international economic discussions, the British appear to be anxious that such a committee should not itself engage in economic negotiations but be confined to organization of conversations and negotiations. They are still inclined to postpone action on the steering committee until the talks take place in May. If you wish to proceed at once, independently of the Article VII talks, to set up the steering committee, I believe that urgent representations will have to be made to the British.

Immediately following this message we are sending two further messages: Embassy's 2389 and 2390 in the series of confidential Article VII telegrams, analyzing the position here in some detail.

Opie [45] left here yesterday and will see Pasvolsky immediately on arrival.

WINANT

840.50/3639 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 24, 1944—3 p. m.
[Received March 25—11 a. m.]

2389. The United Kingdom–Dominions talks on Article VII question[s] have now ended after 3 weeks intensive discussions with two and sometimes three meetings a day. The British have been urged by the Dominions to resume their talks with us as soon as possible.

For those concerned with Article VII discussions—No. 7 in the series (see especially Embassy's 56 of January 4, 5 p. m.) all indications point to the beginning of May as the earliest practicable date and Opie shares this view.

The chief Australian technicians have been changed in each of the successive United Kingdom–Dominions talks on Article VII matters. This time Nobe [?] was the chief member. Australian participation

[45] Redvers Opie, Counselor, British Embassy at Washington.

has been on a different basis from Canadian. Whereas the Canadian technicians have had a fairly free hand within general policy limits, the Australian technicians have been bound by rigid instructions. They have been obliged to refer back to Canberra even on points of detail and a large volume of cables appears to have passed. There is reason to think that the Australians have been willing to accept fairly wide measures but usually with some form of escape clause, especially on commercial policy. Judging from these indications it may be expected that Australia will raise far more difficulties than the other Dominions and Great Britain in the working out of Article VII agreements.

Canadian views on the form of international organization dealing with commercial policy and commodity agreements expressed in confidential conversations are on the following lines: It is undesirable to multiply separate bodies more than is strictly necessary since coordination of a large number of separate specialized bodies is more difficult than coordination of a smaller number of broader bodies with specialist subgroups. Therefore there should be one commercial policy organization which should include commodity agreements and the discussion of cartel questions as well as what commonly goes as commercial policy. There would be a commodity agreement section within the general organization. It would work out principles of commodity agreements, and proposed agreements by Governments would be submitted to it for comment. It would evaluate and make recommendations on the draft agreements. It would not have power to veto proposed agreements. If it made an adverse recommendation any Government or Governments involved could appeal to the full commercial policy organization which would pass on the controversial points. If the Governments concerned did not accept this advice the commercial policy organization might exclude them from certain advantageous commercial policy arrangements relevant to the commodities involved.

On the monetary organization, the Canadians appear to have taken the view that once the principle of a fixed fund was established the question whether the Unitas[46] or the non-Unitas version should be adopted was unimportant. Though the British have not yet reached a decision the indications are, from private Dominions as well as British sources, that they will accept the non-Unitas version. Opie and certain Dominions economists have urged them to do so.

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[46] Proposed monetary unit of the Fund. See part IV of the preliminary draft outline issued by the Treasury Department April 6, 1943, Department of State publication No. 2866: *Proceedings and Documents of the United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, July 1–22, 1944* (Washington, Government Printing Office, 1948), vol. II, pp. 1536, 1543.

An able Dominions economist discussed privately the British attitude on cartel questions. He stressed the great differences between the historical backgrounds in United States and United Kingdom on monopoly. Britain, he said, concerned itself very little about monopoly during its long period of almost complete freedom of trade, when external competition severely limited the possibilities of domestic monopoly. In the same period the United States was becoming increasingly protectionist and domestic monopolies were built up in part behind the shelter of tariff walls. Some American observers, he pointed out, believe that drastic cuts in tariffs would be more effective than any amount of legislation in restraining domestic monopolies.

In the 1930's Britain became a protectionist country but at the same time the Axis Powers adopted increasingly autarchic policies and British bilateral and cartel policies were in part considered as methods of self defence in a world rapidly heading for war. The Axis Powers had set the pace and Britain was obliged to a considerable extent to use similar weapons. Consequently, he said, there has not been in the minds of the British such an association of cartels and monopoly with moral turpitude as has grown up in many circles in the United States where the individual participating in monopolistic arrangements is regarded almost as a felon.

In addition, of course, in Britain there has been little systematic investigation of monopoly and almost none of cartels.

We would add to this point of view that British who attempt to read the literature on American experience in regulating monopoly tend to become confused particularly by conflicting American opinions on the practical effectiveness of legislative regulation. Among some of them there seems to be a tendency to exaggerate the difficulties of control but a group of financial journalists has increasingly taken up the attack on British monopolies and on international cartels. There has so far been very limited discussion of patent questions in relation to monopolies.

Meade,[47] in a private conversation, indicated that slow progress is being made by the British working on the problem of monopoly and cartel policy. So far attention has been devoted largely to the question of domestic policy which he believes must be clarified before it will be possible for the British to embark upon useful discussions of the international problem.

Meade agreed that it was desirable that British and American technicians should each give advance consideration to the issues regarding cartels which the other side regards as important. He hinted the

[47] James E. Meade, of the British Board of Trade.

difficulties were at the Ministerial level. The coalition Government, he said, contains representatives of many interests and points of view, including those favorable to monopolies and cartels as well as those favoring a strong anti-cartel line, and it is at best a slow process to work out a program acceptable to everyone.

WINANT

840.50/3640: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 24, 1944—6 p. m.
[Received March 25—11:55 p. m.]

2390. For those concerned with Article VII discussions—number 8 in the series. This message is concerned with internal British political developments in relation to postwar international economic reconstruction.

It is intended (*a*) as a counterpart to two former messages in this series (Embassy's 1211, February 12 and 1807, March 4) discussing British concern regarding the possible reactions on international economic reconstruction of American political developments in 1944; (*b*) to give some explanation of the decrease of initiative and the slower place [*pace*] of British action on Article VII questions.

Underlying elements of unity and stability in British politics have been pronounced ever since May 1940. There has been a genuine coalition Government and all parties have been thoroughly united not only in the prosecution of the war but also—with a measure of compromise—in the social and economic measures adopted in the civilian sector of the war economy. Drastic rationing and controls over prices, production and distribution together with mobilization of both male and female labor and its direction into occupations on a scale unexcelled and perhaps unequalled in any other country, have been accepted by all parties and by the masses of people and administered with outstanding efficiency.

Questions arise how long this unity and stability will continue and to what extent will domestic political changes, when they come, affect British willingness to undertake commitments in international economic matters. Attempts to answer such questions must necessarily be tentative and subject to error and what follows should be considered as a preliminary discussion, subject to correction and extension in the light of further developments and of the results of further inquiries.

First, the electoral truce is becoming increasingly unpopular. The restiveness of the constituencies goes deep. It is influenced in the main by the conviction that the present House of Commons, elected

in 1935 with an overwhelmingly conservative majority, is not representative of the country and that Parliament, heavily weighted on the conservative side, cannot be trusted to push postwar plans.

Second, there appears to be a widespread belief, expressed in journals, in cartoons and in casual conversation, that the Government is stalling on postwar social and economic reconstruction. This belief is held by groups and individuals in widely varying degrees.

In its crudest form it is applied to the whole field of reconstruction and in this it is clearly unjustified. The Government has worked out and made public comprehensive and far-reaching measures which will revolutionize the nation's educational and health services. The education measures are already in the legislative stage. In addition far-reaching social security measures will be announced shortly. The health and social security measures may be expected to place Britain in a leading world position in those fields. Other plans, national and international, are in process of formation but in the British system of Government the strictest secrecy surrounds such plans and the public and even most of the House of Commons have only the vaguest ideas of what the Government is doing.

In the better informed sections of the public and of the Labor and Liberal parties and press considerable credit is given to the coalition Government for its work in "social" fields of reconstruction. It seems clear that the Conservative Party, as well as the Labor and Liberal Parties, is ready to go far in these fields and is not inhibited by doctrinaire aversion to far-reaching Government operation and control in them. Thus there is a wide common area of agreement in the field of domestic postwar reconstruction and a coalition government could carry through a far-reaching program.

Plans for housing programs have been made and the Government's intentions have been announced on a 2-year program of temporary and permanent dwellings to be undertaken by public local authorities and on labor trains [*training?*] and recruitment in the building industry. Here again there is a substantial area of agreement. But here, in one part of the field, disagreement begins.

The formulation of Government policy on land acquisition and utilization and accretions to land values in areas to be developed raises questions of political policy and affect number of vested interests towards which the attitudes of the political parties differ considerably. Strenuous efforts are being made to reach a compromise position in order to meet a persistent public demand for a specific Government policy. But it is extremely difficult to go far enough to satisfy the Labor and Liberal Parties without alienating powerful factions in the Conservative Party. In discussions of methods of public control over land utilization the issue of land nationalization or at least a

wide extension of public ownership of land inevitably rises. Until very recently it seemed that the Conservative Party could not go far enough to meet the progressive trend and that though a temporary compromise might be reached within the coalition it was unlikely that such a compromise would continue to be acceptable for long to all the political parties and the public.

But recent developments have modified this prospect. The adverse by-election results in the last 2 months, the hostile reception to Mr. Willinck's statement in the Commons on March 8 on housing and the course of the debate on March 15, the report of the Tory Reform Committee on a policy for land (development and control), the interim report of the Subcommittee on Housing of the Conservative Party Central Committee on postwar problems, and the severely critical tone of the press, the local authorities, the building trade unions, the contractors associations and the building societies on the failure of the Government to declare a land policy have shaken up the Cabinet severely. There are reasons for believing that the Cabinet is engaged in urgent consultations in which the Prime Minister is taking a hand and that important decisions will soon be reached. There is definite prospect that the Conservatives in the Cabinet may be forced to make more far-reaching concessions than they were previously willing to make.

If this should happen it may have a marked effect on the future of coalition Government and of postwar policy on economic reconstruction. Social security, health and medical services, and education are fields in which an agreed coalition program is practicable and is actually beginning to be put into effect. If to this both housing and policy of land development and control can be added the area covered by agreed measures will be so wide that there will be a formidable case for continuing coalition Government during a limited period immediately after the war. The issue hangs in the balance, however, and it would be dangerous to assume that it will necessarily be decided on its purely economic merits.

It is in the field of the relation of the state to industrial and trading organization that substantial rifts are most likely to develop in the future between the parties. The Labor Party advocates in general more extensive government ownership and control than the Conservative Party desires. Even if this rift is patched up in the field of land policy it seems likely to break out again in industrial fields. However, it is not easy to specify the precise basis for these probable rifts. It seems likely that they lie more in general political philosophy and in public discussions of political principles than in the extent of probable differences of practical application in the early postwar years. The area of actual and prospective agreement described above

is wide enough to make large inroads on parliamentary time and on administrative resources. The additional measures which a Labour government could accomplish as compared with a coalition government would be sharply limited in practice. Moreover, none of the political parties has the resources or ability to prepare complicated economic measures in a form for practical application without the help of the permanent and the temporary Civil Service and the latter will continue for some time to be overworked on a vast number of complicated administrative and policy questions connected with the war, with liberated areas and with the immediate transition period as well as with more far-reaching reconstruction problems. Signs of fatigue are noticeable among British experts and administrators in Government. They are a small group of highly able and well trained persons on whom enormous demands have been and will continue to be made. They are essential to the success of any economic program.

The economist of the General Council of the Trade Union Congress recently said confidentially that the Labour Party could not offer a practicable program for the immediate postwar period containing more than 10 percent above an agreed coalition program. Economists of the War Cabinet Secretariat take a similar view. In fact it is difficult to find economists here who do not favor a preliminary period of coalition government on an agreed reconstruction program.

Additional fields in which doctrinal differences on public ownership and control exist include coal mines, railways, banks and electric power.

There can be little doubt, however, that the case for nationalization of coal mines has become so strong that however much it would be disliked by the Conservative section of a coalition government the extraordinarily difficult position of the coal industry might induce them reluctantly to accept it. Coal wages have risen but output per worker has actually fallen. Prospects for postwar exports of coal are black unless some fundamental remedies are adopted. Effective remedies would probably require (1) relating earnings to output more closely than at present; (2) drastic technical changes in the pit; (3) proper grouping of operating units. Since coal in Britain faces no competition from hydroelectric power or domestic oil or natural gas, competitive inducements to improved methods are weak and there is a growing tendency even among thinkers generally opposed to "socialistic" measures to conclude that the second and third of the remedies can only be applied after nationalization in some form. Even Conservative objections tend increasingly to be based more on fears of precedent than on the intrinsic merits of the case.

Two points arise here from the point of view of the Article VII discussions: (1) In view of the part played by coal in British exports

in the past the doubling of labor costs per unit of output since 1938 will add to the unfavorable aspects of the British balance of payments position; (2) if, as is not unlikely, the coal industry is nationalized, the problem of appropriate price and subsidy policies with reference to exports from a government industry will arise.

Though Labor on the whole favors nationalization of railways there is a fairly widespread feeling among economists and administrators that because of the wide measure of public control already existing, nationalization of railways in itself would not achieve any very significant economic gain. The same view is widely held with reference to the nationalization of banks.

However, the conventional arguments of the past on socialism and private enterprise have been overshadowed by discussions on full employment and national planning. Thus nationalization of banking is advocated by some groups as necessary to give the state power to maintain investment at an appropriate level: others think that there is sufficient control already to render this unnecessary. Nationalization of railways is widely considered as a side issue, the main issue being national planning with reference to the transport system as a whole. The difference between Labor and Conservative circles on these issues is probably in the last resort more on means than on ends. A comparison between the speeches of Morrison [48] and Lyttelton [49] helps to illustrate this.

However, the difference on means should not be underestimated. It is particularly noticeable in regard to monopoly questions. There seems little doubt that a Labor government would establish sharper controls over monopoly than a Conservative or a coalition government would do. Agreement on international cartel policy would probably be easier with a Labor than with any other government here. At the same time Labor would be more likely to maintain bulk purchasing of food imports under government direction and this would, as indicated in Embassy's 1026 of February 6, 11 p. m., necessitate careful definitions in the Article VII agreements as to conditions of nondiscrimination.

Thus when account is taken of (*a*) the substantial area of agreement already existing between the parties on social legislation, (*b*) the widespread recognition that the state must continue firm economic control for a few years, and (*c*) the time and resources needed to put into effect the agreed measures discussed above and others covering demobilization, the gradual relaxation of controls, and the reconversion of industry—the conclusion may be drawn that the economic

[48] Herbert Morrison, British Labour Party, Home Secretary and Minister of Home Security.

[49] Oliver Lyttelton, British Conservative Party, Minister of Production.

programs capable of early practical application by a coalition or a Labor government would not differ widely.

But the dissolution of the coalition is likely to be decided on other grounds than the differences between the economic measures which the different political parties would be able to adopt in early post-war period. There are convincing political reasons as far as present indications go why the present coalition is unlikely to last long after the defeat of Germany. First, there is a widespread consciousness in the country of the unrepresentative character of the present House of Commons. Second, local Labor parties feel themselves stultified by enforced inaction in the constituencies. Third, the electoral truce is unpopular all round. Fourth, many Conservatives would like to cash in on Mr. Churchill's war reputation as soon as practicable, and certainly before the war in the Far East ends.

However, many of those who oppose the electoral truce and demand a general election as early as possible recognize when pressed that there is a strong case for the formation of another coalition to carry through an agreed program in the early post-war years. In fact, though the point cannot be proved, it is conceivable that the majority of British people, if pressed to take a definite position, would favor (1) holding a general election quickly after the fall of Germany, (2) the formation of a new temporary coalition to put into legislative effect a common post-war program in a specified period after which there would be a complete return to party politics.

Such a procedure would face many hazards. It would be difficult or impracticable to arrange any commitments in advance that a new coalition would subsequently be formed. If one party gained a sweeping majority it might not be willing to consider a new coalition.

There is, however, one factor which might influence even a party with a clear majority to favor a temporary post-war coalition. It will be essential to maintain a number of economic controls for some time after the war. Some of these controls will be unpopular in peacetime and a single party government might suffer from this unpopularity in a subsequent election. Thus the uncertainties are so great that confident predictions are impossible. The difficulties of the coalition government which have been analyzed above account to a considerable extent for the slower pace and the hesitancy of the British in recent months in following up the Article VII conversations. The difficulty has been largely at the ministerial level and as the conversations advance towards the stage of formal negotiations it becomes increasingly necessary to obtain the assent of Ministers to specific policies. The political uncertainties described above have made Ministers hesitant to take long range decisions. A leading civil servant in a

confidential conversation recently referred to the coalition government as "a dying administration".

The significance of this statement should not be exaggerated. The administration functions with undiminished efficiency in the war effort and in addition—as far as the civil service goes—in planning for the transition and for long range reconstruction.

Nor is the difficulty of getting ministerial decisions on post-war questions due solely to the difficulties described above. Ministers, like the leading experts and civil servants, are suffering from fatigue and some of them are intensely preoccupied with the work and prospects associated with the coming Western offensive. This should be taken carefully into account in any attempts to press the British to speed up decisions on post-war matters.

I thought the Secretary, and the Under Secretary and those who will accompany him here might find it useful to get this message before the group leaves for London.

WINANT

840.50/3683

Memorandum of Conversation, by the Secretary of State

[WASHINGTON,] April 4, 1944.

The British Ambassador called at his request. He brought up the matter as to whether this Government desires to move forward very soon with general economic conferences, et cetera. I replied that there were strong reasons being advanced from the world standpoint for early conferences between us and the British in particular and others along with them, and that the matter is under consideration now, and that the Treasury will be ready to join with us in giving the British private information as to our attitude very soon. The Ambassador said he especially desired to be informed as soon as we are able to do so. I said we would do this.

C[ORDELL] H[ULL]

840.50/3593½ : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, April 14, 1944—8 p. m.

2964. This is for the Ambassador and refers to your 2170 of March 17. Please urge a favorable reply to the President's two messages to the Prime Minister of February 23 regarding the establishment of international economic machinery and the related question of the future of the Combined Boards.

The establishment of the commission proposed at Moscow to act as a steering committee is considered most urgent because of the great need for a regularized mechanism which would assure that constant and orderly consideration is given jointly to planning international consultation on post-war economic matters. General approval of the proposal has already been received from the Russians.[50] Presentation of our more detailed ideas to both the Russians and British awaits approval in principle from the British.

The Department feels that joint procedures in this field have been much too spasmodic and unsystematic and that this is jeopardizing successful international action on economic questions. It is also believed that it is highly important that a permanent over-all economic body be established most expeditiously and the suggested commission is needed as a clearing house for the ideas of various countries regarding such a permanent body. It is envisaged that perhaps a sub-group of the commission might act as a preparatory commission for an international conference held to establish permanent machinery.

Please also urge strongly that the British avoid further delay on the resumption of the Article VII exploratory discussions between British and American experts. The continuation of these discussions in our opinion is necessary apart from the question of the economic commission. Study of the alternatives regarding American post-war commercial, commodity, and cartel policies has reached a point where practically no further progress can be made without having additional indication from British experts regarding the many technical problems bearing on the feasibility of our alternative ideas on these highly important matters. It is considered lamentable that progress in these fields has not advanced considerably further to date and all efforts should be made to avoid additional delay.

Please stress that the Department considers that both the establishment of a commission and the resumption of Article VII discussions with British experts are matters of the greatest urgency, and that neither project should be delayed pending conclusion of the other, but both should be pressed forward simultaneously with maximum expedition. A decision regarding the establishment of the commission should not be deferred until the resumption of Article VII discussion, nor should resumption of Article VII discussion be delayed until the question of the suggested commission is finalized.

Please inform the Under Secretary.

HULL

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[50] See telegram of March 10 from Premier Stalin to President Roosevelt, p. 22.

840.50/4–1844 : Telegram

The British Prime Minister (Churchill) to President Roosevelt

[LONDON,] 15 April 1944.

647. Reference your 476 and 477.[50a] I am in agreement that we should clear our minds on the question as to which matters might profitably be discussed internationally before the end of the war. In a preliminary way at least, the visit of Mr. Stettinius to London should provide an opportunity for discussing the procedure best calculated to ensure that all these economic questions are dealt with in the right order and at the right time.

Reference your 477, on the subject of Combined Boards and their future status, I entirely agree with you that the Boards have done good work and that we should further study the part which they could and should play in our future arrangements. I propose to send instructions to our representatives in Washington as I think that the initial discussions on this had better take place in Washington between the appropriate United States agencies and our representatives there.

740.0011 Stettinius Mission/38a : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, April 17, 1944—midnight.

3074. Esdel No. 30. The following may be of interest to the Under Secretary if the British bring up the matter and discussion becomes necessary.

1. Discussions have been proceeding within the Department as to the future of the Combined Boards. It is generally felt to be necessary that the Boards continue their present functions in relation to scarce war materials, facilities and shipping until the end of the war unless, prior to that time, alleviation of shortages makes continuation of controls unnecessary. In view of the intimate relationship between the British and the Americans on the Combined Boards and with the Canadians on the Combined Food Board and the Combined Production and Resources Board, it is felt that under present conditions expansion of the Boards to include representatives of other countries at the top level would impair their efficiency and usefulness.

2. It is also generally felt that it would be desirable, both to facilitate the operation of the Boards and to satisfy third countries, to

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[50a] *Ante*, pp. 14 and 16, respectively.

invite other countries to be represented on working subcommittees dealing with subjects in which such other countries have an interest as substantial producers or consumers. Representation on the working groups only and not on the Boards themselves might be made more palatable by stressing that (*a*) third countries will not be interested in all items handled by the Board, (*b*) since the US and the UK have assumed the basic responsibility for managing the over-all war supply problems of the United Nations, such responsibility carries with it the need for certain special operating techniques, and (*c*) the Boards are purely wartime mechanisms to deal with acute war shortages and should be liquidated as soon as possible and not extended beyond their essential wartime purpose.

3. If it is necessary to resort to action in concert with other countries to handle the emergency supply and shipping problems existing at the termination of hostilities, it would be desirable to work this out on a broader basis than the Combined Boards.

4. It is generally agreed to be impractical to try later to expand the Boards themselves into a United Nations organization. Any international organization to handle the problems mentioned in paragraph 3, or to deal with surpluses during the war or after, or which is planned for the postwar period should be considered as a separate matter.

These matters have been discussed with US members of the Combined Boards, but such discussions have been on a preliminary basis only. It is anticipated that the US allocating authorities and the US members of the Boards will support the suggestions made above.

HULL

840.50/3306 : Telegram

The Secretary of State to the Ambassador in the Soviet Union (Harriman)

WASHINGTON, April 19, 1944—5 p. m.

959. 1. Reference is made to the President's message to Premier Stalin of February 23, suggesting the urgent need for establishing the international economic machinery proposed by Secretary Hull at the Moscow Conference, and to the Premier's favorable reply of March 10. The President sent an identic message to Prime Minister Churchill on the same date.

Please explain to the appropriate officials of the Soviet Government that further communication with them regarding this proposal has been delayed for the reason that definite acceptance in principle by the British has not as yet been forthcoming. In your discretion you may indicate that the Department is pressing for early British accept-

ance and has sent a cable to London of which the substantive portions of interest are as follows:

[For the text of two paragraphs here omitted, see the second and third paragraphs of telegram 2964, April 14, 8 p. m., to London, printed on page 34.]

2. With reference to the Department's telegram no. 1315 of December 2, 1943 [51] and previous communications on this subject, you are reminded that the Soviet Government has not yet acted upon our invitation of last September [52] to undertake informal exploratory talks in connection with Article VII of the Mutual Aid Agreement. Please urge upon the Soviet officials the desirability of initiating these discussions, to which this Government attaches the greatest importance, as soon as possible. In this connection you may find it useful to refer to the fact that similar preliminary discussions have now also been held with the Canadians; that the topics under consideration are gradually being made the subject of consultation with the representatives of the various American Republics through the medium of the Inter-American Financial and Economic Advisory Committee at Washington; and that discussions with the British will probably soon be resumed on a more intensive basis.

You should make it clear that the international economic machinery referred to in 1, above, will not preclude the need for early Article VII talks on a bilateral basis. The Department considers that both the establishment of the economic machinery and the initiation of Article VII talks with Soviet experts are matters of the greatest urgency and that neither project should be delayed pending conclusion of the other, but both should be pressed forward simultaneously with maximum expedition.

HULL

840.50/3713 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State

Moscow, April 22, 1944—8 p. m.
[Received April 22—4:43 p. m.]

1385. The substance of the Department's 999 [*959*], April 19, 5 p. m., was incorporated in two letters to Molotov [53] which I handed to Vyshinski [54] on April 21. I emphasized the importance which my Government attaches to the two questions.

I had not known of the communication of March 10 from Stalin to the President referred to in the Department's telegram. I do not

[51] *Foreign Relations*, 1943, vol. I, p. 1118.
[52] See telegram 791, September 3, 1943, 5 p. m., to Moscow, *ibid.*, p. 1111.
[53] Vyacheslav Mikhailovich Molotov, Soviet People's Commissar for Foreign Affairs.
[54] Andrey Yanuaryevich Vyshinsky, Soviet Assistant People's Commissar for Foreign Affairs.

now normally receive from Molotov copies of messages which are transmitted through the Soviet Ambassador in Washington to the President or to the Department. In view of this, it would be helpful if I could be kept informed of the substance of messages transmitted through Gromyko.[55]

HARRIMAN

840.50/5–144

Memorandum by Mr. Hayden Raynor, Special Assistant to the Under Secretary of State, to the Director of the Office of Economic Affairs (Hawkins)

[WASHINGTON,] May 1, 1944.

MR. HAWKINS: I believe you will be interested in the following excerpts from conversations Mr. Stettinius had with Mr. Eden and the Prime Minister:[56]

"Mr. Eden. He mentioned the fact that he was embarrassed at not being able to give us a final answer on the Steering Committee proposal but stated that he would review the matter with the Prime Minister promptly and hoped to be in a position to communicate with you on definite lines within the next two weeks."

"The Prime Minister. I impressed upon the Prime Minister the importance of continuing with the economic conversations as rapidly as possible. The Prime Minister stated that he would have to have a thorough review of this matter with the Dominions Prime Ministers in discussions here in the next two weeks, that there were a number of important political considerations on the part of his Government that had to be taken into careful consideration, and that it was impossible for him to indicate at this time with any certainty as to when these conversations could be resumed or on what level.

"I received the impression from the Prime Minister that we might in two or three weeks time receive a less favorable answer from the British than Eden hopes."

HAYDEN RAYNOR

840.50/3741 : Telegram

The Chargé in the Soviet Union (Hamilton) to the Secretary of State

Moscow, May 4, 1944—10 a. m.
[Received 9:50 p. m.]

1576. Embassy's 1385, April 22, 8 p. m. The following is a paraphrase of a translation of a note from Molotov dated May 3:

"I have received Ambassador Harriman's letter of April 21 concerning the question of establishing United Nations machinery for

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[55] Andrey Andreyevich Gromyko, Soviet Ambassador in the United States. Paraphrase copy of Premier Stalin's telegram of March 10 to President Roosevelt, printed on p. 22, was transmitted to Moscow in telegram 1037, April 26, 9 p. m., not printed.

[56] Marginal note: "On April 25—J.M.L."

postwar economic collaboration. Whenever you are able to provide them I would appreciate receiving more detailed views of the Government of the USA on this question."

HAMILTON

641.0031/148 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, May 4, 1944—9 p. m.

3579. During a conversation with Lord Halifax on May 4 I complimented him on his recent speech [57] and observed that there was quite a contrast between it and some of Mr. Churchill's recent utterances [58] which gave the impression that the Prime Minister favored the maintenance intact of Empire preferences and a tightening up of the Commonwealth, while at the same time he was preaching closer relations between the three great Western nations. I said that all of this together had discouraged many people in this country and in many small countries whose governments and people were becoming increasingly fearful that the three great Western nations would draw ever closer together and practice the worst forms of imperialism while neglecting the smaller nations. Mr. Churchill seemed to me to be overlooking this situation. I recalled my attempts to keep alive our views as to economic cooperation and future commercial policy and added that the future would indeed be dangerous unless we could have more cooperation from the British and have it now. I recalled the fight which the President and I have waged in this country for more liberal commercial policies against overwhelming odds and said that if we had faltered as the Prime Minister seemed to be faltering we would have gotten exactly nowhere.

I need not emphasize to you my concern over this matter and count upon you to take every opportunity to impress our views upon the British authorities.

HULL

840.50/3750 : Telegram

The Chargé in the Soviet Union (Hamilton) to the Secretary of State

MOSCOW, May 12, 1944—4 p. m.
[Received May 13—1:15 a. m.]

1674. During a call this afternoon on the Chief of the American Section of the Foreign Office I referred to the Ambassador's letter of April 21 to Mr. Molotov in regard to the invitation extended to the

[57] Presumably his address on international cooperation at the University of Michigan, April 21, 1944, *British Speeches of the Day* (New York, British Information Service), vol. 2, p. 30.

[58] See Churchill's speech on unity in the Commonwealth and Empire to the House of Commons, April 21, 1944, *Parliamentary Debates*, House of Commons, 5th series, vol. 399, col. 577.

Soviet Government to undertake the informal talks outlined in part 2 of the Department's 959, April 19, 5 p. m.

I expressed the hope that the Soviet Government could give early and favorable consideration to this matter and asked that it be brought to the attention of Mr. Molotov. This Mr. Tsarapkin said he would do.

HAMILTON

800.515/1054 : Telegram

The Chargé in the United Kingdom (Bucknell) to the Secretary of State

LONDON, May 13, 1944—6 p. m.
[Received 8:58 p. m.]

3914. For those concerned with Article VII questions. No. 9 in the series. In an informal conversation Keynes said that the opposition to the monetary plan was a minor offshoot of the opposition to the commercial policy plan as latter is conceived by members of Parliament and the public who hold no accurate information on it and entertain the most erroneous notions of its nature. Keynes thought the debate on the monetary plan showed almost incredible stupidity. There were vague suspicions that the monetary plan might have some connection with the commercial policy plan. There had, however, already been a sharp reaction against the House of Commons on the matter. Keynes said the agitation against the monetary plan was instigated by two or three people only. He does not believe that it should be taken too seriously and thinks the monetary plan can be got through.

2. When asked why there was not greater appreciation by Parliament and the public of the vital importance to Great Britain of reduction of obstacles to trade, Keynes said that outside civil service and ministerial circles it was vaguely assumed that the commercial policy talks and the commercial policy plan had to do only with trade between Britain and the United States. In Britain the United States is not regarded as a leading potential market for British goods and there is more concern to obtain wider entry to other markets. United States tariffs are considered as of great importance in a multilateral framework but the reduction of United States tariffs without reduction in the obstacles to entry into the markets of other countries makes only a very limited appeal and would not be a sufficient inducement to Britain to enter into commitments that would drastically limit its freedom of action. The aspect of the commercial policy plan which

would have the greatest appeal to Britain was its multilateral scope and that had not yet been revealed to Parliament and the public.

3. When asked whether he thought that Empire preferences were the main reason for the difficulties at the ministerial level regarding the commercial policy plan, Keynes replied that no doubt that played some part but much more important was the form in which the paper on the commercial policy discussions was drawn up. The central difficulty was that in the document the exposition at a number of points started out with flat prohibitions of certain measures and practices and only later introduced qualifications and limitations which indicated that the measures and practices could be resorted to in specified conditions and were not really "prohibited" at all in any absolute sense. This form of exposition might appeal to American opinion but the circumstances here were quite different. It was understood by the British that Lend-Lease would come to an end the moment hostilities ceased. Such a sudden move would obviously create serious difficulties unless some temporary substitute were found. It was obvious, however, that the United States could make no commitments concerning any substitute measure until after the elections.

4. In these circumstances the form of exposition adopted in the commercial policy document with its emphasis on the prohibitionary aspects of the plan had quickly run into grave difficulties when brought to the ministerial level after the return of the technicians from Washington. The absence as yet of any specific measures to fill the gap between the end of Lend-Lease and the reestablishment of British export trade is a matter of grave concern here and makes prohibitions of quantitative controls appear a remote and academic ideal.

5. Keynes believes that the substance of the commercial policy plan could be entirely preserved in a redrafted document which would do much to allay the fears that had been aroused in ministerial quarters by the existing draft. He said that in the drafting of the monetary plan he had constantly kept political factors in mind and frequently had slipped in phrases which without making any difference whatever to the substance of the plan spiked the guns of hostile critics or allayed the fears of honest doubters. He thought the Board of Trade drafters of statements on commercial policy had acted too much like civil servants and not enough like politicians.

6. Regarding the Monetary Conference, Keynes said, and this point was also made by Ronald in an informal conversation this morning, that it was impracticable for any leading Minister to leave the country now because of the second front and that therefore the British view was that the Conference should be intermediate between a purely technical conference and a fully political conference entering into

final commitments. Asked as to his views on procedure regarding the international investment plan, Keynes replied that he expected to go to Washington himself and that he hoped that parallel with the monetary talks there would be purely technical United Kingdom–United States talks on the bank for reconstruction and development. He thought that if these talks made sufficiently rapid progress the subject might be thrown into the Monetary Conference before the latter ended.

7. Ronald like Keynes stressed the overwhelming concentration of the attention of leading Ministers on second front matters. He said further that in such circumstances commercial policy had the appearance to them of being academic. In the Foreign Office, however, they realized fully that the appearance conflicted with the reality in this matter. This morning Ronald was about to seek information as to the results of discussions with the Dominions Premiers on Article VII. He thought it probable that the discussions would be inconclusive.

8. We are assured from reliable sources that all the technicians who took part in the Article VII talks together with practically all civil servants in the Foreign Office share our views as to the urgency and importance of rapidly pushing forward the Article VII talks and economic reconstruction plans generally; that they have put forward their best efforts to make progress within the Government; and that they have not backtracked from the general positions they took in the informal talks in Washington. Obstacles to advance lie in ministerial circles.

9. From the conversation with Keynes referred to above and from other indications, it seems probable that future progress with long term economic reconstruction depends partly on parallel progress on systematic and comprehensive lines in planning to deal with transitional difficulties and especially those which will arise if Lend-Lease ends suddenly. Precise indications are not yet available of detailed British views on transitional measures in the economic field but we shall try to obtain further information at the civil service level. Keynes called attention to paragraph 12 of the paper given to the Department on the International Development Bank [59] in which the proposed international institution is conceived as helping to bridge the gap between the limited amount of rehabilitation that UNRRA can accomplish and proposes [*purposes*] of the International Monetary Fund.

10. A short separate message will follow on points concerned with international transport. In future we propose to include comments on this subject in the Article VII series of messages.

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[59] *Post*, p. 120.

11. Please bring this message to the attention of the Ambassador when he arrives and also of Gallman.[60]

BUCKNELL

840.50/3785 : Telegram

The Chargé in the Soviet Union (Hamilton) to the Secretary of State

Moscow, May 26, 1944—11 a. m.
[Received May 27—6:27 a. m.]

1891. Embassy's 1674, May 12, 4 p. m. During a call on Vyshinski on May 25 I referred to the invitation extended to the Soviet Government to undertake informal talks under Article VII of the Mutual Aid Agreement and expressed the earnest hope that the Soviet Government would see its way clear to agreeing to initiate the talks at an early date. Vyshinski replied that he was acquainted with the subject but that it fell within the competence of the People's Commissariat for Foreign Trade. He stated that he would advise the interested officials of that Commissariat of my approach in the matter.

HAMILTON

611.0031 Executive Committee/826

Memorandum by the Secretary of State to President Roosevelt

[WASHINGTON,] June 2, 1944.

The Executive Committee on Economic Foreign Policy [60a] at its meeting on May 26, 1944 approved the attached recommendations regarding legislation to facilitate the financing of reconstruction, with the understanding that such legislation would be sought at a favorable time—possibly after the invasion has been launched.

I believe that it is necessary and desirable that such legislation be sought as soon as practicable. If you approve, I will request the several agencies involved to draft legislation which might be brought up in the Congress in July or August.[60b]

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[60] Waldemar J. Gallman, Counselor of Embassy at London.

[60a] The Executive Committee on Economic Foreign Policy was established in April 1944 "to examine problems and developments affecting the economic foreign policy of the United States and to formulate recommendations in regard thereto for the consideration of the Secretary of State, and, in appropriate cases, of the President." See Department of State publication No. 3580: *Postwar Foreign Policy Preparation, 1939–1945* (Washington, Government Printing Office, 1949), pp. 218–220.

[60b] Marginal note: "CH OK FDR."

[Annex]

Reconstruction Financing and Related Problems

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS [60c]

(1) It is the policy of the Government of the United States to engage in a properly conceived program of foreign investment to aid in financing the reconstruction of war-torn areas and for related purposes including facilitating the export generally of capital goods from the United States and the economic development and industrialization of the less developed areas of the world.

(2) This policy includes the elimination of unnecessary obstacles to the flow of private foreign investment and the regulation of private foreign investment to the extent necessary to eliminate abuses detrimental to international relations.

(3) Adequate provision does not now exist for financing reconstruction and development programs which it may be anticipated will arise during the next year or until the United Nations Bank for Reconstruction and Development is established. Moreover there exist areas for financing inappropriate to the United Nations Bank but appropriate for unilateral and bilateral arrangements involving United States Government institutions.

(4) In general reconstruction financing should take the form of loans with expectation of eventual full repayment.

Recommendations

1. Export-Import Bank—request immediate Congressional action to extend the powers of the Export-Import Bank:

a. Increase lending powers by one billion dollars or so at this time.
b. Eliminate default (similar to Johnson Act) limitations.

2. Johnson Act—request its repeal, preferably in connection with extension of the powers of the Export-Import Bank, in order to permit private participation in the extension of credits to certain European countries.

[60c] This document, identified in other copies as ECEFP D-5/44, summarizes a longer memorandum of May 24, 1944, by Emilio G. Collado, Chief of the Division of Financial and Monetary Affairs (Lot 122 (Rev) S/S-S, Box 21, not printed). Collado listed the following needs and requests for reconstruction and development financing: "1. Needs of Italian reconstruction. 2. The discussion of Ambassador Harriman with the Russians regarding an initial 500 million dollar credit for exports of capital goods to Russia. 3. Conversations with Ambassador Harriman regarding reconstruction in the Balkans and Poland. 4. The Chinese request for a billion dollar loan. 5. The Dutch request for a 300 million dollar credit. 6. Latin American projects including: *a.* Railways in Brazil. *b.* Chilean steel mill. *c.* Further Rio Negro power projects in Uruguay. *d.* Further Mexican industrial projects. *e.* Colombian industrial projects. *f.* Dominican cement and other projects."

3. Securities and Exchange Commission—

a. By amendment of the Securities Act bring all foreign loans and investment, whether publicly offered or privately placed, within the jurisdiction of the SEC, thereby providing a basis for regulatory procedures as to all such foreign transactions through financial institutions. By a similar amendment to the Investment Companies Act, bring the foreign activities of private investment trusts under supervision similar to that already existing with respect to publicly owned investment trusts.

b. Urge the Securities and Exchange Commission to require by administrative ruling or to request on a voluntary basis, if feasible, registered corporations to file with it current reports of loans made to foreign enterprises or foreign governments or of investments in foreign plants or subsidiaries.

840.50/3827 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, June 15, 1944—5 p. m.
[Received 9:04 p. m.]

4782. For those concerned with Article VII questions: No. 9 [*10*] in series. In an informal conversation Keynes expressed optimism on the prospects of agreement not only on the stabilization fund but also on the Bank for Reconstruction and Development.

After reading the United States Treasury memorandum [61] he had formed the conclusion that there was ground for acceptable compromise between the United States and United Kingdom positions on international investment.

He expressed a strong desire and hope that during the forthcoming discussions the plans for the bank would be advanced to a point parallel with the stage reached on the stabilization fund.

The deadlock on the question of continuing the commercial policy talks continues. There is little controversy on the question of commodity policy, and delay in continuing the discussions on this field is merely a by-product of the difficulties at the ministerial level on the commercial policy talks. Both Ronald and Keynes have expressed the view that while there should be no inherent difficulty on the commodity policy talks they regarded them as being so bound up with general commercial policy that there would be little point in attempting to continue them until the deadlock on the commercial policy talks has been broken.

These and other personal talks with officials concerned with Article VII discussions support the views expressed in Embassy's 3914 of

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[61] See statement on the Bank for Reconstruction and Development drafted by American technical experts, contained in telegram 3076, April 17, to London, p. 115.

May 13 that the civil service viewpoint remains unchanged in fundamentals. Civil servants have from time to time pressed Ministers vigorously and there has been much argument and some friction behind the scenes, particularly with regard to the question of continuing the conversations at the technical level. Because of this friction some of the British with whom we frequently discuss commercial policy matters have asked recently not to have their names quoted even confidentially at present.

British civil servants concerned with the commercial policy talks are pessimistic regarding the immediate future. They agree that the multilateral scope of the proposed international commercial policy arrangements would have a favorable effect on British opinion if it were known. However, they doubt whether this would have much practical effect before the November elections since there is widespread fear in Britain that the results of those elections might be to destroy the chances that the United States will be willing to enter into an arrangement for a substantial all round reduction in trade barriers.

Ronald also does not see any prospects of breaking the deadlock on commercial policy in the immediate future. On the other hand Keynes is more hopeful and it was evident during a conversation with him on Tuesday last that he intends to make strong personal efforts within governmental circles to get the commercial policy talks restarted as soon as he returns from the United States. He said that he had been so completely tied up with the work on the monetary and investment plans that he had been unable recently to take any active steps in relation to the commercial policy and commodity talks.

If Keynes is able later to throw his energies into attempting to break the deadlock there is in our opinion some hope that his persuasive powers, his influence with Ministers and his political insight may produce more effective results than can be reached through the Board of Trade civil servants who, though technically able and of high integrity, are far less effective in political strategy.

WINANT

841.24/2239 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, June 16, 1944—midnight.

4783. Please wire fullest information available and recent developments on the contracts referred to in your 4426 and 4427, June 2.[62]

Please point out to appropriate Foreign Office officials that such long-term contracts on a strictly bilateral basis, extending perhaps

[62] Neither printed; they contained reports regarding British negotiations for the conclusion of long-term contracts with overseas countries for meat and dairy products (841.24/2237, 2239).

well into the post-hostilities period, would have to be viewed by this Government in the light of Article VIII of the United States–United Kingdom trade agreement [63] and might be in conflict with the provisions with regard to state trading as contemplated in the United States–British exploratory commercial-policy talks of last autumn and the resulting joint statement. Please wire also result of your interview.

Ottawa is being requested [64] to talk with External Affairs along similar lines. Canberra, Wellington and Pretoria are being informed by telegraph.[65]

HULL

840.50/3831a : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, June 16, 1944—midnight.

4784. In as much as the British delegation to the monetary conference will include Keynes, Robertson,[66] Robbins, Ronald and Snelling,[67] all of whom participated in the Article VII discussions last October, it occurs to us that it may be possible to take advantage of their presence in this country for a brief resumption of those discussions. For the immediate purposes we have in view, the discussions need not be of longer duration than a few days or perhaps a week immediately following the monetary conference. They would, of course, be entirely informal and exploratory and confidential.

Our information as to the latest trends of British thought on the subjects considered during the last exploratory discussions is fragmentary and incomplete, and we should like very much, for purposes of assisting us in directing our own further thought, to have fuller information regarding the British thinking. Similarly the British would doubtless like to be acquainted with the result of our further study and consideration of these questions.

If the British Government should think favorably of the idea, it might wish to send other officials concerned in these discussions to participate in them. But the fact that part of the group would be here for the monetary conference would involve a minimum of travel and would facilitate avoiding publicity regarding the talks.

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[63] Signed November 17, 1938; for text, see Department of State Executive Agreement Series No. 164, or 54 Stat. (pt. 2) 1897.

[64] Telegram 44, June 16, not printed.

[65] Telegrams 74, 217, and 80, respectively, not printed.

[66] Dennis H. Robertson, Economic Adviser, British Treasury.

[67] A. W. Snelling, British Dominions Office.

We have in mind only a series of meetings for stock-taking of current thinking and developments on both sides and would not seek to arrive at definitive conclusions or commitments. We would consider it indispensable that discussions be resumed later in the year, in London if the British so desire, with a view to formulating detailed projects for consideration of the two Governments.

Please discuss the matter with the appropriate authorities in the above sense and advise us promptly of their reactions.

A copy of this telegram is being given informally to the British Embassy here.

HULL

840.50/3832 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, June 20, 1944—8 p. m.
[Received June 20—5:55 p. m.]

4920. Your 4784 of June 16 reached me this morning. I have taken up your suggestion with Mr. Eden formally and have also discussed it informally with Sir John Anderson [68] and Richard Law. Mr. Eden in my opinion is the best man to bring up the subject in the Cabinet but both Anderson and Law are friendly and directly interested.

I believe you were wise in suggesting that the conversations should be informal and it will much simplify the difficulty in arranging such a meeting if we keep it below the ministerial level.

Mr. Eden told me that he would get me a reply shortly.

WINANT

841.24/2247 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, June 22, 1944—5 p. m.
[Received 6:25 p. m.]

4956. We have taken up with appropriate Foreign Office officials the matter raised in Department's 4783, June 16. It may be a few days before a reply comes. Meanwhile the following preliminary analysis is based in part on recent confidential conversations with some leading civil servants with a view to the preparation of a discussion of some commercial policy problems in a future Article VII message.

The actual or proposed contracts in question seem to be the outcome mainly of transitional rather than long-run factors. The dominating

[68] Chancellor of the Exchequer.

factor consists in fears of a repetition of events that occurred after the last war, that is, a rise in prices in the early, and a fall in the later, postwar transition period.

1. Britain as a large importer of essential foodstuffs seeks arrangements that will restrain undue rises in prices in the early transition.
2. The Dominions and some Latin American countries, as large exporters of foodstuffs, seek arrangements that will protect their producers against a substantial fall in prices in the later part of the transition period.
3. Both the large importing and the large exporting countries desire arrangements that will prevent a falling off in food production, the first because of their need to maintain domestic food consumption and the second because of their need to maintain agricultural incomes at home and a satisfactory balance of payments with other countries.

This analysis seems to be supported by such information as we have, which we will supplement later, regarding the contracts referred to in Department's 4783, of June 16. We understand that United Kingdom wished to have a 2 rather than 4-year bacon contract with Canada, and later agreed to a 4-year period because of Canadian insistence. It is our impression that the Canadians after a new examination of the proposed 4-year contract have expressed dissatisfaction with the prices proposed for the last 2 years of the period, and that no agreement has yet been reached on the contract.

Canadians are also, we understand, pressing for a longer period fixing of particular wheat price ceilings and floor, on the theory that United Kingdom will benefit by the ceiling in the early transition period and that Canada should therefore have the benefit of the floor in the later transition period.

Similar considerations apply to other Dominions and it is our understanding that at last [*sic*] New Zealand originally pressed United Kingdom for much longer term contracts than those now under consideration.

Thus the conclusion in abstract terms is that the large importers fear high prices in the near future and the large exporters fear low prices following an initial boom. Since both fear any falling off in production, a compromise tends to be reached which makes the contracts larger than the large importers desired at the outset. The pressure for long contracts, e.g., 4 years, seems to have come from the Dominions and not from United Kingdom. But United Kingdom believes that there is real danger of falling off in the production of certain foodstuffs due to the fears of a postwar agricultural slump. Some of the British maintain that such a falling off has already shown itself in certain overseas areas, e.g., in the case of certain New Zealand dairy products.

In the case of New Zealand, there may be a tendency to favor long contracts as a matter of long-run policy associated with a belief in state trading. But in Great Britain, we know definitely that no decision has yet been taken on the question whether bulk state purchase of imports will be continued after the postwar transition period. A highly-placed official recently said confidentially to us that he did not believe that the present Government would or could make any decision. We believe this view is correct and we know definitely that there are serious differences of view on the subject within both ministerial and civil service circles. It seems hardly possible that a reconciliation of the viewpoints can be made within a coalition government and we think it most probable that the issue will be left undecided until after the next election.

In these circumstances, we do not believe that the negotiations on the contracts in question indicate any conscious attempt on the part of United Kingdom to set long-term policy in a new direction. They are rather a spillover of wartime measures in an attempt to provide against an expected immediate postwar boom. This is as far as United Kingdom wants to go but the Dominions want to extend the measures to take account of the expected postwar slump also.

We agree, however, that the whole matter requires careful consideration in the light of the Article VII conversations and of Article VIII of the Anglo-American Trade Agreement, since measures intended for the transition only may at a later stage influence long-term policy.

The United Kingdom position in the negotiations on the contracts was cleared at the ministerial level before the negotiations were entered into and British officials do not believe that their policy conflicts with the substance of the Article VII talks. It appears from our conversations here that both in United Kingdom and in the Dominions, insufficient attention has been given to the point that the longer a contract runs the greater the likelihood that relative costs in different producing areas will change and that in the later period of the contract, low cost producers in outside areas will be excluded from important markets, and thus the principle stated in the last sentence of paragraph 1 of Article VIII of the United States–United Kingdom Trade Agreement will not be adhered to.

Another aspect of this question that came up recently in a personal conversation with a leading civil servant here is the attitude of the European Allies towards what may appear to be a policy of purchase in advance on a large scale by one country only of certain scarce foodstuffs of which the world supply is extremely limited. The United Kingdom position is apparently that such contracts are made by them subject to allocations of the Combined Food Board. Here

again the British feel that it is all important to prevent a fall in overseas production of such foods and that in so far as such contracts do this they benefit all concerned in a period of anticipated future scarcity.

A further message will be sent as soon as a reply is received from the appropriate Foreign Office officials. We should appreciate having this message circulated to all those concerned with Article VII discussions since it contains an advance statement of some materials that were being prepared for their information.

WINANT

840.50/3827 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, June 24, 1944—6 p. m.

4984. We assume from your 4782, June 15, 5 p. m. and previous telegrams that the "deadlock" referred to is that in London between the civil servants and the Ministers.

We would be keenly interested in any further information you can give us on this matter, particularly concerning thought on the ministerial level, and any suggestions you may have as to how progress may be expedited.

HULL

841.24/6–3044 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, June 30, 1944—4 p. m.
[Received 4:50 p. m.]

5171. Embassy's 4956 of June 22 and Department's 4783 of June 16. Coulson of the Foreign Office [69] in an informal conversation replied to the points raised concerning bulk food contracts. He stated emphatically that the British Government regards the arrangements under negotiation as transitional measures aimed at standardizing prices of scarce foods in the transition period. In no sense are they to be regarded as necessarily indicative of or as setting a precedent for long range policy. He called attention to the fact that the arrangements concern only products which it is agreed will be scarce in the immediate postwar period and which therefore in the absence of organized measures would be subject to excessive price rises. UK was dependent on imports of such foods perhaps more than any other

[69] John Eltringham Coulson, Acting First Secretary.

country and therefore had the utmost concern to protect itself against excessive scarcity prices and against a fall in overseas production.

The British Government he said do not regard these measures as conflicting with the Article VII discussions. In those discussions it was recognized that exceptional measures would have to be taken in the transition period. The British regard the measures in question as justified under the Hot Springs Resolutions, especially Resolution XIII.[70]

Coulson added that the foods covered by such arrangements would be subject to reallocation by the appropriate authorities.

The nature of this reply seems to confirm the preliminary analysis given in Embassy's 4956 of June 22. We should appreciate the Department's views after consideration of these explanations.

WINANT

840.50/7-944 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 9, 1944—5 p. m.
[Received July 9—1:30 p. m.]

5419. I hope very much that you will give your personal support to my 5413 of July 8[71] and to my 5412 of July 8 (Comea series 68).[72] I feel strongly that Allied success on the battlefronts of Europe obligates us to expedite the work of the European Advisory Commission.

There is another matter that deeply concerns me. For over 2 years or ever since the adoption of lend-lease legislation by the Congress and the acceptance of Article VII by the United Nations, I have urged you to send over representatives to discuss with the British Government the implications of this Article. Because of the internal political situation at home or the military situation abroad, or because of reasons unknown to me, you have felt that even informal conferences were not timely and nothing has come of my requests. The Civil Service here and other officials responsible for developing an economic policy have become impatient at the continued postponement in the Cabinet of consideration to what many of them believe to be primary economic issues affecting postwar problems. The Prime Minister as I have explained to you in previous messages is reluctant to raise points which divide the coalition and create schism within the conservative ranks. I have not been able to get any support to date for informal conferences in Washington on these questions by

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[70] Department of State publication No. 1948: *United Nations Conference on Food and Agriculture, Hot Springs, Virginia, May 18–June 3, 1943, Final Act and Section Reports* (Washington, Government Printing Office, 1943), p. 17.

[71] Not printed.

[72] Vol. I, p. 241.

members of the British Monetary Delegation before they return to London. There is a slowly-growing assumption here that we also are indifferent, which has weakened our support and strengthened the opposition. I am personally convinced that whatever necessary things we must do to establish world police power, it cannot be lasting unless we can also reach agreement on a world economy that permits employment and orderly economic progress.

I believe if you could send Acheson [73] and Hawkins here, it would open up a constructive approach to a successful settlement of those policies which you have so long and so ably advocated.

WINANT

840.50/7–1144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 11, 1944—6 p. m.
[Received July 11—1:46 p. m.]

5445. Personal for the Secretary. In my message to you (5419, July 9) I was thinking of Article VII in relation to commercial policy. It occurred to me that while Richard Law is in Washington for the oil conference [74] he might invite Acheson and Hawkins to come here after discussing the situation with you. Would you approve of this procedure? It would be necessary for Law to get authority from the Cabinet here to issue the invitation.

WINANT

841.24/6–3044 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, July 12, 1944—7 p. m.

5473. Although the British, according to your 5171 of June 30 and your 4956 of June 22, emphasize the purely transitional nature of their bulk food purchases, the contracts obviously may extend far into the post-hostilities period and tend to build up vested interests. We recognize the uncertainties facing post-war international trade and the serious practical difficulties which would handicap an attempt on the part of either of our countries, or of various others, to restore trade immediately after hostilities completely to commercial channels. However, we feel that a great effort should be made by all countries which find such bulk purchases indispensable as a transitional

[73] Dean Acheson, Assistant Secretary of State.

[74] For documentation on Anglo-American petroleum discussions, see vol. III, pp. 94 ff.

measure to keep the contract period as short as possible and to include therein, to the greatest practicable extent, all countries that have supplied the purchasing country with such products in the past or appear likely to be able to do so on a competitive basis in the future.

To do otherwise would in our opinion inevitably impede the achievement of a regime of multilateral trade along as liberal lines as contemplated in last fall's Article VII talks and would seem of doubtful compatibility with the following statement in the first paragraph of the introductory note on commercial policy presented by the British at the beginning of those talks: "While, during the transitional period immediately after the war when we are seeking to restore our balance of trade, we may have to retain some special measures of control, we hope that we and other countries will be able to emerge from this stage without undue delay."

Our earnest hope is that both our Governments, faced with a key responsibility for the pattern of post-war world trade, will lean over backward to be sure that measures they adopt in the first instance to ease the transition from war conditions are not of a character which will unnecessarily prejudice the attainment of our joint long-run aims.

This country too has perplexing transitional problems. The British should not consider it as a petty hint of retaliation if we point out the responsibility which this Government may face in the event that British bulk purchases devoted primarily or exclusively to Empire countries should threaten to contribute to post-war depression in the raw material export markets of certain countries, particularly smaller countries, which markets have been greatly enlarged by our war demands. This Government hopes that private trading may take care of the needs of these markets. But if it fails to do so the pressure on this Government to direct some of the purchasing power of the United States toward such countries, possibly at the expense of British countries, will inevitably be great.

Please discuss the matter with appropriate authorities in the foregoing sense and advise us promptly of their reactions.

HULL

840.50/7–1544 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 15, 1944—6 p. m.
[Received 6:23 p. m.]

5604. For those concerned with Article VII discussions. No. 11 of the series. Embassy's 4782 of June 15 should have been numbered 10. After further conversations with civil servants concerned with

Article VII questions, we have the following comments to make on the matters raised in Department's 4984, of June 24, 6 p. m.

1. The deadlock on commercial policy is a deadlock within ministerial circles which, because of the Prime Minister's desire to maintain Cabinet unity, causes complete ministerial inaction. This in turn creates a deadlock between the civil servants and the Ministers because the former are willing and anxious to resume Article VII discussions promptly.

2. The split in ministerial circles appears to be most acute in relation to postwar agricultural policy and imperial preference. Cartels are a third but less important area of controversy.

3. The extreme agricultural group wishes to apply practically all forms of protectionism to United Kingdom agriculture with a view to maintaining most wartime increases in cultivation and expanding beef cattle. In the opinion of opponents of agricultural protectionism, extreme views are unlikely to prevail but can only be countered successfully by concessions in the matter of subsidies and by emphasis on nutrition policy. If the Department feels that in future talks, it can relax pressure for a fixed ceiling on subsidies and trust to the taxpayer as a safeguard against extreme subsidization, it would be easier to reach agreement on this point. United Kingdom servants are not themselves opposed to a ceiling on subsidies but they believe it is impracticable to get political circles to accept it.

4. Obstacles to the elimination of preferences come mainly from two sources. First, there is political sentiment for Commonwealth unity. Second, there is an economic argument as follows: The elimination of preferences must not be achieved by raising the rate to countries formerly receiving the preferential rate. Therefore, Britain would stand to lose on its exports to Empire countries, which amounts to a substantial proportion of its total exports. The United States would experience no such losses. Similarly as regards imports, United Kingdom would drop protection in respect of (1) the reduction of the non-preferential to the preferential rate; (2) the reduction provided by say the 50% general cut in tariffs.

United States would drop protection only or mainly in respect of (2).

5. We have previously pointed out in this series of messages that the British have only recently begun to give serious consideration to cartel questions and that their views are still in an early stage of development. Lately, however, there have been two new tendencies. British press and public opinion is taking an increasingly unfavorable and in some cases hostile view of cartels. Second, Beaverbrook [75] and his newspapers have been making particularly vigorous attacks

[75] William Maxwell Aitken, Lord Beaverbrook, British Lord Privy Seal and publisher of the *Daily Express* and *Evening Standard*.

on cartels. The precise motives behind Beaverbrook's attacks are not quite clear but some civil servants who are generally opposed to his views think that on cartel questions his position may be helpful.

The confidential views of British civil servants who in general personally support our position on cartels is that it will not be possible to obtain acceptance here for the whole series of provisions set by the United States members in the document on the Article VII talks in Washington. They think, however, that a start could be made by adopting (*a*) stringent provisions on publicity, (*b*) provisions for international machinery under which each country could bring complaints relative to specific practices before an international body.

They consider that prohibitions and regulations of specific practices would then grow out of this international machinery.

WINANT

840.50/7–2044

The British Chargé (Campbell) to the Under Secretary of State (Stettinius)

WASHINGTON, July 20, 1944.

MY DEAR MR. UNDER SECRETARY: You will no doubt recall that on the 24th [*23rd*] February the President telegraphed the Prime Minister about the future work of the Combined Boards and after stating that in his opinion the work done by these combined organisations had been most helpful in the conduct of the war stated that he thought the time had come to consider the part that they should play in future and in particular how other countries should be associated in their work. The Prime Minister on the 16th [*15th*] of April replied to this proposal. He concurred fully with the views put forward by the President, suggested that the discussions on this subject should take place in Washington between representatives of the appropriate United States and United Kingdom agencies and stated that the necessary instructions would be sent to the United Kingdom representatives concerned in Washington. These instructions have now been received. The question therefore arises of the form which such discussions should take and how they should best be initiated. It is our view that the discussions should be informal and exploratory only and that their purpose should be to discover the extent to which the views of the Member Governments are developing on similar lines. It would be our hope that such discussions would make it possible then to decide what further action was required.

If you should agree with the idea of holding informal discussions on this basis the question arises of the best method to adopt. In our view the manner in which we arrange to hold these discussions is important. The work of one Board differs from that of another and

each has therefore tended to meet its problems in the way best suited to itself. These differences in the nature of the approach made by the Boards to the problems each has to solve tend to make general discussions in precise terms about their future scope and work somewhat difficult since what applies to one Board does not necessarily or equally apply to another. On the other hand there are certain general principles which will we think be found to apply to all the Boards and upon which it would be desirable to reach agreement. In particular it seems clear that discussions about the Boards would soon touch upon some of those questions which were discussed between us at the time of the Article VII talks in the autumn of last year and the tentative conclusions then reached would clearly have to be taken into account when consideration was given to the future work of one or more of the Combined Boards.

We feel that it might be easier to discuss these general principles if United States, Canadian and United Kingdom officials directly concerned in the operations of each of the Boards first examined between themselves the problems likely to be faced by their respective Boards in the future and in particular in the period between the end of the German war and the end of the Japanese war ("Stage II"). Such examination should we hope, result in agreement at the working level on the nature and substance of the work which each Board could do in Stage II and any adjustments in method of operation which might seem called for. It might also prove possible to give some indication of the commodities to which each Board considers it would be called upon to pay most attention in this period. One of the general questions which will fall to be considered is the manner in which the governments of certain of the United Nations who are not Members of the Board should be consulted. This question too could we believe be most easily dealt with if each Board could consider in the first instance which Governments it would from the practical point of view be most necessary to bring into consultation and also the manner of consultation which would best fit in with the operating machinery of the Board.

I understand that the officers of the Boards have in fact begun to discuss these and other questions informally. In view of these considerations I would like to suggest that the informal discussions which have been begun within the Boards should be continued with the idea of reaching provisional conclusions by say the 15th August. After that I suggest that it would be appropriate if the general questions arising could be reviewed by an informal group including representatives of the State Department, the Canadian Embassy, the British Embassy and the Minister Resident as well as of the Boards. The object of such a group as I see it would be to consider with representatives of the Boards, and against the background of their particular

studies, the general principles which should apply to the future work of the Boards. Among the points which I presume would have to be considered would be the scope and setting of the Boards within the general framework of continuing collaboration between the Member Governments, the relationship between the Boards and countries not represented upon them and the relationship between the Boards and any international commodity organisation which may subsequently be established. It would also fall to this group to see whether any of the conclusions reached by the individual Boards as to their own methods of work in Stage II were repugnant to the conclusions reached by the others.

If you should agree with this method of furthering the discussions started by the President and the Prime Minister I would be very glad to make the necessary arrangements on the United Kingdom side, and you might wish to consider a similar approach to United States members of the Boards.

I have discussed this informally with the Canadian Chargé d'Affaires who thinks that the suggested procedure would meet with the approval of his Government but is taking steps to confirm this.

In all the foregoing I refer only to the Combined Raw Materials Board, the Combined Food Board and the Combined Production and Resources Boards. It would not in my opinion be appropriate to include within the scope of these discussions either the work of the Combined Munitions Assignment Board or that of the Combined Shipping Adjustment Boards. The former is primarily an organisation established to deal with the allocation of war material and being linked closely with the decisions of the Combined Chiefs of Staff would fall outside the scope of these discussions. The latter can it seems to me also be omitted since the discussions which have taken place between our two Governments have already resulted in agreement on the future principles and machinery to be applied in handling the work of the Combined Shipping Adjustment Boards.

Believe me [etc.] RONALD I. CAMPBELL

840.50/7–2044: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 20, 1944—9 p. m.
[Received July 21—2:05 a. m.]

5766. For those concerned with Article VII discussions: No. 12 of series.

(1) Regarding the question of bulk purchases and state trading which has recently been discussed by the Committee on Trade Con-

trols and some aspects of which have formed the subject of Department's 4783, June 16; and 5473, July 12; and Embassy's 4956, June 22; 5171, June 30; and the immediately preceding telegram,[76] we wish to emphasize that there is no evidence that any new long-term commercial policy concerned with state trading or bulk purchases has been adopted by the British Government.

(2) The points made in the penultimate paragraph of Department's 5473, July 12, are valid in relation to a general policy in favor of bulk contracts over the whole field of raw materials or any part of it that included any products likely to be in abundant supply soon after the war, particularly if such contracts are discriminatory and cover long periods.

(3) But the contracts referred to in Department's 5473, July 12, are concerned only with certain finished foodstuffs which it is generally agreed will be in scarce supply for some time to come. The concern of the UK in these arrangements is to keep up the supply and keep down the price of essential scarce food imports. The Dominions happen to be the most convenient source of supply at present available for the particular products concerned. The British are extremely anxious on two points—first, as to their food supply and second, as to their balance of payments. Having regard to the second point we do not believe that, because of sentiment towards the British Empire, they would be willing to pay any more than is necessary for their imports of the scarce food products.

(4) We doubt the applicability of the term "contracts" to the arrangements under negotiation between UK and the Dominions with respect to meat, cheese and butter. These arrangements are not contracts in any legal sense and there is no legal commitment. Only statements of agreement to purchase are under consideration. Only in the case of Canadian bacon are definite quantities specified. In the other cases what is contemplated is an agreement to purchase the exportable surpluses. As regards the agreement on Canadian bacon the operative position at present concerns only the period up to the end of 1945. The Canadians had pressed for a 4 instead of a 2 year arrangement. UK was willing to agree but at prices lower than those ruling up to the end of 1945. The Canadians, however, have rejected this on the ground that the proposed price for 1946–47 is too low. There is in addition an agreement to purchase the exportable sugar in British Caribbean areas. In all these cases the UK is greatly concerned to avoid excessive prices in the later war and early post-war periods.

(5) It should be noted also that these arrangements do not prejudice the question of state or private trading on the side of British imports. If the Government should decide to hand back the import-

[76] Telegram 5765, July 20, not printed.

ing business in these lines to private trading channels the arrangements in question would not form any obstacle. The late Sir Josiah Stamp [77] laid down the pattern of state importing arrangements early in the war in such a way that the brokers and other intermediaries were taken into the government organization. The private trading channels could easily be reconstituted and all the obtainable imports could be absorbed.

(6) There appear to us, however, to be some differences between public sentiment and perhaps governmental attitudes in US and UK towards the continued need of controls after the war. The damage and impoverishment on the European continent, the continuing damage in southern England, the prolonged low rations of meat, cheese, eggs and milk, the consciousness of the large scale needs of areas in close proximity that are about to be liberated, have combined to create in Great Britain a first hand experience and a strong consciousness of the realities of scarcities in the goods needed to supply basic needs, together with a restraint on the tendency to assume that the fall of Germany will bring a speedy end to the existence of scarcities and the need of controls. There are even doubts whether existing rations in UK can be wholly maintained in the early period after the end of the war in Europe.

(7) Moreover, the attitude to controls appear to be less impatient and less hostile here than in many parts of the world. We have had frequent occasion in Embassy reports in the last few years to point out the high degree of efficiency and equity which have been attained in the operation of most of these controls. During the war reduced supplies in relation to total needs have been distributed so effectively through wartime control measures that much greater equity has been attained and fewer people have been in extreme want than in the pre-war days.

(8) An understanding of present British attitudes depends in part upon an appreciation of the effectiveness of government controlled operations in wartime, with a related absence of doctrinaire attitudes of hostility to governmental intervention in economic matters. Controls are not desired for the sake of control but there seems to be a good prospect that in the early post-war period particular controls will not be lightly discarded if it can be demonstrated that they are necessary to equitable and orderly distribution and readjustment in the interests of the general welfare.

(9) Applying this to control of imports, it seems most unlikely that direct government control of imports of essential rationed foods will be abandoned until scarcity conditions no longer exist. The

[77] Killed in an air raid in April 1941; he had been Director of the Bank of England, member of the Economic Advisory Council, and Adviser on Economic Coordination to a Ministerial Committee since 1939.

fundamental principle underlying British food control and food rationing is that the Government must control all stages from production or import to retail sales as long as there is any actual or prospective shortage. Control of supplies at the source is regarded as essential and the success of food control has been greatly aided by the ability of the Government to organize and take possession of food imports. Controls over any particular food are not likely to be abandoned piecemeal, starting with the import stage or any other stage. Rather the Government is likely to wait until it is quite clear that supplies are so abundant that rationing and other controls can be dropped simultaneously with relaxation of import controls.

(10) The central issue in the question of bulk purchases discussed in Department's 4783, June 16, and 5473, July 12, and Embassy's 4956, June 22, 5171, June 30, appears to us to concern the length of the contract or other arrangement and the probable world supply position in respect of meat and dairy products in that period. As to the reference to raw materials in the penultimate paragraph in Department's 5473, July 12, there is no reason to believe that the measures under negotiation concerning meat and dairy products have any relation to or constitute any precedent for UK policy on raw materials.

(11) The bases of food requirements for the post military period have now been adopted by the European Committee of UNRRA and the detailed requirements are in course of preparation. When taken in conjunction with the figures of plan A for the military period and with requirements for USSR under Lend-Lease, they should give a rough picture subject to quarterly amendment of a large part of anticipated food demands in liberated areas. If in addition an appraisal can be made, perhaps by the Combined Food Board, of the probable world position of meat and dairy products, a rough judgment can be made of the probable supply and demand position of these foods for limited future period. In London it is strongly believed that there will be a substantial scarcity. As indicated in Embassy's telegrams cited above, the British consider that measures are necessary to secure an increase or even to prevent a decrease in the production of some of these goods in overseas areas. We should appreciate information as to whether Washington shares the view that a substantial scarcity is anticipated and that measures should be taken to offset it.

(12) On the question of restoring trade to commercial channels, we understand that British opinion is still divided on the question how far there should be a return of food importing to the pre-war channels and how far and in what form the state should participate in organization of food imports after the transition period. There seems, however, to be substantial agreement that the state must continue to play a large part in the transition period and that if and in so far as it continues to take part in trading in the long run it should

make purchases on commercial principles. The internal differences on state trading after the transition are sharp and have given rise to considerable controversy, in the course of which we understand from private sources that the advocates of private trading have used the argument that USA would be opposed to any other form of trading by UK. This in turn, in so far as it has been believed, has led to criticism of any attempt that might be made by USA to interfere in such British decisions. It is clear that the interest of USA is non-discrimination and in the avoidance of undesirable monopoly or monopoly practices will be recognized on all sides. But if USA attempted to bring pressure on UK to adopt private trading only and avoid all state operations as a matter of policy in respect to all imports the effect would probably be to create resentment among the British people. It would probably be felt, even apart from the economic merits of the question, that the role of the state in external trade, like its role in internal trade, is a matter for domestic decision provided that certain standards of relations with other countries were observed. British civil servants have pointed out in personal conversations with us that it is possible and even likely that in some of the European countries after liberation governments will play a considerable role in external trade even beyond the transition period. The right of the Soviet Union to engage in state trading is recognized.

(13) This analysis does not imply that UK will probably continue some form of state trading after the transition period. There are strong interests opposed to such forms of trading. Post transition policy on the subject cannot be predicted at present.

(14) American emphasis on the necessity of restoring multilateral trade as soon as possible and on reducing trade barriers and eliminating discriminations serve a valuable purpose here. But if in addition American statements were made which might be interpreted by UK and the European Allies as an attempt to bring pressure on them concerning the extent of private enterprise which they should maintain in their economic systems, the effect might be to alienate opinion and sentiments towards the United States among the peoples concerned.

WINANT

840.50/7–944 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, July 31, 1944—10 p. m.

6036. Reurtel 5419, July 9. We are sending you by air mail copies of memoranda of conversations [78] which we have had with Richard

[78] For memoranda of conversations held on July 19 and July 20, see vol. III, p. 50.

Law. We had a frank exchange of views in which Mr. Law stressed the financial difficulties of Great Britain and requested our understanding and assistance and in which we emphasized the importance which we attach to a broader and more liberal commercial policy. Mr. Law said that Sir John Anderson might come to Washington in August. He informed us that he was authorized by his Government to say that the British Government would be prepared to resume Article VII conversations "in the autumn". He stated that the British officials taking part in the conversations would be headed by several officers of Cabinet rank, but he stressed the fact that this need not affect in any way the composition of the American group since the actual conversations on the British side would be carried on by the same British officials who came to Washington last September.

In view of these developments it seems unnecessary to send anyone to London now as suggested in your recent telegrams.

STETTINIUS

840.50/8–344 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 3, 1944—3 p. m.
[Received August 3—12:20 p. m.]

6179. Coulson of the Foreign Office has given us an informal written reply to the representations we made to the Foreign Office following the receipt of Department's 5473, July 12 (see also Embassy's 5765, July 20 [79]).

The reply states that the British have two principal reasons for entering into the food contracts in question. The first is to secure their supplies of food. They state that the commodities in question will probably be in scarce supply through the whole period of the contracts and they are hoping that an assured market will encourage the maintenance of production. The foods concerned have long been strictly rationed in U.K. and it is considered vital that arrangements be made to maintain the essential quantities required.

The second reason is that the contracts will, in the opinion of the British, prevent violent oscillations in the prices of the foods resulting from unrestricted competition for short supplies, the danger of which was foreseen at the Food and Agriculture Conference.

The British do not agree that the period of the contracts should necessarily be as short as possible but consider that the duration should be determined chiefly by the length of the period in which the com-

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[79] Telegram 5765 not printed.

modities in question are expected to be in short supply. On this matter their judgment rests on commercial considerations.

The reply then refers to the question of including all the countries that have supplied U.K. previously or may in the future be able to supply U.K. on competitive conditions, and states that the British are certainly prepared to consider similar contracts with other supply countries so long as these can be made on equally favorable conditions and provided that in the interim period the U.K. exchange situation permits.

The British view is that there ought to be no unwarranted delay in passing out of the transition, during which it may be necessary to maintain special measures of control to restore the balance of trade. But they do not consider the contracts in question as having any connection whatever with such measures. Rather they consider the food contracts as the most favorable commercial bargain that they can make. They regard them, not as inimical to the long run objectives which U.S. and U.K. share, but as a positive contribution to restoration of stability. While they appreciate the apprehension that bulk buying from some countries may have unfavorable effects on other countries, they do not believe that there is any likelihood that such effects will be produced by any contracts which they are negotiating or have under consideration.

The reply concludes by emphasizing that the only reason why the long term contracts in question are with British Commonwealth countries is that those countries are in the main U.K. sources of supply for the particular foods concerned.

We are sending the exact text of the reply by air mail immediately.[80]

WINANT

840.50/7–2044

The Acting Secretary of State to the British Chargé (Campbell)

WASHINGTON, August 11, 1944.

MY DEAR SIR RONALD: I received your letter of July 20 in which you discussed the procedures to be followed in starting conversations about the future work of the Combined Boards. You suggested that, as a first step, it would be desirable for the officials directly concerned with the operations of each Board to discuss between themselves the problems likely to be faced in the future by their particular Board. Such informal discussions would be continued only for a limited period of time and would form a background against which general principles could be evolved with regard to all the Boards. It was also

[80] Despatch 17268, August 3, not printed.

your suggestion that the problem be restricted to the Combined Raw Materials Board, the Combined Food Board and the Combined Production and Resources Board.

After considering this matter, we have come to the conclusion that the procedure suggested by you is an advantageous way to start these discussions and accordingly we are communicating with the United States members of the three Boards mentioned above,[81] asking them to undertake these informal discussions with the hope that tentative recommendations can be made at an early date. In your letter you suggested that the conversations might be concluded by the 15th of this month. This may be too short a time but we are suggesting that an attempt be made to conclude these preliminary discussions by that time or as soon thereafter as possible.

Sincerely yours, EDWARD R. STETTINIUS, JR.

840.50/8–1144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 11, 1944—11 p. m.
[Received August 12—7 a. m.]

6473. For those concerned with Article VII discussions—No. 13 of series.

In an informal talk on economic reconstruction matters, Ronald expressed great satisfaction with the outcome of the Bretton Woods Conference. In regard to the commercial policy talks he asked whether the State Department would prefer a date before or after the election. The general impression he gave was that the exact date "in the autumn" might be arranged largely to suit our convenience. In view of the importance of the subject and the possibility that the war might be over before November, he personally hoped that it would be possible to arrange the time without regard to the election.

2. Ronald said that Ministers would go with the officials and would be the operating group. The officials who took part in the previous discussions will, in all probability, be in the delegation. He thought it probable that the Ministers would be the Chancellor of the Exchequer, the President of the Board of Trade and the Minister of State and it was possible that there might be another, but he did not know at this stage. He thought the objective would be to reach an agreed statement of principles perhaps analogous to that put before the Bretton Woods Conference at the outset or that adopted by the oil conference. This would subsequently be put before a United Nations conference with a view to a multilateral agreement.

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[81] Letters dated August 8, 1944, not printed.

3. The following estimate of the present position here is based in part on further personal talks with leading officials concerned with commercial policy, who have expressed themselves frankly in strict confidence. The general position here since very early in the year has been that officials had given their advice, which was in favor of a prompt resumption of conversations on the basis of a progressive commercial policy. This advice was not acted on because of the ministerial position described in previous messages. The officials concerned were greatly irritated by ministerial attitudes and expressed themselves strongly in private to Ministers. One of them said he had been so annoyed that for some time he have [*gave?*] up working on the subject and turned full time to other work within his responsibilities. Recent moves regarding the resumption of the talks were the result of external representations made to Ministers and of the efforts of certain Ministers and were made without discussions with civil servants. Now that Ministers have decided to resume talks they have to consider the general lines of policy for the U.K. representatives. Officials view with scepticism the idea of Ministers dealing unassisted with the intricacies of commercial policy and expect that the civil servants concerned with commercial policy will shortly be consulted.

4. These further talks confirm the view expressed in paragraph 1 of Embassy's 5604 of July 15, that the two major differences on commercial policy which have been responsible for the delay have to do with agriculture and preferences. They disclose that one of the chief difficulties has to do with import quotas. Civil servants remain firmly opposed to quotas except as possible emergency measures to meet temporary balance of payments difficulties. But to some Ministers and their political supporters import quotas appeal strongly because of their simplicity. They were such an important protective device in the thirties that vested interests grew up around them. Extreme agricultural protectionists are afraid that tariffs may be surmounted by cost reductions and prefer the certainty of quantitative restrictions. Not only agriculturists but also some political "planners" here give lip-service to "expansion" at the same time as they advocate quotas. Such views are expressed by certain members of the House of Commons and by the *Times* under the influence of E. H. Carr.[82] The agitation for quotas must be recognized as a political force of some importance even though it is opposed by all economists in Government, and by most of them outside—the only exceptions being a few economists of Continental European origin now in Oxford.

5. We have privately discussed with leading officials the best means of meeting the danger of the agitation for quotas. At present the

[82] Assistant Editor of the London *Times*, 1941–46.

danger centers largely on certain agricultural products and we believe that the most effective means of offsetting arguments for restrictive policies in the field is to press nutrition policy vigorously. This can be given a political and public appeal more effective than the conventional arguments of economists. It seems reasonably demonstrable that quotas on imports of dairy products into U.K. in the thirties kept down consumption of foods of particular nutritional importance. We have noted a significant change recently in the attitude of some leading permanent civil servants to nutrition questions. Eighteen months ago they regarded the subject with indifference or amused tolerance. Now, however, they look increasingly to nutrition policy as a useful instrument in support of economic policies with which they are concerned. This applies both to commercial policy and to colonial policy. We think, therefore, that certain aspects of nutrition questions might be worked into the discussions on commercial policy in a positive and constructive approach under cover of which a very strong stand could be made against quotas. After further conversations here we will try to make more detailed suggestions.

6. It would undoubtedly assist the Board of Trade officials, who are strenuously opposing quotas and high tariffs, if the demand for a fixed ceiling on subsidies were not pressed and if the taxpayer were relied on for the present to prevent excessive subsidies. We do not wish to minimize in any way the strong case for a ceiling on subsidies, but would suggest that the matter be weighed carefully in relation to the menace of quotas and high direct protectionism. There is a danger that any gains which might be made by putting pressure on U.K. to agree to a ceiling on subsidies would lead to more than offsetting losses in other fields of commercial policy.

7. As regards preferences we would suggest on the basis of our recent talks here that the most promising approach would be to refrain as far as possible from turning the spotlight on them in isolation from other issues and to treat them as one item linked up with a number of other items in a comprehensive approach. We think that the strategy and form of approach in this matter is quite as important as the concrete proposals that may be put forward. There is a widespread feeling even among the most progressive U.K. officials whose personal views on commercial policy are close to ours, that Americans do not appreciate or fully understand the relationships between U.K. and the Dominions. They feel that these relationships are in some respects a model which those concerned with the organization of a peaceful world might study to advantage. They consider that the extension of preferences in the early thirties was primarily a response to the Smoot-Hawley tariff,[83] and they wonder whether Congress will

[83] 46 Stat. 590.

be prepared to make the very substantial cut in tariffs which the U.K. public, in view of the anticipated postwar balance of payments difficulties, would consider as a necessary offset to giving up all or a substantial part of preferences. Therefore, they do not respond favorable to a frontal attack from Americans on preferences per se, particularly if there seems to them to be an implication that the adoption of preferences was a more heinous offense than the erection of a very high wall around a market of continental dimensions. Given due appreciation of these psychological and other factors, however, there should be good prospects for advances in this field of commercial policy.

8. As regards cartels, it came out confidentially in our recent talks that the Board of Trade has now carried out investigations into the operations of some U.K. combinations. The conclusions they appear to have reached are that some of these combinations have engaged in questionable practices, but that there are a considerable number of which this cannot be said. We intend to have further personal talks on this since the reactions of different officials are not quite identical on the question how far it will be practicable to get Ministers, Parliament and public to go in regulatory or prohibitive measures. All seem agreed, however, that it will not be possible to get acceptance of what one official called "list of what are sins and what are not sins". All are also agreed that a start can be made at least on international consultation.

9. We shall continue to keep in close touch with the leading officials concerned with commercial policy.

WINANT

800.602/8–1244

Memorandum by the President's Special Counsel (Rosenman) to President Roosevelt

WASHINGTON, August 17, 1944.

I think that it would be advisable for you, some time in early September, to make a statement or take some action on the subject of *international cartels.*

At your suggestion, I have discussed the matter at length with State Department people and the present situation is briefly this:

As you know, the British are not much interested in anti-cartel discussions because:

(1) Several strong factions in their government believe that international cartels are good and should be encouraged;

(2) They incorrectly believe that the American people (outside of a small group) are not interested in the subject; and

(3) They believe that continued cartelization will give them a better position in the post-war world not only politically, but because of their foreign exchange situation.

Last fall, however, the British did reluctantly discuss the problems with the State Department in very general terms.

The other European countries are probably sympathetic with the British point of view. However, the Latin-American countries are sympathetic with our point of view on cartels as is, probably, Russia.

Largely as a result of the insistence of Secretary Hull, the British have agreed to continue to carry on cartel discussions, and the discussions are now set for the coming fall, without any definite date.

Probably the British would prefer to postpone them entirely until after the war, but I think this is one field where there will be an uphill fight even to get any international action, and, therefore, I think it should be pushed now while the cohesive force of the war is in effect.

Besides, I think this is the time *politically* again to take a public position in the matter which would be consistent with your anti-monopoly policy.

There is a very good Inter-departmental Committee in the State Department on the subject of cartels, and they have prepared an excellent memorandum as a basis for these discussions with the British.

I assume that you would want to discuss this with Secretary Hull. The statement could take the form of a letter from you to him on this whole subject.[83a] If you think well of it I can, with the help of this State Department Committee, prepare a draft of such communication for your approval.

S[AMUEL] I. R[OSENMAN]

840.50/8–2844

The British Chargé (Campbell) to the Under Secretary of State (Stettinius)

WASHINGTON, 28 August, 1944.

MY DEAR MR. UNDER SECRETARY: In your letter of August 11th about the procedure for discussions regarding the future work of the Combined Boards, you were good enough to tell me that you had communicated with the United States members of the three Boards and asked them to conclude the preliminary discussions within the

[83a] Secretary Hull in a memorandum of September 4, 1944, informed President Roosevelt that he saw merit in this suggestion but that he thought the letter "should be drafted with a view towards setting forth the objectives of this Government, but in such a manner so as to retain flexibility with respect to the method of achieving that end." Mr. Hull then suggested the language that was actually embodied in the President's letter of September 6 (*infra*), the only change being in the third sentence from the end, which in Mr. Hull's draft began "All cartel practices" instead of "Cartel practices". (800.602/8–1244)

Boards as soon as possible. I understand from the United Kingdom representatives on the Boards that the discussions have made substantial progress, and it is our view that the time has come when further consideration might be given to the establishment of the informal group mentioned in the fourth paragraph of my earlier letter. We should propose that the group should be composed on the United Kingdom side of Mr. Marris and Mr. Opie of the British Embassy, Mr. F. G. Lee of the Treasury Delegation, Mr. R. B. Stevens of the Civil Secretariat (representing the Minister Resident) and of the United Kingdom executive officers of the three Boards concerned. It would be clearly understood that the functions of the group would be exploratory only and that its findings would be referred to the Governments concerned and to the United Kingdom, United States, and Canadian members of the Boards.

If you agree that we are now ready to take the next step in these discussions perhaps you would be so good as to give consideration on your side to United States membership and to suggest a date on which a preliminary meeting might be held.

I have been in touch with the Canadian Chargé d'Affaires on this matter and I understand that he is in general agreement with this proposal and will communicate with you separately regarding Canadian representation.

Very sincerely yours RONALD I. CAMPBELL

800.602/9-644

President Roosevelt to the Secretary of State

WASHINGTON, September 6, 1944.

DEAR MR. SECRETARY: During the past half century the United States has developed a tradition in opposition to private monopolies. The Sherman and Clayton Acts have become as much a part of the American way of life as the due process clause of the Constitution. By protecting the consumer against monopoly these statutes guarantee him the benefits of competition.

This policy goes hand in glove with the liberal principles of international trade for which you have stood through many years of public service. The trade agreement program has as its objective the elimination of barriers to the free flow of trade in international commerce; the anti-trust statutes aim at the elimination of monopolistic restraints of trade in inter-state and foreign commerce.

Unfortunately, a number of foreign countries, particularly in continental Europe, do not possess such a tradition against cartels. On the contrary, cartels have received encouragement from some of these goverments. Especially is this true with respect to Germany.

Moreover, cartels were utilized by the Nazis as governmental instrumentalities to achieve political ends. The history of the use of the I. G. Farben trust by the Nazis reads like a detective story. The defeat of the Nazi armies will have to be followed by the eradication of these weapons of economic warfare. But more than the elimination of the political activities of German cartels will be required. Cartel practices which restrict the free flow of goods in foreign commerce will have to be curbed. With international trade involved this end can be achieved only through collaborative action by the United Nations.

I hope that you will keep your eye on this whole subject of international cartels because we are approaching the time when discussions will almost certainly arise between us and other nations.

Very sincerely yours, FRANKLIN D. ROOSEVELT

840.50/9–844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 8, 1944—2 p. m.
[Received 7:45 p. m.]

7350. For those concerned with Article VII discussions—No. 14 in the series.

1. Robbins, who returned recently, said he was disappointed with the public reception here of the results of the Bretton Woods Conference. He spoke of the difficulty, which we have frequently pointed out in this series of messages, arising out of the almost complete recruitment of United Kingdom economists and the extensive recruitment of the able industrial organizers by Government during the war. Powerful public support would come from them in peace time for such measures as those recommended at Bretton Woods. But they are obliged to maintain silence for the most part as long as they remain in Government. The only recent exception has been Keynes' short letters to the *Times* replying to critics.

Robbins pointed out that apart from the Beaverbrook press, the attacks on Bretton Woods came almost entirely from émigrés of continental European origin. Much of the financial press has been on the whole favorable. It appears that what Robbins is most concerned with is the lack of a comeback in public against the writings of the émigré economists and financial journalist[s]. He said that Ministers are apt to be sensitive to the trend of public discussion. However, he has not yet had time since his return to check on the reactions of the Ministers most concerned.

[Here follow further observations on critics of the Bretton Woods Conference.]

However, the fact that the viewpoint of the group in question thrives in some circles is probably due in the main to the widespread fear in Great Britain, which exists among all sections of opinion including those most committed to economic cooperation with us, that the United States is both unprepared and unwilling to prepare effectively for the maintenance of a high level of employment. American political sentiment is widely interpreted here as straining to get rid of controls, to minimize governmental operations and intervention in economic matter[s] and to rely on private enterprise to guide the economic life of the nation. It is recognized that these sentiments are not shared by leading American economists and by responsible administrators, but it is feared that a tide of political reaction will make it impossible for public authorities to adopt the necessary governmental measures to prevent an initial short inflationary boom followed quickly by drastic deflation.

In these circumstances, we return to the question raised in earlier messages in this series whether any action could be taken to reduce these fears which are widespread not only in United Kingdom but also among representatives of the European Allies. We have understood that the Australians have for some time pressed for a conference on full employment along the lines of the Hot Springs Food Conference. While recognizing the arguments for such a conference, we would point out, however, that it would not allay the fears described above unless a United States delegation could come to it with at least the general outlines of a national policy.

The primary need is for the early formulation of a national policy that will bring assurance to the rest of the world that at least the problems involved in the maintenance of full employment are officially recognized and that responsibility is assumed by the United States Government for the preparation of domestic plans sufficiently detailed to be put into effect promptly when signs of impending fluctuations appear. This applies particularly to plans for publicly sponsored investment, local as well as national, above all housing, to check declines in private investment.

We believe that an authoritative public statement on this matter in Washington would improve the prospects in this country and in European countries, liberated or to be liberated, of whole-hearted implementation of the recommendations at Bretton Woods and of the early formulation and subsequent implementation of recommendations on commercial, commodity and cartel policy along lines that we seek.

2. Further personal talks on the subject of controls as well as Mr. Harcourt Johnstone's [84] speech confirm the view that the maintenance of a strict control over particular products is regarded as essential so long as scarcity conditions remain and that complete control is likely to remain on a given product as long as any control is needed. If any part of a control is lifted before the rest, it seems likely that it will be at the consumer-rationing end and only on the import side afterwards when it has been demonstrated that there is enough to go round after rationing stops. The apparent difference of emphasis between London and some United States opinion groups may be due in part to the greater consciousness and experience of commodity scarcities here but also to the expectations of continued shipping scarcities which will affect United Kingdom incomparably more than United States [and] will probably force retention of rationing here for a time even after world scarcity passes.

In addition to the scarcity aspect, controls are likely to be used to facilitate readjustment of industry with specific priorities in view, one of the most important of which has to do with export industries. Some 1½ million workers have been moved out of export industries into direct war industries and occupations, many of them in connection with concentration plans. The sweeping curtailment of export industries during the war gives rise to considerable concern regarding the postwar period. Officials are above all anxious that United Kingdom shall place itself on a self-supporting basis from the standpoint of its balance of payments as quickly as possible after the end of the war in all theaters of operation. They dislike the idea of continued dependence after that time on any temporary wartime arrangements, and they also would deplore the substitution of external loans, which would cause further deterioration in their long-term debtor-creditor position. The only satisfactory course open to them is the restoration and expansion of their export trade and in view of the tremendous diversion of labor and materials away from export lines during the war, they feel that very high priorities must be given in respect of both workers and raw materials to export industries immediately after the war.

Some concern is felt privately among officials at what they believe to be inadequate realization on the part of the American public and Congress of (1) the loss to United Kingdom in a common war effort of the fruits of a century of saving and investment, (2) the extent of increase of exports necessary to offset this loss, (3) the extent of United Kingdom diversion of resources from export trades to the war effort. Officials believe that the State Department fully understands the situation but they doubt whether Congress and the Ameri-

[84] British Parliamentary Under Secretary of State for Overseas Trade.

can public do and they take note of such attacks as that quoted here from the *Wall Street Journal* which seem to them both to urge prompt cessation of Lend-Lease and also to adopt a combative attitude towards future United Kingdom efforts to reestablish and expand its trade. Criticisms made by United Kingdom economic officials in regard to this state of affairs are directed mainly if not entirely at United Kingdom information services and at alleged excessive United Kingdom secrecy on some of the facts that would make the position clearer in other countries.

3. Plans concerning particular commodities are originated as regards food in the Ministry of Food, as regards raw materials and iron and steel and their products in the Ministry of Supply, and as regards other manufactured products chiefly in the Board of Trade. The Ministry of Supply has a few able economists who are free from trade bias and who have held important operating posts during the war. The future of the iron and steel trade is a matter of concern to these economists. They are, it may be said in confidence, strongly against the prewar setup and especially against the Import Duties Advisory Committee which worked on purely opportunist lines and became an appendage of the Iron and Steel Federation. Economists in Government who are acquainted with the industry believe that the IDAC should be eliminated entirely and that the Federation should be reformed on new lines. They are seriously concerned about the postwar position of the industry. The principal defect, they believe, is in the location of many producing units in the industry. "Efficiency" in the industry is largely a matter of transport costs and they believe that all plants working on imported ore should be re-located right on the coast close to the appropriate ports. In addition, many small or inefficient producing units should be eliminated. But they do not believe that these changes could be carried through by the industry itself because of the numerous interests involved. Their view is that only the Government could bring about such a wide reform on the basis of a national plan for the industry.

Such plans could probably be produced by an able group of younger men in the Ministry but our impression gathered privately is that Duncan, the present Minister, because of his past association with the Federation and with the industry, and because it is possible that he is looking to a job in the Federation in future, would not back any Government action on a comprehensive scale. Therefore, plans are hanging fire and there is danger that the industry will be unready to meet postwar conditions in the most effective manner.

An able economist of the Ministry of Supply (who has specialized in the history of the iron and steel industries) said he thought that there would be a shortage of iron and steel in the early postwar period

627-819—67——6

in United Kingdom and perhaps in Europe but after 3 or 4 years production would tend to outrun demand and pressure for cartel arrangements and import restrictions would become strong. He did not believe the demand for iron and steel could be increased beyond 25% above the 1937 level except in the immediate reconstruction period.

In these personal conversations, a Ministry of Supply economist and a Colonial Office economist both raised the point that economies of large scale operation apply to international trade in a number of commodities as well as to production and to domestic trade and a policy of merely forcing dissolution of cartels, though desirable, may not provide a solution in all cases. A Colonial Office economist who generally favors private trade expressed the view that the cocoa trade from West Africa could best be handled by Government operation of shipment. He thought also that the banana trade must necessarily be handled in bulk on a rigid schedule by very large units of operation and that such monopoly as this involves should not be left in private hands. An economist of the Ministry of Supply expressed the personal view that in about 10 years the iron and steel industry would have to be nationalized in United Kingdom as the only effective means of reorganizing the industry on efficient lines and eliminating private cartel arrangements. He thought this would not mean an end of competition but a change in its form: There would be substantial competition in operating results of different units. These views were not put forward by doctrinaires but by Government economists with little or no political attachments. The Colonial Office appears to be doing considerable work on British colonial territories but very little on the relations between these colonies and those of other countries—apart from the Caribbean area. We shall follow up the trading aspects of colonial problems in future messages.

WINANT

840.50/8–1144 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 18, 1944—6 p. m.

7598. With reference to conversations in Washington with Richard Law (reDepts 6036, July 31) and your conversations with Ronald (reEmbs 6473, August 11) regarding Article VII talks, we sent letter to the President on September 2 [85] suggesting that he seek support of Prime Minister for resumption of conversations about the middle of

[85] Not printed.

October. Conversations would cover commercial policy, commodity agreement policy, cartel policy and state trading.

We have been giving consideration to the procedure involved and have reached the following conclusions:

As soon as the preparatory work here has been completed, which it is expected will be about the middle of October, you and your staff, including Hawkins,[86] assisted by a few competent people sent quietly to London for the purpose would begin exploratory discussions with a view to comparing the trends of thought of the two Governments since the last talks were held, and ascertaining the areas of agreement and the points at issue. We feel that any publicity at this stage should be avoided. We would determine, in the light of the measure of agreement reached in these informal talks, and other developments, what the next steps should be.

Please discuss the foregoing with the appropriate British authorities and advise us whether the arrangements contemplated are satisfactory to them.

If agreeable to you, Hawkins would remain here until about October 15 to assist in the preparatory work, but even though this work had not been completed, he would proceed to London at that time to take up his duties in the Embassy. These duties would initially include the carrying on of the preliminary exploratory discussions with the British above referred to.

HULL

840.50/8–344 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)[87]

WASHINGTON, September 19, 1944—midnight.

7647. Reurtel 5766, July 20, and 6179, August 3, reurdes 17268, August 3.[88] Despite British view that need of insuring adequate supplies of scarce foodstuffs at stable, reasonable prices justifies long-term bulk-purchase contracts, and despite understandable desire of Dominions for dependable markets, and even though products of substantial immediate interest to American exporters or importers may not now be covered by the contracts, we remain concerned over pos-

[86] Harry C. Hawkins, appointed Economic Counselor at London, September 12, 1944.

[87] Text of this telegram quoted to the Ambassador in Canada in airgram A–142, September 27, 5:55 p. m., with instructions to report information obtainable regarding questions asked of London and to send the information and reports requested in last paragraph of the telegram quoted.

[88] Despatch 17268 not printed; it transmitted text of British Foreign Office note summarized in telegram 6179, August 3, from London, p. 64.

sibility that they run counter to the principles of Article VIII of the Trade Agreement.

To extent shortages of certain products may actually exist after the war, meat and dairy-products importing countries desiring to obtain adequate supplies at stable reasonable prices may feel that the British contracts conflict with their interests.

The possibility if not the probability that the duration of the British bulk purchases will extend beyond the periods of short supply for many, at least, of the products involved causes us special concern. Government bulk purchases, in times of commodity abundance, could become far more discriminatory than tariff or quota preferences. The reported contemplated minimum purchases of bacon from Canada are at three times the rate of United Kingdom pre-war bacon imports from Canada, and the purchases reported in your 6239, August 4,[89] seem to be tantamount to long-term freezing of a position for New Zealand in the United Kingdom market regardless of the possible development of lower cost production elsewhere. In a telegram dated September 1 from Buenos Aires it is stated that

"Embassy has just received reliable report to effect that large British house here received cable from home office London stating British Ministry Food informed it that 4-year meat contract would be signed shortly. Local representative Ministry of Food doubts accuracy of report but Department may wish investigate."

The existence of such long-term contracts might present a substantial handicap to other countries with equally or more efficient production attempting to regain their pre-war position in the United Kingdom market.

In expressing concern with regard to this matter we do not consider that we are reflecting a doctrinaire attitude of opposition to necessary governmental intervention in economic matters, or lack of sympathy with the British Government in meeting the vital problem of British food needs. It seems clear to us, however, that inelastic, long-term government purchase contracts for large quantities are likely in the end to do more to retard than to advance achievement of our two governments' underlying objectives, set forth in Article VII of the mutual-aid agreement, of expanded world trade on a non-discriminatory basis.

Your 5766, July 20, paragraph 10, states that there is no reason to believe that the measures under negotiation concerning meat and dairy products have any relation to or constitute any precedent for United Kingdom policy on raw materials. In this connection *Business Week* for July 15 states that

[89] Not printed; it reported a 4-year agreement for purchase by the United Kingdom from New Zealand of surplus dairy and meat products.

"Ottawa has revealed that British government representatives have arranged with private Canadian interests for the purchase of 2,500,000,000 bd. ft. of lumber to be delivered during the first 2 years after the defeat of Germany. Contracts will soon be signed in London."

Please inform appropriate officials that we hope that the subject of state trading can be thoroughly explored with the British delegation when Article VII talks are resumed, and convey to them the sense of the foregoing so that they may understand that our opinions on state trading in general and on the criteria for state-trading contracts have not changed in principle from those held during the talks last year. We would appreciate an early report on their reactions.

We are still uninformed regarding many features of the contracts and we should like a report on the following questions: (1) What provision exists in the contracts for their termination or for alteration in the quantities or prices involved in case any product comes into long supply and other countries are in a position to sell on a competitive basis? (2) What is the exact definition of exportable surplus in the agreements? (3) What control, if any, over the use of sterling resulting from the bulk purchases is contemplated in the agreements?

Please send available information on the reported lumber contract with Canada and the reported meat contract with the Argentine referred to above. Also, send by mail copies of any of the long-term contracts which may be available. In general please follow and report promptly all developments in connection with individual bulk purchases or with over-all policy concerning them.

HULL

840.50/8-2844

The Director of the Office of Wartime Economic Affairs (Taft) to the British Minister (Campbell)

WASHINGTON, September 20, 1944.

DEAR SIR RONALD: I refer to your letter of August 28 to the Under Secretary regarding the future of the Combined Boards, and to his reply of August 31.[90]

Mr. Acheson is out of town, but I am informed that the appropriate agencies of this Government have reached agreement with respect to a preliminary United States position and that we are ready to begin conversations as soon as you and the Canadian representation may wish. The group on the United States side will be composed of Mr. Bernard Haley, or Mr. Leroy Stinebower, and me, from the Department, Mr. Lauchlin Currie from the Foreign Economic Ad-

[90] Latter not printed.

ministration, and the United States Executive Officers of the three Boards concerned.

Mr. Acheson has requested me to arrange with Mr. Marris and the Canadians the initiation of these conversations.

Sincerely yours, CHARLES P. TAFT

800.24/9–2144

Memorandum by the Secretary of State to President Roosevelt

WASHINGTON, September 21, 1944.

There is transmitted herewith a copy of a policy document on the future of the Combined Boards for your information in the event that this question, on which you have previously corresponded with Mr. Churchill, may arise for current discussion. This document has been approved by the Executive Committee on Economic Foreign Policy and is intended to serve as an instruction to a United States committee for conversations on the future of the Combined Boards with a British committee.

C[ORDELL] H[ULL]

[Enclosure]

No. ECEFP D–54/44 SEPTEMBER 20, 1944.

EXECUTIVE COMMITTEE ON ECONOMIC FOREIGN POLICY
COMMITTEE ON WARTIME TRADE CONTROLS

THE FUTURE OF THE COMBINED BOARDS

It has been and is the long term objective of this Government to work toward an expansion of private international trade on a multilateral basis without discrimination or undue restriction. Wartime trade controls and governmental participation in trade have been introduced for the purpose of effective prosecution of the war in all its phases. All such controls and governmental participation cannot be eliminated as soon as the war ends. Steps should be taken, however, to set limitations on such controls, consistent with the solution of major national and international problems arising during the transition from a wartime to a peacetime economy. Among other things, this calls for a reexamination of the scope of operations of the Combined Boards.

Present Work of the Combined Boards

The three boards in question—the Combined Food Board, the Combined Raw Materials Board, and the Combined Production and Re-

sources Board—were set up to secure the most efficient disposition, in the light of war needs, of the resources of the non-Axis world.[91] All supplies and facilities were to be regarded as a pool and related to total requirements. As a result, almost every Board recommendation has foreign trade implications. New trade patterns have been set up. Export and import markets have been established which often do not coincide with a preestablished or normal basis. Such dislocations are, of course, inevitable in wartime.

Recent Examination of the Future of the Boards

Preliminary discussions concerning the Combined Boards were brought to a head when on July 20, 1944, Sir Ronald Campbell addressed a letter to the Under Secretary, requesting the opinion of this Government on the future of the Combined Boards. This letter has been acknowledged and copies sent to the U.S. members of the three Boards mentioned above, with the suggestion that the U.S. members meet with their British and, in appropriate cases, Canadian colleagues [92] in order to obtain a preliminary statement of the recommendations of those immediately concerned with the operation of the Boards. Sir Ronald Campbell's inquiry has underlined the urgency of reaching a judgment with respect to the American position. The lack of a clear definition of the future status and of the proper sphere of current operations of the Combined Boards has led to uncertainty on the part of the operating officials.

Preliminary Position of the United States Concerning Membership on the Boards

Abolition of the Boards, so long as war needs exist, cannot be considered. Direct enlargement of membership has been considered, but seems inadvisable at this time because of reasons of security, because the primary responsibility for meeting supply problems must fall upon the United States and the British Empire, and because working relations cannot now be readily established with a large group of countries. It may become advisable, however, to place on certain important committees of the Boards representatives of other countries when their peculiar position as important producers or consumers should be taken into account. This has already been done on occasion, and in the future consideration should be given to the principles and methods by which added representation may be given.

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[91] For documentation relating to the establishment of the Combined Boards, see the records of the First Washington Conference, December 22, 1941–January 12, 1942, to be published in a subsequent volume, *Foreign Relations*, The Conferences at Washington and Casablanca, 1941–1943.

[92] Canada was a member of the Combined Food Board and the Combined Production and Resources Board.

Preliminary Position of United States Concerning Scope of Operations

It is believed that the scope of operations of the Boards should be redefined. Put in the most general terms, the Boards should restrict their allocation recommendations to cases of (1) items which are in short supply and which are needed for direct war purposes or for the maintenance of essential civilian economies, related to the war and to the transitional period, and (2) to items the transportation of which involves so substantial a use of shipping that uncontrolled movements might lead to undue waste of shipping facilities. The Boards should themselves be able to decide what items, within these limits, they consider will require their recommendation of future allocations. In deciding upon what items are not in short supply, the Boards should appraise what would be the net annual global position, after the removal of allocation recommendations. But even in the case of a short item, the Boards should recommend allocations of only that part of the supply which is necessary for the war effort, or the maintenance of essential civilian economies, related to the war and to the transitional period, and should not feel it necessary to recommend allocations of the total supply in all countries. They should keep in mind that, so far as is consistent with the prosecution of the war and the adjustment of scarcities in the transitional period, the area of free movement of commodities and products in international trade should be progressively enlarged.

This position is taken because it is believed that the Boards were set up to handle specific war problems and, by the very nature of their organization, are not designed to handle other than wartime problems. In the period of war mobilization the control mechanisms upon which the Boards relied were directed toward a limited common objective. As the war supply problems ease, the need for the type of combined economic operation carried on by the Boards decreases. The Boards have been appropriately limited in membership. As more nations become free, this limitation will increase concern about United States–British Empire domination. In the near future it will not be easy to justify United States–British Empire decisions concerning the allocation of supplies of other nations. Furthermore, the dislocation of trade patterns, occasioned by the war and made effective through the Boards, creates opportunity for discriminatory national advantage. Within the British Empire differences of opinion, which are suppressed in wartime, will arise and it will not be to the interest of the United States to become involved unnecessarily in these disputes, as it would if it remained a senior partner on the Boards.

However, it is felt that informal consultation and interchange on common industrial and agricultural production problems of a technical nature may be useful in the transition to peace as well as in war.

Therefore, the Boards with their statistical and technical staffs and background of experience may continue to act as convenient forums for such informal discussion and interchange.

Corollaries of the Preliminary United States Position

This position that the Boards should restrict their activities to questions of short supply and transportation has a number of corrollaries. It means:

(*a*) That the Boards should not recommend allocations of long supply items, except when transportation considerations make them necessary;

(*b*) that the Boards should not use allocation recommendations of items in short supply to increase exports of long supply items;

(*c*) that the Boards should not make recommendations for the purpose of controlling foreign prices of items in long supply, or of items in short supply that are not necessary to the war or to essential civilian economies;

(*d*) that the Combined Boards should not recommend allocations of capital goods for export for long-term reconstruction and industrialization, except where such goods are both in short supply and an allocation is necessary to meet direct war needs or to maintain essential civilian economies in the transitional period;

(*e*) the several member governments would be generally expected to advise the appropriate personnel of the other member governments in advance of effecting substantial cutbacks in procurement or development procedures in third countries.

Transitional Surpluses

If the scope of the Boards' operations is to be gradually contracted, the question arises as to what steps need to be taken to handle transitional problems, particularly those of surplus commodities. It is recognized that the Combined Boards have statistical and technical facilities concerning many commodities and products, and these should be maintained in operation. It is recognized also that the problems of transitional surpluses can be advantageously studied by the technical staffs of the Combined Boards.

Although the Boards are inadequately constituted to deal with surplus situations, the problem of surpluses will come before the technical staffs dealing with commodities. The exchange of information between the technical staffs should be continued as long as the Boards continue in existence or until some international mechanism is established to deal with post-war commodity problems. The United States officers of the Combined Boards, with the assistance of other interested agencies, should draw up and submit a statement of findings to the Executive Committee on Economic Foreign Policy for the Committee's consideration and recommendation of action where surpluses are found. Until the United States position is established United States members of the Boards and the technical staffs should

not undertake to formulate solutions of surplus problems with the representatives of other nations.

841.24/10-1644

The British Minister (Campbell) to the Under Secretary of State (Stettinius) [93]

WASHINGTON, September 23, 1944.

MY DEAR MR. STETTINIUS:

1. I have been asked by His Majesty's Government in the United Kingdom to say that the authorities in London have been giving thought to the position which will arise in respect of supplies in the United Kingdom and the Colonies (among which supplies of lend-lease origin will be an important element, involving special considerations) which will become surplus to military requirements and available for disposal to civilians or otherwise.

2. The volume of movable stores no longer required for military use in the European theatre on conclusion of hostilities with Germany is likely to be considerable. While a large part will be used in the Far East, and a further quantity for relief and rehabilitation purposes on the Continent, nevertheless a substantial balance will be available for disposal to civilians or otherwise. The problem created by these surpluses will largely be a new one. Up to now movable stores have been made available for civilian purposes either because it has been essential for the efficient conduct of military operations that they should be supplied to civilian economy or because the stores in question had become, through destruction, deterioration or obsolescence, useless for the purpose for which they were originally intended. In the first case the military authorities are only acting as a necessary channel of supply in the light of military necessities; in the latter, the supplies thrown up are of the nature of scrap and salvage. In contrast, military supplies thrown up at the end of the European war will be different both in volume and character. In volume they will be far greater. In character for the most part they will not be essential to civilian economy, although many of them may be readily saleable.

3. Special problems are presented by the intermingling of supplies of lend-lease origin. In order to provide orderly disposal, arrangements have been made by the British Government to govern the marketing of surplus stores, as they have been by the United States

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[93] Original not found in Department files; this copy made from a carbon attached to a memorandum of conversation of October 16, 1944 (not printed) by Mr. Frank W. Fetter, Adviser in the Division of Financial and Monetary Affairs.

Government in the United States of America. But lend-lease stores cannot automatically be treated under these arrangements. The United Kingdom Government has not the power to divert supplies of lend-lease origin to ordinary civilian use without the consent of the President of the United States. Further, Article 5 of the Mutual Aid Agreement of February 23rd, 1942 [94] puts certain obligations upon us—that article reads: "The Government of the United Kingdom will return to the United States of America at the end of the present emergency, as determined by the President, such defence articles transferred under this agreement as shall not have been destroyed, lost, or consumed and as shall be determined by the President to be useful in defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America." It follows that special arrangements are therefore necessary to deal with supplies of lend-lease origin.

4. The Government of the United Kingdom cannot however contemplate, as a general arrangement covering all types of goods, a solution whereby the disposal of goods of lend-lease origin should proceed subject to financial adjustments being made subsequently either by paying over the direct proceeds of the sale of such goods or on some proportionate basis.

This would not be possible in view of the drain on the foreign exchange resources which would be involved. The exchange reasons which prevent the importation into the sterling area of American goods which are not absolutely essential prevent the United Kingdom Government from being able to contemplate an arrangement of this kind. However desirable administratively an overall settlement on these lines might appear, we should not be justified, either from our own point of view or that of the United States, in entering into such a commitment in respect of supplies whose priority cannot be represented as being in any sense high.

5. The only alternative therefore that is left is to make arrangements so that surplus supplies of lend-lease origin are available for return to the United States. It is recognized this is likely to present administrative and other difficulties which should be explored well in advance, and that channels and machinery of recapture will require considerable thought. It would therefore seem desirable for joint discussions to be undertaken as soon as possible.

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[94] Preliminary Agreement between the United States and the United Kingdom regarding principles applying to mutual aid in the prosecution of the war against aggression, signed at Washington, February 23, 1942. For text, see Department of State Executive Agreement Series No. 241, or 56 Stat. (pt. 2) 1433. For documentation concerning negotiation of the Agreement, see *Foreign Relations*, 1942, vol. I, pp. 525 ff.

6. There remains the special case of supplies (whether of lend-lease or United States Army origin) which are surplus to military requirements but essential to the civilian economy. Here it would appear reasonable that the ordinary ruling of lend-lease eligibility should apply and that where such supplies are required for civilian end use and are eligible for procurement under lend-lease, permission for re-transfer under lend-lease should be given, during the currency of the Lend/Lease Act, without question of payment arising. Where however such supplies are ineligible, they would be purchased on such a basis as might be arranged and subject to the usual exchange control and procurement machinery.

7. Mention has been made of United States military supplies, as opposed to lend-lease supplies. The arguments set out in paragraph 4 above apply even more strongly here, and there would be no possibility of purchases of non-essentials for civilian purposes in this sphere.

8. It must be emphasized that the above proposals relate to the United Kingdom and Colonial Empire only. The United Kingdom Government is not in a position to speak for the Governments of the Dominions, or of India or the other Governments of the countries in the sterling area. Nevertheless the same broad considerations must inevitably apply as in the case of the United Kingdom and the Colonies, since for any payments that are to be made to the United States, dollars must be found from the common Sterling area pool. It is hoped, therefore, that in the case of these countries, similar principles will be applied as regards surplus lend-lease or United States army goods which may be found there. Furthermore that in the case of non-British countries in the sterling area consultation and parallel action will be maintained by the United States and the United Kingdom in regard to principles of disposal.

9. His Majesty's Government would be grateful for the views of the United States authorities on what is recognized to be a difficult and complicated problem. If the State Department would like to enter into the discussions envisaged in paragraph 5 above, we should be happy to make the necessary arrangements. If it were thought the said discussions would be useful, I would propose to designate a small committee of United Kingdom representatives for this purpose comprising Mr. F. G. Lee of the United Kingdom Treasury Delegation, Mr. J. H. Penson of the British Ministry of Supply Mission, Mr. T. Childs and a representative of this Embassy.

10. I am sending a copy of this letter to Mr. Crowley.[96]

Yours sincerely, RONALD I. CAMPBELL

[96] Leo T. Crowley, Foreign Economic Administrator.

800.602/9-644

Memorandum by the Secretary of State to President Roosevelt

WASHINGTON, September 27, 1944.

In further response to your letter of September 6,[96a] directing attention to the importance of intergovernmental discussions on the subject of international cartels, there is herewith transmitted a statement of recommendations regarding policy for dealing with international cartels and related private business arrangements prepared by the interdepartmental Committee on Private Monopolies and Cartels and approved by the Executive Committee on Economic Foreign Policy.

The proposed cartel policy is regarded by the Executive Committee as tentative and preliminary, and as subject to such modifications as may be deemed desirable after consideration of further views on this and other aspects of commercial policy. A report on the closely related subject of intergovernmental commodity agreements is now under consideration by the Executive Committee and will soon be submitted to you.

It is believed, however, that the proposed cartel policy in its present form is sufficiently definitive to serve as a working basis in discussions with other governments. In view of such discussions, it is not believed that the statement should be made public. Alternative proposals are also being studied in order that carefully thought out recommendations may be available in case of need.

C[ORDELL] H[ULL]

[Annex]

ECEFP D-53/44
(Cf. D-11 and D-49)

SEPTEMBER 20, 1944.

TENTATIVE PROGRAM FOR DEALING WITH INTERNATIONAL CARTELS

(As approved by the Executive Committee on Economic Foreign Policy on September 15, 1944)

SUMMARY

1. The United States should advocate, in discussions with other nations, the adoption of a coordinated program by which each nation undertakes to prohibit the most restrictive cartel practices which burden international trade.

[96a] For text of Secretary Hull's initial reply of September 11, in which he indicated that he was asking the Executive Committee on Economic Foreign Policy to expedite their work on the subject of international cartels, see Department of State *Bulletin*, September 17, 1944, p. 292.

2. International conventions and national laws about patents, trade marks, and company organizations should be amended or supplemented to make such restrictive cartel practices more difficult.

3. Programs involving international regulation of trade or production undertaken for such purposes as international security, conservation, and public health and morals, and in dealing under certain prescribed conditions with the correction of basic economic maladjustments should be agreed upon by the governments rather than private interests.

4. To facilitate the development and administration of this program, there should be established an International Office for Business Practices.

Comment

These proposals are based upon conclusions that the typical effects of cartels are to reduce output, raise and stabilize selling prices, increase profit margins, reduce employment, and protect high cost members; and that through such activities cartels reduce employment and investment opportunities, hinder the development of liberal policies in international trade, delay the readjustment of dislocated industries, and sometimes thwart national policies or serve as the instrument of aggressive governments. The claims that cartels help preserve balance in international payments and that they can help solve problems of economic readjustment are regarded as unfounded.

It is recognized that pressures to organize cartels arise in large part from depressions, trade barriers, and unbalanced over-expansion of particular industries, and that the success of a program directed against cartel restrictions must depend in large part upon successful policies for coping with such matters.

840.50/9–2944 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 29, 1944—5 p. m.
[Received September 29—4 p. m.]

8139. In trying to collect information you wanted in Department's 7647, September 19, I would suggest that you talk with Law and Penrose if, on leaving the UNRRA Council meeting in Montreal,[97] they are returning to London through Washington.

WINANT

[97] With regard to the second session of the United Nations Relief and Rehabilitation Administration's Council at Montreal, September 1944, see pp. 334 and 338–354, *passim;* for documentation relating to the establishment of UNRRA, see *Foreign Relations*, 1943, vol. I, pp. 851 ff.

840.50/10–1244 : Telegram

The Ambassador in Canada (Atherton) to the Secretary of State

OTTAWA, October 12, 1944—5 p. m.
[Received 8:08 p. m.]

48. The subject of state trading as raised in the Department's A–142, September 27, 5:55 p. m.[98] was discussed today with Angus[99] of External Affairs who will give definite answers in a few days.[1] Beyond [*sic*] in the meantime he said basic Canadian policy does not contemplate conclusion of bulk purchase agreements extending transition period. The bacon contract for example was for 2 years and will expire in 1945. It contains no provision for prior termination or alteration should bacon come into long supply and other countries are in a position to sell on competitive terms. There was no definition of surplus in the contract. Britain agreed to purchase and Canada agreed to sell 900,000,000 pounds and any additional quantity if available at stipulated prices during the 2-year period. Use of resulting sterling is not covered in the Canadian contracts. Angus said Canada has operated with Great Britain on the Hyde Park principle.[2] Through mutual aid, through greatly increased expenditures in Great Britain, in behalf of Canadian Armed Forces, and through other devious means Canada has sought and has succeeded remarkably well in keeping down her sterling balances.

Angus said lumber contracts would be between British timber controller and individual Canadian producers. From the Canadian side this would not be state trading and Canada would not necessarily know the provisions of the contracts. Although lumber deal has not yet been completed certain information is available from press releases et cetera. The objective of the deal is to provide for shipments of [1.2 billion] feet for each of the 2 years after the close of the European phase of the war. Timber controller Williamson has stated that this will amount to from one-quarter to one-third of total Canadian production.

The Minister of Trade and Commerce has stated that the United Kingdom officials are dealing direct with producers and further than

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[98] See footnote 87, p. 77.

[99] Henry F. Angus, special assistant to the Canadian Under Secretary of State for External Affairs.

[1] Despatch 1569, October 13, from Ottawa (not printed), reported that an officer of the Embassy had been called that day to the Department of External Affairs by Mr. Angus to receive definite replies to the questions posed in the Department's instructions; but that, as these replies did not add any information to that contained in the Embassy's telegram 48, a further telegram was not being submitted at that time (840.50/10–1344).

[2] See statement released to the press by the White House April 20, 1941, regarding an agreement between President Roosevelt and Canadian Prime Minister Mackenzie King with respect to the exchange of defense articles with Canada, Department of State *Bulletin*, April 26, 1941, p. 494.

[*that?*] the value "considerably exceeds the average annual value of pre-war total exports." He also said that the deal covers hard and soft woods, pit props, and other lumber products. Apparently the deal is on the basis of current prices but the contracts will "provide for adjustments in price in accordance with variations in costs of production".

In 1938, 44% of Canadian lumber exports were to the United Kingdom and 38% to the United States. The main competition in the United Kingdom market was from Scandinavia, the Baltic countries and Russia. In terms of post war trade the Canadian lumber interests are particularly fearful of Scandinavian competition with them. The deal apparently covers shipments in excess not only of pre-war exports to Great Britain but of current exports as well. The Government is definitely using the program as a means of reassuring the lumber industry that demand for its production as well as its place in the British market will be maintained after the war. Angus stated his conviction that lumber will be in acutely short supply for a long time to come.

The Canadian timber controller's office has been advised by the Embassy that negotiations with the British are in progress and that conclusions have not yet been reached. We will continue to follow these talks and report further.

ATHERTON

800.24/10–1744

The Secretary of State to Diplomatic and Consular Officers

WASHINGTON, October 17, 1944.

SIRS: I enclose herewith for your information a copy of a memorandum transmitted by the Department to the Surplus War Property Administration indicating the Department's policy for disposal abroad of surplus property.

The sale to foreign buyers of surplus property will involve many problems closely related to the foreign policy of the United States. Therefore, a close working relationship will be necessary both in Washington and the field between the Department and those responsible for disposal of surpluses abroad. The Department has informed the Administration in Washington that it is prepared to render assistance in the field through its diplomatic missions and consular offices. This assistance will, in general, include advice concerning the overall problem of disposal of surplus property in each country and its relation to our commercial policy, and information concerning the potential market for surplus property in each country. The foreign disposal agency, where necessary, will send to the field such technical and

other personnel as may be required to carry on those of its functions which cannot be performed by regular or auxiliary Foreign Services.

The functions now assigned to the Surplus Property Board, which was created by a recent act of the Congress,[3] have until now been performed by the Surplus War Property Administration, created by an executive order of the President.[4] The Surplus War Property Administration had designated the Foreign Economic Administration as its foreign disposal agency, and it is indicated that the Foreign Economic Administration, or one of its subsidiaries, will continue as the foreign disposal agency under the Board.

From time to time, the Foreign Economic Administration has transmitted to its representatives in the field information concerning its procedures for surplus disposal, and at present is sending a preliminary guide for property disposal dated September 22, 1944. These regulations are tentative, and should be referred to the Chief of the Mission, in order that the practices to be followed in each country may be in conformity with the foreign policy of the United States towards that country, and the procedures and practices developed by the mission in its relations with the foreign country.

The procedure for the disposal of surplus aircraft abroad has been worked out, and in Washington will differ generally from the procedure used in disposing of other types of surplus property. Lieutenant Colonel William B. Harding, Director of the Aviation Division, Surplus War Property Administration, is in charge of aircraft disposal. He is advised concerning both policy and procedure by the inter-departmental Working Committee of the Surplus War Property Administration, in which the Department of State has a representative.

The Foreign Economic Administration is transmitting to all of its Special Representatives an instruction containing general regulations and procedures for the disposal of surplus aircraft in the field. You may wish to consult with the Special Representative of the Foreign Economic Administration about this particular matter.

Very truly yours, For the Secretary of State:

DEAN ACHESON

[Enclosure]

PROPOSED POLICIES FOR DISPOSAL ABROAD OF SURPLUS PROPERTY

In view of the important foreign policy aspects of the disposal abroad of surplus property, the State Department believes the following policies or guiding principles should apply to the disposal abroad of (*a*) surplus property located outside the United States; and (*b*)

[3] Surplus Property Act, October 3, 1944; 58 Stat. 765.
[4] Executive Order No. 9425; 9 *Federal Register* 2071.

surplus property located within the United States and which is disposed of to foreign buyers, except in such cases as the provisions of the Surplus Property Disposal Act may provide otherwise. These principles are intended to constitute a basis for the preparation of regulations and procedures.

1. In order that all sales of surplus property abroad shall conform to the foreign policy of this Government, the foreign disposal agency should maintain close working arrangements with the Department of State and United States diplomatic missions and consular offices abroad and, to the extent possible, use the facilities and personnel of such missions and offices.

2. Although not a prerequisite to sales of surplus property abroad, wherever possible agreements should be negotiated by the Department of State or diplomatic missions with all foreign governments having jurisdiction over areas in which surplus property is to be disposed of, to provide that the United States Government shall not be liable for any claims arising directly or indirectly out of the sale of such property, and to arrange for such procedures and policies as may be appropriate to obtain effective and orderly disposal of the property.

3. In the disposal of surplus property to foreign buyers private channels of trade should be utilized unless there are compelling reasons to the contrary.

4. The foreign disposal agency should impose no restrictions upon the disposal abroad of specialized machinery and equipment, nor of technical information. The Executive Committee on Economic Foreign Policy representing the several U.S. Government departments and agencies concerned, at its meeting September 1, 1944, said "the policy recommended is that no restrictions be imposed on the export of technical information except those based on military security and interference with the war effort . . .".

In response to a request from the Administrator of the Surplus War Property Administration[6] with regard to policy as to disposal abroad of surplus industrial equipment, machine tools, and machinery, the above Committee replied under date of September 4, 1944 that

"it should particularly like to call to your attention a quotation from an earlier memorandum of the Executive Committee which was submitted by the Secretary of State to and approved by the President.[7]

"'It is the policy of the Government of the United States to engage in a properly conceived program of foreign investment to aid in financing the reconstruction of war-torn areas and for related purposes, including facilitating the export generally of capital goods from the United States and the economic development and industrialization of the less developed areas of the world.'

"It is the view of the Executive Committee that the sale of surplus industrial equipment abroad falls within the scope of this policy."

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[6] William L. Clayton.

[7] Memorandum of June 2, and its Annex, pp. 44–46.

5. Although the basic principle in the disposal of surplus property abroad is ordinarily to obtain the highest net return, in whatever area this may best be realized, considerations of foreign economic or political policy may in special cases make departure from this principle advisable.

6. In the disposal of surplus property abroad, with the exception of transport aircraft, the foreign disposal agency should give preference to purchase in the following order in cases of approximately equal prices and terms: (1) to United States Government agencies; (2) to UNRRA or other agencies, government or private, intending to use the property for relief and rehabilitation; (3) to United States manufacturers, or their authorized representatives, of goods carrying such manufacturers' names or trademarks.

7. Ordinarily, disposal should be for dollar funds payable in the United States at or prior to the release of the property. When it is impracticable to consummate sales on this basis, other terms may be authorized by the Board after consultation with other appropriate United States Government agencies.

8. No sales should be made of surplus communications equipment abroad unless they have been cleared through the Department of State.

No sales or transfers are to be made of arms, ammunition and implements of war as defined by the President's proclamation of April 9, 1942,[8] or of other military weapons, or of components thereof, until such sales or transfers have in each individual case been approved by the Department of State and by other interested agencies.

9. No sales should be made to persons on the "Proclaimed List of Certain Blocked Nationals",[9] or to agents of such persons.

800.24/10–1944

The Director of the Office of Wartime Economic Affairs (Taft) to the British Minister (Campbell)

WASHINGTON, October 19, 1944.

MY DEAR SIR RONALD: Mr. Stettinius has turned over to me your letter of September 24 [*23*], 1944, regarding the disposition of surplus

[8] "Enumeration of Arms, Ammunition, and Implements of War"; for text, see Department of State *Bulletin*, April 11, 1942, p. 323.

[9] Proclamation by President Roosevelt, July 17, 1941; for text, see Department of State *Bulletin*, July 19, 1941, p. 42. The Proclaimed List was designed to control rigidly the export of specified articles to those persons named on the list in the interests of maintaining the security of the United States. The list was to be published in the *Federal Register* with additions and deletions as circumstances required. For documentation concerning the Proclaimed List, see pp. 154 ff.

property, and a copy of his reply of September 25,[10] which indicated that I would get in touch with you directly in regard to the questions raised in your letter.

We are presently studying the various considerations raised by your letter. We feel that rather than to attempt an answer at this time to each point made in your letter, it would be helpful and would expedite consideration of the problem if, as you suggest, the matter were discussed between representatives of the United Kingdom and this Government.

I have discussed your letter with Mr. Leo T. Crowley, Foreign Economic Administrator. We are appointing a joint Foreign Economic Administration and State Department Committee to consider with the representatives of your Government named in your letter the entire problem of surplus disposal.

Sincerely yours, CHARLES P. TAFT

611.0031 Executive Committee/10–1944

Memorandum by the Secretary of State to President Roosevelt

WASHINGTON, October 19, 1944.

PROPOSAL ON INTERNATIONAL COMMODITY ARRANGEMENTS

There is transmitted herewith a report on international commodity arrangements which has been approved by the Executive Committee on Economic Foreign Policy. As indicated in the covering summary, the report recommends the establishment of an international commodity organization for facilitating cooperation among governments in dealing with commodity problems of world scope, such as those presented by cotton, sugar, and wheat. It also recommends the establishment of an international code of principles for governing, under the supervision of that organization, the negotiation, provisions, and operation of intergovernmental agreements in respect of particular commodities.

With reference to the question of the place of an international commodity organization in the framework of world economic organization, the Executive Committee decided to defer consideration until a later date at which time the subject will be considered as part of the general problem of world economic organization.

I am favorably disposed to the report as a whole especially as a basis for further discussions, if you concur, with the Governments of the

[10] Latter not found in Department files.

United Kingdom and Canada, and also with the governments of other countries.[10a]

C[ORDELL] H[ULL]

[Annex]

ECEFP D-55/44 SEPTEMBER 19, 1944.

EXECUTIVE COMMITTEE ON ECONOMIC FOREIGN POLICY

COMMITTEE ON COMMODITY AGREEMENTS

SUMMARY OF THE REPORT ON INTERNATIONAL COMMODITY ARRANGEMENTS [10b]

The introduction of the report briefly reviews the principal recommendations on international commodity organization contained in the resolutions of the Hot Springs Conference on Food and Agriculture and the Second Report of the Interim Food Commission, and calls attention to the informal exchange of views on international commodity policy which took place last fall and winter between representatives of the United States and the United Kingdom and Canada, respectively. The case for a jointly agreed international commodity policy is held to rest upon four sets of conditions, namely, (*a*) the effects of the present war in promoting a lopsided development of raw material production, and the subsequent likelihood of serious maladjustment in the conditions of supply and demand of a number of primary commodities during the post-war period; (*b*) the failure of the price mechanism in certain cases to adjust production readily to peace-time changes in the basic conditions of supply and demand; (*c*) the demonstrated instability of raw material prices and incomes in recent decades; and (*d*) the need for reconciling existing unilateral national policies in support of internationally-traded commodities with international policies for the promotion of world trade.

[10a] A notation in the files of the Executive Committee on Economic Foreign Policy (PD-13, dated December 29, 1945; Lot 122 (rev.) S/S-S, box 21) records that after the report was approved by the President, the Secretary of State sent copies to the Chiefs of all United States Missions and to the heads of various other Departments and independent agencies, and also that the "recommendations contained in this document were incorporated in summary form in ECEFP D-108, *Proposal to Establish an International Trade Organization* (PD-45), which was the basis of recent negotiations with United Kingdom officials. . . . The program agreed to with the British as a basis for general international discussion may be found in *Proposals for Expansion of World Trade and Employment*" (Department of State publication No. 2411, November 1945).

[10b] The full report in 24 typewritten pages is not printed here.

The Committee believes that a number of special problems of economic maladjustment in primary commodities are likely to exist in the post-war period, even if it be assumed that a high degree of success will be achieved in the program for the relaxation of international trade barriers and other programs for international economic expansion. It believes, furthermore, that a properly conceived and executed, selective program for international commodity agreements can be harmonized with a broad program of international economic expansion, and may actually enhance, rather than impair, the prospects of attaining the objectives of a policy of removing international trade barriers. The report recognizes, however, that it will be necessary to provide adequate safeguards against possible abuses of international commodity agreements. These safeguards include provisions for the protection of the interests of consumers, minority groups of producers, and other interests concerned in international commodity agreements, and further provisions that such international commodity arrangements shall promote as their ultimate objective the expansion of efficient production in place of inefficient production.

The Committee recommends the establishment, along lines to be discussed below, of an international commodity organization for the following purposes:

1. To investigate and study international primary commodity problems with a view to making recommendations to governments;
2. To facilitate discussion and cooperation among governments in dealing with international primary commodity problems; and
3. To participate in, and to supervise, the formulation and operation of such international commodity arrangements as may be deemed desirable, in order to insure that they shall be in accord with an agreed code of principles.

As an essential part of such an international commodity organization the Committee recommends acceptance of a code of principles for international commodity policy. These principles relate to the rights and obligations of governments as members of the international commodity organization, and the methods to be observed in formulating and operating international commodity agreements.

With respect to the various proposals for international buffer stocks in primary commodities, particularly the proposal for a program of buffer stocks operations with broad commodity coverage as a means of promoting general international economic stability, the Committee recommends that the problem be referred to the proposed international commodity organization for further study. Although the Committee has considered the subject at length and has had the benefit of a special study on buffer stocks prepared by one of its subcommittees (see attached memorandum on International Buffer Stocks),[10c] it believes that the problems and difficulties of a program of international buffer

[10c] Not printed.

stocks are of such a character as to make it unwise to go beyond this recommendation at the present time.

In the final section of the report dealing with the structure of the international organization, the Committee recommends the establishment of an international commodity commission as part of such world economic organization as may be set up. It will be essential that the policies and operations of the commodity organization be fully coordinated with the policies of other specialized agencies which have been, or may be, set up in the fields of trade and production, finance, food and agriculture, and labor.

The majority of the Committee feels that if an international organization for trade and production is formed, this integration of policies could best be achieved through having the commodity commission as a branch of such an agency. The representatives of the Department of Agriculture on the Committee hold that the commodity organization should not be part of a general trade and production body. Whatever the machinery, the Committee is unanimously of the opinion that the coordination of commodity and other economic policies is essential.

840.50/11–1544 : Airgram

The Chargé in Canada (Clark) to the Secretary of State

OTTAWA, November 15, 1944—5:30 p. m.
[Received November 17—5 p. m.]

A–46. Reference Department's A–142, September 27, 5:55 p. m.[11] and Embassy's despatch No. 1640, October 26, 1944.[12] With despatch Embassy forwarded copies of contracts as offered by British Timber Controller to Canadian lumber producers.

Munro, in charge of exports, Canadian Timber Control, has advised Embassy of change in proposed eastern contracts. Eastern Canadian lumber operations are largely confined to winter and with extended negotiations on postwar contracts, eastern producers required more definite 1945 commitments. Early proposals were for contracts to become effective 28 days after end of European war.

British Timber Controller now offering eastern producers a flat contract for 1945 on the basis of 1944 prices and volume. British also offering 1946 contract with "postwar" provisions of original contracts. Industry understands that similar contract will be offered in the fall of 1945 to cover the year 1947.

Despite early announcement of British intention to obtain 1.2 billion board feet for 2 postwar years, Munro doubts that this volume will be contracted or will be obtained. In 5 years 1934–1938 Canadian lumber exports to the U.K. averaged .9 billion as compared with .4

[11] See footnote 87, p. 77.
[12] Not printed.

billion to U.S. In the years 1939–1944 lumber exports to the U.K. averaged 1.0 billion as compared to .9 billion to U.S. In 1944 exports to the U.K. were 1.0 billion and to the U.S. .9 billion.

Accordingly, even if announced totals of exports to Britain were obtained, they would only represent a level of lumber exports to the U.K. as has previously been attained in years of large production and export. For example, from 1936–1940 average exports to the U.K. amounted to 1.2 billion.

There is, however, no guarantee that the U.K. will receive stated objectives. Munro stated that the British Government attempted to obtain volume commitments direct from the Canadian Government itself. As the Canadian Government has refrained from buying and then re-selling lumber even during the war, it was not prepared to make any such postwar state trading commitment. Furthermore, the Department of Munitions and Supply was not prepared to allow the British Government to "stake out" a definite volume of the Canadian lumber trade even with private operators. Thus Canadian operators have only been able to guarantee to the British a certain percentage of their annual production. All the contracts provide that the operators can change the volume of shipments in the event the Canadian Government should demand increased lumber for domestic purposes or should decide upon an alteration of export markets.

The net result therefore is that the British Government is offering to buy a certain volume and to pay operators in Canadian dollars. Volume available will probably be based not only on a percentage basis but can be adjusted in the event of some contrary policy decision by the Canadian Government.

There has been no change in the provisions for price variation nor in the manner of determining cost variation in connection therewith.

Munro stated that revised contracts are now being prepared and that they would soon be available to the trade and to the Embassy. At such time the Embassy will report further.

CLARK

840.50/11–1544 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, November 24, 1944—11 p. m.

9894. From Haley [13] to Hawkins. ReDeptel 9599 November 15.[14] In connection with consideration by the Post-war Programs Committee of the multilateral and multilateral-bilateral methods for im-

[13] Bernard F. Haley, Director of the Office of Economic Affairs, and Vice Chairman of the Executive Committee on Economic Foreign Policy.

[14] Not printed.

plementing trade-barrier reduction please report urgently anything you may have learned since your arrival regarding recent British thinking on this question which would be of value to the Committee. [Haley.]

STETTINIUS

840.50/11-2844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, November 28, 1944—7 p. m.
[Received November 28—6:01 p. m.]

10497. From Hawkins for Haley. Last night we discussed with Liesching [15] and Shackle [16] the status of the Article VII work and have made arrangements for talks with the principal officials concerned with the UK preparatory work. We hope by the middle of next week to be able to give you some indication of the direction of UK thinking and particularly of points that need special consideration in formulating the position that our delegation will take when it comes here to resume the Article VII talks. We touched upon the question of the so-called multilateral-bilateral approach to the reduction of trade barriers. Liesching said that so far as he knew there has been no change in the British attitude, which was one of opposition to this method. He also mentioned in passing the technical and negotiating difficulties of the comprehensive multilateral approach. [Hawkins.]

WINANT

[A statement by Assistant Secretary of State Acheson before the Subcommittee on Foreign Trade and Shipping of the Special Committee of the House of Representatives on Post-War Economic Policy and Planning, November 30, 1944, is printed in Department of State *Bulletin*, December 3, 1944, page 656.]

840.50/12-744 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 7, 1944—8 p. m.
[Received 8:30 p. m.]

10831. ReDepts [*ReEmbs*] 10497, November 28. Hawkins, Penrose and Steere [17] held an informal conversation today with Liesching,

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[15] Percivale Liesching, of the British Board of Trade.
[16] R. J. Shackle, Principal Assistant Secretary, British Board of Trade.
[17] Loyd V. Steere, Agricultural Attaché, American Embassy at London.

Eady,[18] Ferguson,[19] Robbins and Shackle on commercial policy matters.

1. Liesching expressed regret that a number of circumstances had arisen which had caused delay in going into these matters with us.

2. He referred to recent discussions in the House of Commons and said that they reflected doubts as to the ability of the United Kingdom to fit itself into a multilateral system in the peculiar circumstances in which the country would find itself immediately after the war. The people would not be quick to indulge in acts of faith. Questions were raised also, on which they would like elucidation, regarding the United States adoption of export subsidies (wheat and cotton). If [*These?*] difficulties and doubts applied particularly to the transition period, and since the talks in October 1943, they had come to the view that not enough attention had been given to transition problems.

3. The public has not been informed of the informal Article VII talks but thinks that pressures might have been exercised in regard to Imperial preferences and feared that preferences might have been singled out of a doctrine basis and given more importance than high tariffs. Parliamentary debates show what might be expected if it appeared that the United Kingdom were going to be "hustled" on Imperial preferences.

As regards agriculture he said that Ministers had taken the view that the assumptions made in the Washington talks were unacceptable and the techniques suggested there would not suffice. They might, therefore, suggest variations in the principles applicable to agriculture. It was necessary to prevent unlimited protection and preserve multilateralism, but at the same time to take care of stability and the political factors bound up with it. They felt also that account should be taken of the position of the European countries in framing recommendations, particularly from the standpoint of agricultural stability.

5. Hawkins gave an oral outline of the proposed clauses on full employment in the preamble of the draft text of the proposed multilateral convention. He said that this and any other verbal summaries that he might give corresponded to a draft text [20] that had been under consideration at the official level in ECEFP. The reaction to this statement was wholly favorable. Eady was particularly impressed with it and said that it was not a mere "persuasive statement" but brought out the purpose of such measures as were necessary, clearly affirmed the principle of international responsibility and gave a "sort of right to appeal". Robbins said there were fears in the House of

[18] Sir Wilfred Eady, Additional Second Secretary, British Treasury.

[19] Presumably Sir Donald Fergusson, Permanent Secretary, British Ministry of Agriculture and Fisheries.

[20] Not printed.

Commons that full employment had not been taken into account in postwar international economic plans.

6. Liesching raised the question of a minimum preference and indicated that he would want to return to the subject at a later stage. An escape clause along the lines of article XVII of the draft submitted to the Executive Committee seemed to be regarded favorably.

7. It is planned to continue this conversation in a day or two and we expect that more controversial points will be reached. Liesching has agreed to indicate to us the direction of British thinking on the various questions.

WINANT

811.20 Defense (M)/11-2744

Memorandum by the Secretary of State to President Roosevelt

WASHINGTON, December 12, 1944.

A Tripartite Committee of representatives of the United Kingdom, Canada and the United States, to discuss the future of three of the Combined Boards has reached agreement on the enclosed drafts [21] relating to the Combined Raw Materials Board, the Combined Production and Resources Board and the Combined Food Board. These papers are being transmitted to London and Ottawa with a recommendation that they be approved as drafted.

There is also enclosed a draft of a proposed joint press release [21] that would be issued simultaneously by you and the Prime Ministers of the United Kingdom and Canada, perhaps between December 15 and December 20.[22] The exact time of the release would be fixed after receiving reports of approval by the respective governments. In each case, a request is being made for as prompt a reply as possible.

You may feel it unnecessary to read each memorandum in full. Their contents are interpreted for the public in the press release. Briefly, these Boards would continue until the end of the war with Germany or Japan, whichever is the longer. They would concern themselves in their administrative recommendations only with those essential commodities and products that are in short supply, or involve difficult transportation problems. The language of the memoranda seeks to secure against the use of the Boards for commercial or trade policy purposes, which could embarrass this Government in its relations with countries outside the Board machinery.

EDWARD R. STETTINIUS, JR.

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[21] Not printed.

[22] See footnote 28, p. 105.

840.50/12–1544 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 15, 1944—6 p. m.
[Received December 15—5:38 p. m.]

11114. Continuing the conversation reported in Embassy's 10831, December 7, Liesching, Robbins, Eady and Fergusson today outlined to Hawkins, Penrose and Steere tentative United Kingdom views on agricultural policy in relation to the commercial policy convention. Discussion was confined to elucidation of these views and we did not comment on the merits or demerits of the United Kingdom position. The conversation will be continued next Tuesday [23] when Liesching will outline United Kingdom views on discrimination. The substance of United Kingdom views on agriculture follows:

1. The United Kingdom have abandoned the idea of bringing agriculture wholly within the general provisions of the multilateral convention on commercial policy and instead have framed a plan for multilateral provisions for trade in food products which would be included in a multilateral convention on commercial policy. They support this stand on the ground that agricultural production is particularly subject to wide fluctuations and that ideas developed at Washington are not adequate for dealing with this problem.

2. Special stress is given to the need for stability. The United Kingdom will require large imports after the war. They also wish to maintain a balanced agriculture with assurance against price collapse. The problem is how to reconcile large imports with conditions for domestic farmers sufficiently stable to permit long-term plans to be made.

3. Their conclusion is that such stability cannot be attained unless imports are regulated, that no single method is adequate for the purpose of such regulation, and that either tariffs or subsidies or quotas or a combination of two or all of them might have to be used in particular cases. They have therefore, as far as primary foodstuffs go, departed from the views expressed in Article VII talks in Washington favoring the use of subsidies instead of quotas and tariffs and do not wish to be restricted as to method of controlling imports, but will accept certain limitations on their use such as those outlined below.

4. They recognize the dangers of excessive protection and wish to limit the total amount of protection of primary foodstuffs. The central part of their plan which would be applicable both to state and private trading is as follows. In respect of any primary foodstuff entering into international trade, the multilateral convention would provide (1) that any assistance to domestic producers should be re-

[23] December 19.

lated to a prescribed level of production which would be a given percentage of production in a representative period (we think the United Kingdom have in mind a higher percentage than that in the representative period), (2) that the amount of protection given should be such as not to raise the domestic price above a given percentage of the world price. This percentage would be the subject of international agreement and would be based on a moving average. If production goes above the prescribed level, the amount of protection must be reduced. In other words, production targets are set and provision is made for the reduction of protection if these are exceeded, as in the prewar United Kingdom wheat act.

5. The United Kingdom officials hold that for export countries this plan would have the advantage that production and protection of the products in question in the import countries would be limited. This would involve limitation of subsidies along with limitation of other forms of protection. In addition, while the plan provides for assistance up to a certain level of protected domestic production in the importing countries, the advantage of any expansion in the market above that level would go to lowest cost producers.

6. The United Kingdom officials believe that this approach would have a more favorable reception not only within Great Britain but also within the continental European countries than the approach made in the Article VII talks in Washington.

WINANT

840.50/12–2044 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 20, 1944—7 p. m.
[Received 7:45 p. m.]

11306. ReEmbs 10831, December 7, and 11114, December 15. Liesching, Eady, Robbins and Fergusson in another informal conversation with Hawkins, Steere and Penrose today outlined the tentative United Kingdom position on criteria of nondiscrimination with reference to quantitative restrictions and state trading.

1. With respect to quantitative restrictions they felt that while global quotas would give freest play to competitive forces and hence would be least discriminatory, they involved such serious technical difficulties that normally quotas would be allocated. The representative merits formula for allotting quotas is still acceptable to them as a starting point, but they point out the difficulties of finding a representative period after 5 years of war and the need for taking account of other considerations in making allotments. In other words, the representative period formula must be given much greater flexibility.

2. With reference to state trading, they accept the "commercial consideration" principle, under which importing countries would buy to their best advantage, prices varying in line with commercial influences. They think, however, that this is compatible with allotment among suppliers, using the representative period modified by evidence of changes in trends and by latitude to refrain from buying "job lots" due to temporary and capricious changes. Thus they appear to envisage where desirable the allotment of purchases in state trading on principles resembling those on which quotas would be allotted in administering quantitative restrictions.

3. With respect either to the allocation of quotas or government purchases, they have in view the probability that rather than attempting to allocate under any general formula the importing country would consult the supplying countries and try to arrive at an agreement as to what would be the fairest allocation in all the circumstances.

4. It is possible that in British thinking in regard to control measures to stabilize the position of primary agricultural food producers, government purchase arrangements initiated by the importing country with purchases allocated in consultation with supplying countries would be substituted in some cases for international commodity agreements. It may be that they feel that in this way the importing country would be in a stronger position to exercise an influence on prices. We will endeavor to ascertain more definitely their trend of thinking on this point.

5. The United Kingdom officials emphasized strongly their desire to avoid having any words hostile to state trading either in the convention or in the records of negotiations. They feel that opposition would be created in the USSR and other countries which may favor state trading in the post war period if the draft multilateral convention to be presented to an international conference appeared to have been drawn up for their own purposes by a country or countries which dislike state trading. This point is also of importance to them as a matter of domestic politics.

WINANT

800.24/12-2044

Memorandum by the Assistant Secretary of State (Acheson) to Mr. Harry L. Hopkins, Special Assistant to President Roosevelt

WASHINGTON, December 28, 1944.

DEAR HARRY: The memorandum [24] you enclosed with your note of December 20 [25] simply set forth a preliminary position to serve as a

[24] Memorandum of September 20, on "The Future of the Combined Boards", printed on p. 80.

[25] Not printed.

guide to the United States negotiators in reaching a determination with the British and Canadians on the future of the Combined Boards.

The paper has now served its purpose and individual memoranda have been agreed to in Washington regarding the Combined Production and Resources Board, the Combined Raw Materials Board and the Combined Food Board. These were sent to the President accompanied by a memorandum dated December 12, 1944, a copy of which is enclosed.[26]

We have subsequently received the President's approval.[27] Informal approval has also been transmitted to the Department by the Canadians after consideration in Ottawa.

The British members of the group doing the negotiating here have sent the papers to London with a recommendation that they be accepted. The matter having been carried this far, I do not believe you need concern yourself with it further.[28]

DEAN ACHESON

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[26] *Ante*, p. 101.

[27] Memorandum from President Roosevelt to the Secretary of State, December 20, not printed.

[28] For text of statement by President Roosevelt on the decision to maintain the Combined Boards as well as the announcement by President Roosevelt and the Prime Ministers of Great Britain and Canada, both released to the press on January 19, 1945, see Department of State *Bulletin*, January 28, 1945, pp. 119–121.

UNITED NATIONS MONETARY AND FINANCIAL CONFERENCE AT BRETTON WOODS, NEW HAMPSHIRE, JULY 1–22, 1944 [1]

800.515/933 : Telegram

The Consul General at Capetown (Linnell) to the Secretary of State

CAPETOWN, January 18, 1944—5 p. m.
[Received January 19—10:07 a. m.]

24. Following from Groth: [2] Reuter news despatch published this morning here states "the Washington conference on postwar international currency stabilization is expected to begin within a few days as the Russian financial experts have now arrived in Washington. The delegates from the other United Nations are due shortly including the chief of the Russian Mission. As soon as they arrive the formal conference will begin."

The Union Finance Secretary [3] has expressed surprise to me that his Government has received no official intimation of the impending Washington conference referred to above and asks for information on this subject.

I would appreciate also information as to the Treasury's plans with respect to the proposed conference. [Groth.]

LINNELL

800.515/933 : Telegram

The Secretary of State to the Consul General at Capetown (Linnell)

WASHINGTON, January 24, 1944—8 p. m.

12. Reference your 24, January 18, 5 p. m. Treasury asks that Financial Secretary be informed that no monetary conference has as yet been scheduled. Part of the Russian delegation of experts has arrived for informal technical discussions of the same bilateral and preliminary character as those previously held with the technical experts of other United Nations including the Union. You will be promptly informed of any decision to hold a formal conference.

HULL

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[1] For previous documentation regarding postwar monetary and financial arrangements, see *Foreign Relations*, 1943, vol. I, pp. 1054 ff.

[2] Edward N. Groth, Chargé in the Union of South Africa.

[3] J. H. Hofmeyr.

800.515/1029a : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, April 5, 1944—10 p. m.

2651. The Secretary of the Treasury [4] has asked me to send to you the following message:

"Please call upon the Chancellor of the Exchequer [5] and inform him of the following personal message from me. I should also appreciate it if you would supplement the message with an oral explanation of the urgent necessity for an immediate reply.

'1. The President has indicated his desire to call a conference of representatives of the Governments of the United and Associated Nations for the purpose of establishing an International Monetary Fund and a Bank for Reconstruction and Development. He has specified that if a conference is to be called, he wishes it convened during May. To do this, it is essential to publish the Joint Statement of recommendations [6] within a week or so inasmuch as a minimum of 5 to 6 weeks must elapse between the publication of the Joint Statement and the convening of the conference. This period is needed both to prepare for the conference and to permit discussions of the Joint Statement in Parliament as requested by the U.K. experts.

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

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

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

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

Please bring the substance of this message to the attention of the Foreign Office.

HULL

[4] Henry Morgenthau, Jr.

[5] Sir John Anderson.

[6] See bracketed note and draft of joint statement, *Foreign Relations*, 1943, vol. I, pp. 1084–1090.

800.516/87 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 9, 1944—2 p. m.
[Received April 9—10:09 a. m.]

2898. I have received the following message from the Chancellor of the Exchequer for Morgenthau (refers to Department's 2651, April 5, 10 p. m.).

"I just received via Mr. Winant your message concerning suggested conference in May on International Monetary Fund and Bank for Reconstruction. I will discuss with my colleagues at earliest possible moment and let you have considered reply.

In the meantime I should be grateful to have your views on one point. When publication takes place there will be demand here for early debate in Parliament which we can hardly refuse. On the occasion of that debate it will be necessary for British Government to define their attitude to the proposals involved. It would, however, be embarrassing all round if British Government were obliged to take up definite attitude at a time when United States Government still maintained an attitude of detachment.

I should therefore be glad to know both for my own information and for that of my colleagues in studying your message, what is the position of the United States Government in this matter and whether I have correctly supposed that you contemplated that publication would not entail any early commitment or recommendation on the part of the United States Government as such."

WINANT

102.1/1057a : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, April 10, 1944—10 p. m.

2835. From the Secretary of the Treasury. I appreciate your help in trying to expedite the decision on whether to publish the Joint Statement of principles. Please call upon the Chancellor of the Exchequer and give him this message:

"1. I have received the cable of the Chancellor of the Exchequer. I want to emphasize again that my inquiry No. 2951 [*2651*] of April 5, 1944 is solely concerned with the prompt decision on publication of the recommendations of the technical experts and not with the larger question of the attitude of the governments on the proposals.

2. When the Joint Statement of principles was drafted, the experts of the United States and the United Kingdom had constantly in mind that no formal commitment of governments at this stage of the discussion should be called for. It was clearly understood by both groups that this was to be so and accordingly the following provision

was written into the Joint Statement: 'Governments are not asked to give final approval to these principles until they have been embodied in the form of definite proposals by the delegates of the United and Associated Nations meeting in a formal conference.' In view of this provision I fail to understand why the question is being raised in connection with the publication of the Joint Statement.

3. We are quite aware that you will want an opportunity for debate on the Joint Statement in Parliament. It was specifically agreed that a period of a week or so immediately after the publication of the Joint Statement would suffice for Parliamentary debate. A final decision to call a conference would not be made until after the debate.

4. It has now become necessary for me to appear sometime next week before the appropriate committees of Congress and advise them either that agreement has been reached among the technicians or explain the inability of the technicians to go forward with the contemplated program. It would obviously be of considerable help if I could announce when I appear before the Congressional committees that the Joint Statement would be published the next day and I could communicate the text of the Joint Statement to them.

5. I feel that the U.K. Treasury representatives have placed us in a most embarrassing position by their delay in indicating to us their decision on the sole matter of publication of the Joint Statement. The anomalous position in which we are placed has made it impossible for us to keep the Congress, our public and other governments informed, has given rise to harmful rumors, and has increased the difficulty of carrying through our program. Unless we hear immediately that the Joint Statement can be published next week (in time to clear with the technicians of other countries before my meeting with the Congressional committees) then it is my personal opinion that we shall not be able to hold a conference this year. This has all been made clear to Waley,[7] Grant[8] and Opie[9] on the occasions of their return to London for the information of the appropriate officials in London."

[Morgenthau]
HULL

800.516/87b : Telegram

The Secretary of State to the Ambassador in the Soviet Union (Harriman)

WASHINGTON, April 10, 1944—midnight.

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

"Please call upon the People's Commissar of Finance[10] and inforfm him of the following personal message from me. I should also

[7] Sir David Waley, Under Secretary, British Treasury.
[8] Presumably A. T. K. Grant, temporary administrative officer, British Treasury.
[9] Redvers Opie, Counselor of the British Embassy at Washington.
[10] Arseny Grigoryevich Zverev.

appreciate it if you would supplement the message with an oral explanation of the urgent necessity for an immediate reply.

'[Here follow first five paragraphs of the personal message, which are similar to the five paragraphs in the personal message to the British Chancellor of the Exchequer transmitted in telegram 2651, April 5, 10 p. m., to London, printed on page 107.]

6. A similar message has been sent to the Chancellor of the Exchequer. It is for this reason that I am asking the People's Commissar of Finance to expedite a decision on the publication of the Joint Statement.

7. Mr. White [11] informs me that the discussions between the American technical committee and the technical experts of the U.S.S.R., under the excellent leadership of Mr. Chechulin,[12] have made very considerable progress and that the Soviet experts have been most cooperative and have shown high technical competence and a thorough understanding of the proposals.' "

Please bring the substance of this message to the attention of the Foreign Office.

The text of the proposed joint statement follows in a separate telegram.[13]

HULL

800.515/1003 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 12, 1944—midnight.
[Received April 12—10:20 p. m.]

2990. Personal for Secretary Morgenthau. Today I had a long talk with Sir John Anderson. I am certain that he is doing everything in his power to help you. Publication as you know under the British Parliamentary system may force debate. It is necessary to have the Government's position defined and agreed to in Cabinet before questions are taken up on the floor of the House. Anderson has had this matter scheduled for Cabinet consideration for Friday of this week.

Since both Keynes [14] and Anderson supported the general program I came to the conclusion that there must be a strong opposition. After careful inquiry I found that a majority of the directors of the Bank of England are opposed to the program and that Lord Beaverbrook [15] is their spokesman in the Cabinet. This opposition argue that if the plan is adopted financial control will leave London and dollar exchange will take the place of sterling exchange. This argument disturbs Right Wing Conservatives such as Amery (Secretary of

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[11] Harry Dexter White, Assistant to the Secretary of the Treasury, and Director of Monetary Research.

[12] N. F. Chechulin, Assistant Chairman of the State Bank in the Soviet Union.

[13] Telegram 865, April 10, midnight, to Moscow, not printed. For text of the joint statement released to the press on April 21, 1944, see Department of State publication No. 2866: *Proceedings and Documents of the United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, July 1–22, 1944* (Washington, Government Printing Office, 1948), vol. II, p. 1629.

[14] John Maynard Keynes, Economic Adviser to the British Government.

[15] Lord Privy Seal, British Cabinet.

State for India) who represents British Imperial thinking in the Cabinet.

The Prime Minister who has never felt that he had a real grasp of financial questions because of this opposition postpones decision on them.

I understand that Lord Catto, the new Governor of the Bank of England, is personally friendly to the program. This was not true of Montagu Norman.[16]

I shall have to ask you to protect me by keeping this information completely to yourself. I feel confident that we can work out a solution of the problem that will be satisfactory to you.

WINANT

800.515/1003 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, April 13, 1944—midnight.

2937. From the Secretary of the Treasury. Thank you for your cable 2990 of April 12. It has been very helpful to us in understanding the otherwise inexplicable delays of the past months. We have long known that there were no differences between the British and American technicians significant enough to justify the prolonged delay in the publication of the joint statement.

For your information and guidance, I must appear before the Congressional committees on Thursday [17] to inform them of the status of our discussions on the International Fund. It is therefore necessary that we receive an answer from the British by Monday [18] afternoon at the latest. As I have explained before it would be most helpful if I could inform the committees at that time that the British and American technical experts are in agreement on the statement of principles. On the other hand if I cannot announce agreement with the British, I plan to announce to the committees the principles the American technical experts are prepared to recommend as the basis for international monetary cooperation and to state that they represent the views of the experts of a number of other countries.

I will of necessity be compelled to explain to the committees that the British experts have not to date signified their agreement. Obviously it will be impossible for me to avoid answering a number of questions as to the reasons for the British refusal to go along after such a long period of discussions. Moreover I fear I will also have to announce that the prospects of any conference this year are remote.

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[16] Former Governor of the Bank of England.
[17] April 20.
[18] April 17.

While I do not wish to appear in any way to be putting pressure on the Chancellor of the Exchequer I do want you to know what the situation is and you may use your own judgment as to the extent to which you make known these factors to the Chancellor before the Cabinet meeting.

Last evening Opie informed us of certain points which the British want to include in the statement of principles. We have already informed Opie of our reaction to these suggestions and in our view the points have been satisfactorily adjusted. It is our opinion that there is no longer any reason why the British should delay agreeing with us on the publication of the statement, except considerations of the character you indicated in your cable 2990. [Morgenthau.]

HULL

800.515/1007 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 16, 1944—11 p. m.
[Received April 16—6:20 p. m.]

3119. The following is an urgent personal telegram from the Chancellor of the Exchequer for Secretary Morgenthau:

"1. I received your personal message (Department's 2835 of April 10) through Mr. Winant.

My colleagues and I have discussed arrangements for the publication of a statement of principles on the International Monetary Fund. We would agree to publication in both countries on a date and time to be fixed immediately agreement has been reached on the outstanding points now being discussed at the expert level, of the agreed statement of principles, it being understood that the statement would be on the non-unitas basis. Provided that agreement on the outstanding points can be reached in time, publication would be next week as you desire.

2. We should think it necessary that on publication we should make an announcement explaining the status of the document and indicating in general terms the nature of the objectives of the scheme and stating the purpose of publishing it now. We should, of course, wish for an understanding with you as to the form which such a statement should take and would hope that an understanding something on similar lines might be adopted also by you.

3. Our idea of such a statement would be on the following lines.

'This statement of principles for an International Monetary Fund is the result of close study of many months at the export [*expert*] level between our two countries. It in no way commits the governments concerned. It is conceived as part of a general plan for international cooperation, the objectives of which, as a whole, would be the progressive development of international trade, active employment, reasonable stability of prices and the machinery for the orderly adjustment of exchanges.

The purpose of publication in this way and at this stage is to promote informed discussion in all quarters from which valuable guidance can be obtained by the

governments in preparation for the time when the policies of the various interested states have to be formulated.'

4. Would you let me know whether you would consider a statement on these lines suitable for your purposes and whether you agree publication on your side should be accompanied by such a statement.

5. In the light of these proposed arrangements, we should propose not to show any document to the technical experts of the European governments over here and to await publication before discussing the statement with them."

WINANT

800.515/1023b : Telegram

The Secretary of State to the Ambassador in China (Gauss)

WASHINGTON, April 17, 1944—8 p. m.

513. For the Ambassador and Adler[19] from the Secretary of the Treasury.

1. Arrangements are being made for the simultaneous publication in Washington, London, Chungking, Moscow and a number of other countries of joint statement by technical experts of the United and Associated Nations on the establishment of an international Monetary Fund. Copy of this joint statement has been given to Hsi Te-mou[20] who has informed us that it has already been cabled to Dr. Kung.[21] Hsi Te-mou has indicated that China pleased to have joint statement published simultaneously in Chungking, Washington and other capitals. For reasons of economy we are not repeating this joint statement on the assumption that copy can be obtained from Dr. Kung. Copies of joint statement are going forward by pouch.

2. I am to appear before the appropriate Congressional committees on Friday, April 21, to bring them up to date on our discussions regarding international monetary cooperation and to present to them the joint statement. This joint statement will be released on Saturday, April 22 (April 23 in Chungking). It is essential that statement should not be released in Chungking before it is released in Washington. The statement will be released here irrespective of whether or not it is released in Chungking.

3. In view of the fact that the Chinese technical experts here have indicated their agreement with the proposal for establishment of an International Monetary Fund, if I am asked during my testimony before the Congressional committees whether China has indicated agreement to this proposal, I will answer "yes".

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[19] Solomon Adler, Treasury representative, American member of the Stabilization Board in China.

[20] Representative of the Chinese Ministry of Finance in Washington; Director of the Central Bank of China and of the Bank of China.

[21] Vice President of Executive Yuan and Chinese Minister of Finance; Governor of the Central Bank of China.

4. Minor changes have been made in the joint statement which was cabled to Dr. Kung. We are advising the Chinese representatives here of these minor changes. It is suggested that you obtain from Dr. Kung copy of joint statement in order to make corrected copy for him. The text to be released contains the following provisions in place of those corresponding numbers in the joint statement cabled to Dr. Kung:

[Here follow several paragraphs of minor changes in the text of the Joint Statement of Experts.]

[Morgenthau]
HULL

800.515/1010a: Telegram

The Secretary of State to the Ambassador in the Soviet Union (Harriman)

WASHINGTON, April 17, 1944—10 p. m.

938. From the Secretary of the Treasury.

1. I would appreciate it if you would call on the People's Commissar of Finance and inform him that I have just received word from the Chancellor of the Exchequer informing us of their agreement to the publication of the Joint Statement of the technical experts of the United and Associated Nations recommending the establishment of an international monetary fund. It is contemplated that the publication will be simultaneous in a number of the United Nations. It would obviously be highly desirable if the statement were issued at the same time in Moscow.

2. Please stress the desirability, for obvious reasons, of having the Soviet Union join with the United States, the United Kingdom, China and other United Nations in a statement of this character setting forth the recommendations of the experts on international monetary cooperation.

3. Arrangements have been made for the release of this statement in Washington, London, Chungking, and in a number of other countries immediately after my appearance before the appropriate Congressional committees which is definitely scheduled for Friday afternoon. Time of release is 8:00 p. m. Friday, April 21, Washington time.

4. The text to be released contains the following provisions in place of those of corresponding numbers in the Joint Statement cabled to you:

[Here follow several paragraphs of minor changes in the text of the Joint Statement of Experts.]

[Morgenthau]
HULL

800.515/1017a : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, April 17, 1944.

3076. From the Secretary of the Treasury.

1. The American technical experts have drafted a statement on the Bank for Reconstruction and Development. Opie has been informed of this statement and has communicated with the British Treasury. Please deliver this statement to the Chancellor of the Exchequer for the U.K. technical experts.

2. The text of the proposed statement is as follows:

"PRELIMINARY DRAFT

A Statement on the Establishment of a Bank for Reconstruction and Development.

The technical experts of some of the United and Associated Nations who have participated in the discussions on international financial problems are of the opinion that the revival of international investment after the war is essential to the expansion of trade and the maintenance of a high level of business activity throughout the world. In their opinion, the most practical method of encouraging and aiding private investors to provide an adequate volume of capital for productive purposes is through the establishment of a permanent Bank for Reconstruction and Development. They have set forth below the principles which they, as technical experts, believe should be the basis for this Bank. Governments are not asked to give final approval to these principles until they have been embodied in the form of definite proposals.

I. *Purposes and policies of the Bank.*

1. The Bank will assist in the reconstruction and development of member countries by facilitating provision of long-term investment capital for productive purposes through private financial agencies. It will do so by guaranteeing and participating in the loans made by private investors.

2. The Bank will supplement private financial agencies by providing capital for productive purposes out of its own resources, on conditions that amply safeguard its funds, when private capital is not available on reasonable terms.

3. The Bank will promote the long-range balanced growth of international trade by encouraging international investment for the development of the productive resources of member countries.

4. The Bank will take into consideration, in its operations, the effect of international investment on business conditions in member countries. In the immediate post war years, its policy will be to assist in bringing about a smooth transition from a wartime to a peactime economy.

II. *Capital of the Bank.*

1. The capital of the Bank will be the equivalent of $10 billion, to be subscribed by member governments. Liability on shares will be limited to the unpaid portion of the subscription.

2. A substantial part of the subscribed capital of the Bank will be reserved in the form of unpaid subscriptions as a surety fund for the securities guaranteed or issued by the Bank.

3. The initial payment on shares will be 20 percent of the subscription, some portion of which should be in gold and the remainder in local currency. Further payment on subscriptions will be made as the Board of Directors may determine, but not more than 20 percent of the subscription may be called in any one year.

III. *Operations of the Bank.*

1. The Bank will deal through the governments of member countries and their fiscal agencies, the International Monetary Fund, and other international agencies owned predominantly by member governments.

It may also deal with the public and private institutions of member countries in the Bank's own securities or the securities which it has guaranteed.

2. An appropriate limit will be placed on the outstanding obligations of the Bank; and all the resources of the Bank will be available to meet its obligations.

3. The Bank will not finance the local currency needs of a borrower except in those special circumstances where facilities are not available for borrowing investment funds at home.

4. The Bank may guarantee, participate in, or make loans to any member country, its political subdivisions, and business and industrial enterprises in a member country, under the following conditions:

a. The national government, central bank or a comparable agency guarantees the payment of interest and principal.

b. The borrower is otherwise unable to secure the funds from other sources under conditions which in the opinion of the Bank are reasonable.

c. A competent committee, after careful study of the merits of the project, reports that the loan would serve to raise the productivity of the borrowing country and that the prospects are favorable to the servicing of the loan.

d. Loans are made at reasonable rates of interest with schedules of repayment appropriate to the project and the balance of payments prospects of the borrowing country.

e. The Bank is compensated for its risk in guaranteeing loans made by private investors.

5. To encourage international investment in equity securities, the Bank may obtain a governmental guarantee of conversion into foreign exchange of the current earnings on such investments. It may also employ a small portion of its capital directly in equity investment.

6. The Bank will impose no conditions as to the particular member country in which a loan will be spent. The Bank will make arrangements to assure the use of the loan only for the approved purposes.

7. In providing the funds for loans made by the Bank, its policy will be:

a. To furnish the currencies needed by the borrower in connection with the loan.

b. To make available an appropriate part of the loan in gold or needed foreign exchange when a developmental program gives rise to an increased need for foreign exchange.

c. To furnish gold or needed foreign exchange for a part of the loan expended by the borrower at the request of countries in which portions of the loans are spent.

8. No loans may be guaranteed or made by the Bank without the approval of the country in whose currency the loan is made.

9. With the approval of the representatives of the governments of the member countries involved, the Bank may engage in the following operations:

a. It may issue, buy, or sell its own securities, securities taken from its portfolio, or securities which it has guaranteed.

b. It may borrow from member governments, central banks, or private financial institutions in member countries.

c. It may buy or sell foreign exchange where such transactions are necessary in connection with its operations.

IV. *Repayment Provisions.*

1. Payment of interest and principal on loans participated in or made by the Bank will be in currencies acceptable to the Bank or in gold.

2. In the event of an acute exchange stringency the Bank may, for brief periods, accept local currency in payment of interest and principal under conditions that safeguard the value of the Bank's holdings.

3. Payment of interest and principal, whether made in currencies or in gold, must be equivalent to the gold value of the loan and of the contractual interest thereon.

V. *Management.*

1. The administration of the Bank will be vested in a governing board and an executive committee representing the members. The governing board may appoint an advisory council consisting of representatives of banking, business, labor and agricultural interests, and such committees as it finds necessary. Provision will be made for consultation with other interested agencies on matters of direct interest to them.

2. The distribution of voting power will be closely related to the share holdings of the member countries.

3. The Bank will publish regularly a balance sheet showing its financial position and a statement of earnings showing the results of its operations. The Bank may also publish from time to time such other information as would be helpful to the sound development of international investment.

4. One-fourth of the profits would be applied to surplus until surplus equals 20 percent of the capital.

VI. *Withdrawal and Suspension.*

1. A member country may withdraw from the Bank by giving notice in writing.

2. A member country failing to meet its financial obligations to the Bank may be declared in default and may be suspended from membership, provided that a majority of the member countries so decides.

3. If a member country elects to withdraw or is dropped from the Bank, its shares of stock would, if the Bank has a surplus, be repurchased at the price paid. If the Bank's books show a loss, the country would bear a proportionate share of the loss. Appropriate provision should be made for meeting the contingent liabilities."

[Morgenthau]
HULL

800.515/1010c: Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, April 17, 1944—midnight.

3077. From Secretary Morgenthau. I am very grateful to you for the prompt reply from the Chancellor of the Exchequer.

Please give this message to the Chancellor of the Exchequer:

"1. I wish to express my thanks to the Chancellor of the Exchequer for his message of April 15.[22]

2. At the request of the Congressional leaders, my appearance before the appropriate Congressional committees has been postponed to Friday, April 21. In consequence of this modification, we shall release the Joint Statement to the press at 8:00 p. m. April 21, Washington time.

In accordance with previous arrangements with Opie we have asked Moscow and Chungking, as well as some of the American Republics [23] to join in the publication of the Joint Statement. We are also sending a summary, but not the text of the Joint Statement, to all of the American Republics with whom we have consulted.

We assume you will make similar arrangements for informing the Dominions and governments in London and Cairo prior to publication, and to arrange, if possible, for simultaneous publication or announcements by some of these countries.

We have discussed with Opie the issuance of an explanatory statement to the press at the time the text of the Joint Statement is released. He will inform you of our general agreement with the statement you suggest and with the slight modification we propose. It is my understanding that the explanatory statements issued in Washington and London will not be precisely the same in language although they will convey the same meaning.

Mr. White and Mr. Opie have examined in detail the arrangement previously agreed upon for steps following the publication of the

[22] See telegram 3119, April 16, 11 p. m., from London, p. 112.
[23] i.e., Brazil, Cuba, and Mexico.

Joint Statement on the Fund. As Mr. Opie will have informed you, it has long been clearly understood that after the publication of the Joint Statement on the Fund there would be opportunity for debate in Parliament. Promptly after the conclusion of the debates, we will raise with you the immediate issuance of invitations to a conference of the United and Associated Nations on the establishment of international agencies for postwar financial cooperation. As I have previously explained, a prompt decision on this matter would make it possible for us to hold a formal conference at the end of May in accordance with the preference expressed by the President.

3. We have transmitted to Winant the text of a proposed Joint Statement on the establishment of a Bank for Reconstruction and Development [24] with the request that he furnish it to you. The Joint Statement is confined to an exposition of those principles which should govern a Bank for Reconstruction and Development on which we feel there could be no disagreement among the technical experts.

Mr. White told Mr. Opie this morning that when I appear before the Congressional committees on Friday I will be compelled to report to them on the results of the technical discussions on the Bank for Reconstruction and Development. Obviously, I would like to be able to report that the experts of the United States and the United Kingdom are in agreement on a statement of principles on the establishment of the Bank, and at the same time make the statement available to the Congressional committees. I am not unmindful of the short notice you have received on this proposal. If your experts cannot indicate their agreement at once, but feel that agreement might be reached on a statement if postponed for a week, I could inform the Congressional committees that the technical experts of the United States and the United Kingdom have come to a large measure of agreement and hope to issue a joint statement of principles within another week.

On the other hand if it should not seem feasible to the experts of the United Kingdom to join with the experts of the United States in issuing a Joint Statement on the Bank within the next week or so, I shall explain frankly to the Congressional committees that there has not been opportunity to reach agreement with the technical experts of all of the countries. I will then release this statement on the establishment of a Bank for Reconstruction and Development as representing the views of the technical experts of the United States and having the approval of the experts of a number of other countries, but not including the United Kingdom. I shall, of course, add that it is my hope that after further study the experts of the United Kingdom will see their way clear to join in subscribing to this statement of principles.

As I must make arrangements immediately on the material to be presented to the Congressional committees, I should appreciate a prompt reply indicating which of these courses on the Bank you would prefer. I hope you will understand that the urgency for a decision is one forced upon me by circumstances."

[Morgenthau]
HULL

[24] Telegram 3076, April 17, *supra*.

800.516/88a

The Counselor of the British Embassy (Opie) to Mr. Harry Dexter White, Special Assistant to the Secretary of the Treasury (Morgenthau)

WASHINGTON, April 20, 1944.

DEAR HARRY: I enclose a note which gives the British Treasury views at the official level on the preliminary draft plan for the Bank for reconstruction and development. You will see that the notes are based on the November draft[25] and that they were written before people in London had seen your draft statement of principles. The note was despatched by urgent bag on April 13th, but it only arrived this morning.

I have read the note through and I hope that you will agree with me that it is helpful in bringing out the fundamental issues. I am sure that this was intended to be its purpose and it is very much on the lines that I expected. To save time I am sending you this rough copy because I know that you will in any case wish to have other copies made.

Perhaps we can discuss on Monday as you suggested on the telephone.

Yours sincerely, REDVERS OPIE

[Enclosure]

Views of British Treasury on Preliminary Draft Plan for a Bank for Reconstruction and Development

1. U.K. officials have carefully studied the U.S. Treasury's preliminary draft outline of a proposal for a Bank for Reconstruction and Development and have had the advantage of discussions on the matter with the technical representatives of India and the Dominions whose general reactions to the problem were very much on the same lines as our own. As a result of this, it is now possible to indicate the following preliminary comments. It is noted that the scheme is a tentative proposal, which has not yet received the official approval either of the U.S. Treasury or of the U.S. Government; and, in the same way, the following comments are those of technical experts, which in no way commit the Government of the United Kingdom.

2. The criticisms made are not to be regarded as in any way non-cooperative or obstructive. It is very fully recognized that loans from creditor countries to debtor countries in the early post-war period are essential to avoid widespread economic chaos and much needless human suffering; that without them no international monetary plan can have a fair start; and that the reduction of barriers to trade will be frustrated by acute difficulties in balancing international payments.

[25] For text, see Federal Reserve *Bulletin*, January 1944, p. 37.

U.K. officials are, therefore, highly appreciative (and this view was strongly shared by all the Dominions experts) of the initiative which the U.S. Treasury have taken and of the generosity of approach which obviously underlies many of the provisions of the scheme, so far as concerns the part to be played by the United States.

3. Nevertheless, there are two fundamental matters, about which it seems vital that agreement should be reached before proceeding into all the consequential details. It is thought, therefore, that much the best way to make satisfactory progress will be to begin with a discussion of certain fundamental considerations, without in the early stages commenting in detail upon all the provisions of the plan tentatively put forward by the U.S. Treasury. Until this stage has been reached, it is felt that not much useful purpose would be served by attempting to discuss in detail all the provisions of the plan tentatively put forward by the U.S. Treasury. This does not mean that many of these details could not be worked into a final draft, embodying the general principles which the U.K. officials favour. But at this stage it seems more profitable to get clear on certain fundamentals than to spend time on the precise technique by which, after they are agreed, they will have to be worked out in practice.

4. Primary importance is attached by the U.K. officials to two fundamental conditions:—

(1) In the U.S. Treasury outline for the Reconstruction Bank (references are to the text of November 24th. 1943) IV.7 provides that "the Bank shall impose no condition upon a loan as to the particular member country in which the proceeds of the loan must be spent." U.K. officials agree in thinking that the principle lying behind this should be fundamental in its application to any loans sponsored by an international institution. No doubt, in the future as in the past, there will be room for valuable and important loans, where the provision of the finance and the employment of it in the purchase of goods and [*are?*] closely tied together. (The U.K. Export Credits Guarantee Department and the U.S. Export-Import Bank are examples. Other similar applications are likely to be appropriate from time to time.) But, wherever the link between the source of the finance and the place of the expenditure is appropriate, the loan in question should be financed domestically by the country directly concerned. On the other hand, the proceeds of any loan raised or guaranteed or sponsored by an international institution should be, without qualification, free exchange available to the borrower to expend in any market at his choice for any requirements arising out of the project to be financed.

The difficulty felt by U.K. officials is, however, that, whilst the above principle is accepted in the constitution of the proposed bank, the provisions in detail appear in fact to have the result of tying the source of finance to the place of its expenditure with particular strictness. The provision that, subject to certain exceptions, it is the country in which the loan is expended which has to find the money seems to undo the practical effect of the principle which has been put forward in the clause of the constitution quoted above. It is appreciated that

the reason which lies behind this is the anxiety to bring all countries in on a symmetrical basis. It is extremely difficult, indeed impossible, for a country, which has no investible surplus, to contribute funds for actual investment unless it be on the tied principle. The U.S. Treasury Plan, therefore, tries to temper the wind to the position of those countries which are not likely to have an investible surplus. Nevertheless, U.K. officials feel it to be essential that some other way must be found round this particular difficulty. They are, therefore, led on to a second fundamental principle, closely associated with that just enunciated, namely, as follows:—

(2) No country should be obligated to subscribe, directly or indirectly, to the loans sponsored or guaranteed by the international bank, unless its monetary authority has approved such subscription as being within the capacity of a country's balance of payments at the time when it has to be made. Without this provision the maintenance of monetary equilibrium, which is one of the main purposes of the monetary and investment schemes taken as a whole, would be gravely endangered, and the schemes might indeed prove self-defeating. It is suggested, therefore, that the actual subscription by the government or in the market of the lending country of each individual loan approved by the international bank must be subject to the prior approval of the monetary authority, which approval must be given in the light of the first condition, that the proceeds of the loan, once subscribed, should be free exchange available to the borrower for expenditure in any market.

5. These conditions still leave the international institution free to provide a vital function, in the provision of which all member countries would be expected to come in on the same footing relatively to their resources.

6. For whilst the actual provision of funds can obviously only be supplied by those countries in which the monetary authority sees its way to an investible surplus, there is no reason why the risks of the resulting transaction should also be concentrated, as has been the case hitherto, in the absence of an international institution, on the country which is in a position to find the money. It is accordingly suggested that the following should be the fundamental functions of the new institution.

7. The facilitation of suitable loans from creditor countries to countries in need of reconstruction and development is so much in the general interests of world economy and of equilibrium in the international balances of payment that countries which fall into neither of these two categories, as well as those which do, can reasonably be asked to contribute by accepting a contingent liability under guarantees within the limits of their reasonable capacity. This is, indeed, a function of the bank which the draft already contemplates. This is felt to be the promising line of development. Here there is real scope for joint international action on an equal footing, whereas, in the matter of the actual provision of funds, it is quite clear that joint and equal participation is, from the nature of the underlying

facts, out of the question. This leads to the conception that only quite a small part of the Bank's capital would be called up to start with and that for the rest loans sponsored by the Bank would be guaranteed as an international obligation to which all the countries concerned would subscribe. Such loans could be offered in the first instance in the market on precisely the lines contemplated in the draft. Failing this and if the loan, even with the guarantee, could not be raised on the market at an appropriately low rate of interest, then it might be that the government of the country, by which the loan is to be made, should itself make the loan and obtain the benefit of the guarantee.

8. This seems an appropriate division of functions, which will appeal to the world as just and right. Only those countries with an investible surplus can put up the money; but that is no reason why they should also run all the financial risks, perhaps quite substantial, of reconstructing the devastation of war and developing the more backward countries. The great increase of trade arising from the granting of the loans would benefit all alike, and it is just and right that the resulting risk should be shared all around. This should be within the capacity, divided, of course, in appropriate proportions, of all participating countries. It embodies both the justice and the common-sense of the underlying situation.

9. In view of the need to ensure that no country should be suddenly called upon under its guarantee to subscribe more than should be within the capacity of its balance of payments, it is important to provide, so far as possible, that any calls on the guarantees shall be spread over as long a period as possible. For this reason it is suggested that the service of the loans should take the form of terminable annuities, covering both interest and repayment of principal, so that, in the event of default, no large capital sum falls due for repayment, but only the continuance of the annuities.

10. A further suggestion, to which importance is attached, is that the institution should charge a substantial commission at a flat rate of (say) 1 per cent per annum on all loans guaranteed by it. For example, if the standard rate of interest at which it seemed proper for the bank to issue a loan at a given date were (say) 3 per cent and the cumulative sinking fund were taken at 1 per cent (though a higher rate of sinking fund would be appropriate for projects requiring more rapid repayment), then the total cost to the borrowing country, including commission, would be at the rate of 5 per cent per annum, to cover both interest and capital. This would, in all the circumstances, be far from burdensome. If there were particular cases where it seemed right that help should be given on quite special terms, then some other appropriate source would have to be found for that part of the annual charge of which it was desired to relieve the borrowing

627-819—67——9

country. The commissions thus collected would not be divided between the participants in the bank, except in the event of liquidation. But both the accumulations and the current commissions would be available to the institution to meet any defaults before calling on guarantees, and it should be provided that they would be so used.

11. There is a second function to be performed by the bank, to which high importance is attached. The provision of cash to implement a loan, though a very essential part of the proceedings, is only one side of the picture. The right selection of projects is scarcely less important to permanent success. The expert examination of projects for international loans, for which a guarantee by the United Nations Bank has been or may appropriately be sought, should, therefore, be a primary function of the institution. This expert examination should have particular regard to the degree of priority which should be accorded to each of such projects, to the reliability and technical capacity of those who would handle the spending of the loan, and to the prospects of the recipient country being in a position to service it in free exchange. Here again, there is a function of special suitability for an international institution.

12. Finally it should be made clear, what is, no doubt, in fact the intention, that the institution would be concerned with loans for postwar reconstruction as well as for new development. For it is only in this event that it will serve to bridge the gap which now exists between the purposes of UNRRA [26] and the purposes of the International Monetary Fund.

13. U.K. officials would welcome an opportunity of discussing with the U.S. Treasury the principles here outlined, in the hope that agreement could thus be reached, which would serve as a basis for wider discussion between the experts of the United Nations as a whole. U.K. officials are very conscious of the great importance of this question and of the service rendered by the U.S. Treasury to the United Nations as a whole by having put forward concrete suggestions on the matter with a view to bringing the matter to a head and to a conclusion.

800.515/1011 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 20, 1944—7 p. m.
[Received April 20—5:02 p. m.]

3253. Department's 3077, April 18 [*17*], midnight. The following is an urgent message from the Chancellor of the Exchequer to Secretary Morgenthau:

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[26] United Nations Relief and Rehabilitation Administration.

"I thank you for your personal message of April 18.[27] Arrangements are being made for publication here on Saturday morning to fit the timing of publication in the United States. We are informing the Dominions of the agreed changes in the statement but owing to the difficulties of synchronizing our publication with yours, I doubt whether it will be possible for any of them to publish simultaneously though they may be able to make some announcement. As for the representatives of the European countries who are in England, we shall send them a copy of what we publish but no question of simultaneous publication or announcement by them could arise.

"2. I note that you propose to make a general statement on the same lines as that by our Government though not necessarily in identical language.

"3. Owing to other parliamentary business already determined, it is not possible for me to give you a clear indication when contemplated debate will take place. If for any reason it had to be deferred for a considerable period, I could not expect you to hold back on that account from any action you might wish to take.

"4. If the general reception of the statement of principles indicates to your Government that a further conference at an early date is desirable, we should try to fall in with your plans though I am sure you will understand that for various reasons both travel and communications will be very difficult to arrange.

"I think I should make plain to you our conception of the nature of the conference that might be held. The statement of principles will have appeared on April 22 and this will be the first occasion upon which many countries who are important in international commerce and whose adherence to the scheme would be necessary for its successful operation will be definitely aware of its contents. It is an important statement about postwar international cooperation and its important issues. My judgment is that a conference at the end of May, if indeed it can be arranged at that date, in view of the difficulties I have mentioned should be summoned for the purpose of examining the statement of principles and establishing a detailed text which would then be the subject of formal consideration by governments so that they could declare their attitude to the scheme as a whole.

"5. As regards the Bank for Reconstruction and Development, I have received your draft statement of principles [28] which you were good enough to send me. Meanwhile Mr. Opie will have informed Dr. White of our general views on the plans you have published and will, I hope, have been in a position to give Dr. White a memorandum which we had prepared.[29] There is no disagreement between us as to the objectives of such a scheme but, as you will have observed, we approach it from a rather different standpoint and I very much doubt whether it would be practicable for us to reach agreement on a joint statement of principles without a further conference between our

[27] See telegram 3077, April 17, to London, p. 118.
[28] Transmitted in telegram 3076, April 17, to London, p. 115.
[29] See letter of April 20 from Mr. Opie, and enclosed memorandum, p. 120.

respective experts. The Conference on the Monetary Fund might provide the opportunity for this.

"In these circumstances I think your suggestion that you should explain to the Congressional Committee that the statement of principles which you have sent me is being released as having the approval of the experts of a number of countries is premature and might give rise to misunderstanding. Should it not be presented at this stage as representing the views of the technical experts of the United States?"

WINANT

800.515/1012 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State

Moscow, April 20, 1944—10 p. m.
[Received April 21—4:18 a.m.]

1380. For Secretary Morgenthau. Molotov [30] asked me to call on him this evening at 11:30 and read me the following statement:

"1. There exists among our financial experts a major discord with respect to the basic conditions of the organization of the International Monetary Fund. The majority of our experts object to a series of points.

Speaking with complete frankness, the Government of the U.S.S.R. has not yet succeeded in studying fully the basic conditions in question.

However, if it is necessary to the Government of the United States of America to have the voice of the U.S.S.R. to secure due effect in the external world, the Soviet Government agrees to give instructions to its experts to associate themselves with the project of Mr. Morgenthau."

Molotov explained that this was not to be a reservation of the experts but that it expressed for your information the present attitude of the Soviet Government. If under these circumstances you wished it, he would instruct his experts to associate themselves with the Monetary Fund statement.

I told Molotov there was not time for me to obtain a reply from you and therefore suggested that he instruct his experts to associate themselves with the Monetary Fund statement provided you approved under the circumstances. Molotov agreed and will instruct his experts to get in touch with Mr. White on receipt of this cable.

I suggest you telephone me as early as possible to advise me of your decision in order that I may tell Molotov who said he is prepared to publish the Monetary Fund statement in Moscow if you approve.

HARRIMAN

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[30] Vyacheslav Mikhailovich Molotov, Soviet People's Commissar for Foreign Affairs.

800.515/1024a : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, April 20, 1944—midnight.

3175. This is a personal message from the Secretary of the Treasury to the Chancellor of the Exchequer.

"In accordance with the desire of the President which I communicated to you in our cable no. 2651 [31] we are planning to call a conference beginning the last week in May. It is expected that the President will invite the United and Associated Nations to send representatives to a formal financial and monetary conference. The chief items on the agenda will be the drafting of proposals for the establishment of an international monetary fund and an international bank for reconstruction and development.

The President has indicated that he will appoint me head of the American delegation and will indicate in his letter that he hopes that each government will have its delegation headed by its chief financial officer. It is contemplated that the delegates will be instructed by their respective governments to assemble for the purpose of preparing concrete proposals to be formally presented later to the respective governments for their acceptance or non-acceptance.

It would be very helpful to me if I could have your personal views on these contemplated arrangements as soon as possible. It is important that there be no delay, as there is very little time to spare for completing arrangements. I should like to stress again the urgency of holding the conference before the political conventions in June. As soon as I hear from you we shall be prepared to discuss with you on an informal basis the calling of a drafting committee to begin work as soon as a conference is officially called."

HULL

800.515/1029b : Telegram

The Secretary of State to the Ambassador in the Soviet Union (Harriman)

WASHINGTON, April 21, 1944—1 p. m.

980. From the Secretary of the Treasury. Reference yours of last night.[32] I am most grateful for your help in securing a favorable reply. Please deliver this personal message to the People's Commissar for Foreign Affairs and the People's Commissar of Finance.

"I wish to express my sincere thanks for your decision to have the experts of the Soviet Union associate themselves with the principles of the Joint Statement of experts recommending the establishment of an International Monetary Fund. We regard the publication of the Joint Statement as of the greatest importance. It is further evidence

[31] Dated April 5, p. 107.
[32] Telegram 1380, April 20, 10 p. m., from Moscow, p. 126.

that our two countries are determined to work side by side in the solution of international monetary and financial problems.

I am in accord with the circumstances mentioned in your message. I assume you will instruct the technical financial delegation of the Soviet Union to associate themselves with the principles of the Joint Statement. They have already been informed of the substance of your message."

[Morgenthau]
HULL

[The text of the Joint Statement by Experts on the Establishment of an International Monetary Fund of United and Associated Nations, released April 21, 1944, with a foreword by the Secretary of the Treasury, is printed in Department of State publication No. 2866: *Proceedings and Documents of the United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, July 1–22, 1944* (Washington, Government Printing Office, 1948), volume II, page 1629.

For text of the statement made by the Secretary of the Treasury before the Senate and House committees on April 21, 1944, see Federal Reserve *Bulletin*, May 1944, page 436.

On April 22, 1944, the Secretary of State issued a statement regarding the progress report which the Secretary of the Treasury had made before the Senate and House committees; for text of statement, see Department of State *Bulletin*, April 22, 1944, page 371.]

800.515/1024b : Telegram

The Secretary of State to the Ambassador in the Soviet Union (Harriman)[33]

WASHINGTON, April 25, 1944—2 a. m.

1614. The Secretary of the Treasury has requested that I transmit the following message to you:

"I am deeply grateful to you for the help you gave us in arranging matters in Moscow. It was important to be able to inform the Congressional committees that experts of the United Nations, including the U.K., the U.S.S.R. and China, have agreed with us on a Joint Statement recommending the establishment of an International Monetary Fund.

Please deliver the following personal message to the People's Commissar of Finance:

'1. I wish again to express my sincere thanks for your cooperation and for your friendly consideration of our views as expressed in my earlier messages to you.

2. The Joint Statement was well received in the seven Congressional committees and particularly in those of the Senate. The press has given prominence to the Joint Statement.

[33] Similar instructions containing a message for the British Chancellor of the Exchequer were sent to London in telegram 3288, April 25, 3 a.m.

3. While the text of the Joint Statement will have reached some governments only recently, the principles have, of course, been discussed at considerable length by our and your technical staffs with the technical experts of some 30 countries. I have no doubt that the experts of these countries will find themselves thoroughly familiar with the principles of the Joint Statement.

4. I have discussed with Secretary of State Hull the further steps that should now be taken. We are agreed that after informal consultation the following program should be followed: (*a*) A drafting committee of experts from 8 to 10 countries should be convened in Washington about May 10 to prepare an agenda and drafts to be considered by a conference. (*b*) The formal invitations to the conference would be sent about May 1. (*c*) The conference would hold its first plenary session about May 26.

The President has informed me that he will appoint me to head the United States delegation which will include some members of Congress. It seems to me that if you could come to the United States at the head of the Soviet delegation it would provide an excellent opportunity for us to become acquainted and to go over our common problems with our colleagues from the United Kingdom and China. I appreciate that it may be difficult to be away from Moscow throughout a conference, but it is my earnest hope that it will be possible for you to come.

5. Meantime we expect to continue our discussions with the technical experts of the Soviet Government on both the International Fund and the International Bank.' "

Please transmit the substance of the above message to Molotov and report to the Department and the Secretary of the Treasury as soon as possible concerning the reaction of Molotov and Commissar of Finance to the above message.

HULL

800.515/1040 : Telegram

The Secretary of State to the Chargé in the Soviet Union (Hamilton)[34]

WASHINGTON, April 27, 1944—7 p. m.

1052. The Secretary of the Treasury has requested that I transmit the following cable to you.

"Refer to our cable no. 1614, April 25. We must have a definite response to the following question: Will the U.S.S.R. Government send a delegation to a monetary conference at the end of May if the President issues the invitation? This matter is now before the President and we expect to call you on the telephone Saturday morning with the hope of receiving a 'yes' or 'no' answer to this question."

HULL

800.515/1037 : Telegram

The Chargé in the Soviet Union (Hamilton) to the Secretary of State

Moscow, May 2, 1944—7 p. m.
[Received May 3—1:45 a. m.]

1547. Please inform the Secretary of the Treasury, in further reference to your 1052, April 27, 8 [7] p. m. that Vyshinski[35] told me

[34] Similar instructions were sent to London in telegram 3390, April 27, 8 p. m.

[35] Andrey Yanuaryevich Vyshinski, Soviet Assistant People's Commissar for Foreign Affairs.

this evening that the Soviet Government's reply to the question raised by Mr. Morgenthau was that the Soviet Government is prepared to accept an invitation to send a delegation to a monetary conference at the end of May. Vyshinski stated further that while the Commissar for Finance would like to head the Soviet delegation, he could not do so since he was too busy here. Vyshinski continued that the Soviet delegation would be selected subsequently.

HAMILTON

800.515/1052a : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, May 3, 1944—8 p. m.

3545. The Secretary of the Treasury has asked me to transmit the following message to you:

"The Soviet Government has now advised us of their intention to participate in the conference and send a delegation to the United States. Therefore, whether or not a conference is held depends entirely on the response of the British Government to the question as to whether they would participate. This means that the calling of the conference depends now upon your success in obtaining British participation.

The President, as you know, has approved the calling of a conference at this time. While time is vital, I think it would be possible to postpone the date of the conference a week in accordance with your suggestion. But if we are to proceed with the arrangements the President has approved, we must have a 'yes' reply without delay. Because of the tight time schedule, will you please telephone to me as soon as you hear from them.

I am putting the problem before you in full because I know you appreciate the wider importance of an affirmative reply from the British Government. We are aware of the difference of opinion in London with respect to a conference at this time. We wonder, however, whether there is full appreciation of the implication that might be drawn by the public from a decision by the British not to agree to a conference after the prolonged preparations and the announcement of agreement by the technical experts. Among a large segment of our people Britain's failure to agree to a United Nations monetary conference at this time would engender serious doubt whether the United Nations can get together on any definite program of postwar economic collaboration, and will have an unfortunate impact on the favorable movement for international cooperation which has been developing in this country."

Please inform the Foreign Office of the substance of this message. Please explain to them that I am in complete agreement with Secretary Morgenthau's message and indicate to them the important effect of the British decision on public opinion in this country.

HULL

800.515/1045 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, May 4, 1944—6 p. m.
[Received 6:33 p. m.]

3640. Personal to the Secretary and for transmission to Secretary Morgenthau. Department's 3545, May 3. Thank you for forwarding me Secretary Morgenthau's message and for the supporting statement you added thereto. This reached me this morning and I have since talked with Mr. Eden, Sir John Anderson, Lord Catto and Lord Keynes. I also believe we have already made progress. The Dominion Prime Ministers and the Cabinet have this question up for discussion tomorrow and a debate in the Commons is scheduled for next Wednesday. The discussion in the House will be on the following resolution: "Monetary policy. That this House considers that the statement of principles contained in Command Paper 6519 [36] provides a suitable foundation for further international consultation with a view to improved monetary cooperation after the war."

No announcement of this scheduling is being made here and, therefore, I must ask that you treat it as confidential information.

WINANT

102.1/10798 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, May 11, 1944—9 p. m.
[Received May 11—7:47 p. m.]

3851. Personal for Secretary Morgenthau. I am forwarding the following message for you which has just reached me from Sir John Anderson (you will have read Embassy's 3822, May 10, midnight [37]). I think the dates you set for the Washington meeting will be acceptable here. I regret that Anderson writes he is unable to go to the United States personally. I believe that if representation at the conference can be limited to small contingents, the ban on travel for security reasons would not seriously interfere with your plans.

Begin Sir John Anderson's message:

"1. The debate on the monetary fund took place in House of Commons yesterday on a motion that the statement of principles provides

[36] British Cmd. 6519: *Joint Statement by Experts on the Establishment of an International Monetary Fund*, April 1944.

[37] Not printed; it contained a brief report on the debate in the House of Commons on May 10.

a suitable foundation for further international consultation with a view to improved monetary cooperation after the war.

2. Discussion was keen and at some points critical but the debate had the result that the motion was approved without a division. In these circumstances if an invitation is issued by your Government to a further conference on this matter we will gladly do our best to respond at the earliest date at which security conditions permit and will arrange for some of the experts of the European countries who are in London to attend. I much regret that I see no possibility of attending myself, much as I should have liked to do so. I particularly regret having to defer the pleasure of meeting you personally. I doubt whether the very urgent preoccupations with the war will permit the attendance of a Minister but you can, of course, count upon it that our delegation will be suitably led. I ought to repeat that, so far as our Government is concerned, we are not at this stage ready that our representatives should be authorized to commit the Government to acceptance of a scheme.

3. I think it is clear that there is still some work to be done upon this statement of principles before it takes the shape of a satisfactory draft international convention. In this connection you may care to consider whether, in view of the security conditions, it would not be more satisfactory at this stage to make the conference a smaller one. For the practical business of hammering out a detailed text for subsequent consideration by the Governments concerned this might be a more satisfactory procedure in the circumstances.

4. I regret the inevitable delay in replying to you but, so far as we are concerned, the time has been by no means wasted, for we have had the opportunity of a first test of public opinion in this country."

WINANT

800.515/1087a : Circular telegram

The Secretary of State to Certain American Diplomatic Representatives [38]

WASHINGTON, May 25, 1944—5 p. m.

By direction of the President you are requested to deliver the following invitation to the Government to which you are accredited:

"The publication of the Joint Statement of Technical Experts recommending the establishment of an International Monetary Fund and setting forth the principles for such a Fund has been deeply gratifying to this Government as marking an important step toward post-war international economic cooperation. Undoubtedly the Gov-

[38] In countries constituting the United Nations and nations associated with them in the war. A separate telegram, No. 1633, was sent to the representative at Algiers for the French Committee of National Liberation. For list of governments and authorities invited to participate in the conference, see Department of State *Bulletin*, May 27, 1944, p. 498.

ernment and people of . . . . . have been equally pleased by this evidence of the common desire of the United Nations and the nations associated with them in the war to cooperate in meeting the economic problems of the post-war world.

"The President of the United States of America now proposes, as a further step toward the realization of this objective, to call a conference of the United Nations and the nations associated with them, for the purpose of formulating definite proposals for an International Monetary Fund and possibly a Bank for Reconstruction and Development. It would be understood of course that the delegates would not be required to hold plenipotentiary powers and that the proposals formulated at the conference would be referred to the respective governments and authorities for their acceptance or rejection.

"I have the honor, therefore, on behalf of the President, cordially to invite your Excellency's Government to send one or more delegates to participate in a formal monetary and financial conference of the United Nations and the nations associated with them to be held in the United States beginning July 1, 1944. I am pleased to inform your Excellency that the delegation of the United States to the conference will be headed by the Secretary of the Treasury. The names of the other delegates of my Government, as well as information regarding the seat of the conference and arrangements for the meeting will be communicated to your Excellency at a later date.[39]

"Because of my Government's belief that the formulation of definite proposals for an International Monetary Fund and a Bank for Reconstruction and Development in the near future is a matter of vital concern to all of the United Nations and the nations associated with them, my Government sincerely hopes to receive the favorable reply of your Excellency's Government at the earliest possible moment, together with the names of all members of the . . . . . delegation."

Important for the Information of the Mission

An announcement concerning the extension of the invitations will be made at Washington at 11 o'clock eastern war time on the morning of Friday, May 26. Simultaneously informative notes will be delivered to the respective missions at Washington.[40] In order to avoid any possibility of premature announcement abroad you are requested to deliver the notes containing the foregoing text as near as possible or feasible to the Washington release hour. Caution should be exercised of course to assure delivery of invitation prior to the arrival of press despatches from Washington. Meanwhile the matter should be kept in the strictest confidence.

HULL

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[39] Department's circular telegram of June 3 (not printed) gave Bretton Woods, N.H., as the selected site of the conference and contained detailed information regarding arrangements for the conference. For list of American delegates to the conference, see Department of State *Bulletin*, June 24, 1944, p. 587.

[40] See *ibid.*, May 27, 1944, p. 498.

800.515/1201c

Memorandum by the Under Secretary of State (Stettinius) to President Roosevelt

WASHINGTON, June 8, 1944.

I am sending you herewith a draft of a letter which you may wish to send to Secretary Morgenthau in connection with his chairmanship of this Government's delegation to the forthcoming United Nations Monetary and Financial Conference. This letter, if you approve, would serve as Secretary Morgenthau's general instructions at the Conference. It has the approval of the Departments of the Treasury and State.

EDWARD R. STETTINIUS, JR.

[Enclosure]

Draft Letter From President Roosevelt to the Secretary of the Treasury (Morgenthau) [41]

MY DEAR MR. SECRETARY: I am pleased that you will head the American Delegation which will participate in the United Nations Monetary and Financial Conference to be held at Bretton Woods, beginning July 1, 1944.

It is my hope that this Conference will formulate for presentation to the participating governments definite proposals for an International Monetary Fund and possibly a Bank for Reconstruction and Development. In the invitation which I extended to these governments to participate in the Conference, I stated that the agreement by the Conference upon definite proposals will not be binding either morally or legally on the governments represented but will be referred to the respective governments for adoption or rejection. You will, of course, be governed accordingly in your discussions and negotiations.

In formulating a definite proposal for an International Monetary Fund, both you and the other delegates will be expected to adhere to the joint statement of principles of an International Monetary Fund announced April 21, 1944. You, as head of the delegation, are authorized, however, after consultation with the other delegates to agree to modifications which, in your opinion, are essential to the effectuation of an agreement and provided that such modifications do not fundamentally alter the principles set forth in the joint statement.

You will apply the same principles in your discussions and negotiations with respect to the proposed Bank for Reconstruction and

[41] The letter as signed was dated June 9, 1944.

Development except that you will be governed by the principles agreed upon by the American Technical Committee.

As the head of the American Delegation of the Conference, you will be the principal spokesman for this country and you will be expected to coordinate the activities and views of the other American delegates. You will, of course, work in close consultation with the Secretary of State.

The responsibility which you and the other delegates of the American Delegation will undertake is the responsibility for demonstrating to the world that international post-war cooperation is possible. I am confident that you will do your best to accomplish the purposes of the Conference.

Very sincerely yours,

[On June 10, 1944, the American technical experts, in consultation with those of the United Kingdom, the Union of Soviet Socialist Republics, and China, invited the technical experts of a number of other countries to meet with them at Atlantic City on June 24 for the purpose of preparing a draft agenda to be submitted to the Conference for its consideration. The countries invited were Australia, Belgium, Brazil, Canada, Chile, Cuba, Czechoslovakia, India, Mexico, the Netherlands, the Philippines, and the French Committee of National Liberation.

The proceedings of the Bretton Woods Conference and the documents issued at the Conference are printed in Department of State publication No. 2866: *Proceedings and Documents of the United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, July 1–22, 1944* (Washington, Government Printing Office, 1948), 2 volumes.

The Final Act of the Conference contains as Annex A and Annex B the texts of the Articles of Agreement of the International Monetary Fund and the Articles of Agreement of the International Bank for Reconstruction and Development, which were to remain open for signature until December 31, 1945; see *ibid.*, volume I, pages 927, 942, and 984.]

ANGLO-AMERICAN DISCUSSIONS CONCERNING ECONOMIC POLICY TOWARD EUROPEAN NEUTRALS IN THE TRANSITIONAL AND POSTWAR PERIODS

840.50/3805a

The Director of the Office of Wartime Economic Affairs (Taft) to the Counselor of the British Embassy (Marris)

WASHINGTON, April 19, 1944.

MY DEAR DENNY: It is apparent to me that immediately following the surrender of Germany, or at such time as physical communication between Germany and the neutrals is rendered impossible by military action, it will be necessary for the British and American Governments radically to redirect their economic policy with respect to the neutrals.[1] This renders advance planning highly desirable. We are devoting considerable thought to the problem, and at some time in the not distant future I would like the opportunity of sitting down with you and discussing it informally and in preliminary fashion. There are of course definite advantages in coordinating our policies, and I presume that London is devoting thought to this general question. I would appreciate it, if when you are ready for an initial discussion on this subject, you would let me know so that we can arrange a convenient time.

Sincerely yours, CHARLES P. TAFT

840.50/5-1044

The Counselor of the British Embassy (Marris) to the Director of the Office of Wartime Economic Affairs (Taft)

WASHINGTON, 10 May, 1944.

DEAR MR. TAFT: Thank you for your letter of 19th April suggesting that we should in the near future discuss the problems arising out of the necessity for redirecting the economic policy of the British and American Governments towards the neutrals immediately following the surrender of Germany or at such time as physical communication between Germany and the neutrals is rendered impossible by military action. We communicated this suggestion to the Foreign Office who would be very interested to know the lines on which the Department

[1] Portugal, Spain, Sweden, Switzerland, and Turkey, mainly.

are at present thinking about this problem. We should therefore welcome an opportunity of discussing the matter with you in the near future. I understand that Wyndham White [2] has spoken to Merchant [3] about arranging a meeting for this purpose and that Merchant will let us know what would be a convenient time for you.

In the meantime, the Foreign Office have authorised us to inform you that the British representatives at Ankara, Stockholm, Madrid and Lisbon were recently asked to report on the effect on the economies of the countries in which they respectively reside of the cessation of abnormal British wartime purchases. Supplementary instructions have subsequently been sent to them and also to the British representative at Berne to report on the probable effects of the cessation of trade with Axis Europe in general and Germany in particular. The British representatives have been asked (*a*) to draw special attention to supplies now derived from those sources which are vital to the countries' economies and (*b*) to give estimates of minimum requirements.

In these circumstances, the Department may wish to consider sending instructions to the United States representatives in Turkey, Sweden, Spain, Portugal and Switzerland to prepare analogous reports in collaboration with their British colleagues in order that our two Governments may be similarly documented.

Yours sincerely, A. D. MARRIS

840.50/8-2444

The British Minister (Campbell) to the Assistant Secretary of State (Acheson)

WASHINGTON, 24 August, 1944.

MY DEAR MR. ASSISTANT SECRETARY: With reference to Mr. Marris' letter of 10th May to Mr. Taft about economic policy towards the European Neutrals after the collapse of Germany, I am now writing to give you an outline of the results of preliminary consideration given to this problem in London.

The object of Anglo-American policy should, in His Majesty's Government's view, be to fit neutral trade into the general framework of arrangements which the Allies will have to construct in order to ensure an orderly change-over from wartime to peacetime trade after the defeat of Germany. So long as the neutrals remain outside that framework there will be a danger that, with the greater commercial freedom which they will gain when the blockade becomes less strict, they will use their resources of foreign exchange and shipping to stultify these arrangements to the disadvantage of the Allies. His

[2] E. Wyndham White, First Secretary of the British Embassy.
[3] Livingston T. Merchant, Chief of the Eastern Hemisphere Division.

Majesty's Government are of the opinion therefore that any Anglo-American policy should endeavour:

(*a*) to provide comprehensively against all neutral economic activities calculated seriously to prejudice Allied arrangements in the transitional period, and

(*b*) to get maximum benefit out of neutral resources.

Although His Majesty's Government agree that one of the first aims should be to secure cooperation of the neutrals with UNRRA,[4] more than this is required and it is considered that a comprehensive Anglo-American policy should aim at securing the following objectives in relation to the European neutrals:

1. We should enter into some kind of supply-purchase agreement with each neutral, the main features being:

(*a*) Neutrals will agree to provide from their own territories or from their colonies certain goods required by the United Nations for war or other purposes; to satisfy their requirements wherever possible and appropriate from their own resources, and only when these are exhausted to draw upon United Nations' resources; to make any of their metropolitan or colonial surpluses available if needed to the Allies; and to provide through traffic facilities for the civil supply requirements of the United Nations.

(*b*) Neutrals will limit to agreed figures and to agreed sources purchases of certain commodities in short supply of which the United Kingdom and United States do not control the entire supply and generally accept the advice of the Combined Boards [5] or other appropriate agencies of the United States and the United Kingdom Governments.

(*c*) In return, the United Kingdom and the United States will agree to make available agreed quantities of commodities which they do control.

2. We should, subject to existing agreements, endeavor to oblige the neutrals to fulfil certain outstanding requirements of economic warfare. This is a matter of some urgency as problems may arise in an acute form at any moment with the European neutrals. In the case of Sweden and Switzerland, in particular, it might be possible to attain immediately important economic warfare objectives if Sweden could be offered supplies to cover the twelve months following the cessation of hostilities with Germany. Important objectives might also be secured if we could offer to supply Switzerland immediately the frontier is reopened.

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[4] United Nations Relief and Rehabilitation Administration; for documentation see *Foreign Relations*, 1943, vol. I. pp. 851 ff., and *post*, pp. 331 ff.

[5] For information on the Combined Boards, see Department of State *Bulletin*, January 16, 1943, pp. 67–69; see also *ante*, pp. 16 ff., *passim*.

3. We should persuade the neutrals to make a substantial payment to UNRRA funds or if this is not at first possible at least to make a considerable contribution to relief in an acceptable form.

If we could achieve these objectives, which might not entail negotiations over a very wide field of commodities, we should have gone a long way towards:

(*a*) preventing unchecked competition for available supplies which would jeopardise the Anglo-American position as well as that of the smaller European Allies;

(*b*) preventing a general rise in the price level of scarce commodities;

(*c*) reducing blockade quotas so that they are in fact equivalent to supply allocations instead of exceeding them, and providing for restrictions on neutral imports in the period when the blockade becomes less strict;

(*d*) merging war trade agreements into transitional period agreement;

(*e*) putting ourselves in a position to ensure that neutrals contribute substantially to European relief;

(*f*) in general, bringing the neutrals into the allocation system for goods in short supply and as far as possible regulating their standards in relation to those of liberated territory.

If the conception of agreements on the lines of paragraph 2 above is accepted the immediate task would be to formulate agreements for use in joint Anglo-American negotiations with each neutral. As soon as these were ready the Soviet Government might be informed generally of our intentions. His Majesty's Government feel also that other European Allies, individually or collectively, should also be informed and invited to take any complementary action likely to be useful.

In completing arrangements on the above lines, certain financial considerations will have to be borne in mind. For instance, sterling held by European neutrals will not be available for purchases outside the sterling area, while the United Kingdom Government will wish to secure, as a *quid pro quo* for supplies made available, the withdrawal of the existing obligation to pay gold to certain of the European neutrals. There may also be points arising out of the application of United States freezing of neutrals of which account will have to be taken.

In view of the imminence of the problems under discussion and of the time which will be necessary to prepare for negotiations, we should welcome an early expression of the views of the Department. In the meantime, His Majesty's Government are giving consideration to what should, in their view, be the substance of Anglo-American negotiations with each neutral.

Very sincerely yours RONALD I. CAMPBELL

627-819—67——10

840.50/8–2444

The Assistant Secretary of State (Acheson) to the British Minister (Campbell)[6]

WASHINGTON, September 12, 1944.

MY DEAR SIR RONALD: The Department has considered with care the proposals contained in your letter of August 24 concerning future economic policy with respect to the European neutrals. The Department is in general agreement with the view of your Government that after the close of hostilities in Europe there will remain many economic policy considerations concerning these neutrals which are of mutual concern to our two Governments.

There is on our part, as you know, the desire that wartime controls over international commerce should be removed as rapidly as feasible, and it is against this background that our views have been formulated. To restate the objectives toward which the Department believes our common economic policy with respect to the neutrals should be directed, the Department believes that we should make every effort to secure effective control over the disposition of export surpluses from the European neutrals, or their colonial possessions, of all scarce materials which, after the close of hostilities in Europe, will be essential to the prosecution of the war against Japan and to take all appropriate means to assure the satisfaction of the minimum relief requirements of the liberated areas. This seems to the Department the primary objective which by combined action we should seek.

In order to attain this aim, the Department agrees that it would be desirable to negotiate a limited supply-purchase agreement with each European neutral which an examination of the facts indicated was in a position to make a contribution of the nature described above. Any such supply-purchase agreement, in the Department's opinion, should be restricted to the period prior to the end of the Pacific war or possibly for some extremely limited period thereafter. Moreover, the Department would contemplate that these supply-purchase agreements would cover only a fraction of the total import-export trade of the neutral in question.

The Department recognizes that in the cases of individual neutrals there might exist economic objectives other than materials which it

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[6] A memorandum of September 12 for the files, by Mr. Merchant, stated: "I received a message from Mr. Acheson this afternoon saying that he had discussed the letter he signed and sent to Sir Ronald Campbell today on post-war economic policy toward the neutrals and that Mr. Currie [Lauchlin Currie, Deputy Administrator of the Foreign Economic Administration] had approved of it in substance. LTM." (840.50/8–2444)

Instructions 491, 2353, 371, and 1141 of September 29 to Ankara, Bern, Lisbon, and Madrid, respectively, and 703 of September 28 to Stockholm, transmitted copies of the August 24 letter from Sir Ronald I. Campbell and the September 12 reply by Mr. Acheson for the information of the Officers in Charge of the respective American Missions.

would be to our advantage to include as desiderata in the contemplated negotiations. These might be residual economic warfare objectives possibly related to the continuance of the Proclaimed List [7] at the close of hostilities in Europe, shipping assistance, or such matters as the treatment of Nazi nest-eggs.[8]

In return for the materials and other concessions to be made available under the supply-purchase agreements contemplated, the British and American Governments would agree to make available in stated amounts materials required by the neutral in question which would be under the control of one or both of the two Governments.

In so far as the cooperation of the neutrals with UNRRA is concerned, the Department believes that this consideration is clearly of great importance but that it should be excluded from the economic negotiations contemplated. The Department believes this object can best be dealt with through our general support in every way possible of UNRRA's dealings with the neutrals taken on its own initiative.

The Department believes that it would be altogether proper and appropriate to include in the contemplated supply-purchase negotiations the question of being afforded all reasonable financial facilities in the execution of agreed purchases and some understanding with regard to reasonable prices as well as protection against punitive export taxes. The Department believes, however, that financial arrangements other than those described should be handled separately and not interwoven into the contemplated supply-purchase negotiations.

As will be seen from the foregoing, the Department approves in principle the negotiation of supply-purchase agreements with European neutrals where such arrangements appear suitable. It is regarded as important, however, to restrict such arrangements in the first instance to those neutrals where an exploration of the facts indicates that an agreement of this sort is appropriate and, in any case to a relatively limited number of commodities on both the supply and purchase sides. The test of inclusion for each commodity would be its scarcity or value in terms of our combined war effort or the minimum relief needs of the liberated areas.

For the accomplishment of the secondary objectives, certain of which are listed toward the end of your letter, the Department believes we should look to the European Economic Commission [9] which is now the object of preliminary discussion between your Government and ours. To that body, when formed, in the Department's opinion, properly should fall the broader questions of preventing inflation,

[7] See pp. 154 ff.
[8] See pp. 213 ff.
[9] See pp. 614 ff.

obtaining some measure of equality between the standards of the neutrals as compared to our western Allies, and related matters.

On the assumption that a broad area of agreement exists between us on this entire question, the Department suggests that the next practical step would be for us jointly to tabulate and examine the facts concerning the economic contribution which each of the neutrals can make with a view to deciding with which countries and on what terms we should contemplate negotiations in the near future. At an early stage we believe that Russia and our other European Allies should be fully informed of our plans and kept advised as they develop. It may well be desirable directly to include in our negotiations with individual neutrals those Allies most closely related economically or geographically to the neutral in question. In any event, the Department believes it would be a serious mistake to afford any basis for the belief on the part of any of our Allies that our two Governments were seeking to exert an exclusive right of control over any part of the economic life of these European countries.

I shall be delighted to arrange with you an early discussion in anticipation of formulating a joint policy on this important problem.

Sincerely yours, DEAN ACHESON

840.50/10-1144

The British Embassy to the Department of State

MEMORANDUM

His Majesty's Government in the United Kingdom have considered Mr. Acheson's letter of September 12th to Sir Ronald Campbell, on the question of economic agreements with the European neutrals in the transitional and post-war periods, and are glad to note that the United States Government agree generally that arrangements along the lines suggested by His Majesty's Embassy on the 24th August will be required. His Majesty's Government concur in the view that the agreements should be for a short period only, and that they should be limited to cover as short a list of commodities as possible.

His Majesty's Government propose that representatives of the two Governments should proceed immediately to draw up, in respect of each of the four neutral countries concerned,[10] detailed recommendations, covering the year 1945, in regard to:—

(*a*) Commodities in respect of which we should require supply commitments from the neutrals for the purpose of meeting the urgent requirements of the United States and British Supply Departments and

[10] Portugal, Spain, Sweden, and Switzerland.

of the liberated areas. As far as possible, agreement should be reached on specific quantities and reasonable prices and on provision for exemption from unreasonable export taxes.

(*b*) Commodities in short supply, of which the sources are not wholly under the control of the United Nations and in respect of which agreement should therefore be reached with the neutrals regarding the quantities to which their purchases will be restricted, and the methods by which coordinated buying shall be secured. This latter point is essential in order to prevent unregulated buying of certain key commodities such as hides and vegetable oils from dislocating the whole supply position.

(*c*) Commodities in short supply and under the control of the United Nations, in respect of which allocations could be made to the neutrals provided they are ready to meet our requirements.

Detailed examination of the list of commodities to be covered has already been initiated in London, and it is hoped very shortly to submit more detailed proposals for consideration by the United States Government.

While it is recognised that further examination will need to be given to the timing of the approach to the individual neutral countries, His Majesty's Government consider that it is becoming urgent that agreements along the proposed lines should be concluded as soon as possible. The buying operations of certain of the countries concerned are already having a disturbing effect in certain markets, while arrangements regarding certain supplies from the neutrals, together with the questions of the imports of overseas materials which they will require in order to be able to make such supplies available, call for urgent decision. His Majesty's Government suggest, therefore, that detailed discussion between representatives of the two Governments shall be initiated without delay with a view to agreeing [to] proposals to be negotiated in due course with the neutral governments.

In addition to the programmes covering specific commodities, it is hoped shortly to submit for the consideration of the United States Government proposals regarding the controls which it will still be necessary to maintain over the movements of goods, both to and from the European neutrals, in implementation of the proposed trade agreements, and also of any other agreements or controls that may be required in connection with shipping, the flight of war criminals, loot and enemy assets.

His Majesty's Government agree that it is highly important that the Russian and other Allied Governments concerned should be kept fully advised of our proposals, and they suggest that as a first step our two Governments should agree on the terms of the communication which should be made in the near future to the Soviet Government.

WASHINGTON, October 11, 1944.

740.00112 EW/11-1144

The British Embassy to the Department of State

MEMORANDUM

With reference to the Department's memorandum of 26th [*25th*] October [11] on the question of economic agreements with the European neutrals, the Embassy are instructed to inform the Department that the Foreign Office propose, subject to the views of the United States Government, to instruct His Majesty's Ambassador in Moscow to deliver the following communication to the Soviet Government.

"His Majesty's Government in the United Kingdom have been giving consideration to the question of extending existing war-trade agreements with neutral countries of Sweden, Switzerland, Spain and Portugal.[12] The object of this extension would be to secure continued compliance on the part of these governments with requirements of economic warfare and to ensure that economic operations of these countries in the period immediately after the cessation of hostilities with Germany, when some relaxation of allied control over war time trade may be anticipated, shall be conducted in a manner which will not conflict with our interests.

"In particular, the aim of extension of agreements would be to ensure that the neutral countries concerned:

"(*a*) Shall increasingly make available such of their products as may be required for the prosecution of the war against Japan and for relief and reconstruction of Allied territories.

"(*b*) Shall not, by reason of their resources of foreign exchange and shipping which they have been able to conserve during the war as a result of their neutrality, acquire more than their fair share, from sources overseas not under allied control, of commodities in especially short supply.

"In return for satisfaction of these requirements, it will be proposed to allocate to neutral countries in question suitable quantities of materials in short supply, the control of which is solely or mainly vested in Anglo-American supply authorities.

"My Government have instructed me to apprise Your Excellency of their policy in this matter which they think might be of interest to the Soviet Government. His Majesty's Government intend to seek the concurrence of the United States Government to the extension of existing Anglo-American agreements with these four countries with a view to putting this policy into effect."

2. The Foreign Office are anxious to secure the concurrence of the United States Government in a communication on these lines and the Embassy are instructed to point out that the communication is intended to inform the Soviet Government of the proposed policy of

[11] Not printed.

[12] For documentation on Anglo-American war trade agreements with Sweden and Switzerland, see *Foreign Relations*, 1943, vol. II, pp. 739 ff. and pp. 824 ff., respectively; for documentation on wartime economic problems concerning Spain and Portugal, see *ibid.*, pp. 632 ff. and pp. 497 ff., respectively.

His Majesty's Government, rather than to seek their views on its merits. In casting it in this form, the Foreign Office have had these factors in mind.

(*a*) It is now clear that we shall not immediately be entering the stage of transition period agreements, but we must anticipate a previous stage for which the existing Anglo-American agreements with the neutrals, to which the Russians have not been a party, will have to be renewed, though probably in some modified form, and then merged at an appropriate date with the proposed transition period agreement.

(*b*) Since the Department's note under reference was delivered, the Soviet Government have cited participation of certain neutral governments amongst their reasons for not attending the International Air Conference [13] and have published their refusal of the Swiss Government's request for a resumption of diplomatic relations.[14]

3. In view of the essential continuity of Anglo-American policy which is reflected in the proposals to negotiate further agreements and of the increasingly out-spoken hostility of the Russians towards some of the European neutrals, it seems to the Foreign Office unnecessary and even undesirable to encourage the Soviet Government to express views upon the merits of the British and United States proposals, at all events insofar as they may relate to Switzerland, Spain and Portugal. The Foreign Office recognize, however, that the Soviet Government will have a direct interest in the impending negotiations with Sweden. The Foreign Office would, therefore, propose, if the United States Government agree, to follow up the general communication on policy with a more detailed communication regarding the proposals, when these are decided, to be laid before the Swedish Government, and to ask the Soviet Government whether they have any particular point they would wish the United Kingdom and the United States to bear in mind in their negotiations.

4. The Foreign Office hope that they may receive a very early expression of the views of the Department upon the proposed communication to the Soviet Government. As the Department is aware, His Majesty's Government are anxious to return an early reply to the Swedish Government upon M. Boheman's proposed visit [15] and to agree with the United States Government the detailed basis of conver-

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[13] For documentation on the International Civil Aviation Conference at Chicago, November 1–December 7, 1944, see pp. 355 ff.

[14] On October 10 Switzerland submitted proposals for the reestablishment of diplomatic relations with the U.S.S.R. after a 20-year lapse; on November 1 the Swiss Ambassador in London was notified that the Soviet Government refused the Swiss offer to renew diplomatic relations, announcement of which was made in Moscow on November 4.

[15] Erik C. Boheman, Secretary General of the Swedish Ministry for Foreign Affairs, expected to visit London in connection with U.S.-British negotiations with Sweden for a post-hostilities supply agreement; see vol. IV, pp. 670 ff.

sations with him. This renders it desirable to make the proposed communication to the Soviet Government as quickly as possible and in a form least likely to provoke debate in Moscow.

WASHINGTON, 11 November, 1944.

740.00112 EW/11-2844 : Telegram

The Acting Secretary of State to the Ambassador in the Soviet Union (Harriman)

WASHINGTON, November 28, 1944—5 p. m.

2746. British intend to deliver a communication to the Russians [16] relating to the extension of existing war trade agreements with Sweden, Switzerland, Spain, and Portugal to secure compliance on the part of these governments with requirements of economic warfare and to ensure that the economic operation of these countries after cessation of hostilities in Europe shall not conflict with our interests. (You may obtain text of communication from your British colleague.)

We have concurred in principle in the proposals put forward in the communication.

When your British colleague has been instructed to deliver the communication, you should concert with him in delivering on behalf of United States Government a communication in the following sense:

Consideration of the extension of existing wartime agreements with the neutral countries of Portugal, Spain, Switzerland, and Sweden has been raised by the British Government with the United States Government. The purpose of the extension of these agreements is to secure continued economic warfare objectives and, upon the cessation of hostilities in Europe, to ensure that the economic operations of the aforementioned European neutrals will not conflict with the interests of the United Nations.

The proposals of the British Government in this respect, which have been communicated to the Russians, are approved in principle by the United States Government.[17]

(True reading of this communication may be obtained from your British colleague.)

Sent to Moscow, repeated to London as Department's 9962.

STETTINIUS

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[16] See memorandum of November 11 from the British Embassy, *supra*.

[17] In telegram 4583, November 30, 8 p. m., the Chargé in the Soviet Union informed the Department that on that date he had addressed a note to the Soviet Foreign Office informing the Soviet Government of concurrence by the United States in the British proposal concerning the extension of war trade agreements with the European neutrals (740.00112 EW/11-3044).

611.0031 Executive Committee/12–2944

Memorandum by the Secretary of State to President Roosevelt

WASHINGTON, December 29, 1944.

There is submitted herewith a statement,[18] "United States Proposal for Allied Economic Policy toward Neutral Countries", which has been approved by the Executive Committee on Economic Foreign Policy.[19] In brief, the objectives set forth in the document are (1) to obtain from the neutral countries assistance in gaining control over German foreign assets, looted property, and foreign economic activities, and (2) to enlist their cooperation and assistance in procuring Allied requirements and in contributing to relief and rehabilitation of liberated areas. The means of implementing this policy consists principally of economic pressures which the Allied countries are in a position to exert so long as they have need to retain economic controls such as navicerts, export and import licensing, government purchase, exchange control, and freezing regulations. The application of the policy would, of course, vary, depending on the neutral country involved.

I believe it would be desirable, if you approve, to discuss with other Allied governments the policy broadly outlined in the document.[20]

E. R. STETTINIUS, JR.

[Annex]

ECEFP D90/44 DECEMBER 8, 1944.

UNITED STATES PROPOSAL FOR ALLIED ECONOMIC POLICY TOWARD NEUTRAL COUNTRIES

(As approved by the Executive Committee on Economic Foreign Policy December 8, 1944)

Those countries which have up to this time maintained neutrality or a non-belligerent status (including but not necessarily limited to Spain, Switzerland, Sweden, Portugal, Turkey, Eire, Argentina, and Tangier) constitute a special problem for Allied economic policy for a period beyond the close of hostilities in Europe. It is recognized

[18] The statement had been prepared and agreed upon by the Department of State and the Foreign Economic Administration.

[19] For information regarding the creation, functions, and membership of the interdepartmental Executive Committee on Economic Foreign Policy, see Department of State *Bulletin*, June 3, 1944, p. 511.

[20] Marginal note: "OK FDR 1–15–45." Copies of the statement were transmitted to the Ambassador in the United Kingdom, and the British Embassy, the Ambassador in France, and the French Embassy, to the Danish Legation, and to the Ambassadors in Portugal, Spain, Sweden, and Switzerland.

that no policy which is adopted can be applied equally to all neutrals, that each situation must be dealt with as it arises, and that similar objectives, particularly with regard to supply matters, must be sought from some of the other Allied countries including liberated areas. Since it is essential that economic policy toward neutral countries represent agreement among the major Allied powers, it is recommended that the policy set forth herein be used as a basis for discussions on this subject with our principal Allies.

The problem has several aspects:

1. During the war these neutral countries have maintained commercial and other relations with Germany, often with considerable profit to themselves, and contributed in greater or less degree to German purposes.
2. The Germans have taken advantage of the neutral status of most of these countries to cloak enemy-owned and looted property, to undermine the effect of the Allied blacklists, and otherwise to promote German economic objectives.
3. The neutrals have not associated themselves with the United Nations and thus are not committed to United Nations decisions regarding the control of Germany and Japan and long-term measures for political and economic security.
4. They are not committed to assume any responsibility for assisting in the rehabilitation of areas devastated as a result of the war.
5. As a result of their neutral position and in part as a result of their collaboration with the enemy, they are in many cases stronger economically than neighboring countries which have cooperated with the United Nations.
6. As they will be the only areas beyond the reach of direct Allied control, a residue of Axis activity is likely to remain in neutral territory, financed by enemy assets.

Because of these circumstances, therefore, the United States must seek certain special objectives in these neutral countries.

The principal objectives are as follows:

1. To obtain enactment and implementation by the neutrals of:

   A. effective measures which will prevent export of enemy property into or through neutral territory, will circumvent German economic penetration or control of neutral economies, and will assist in restitution of loot, in preventing secretion of flight capital, and in disclosing all Axis assets;

   B. measures recognizing Allied authority within their jurisdiction over all enemy assets; and

   C. effective measures to prevent goods, particularly those of low volume but high strategic value, from going from or through their countries to Japan.

2. To obtain neutral cooperation in resolving the confusion of property relationships arising from enemy occupation of various Allied countries and the enemy's attempts to cloak their dealings through neutral agents.

3. To obtain agreement with the neutral countries not to obstruct the program adopted by the Allies for continuing the Statutory and Proclaimed Lists.
4. To prevent the disruption, by neutral competition, of Allied procurement arrangements for goods in tight supply.

In addition to the above, the following objectives should also be sought:

1. To enlist a contribution by the neutral countries in proportion to their resources for the relief and rehabilitation of liberated areas.
2. To obtain the cooperation of the neutral countries in supplying Allied requirements.

Assistance from the neutrals in providing for relief and rehabilitation and in supplying Allied requirements should not, however, be regarded as satisfying in any way the four principal objectives indicated above.

IMPLEMENTATION OF POLICY

Since it is probable that some of the detailed controls involved in allocation of supplies and United States export regulations will be relaxed within a relatively short time, it is important to consider what controls should be developed if any substantial economic levers for obtaining our objectives in the neutral countries are to be retained. The following may be useful for this purpose:

1. In the European neutral countries, the navicert machinery has provided a direct and complete control over all important neutral imports. So long as it is maintained, it will be effective in providing the necessary machinery to attain our objectives in the European neutral countries.
2. United Nations export and import controls, commodity allocation machinery, government purchase programs, exchange control and freezing regulations will, so long as they are retained, be effective in providing necessary machinery for the attainment of our objectives in the neutral countries.
3. The Allies will have direct control over the exports, imports, exchange and other financial transactions of enemy countries. By the exercise of such controls it might be possible to obtain assistance from the neutrals in attaining to a substantial extent the objectives indicated above.
4. The determination of when neutrals may be admitted to United Nations associations for international cooperation will depend in some measure upon the extent to which they cooperate in the recognition and implementation of the above objectives.

The policy of the United States is to remove wartime restrictions on international trade as completely and rapidly as is feasible. So long, however, as our national interest requires the retention of control measures, including those listed above, such controls will be available to secure the objectives outlined in this document. In practical

terms, it is probable that the second and third control measures listed will be the most effective in the attainment of the particular objectives under discussion.

Some of the specific problems to be dealt with under the policy set forth above are indicated in the attachment hereto.

[Subannex]

Attainment of Allied Objectives in Neutral Countries

For a period which may extend beyond the collapse of German resistance, it will be necessary for the neutrals to make arrangements with the Allied nations to obtain the supply of certain scarce commodities essential to their economic existence. During this period the bargaining power of the Allies will probably be at its height and the relatively strong position of the Allied countries in relation to the neutrals should be used to attain our economic objectives.

The first three objectives arise out of the special relationship in which the neutrals have stood vis-à-vis Germany. During the war period they have maintained close commercial and financial relations with Germany and have assisted Germany to a greater or less degree in carrying out her economic plans. For example, European neutral financial institutions have assisted the enemy in reorganizing European industry and finance to serve the German war economy and German long-range interests. In this reorganization the property relationships existing prior to the war have been drastically affected, and German interests and control have replaced those of the occupied and satellite countries. Many of these transactions have been conducted through neutral channels and cloaked under nominal neutral control. The assistance and cooperation of the neutral governments will be essential in unravelling this extremely complex situation.

Enemy Assets

Upon the outbreak of war certain neutral interests undertook to cover German ownership and control of properties outside Europe, thus helping to prevent Allied seizure of German assets and destruction of German economic power. During the war German owners of property, looted or otherwise, have frequently sought haven for their assets in the neutral countries. Whether the purpose of these Nazi nest eggs is to preserve private wealth or to promote German national interests, it is important to gain control of them through every means possible, both to restrict Germany's economic influence and to provide assets from which restitution or reparation payments can be made.

The neutrals are already being requested to take measures to prevent the influx of flight capital and to detect and counteract the presence of German economic influence within their jurisdiction, and their willing assistance in this program would be most valuable. Far-reaching measures need to be taken, however, which will involve powerful interests in the neutral countries. It is certain that the utmost pressure will be brought to bear upon their governments to prevent restoration to the legitimate owners or confiscation by the Allies of assets held for or acquired from the enemy. Where voluntary cooperation proves insufficient, we must be prepared to use direct pressure upon the neutral governments.

Neutral Confiscation of Enemy Property Not Subject to Specific Allied Claims

There is a considerable danger that the neutrals may attach or confiscate certain enemy property against the deficit in the German-neutral clearings. Agreement should be reached with the neutrals concerning all German-neutral clearings, the clearings of the satellite countries with the neutrals, and other enemy indebtedness to the neutrals pending permanent settlement. The clearing deficits represent, in effect, credits granted by the neutral governments to Germany and the satellite governments against the strong representations of the Allies.

The Proclaimed List

It is important that the Proclaimed and Statutory Lists be continued for a time beyond the end of hostilities. During the war the effectiveness of Allied blacklists in the neutral countries has been very uneven. In the European neutrals adjacent to enemy territory, listed persons could always trade with the enemy—they were in fact given special considerations by the enemy—while Allied sympathizers have frequently been subjected to serious loss because of their friendship for us. The Allies have stated that they would protect the interests of persons and firms in neutral countries who have been of assistance to the Allied cause during the war, by restricting in so far as possible the ability of persons on the Proclaimed and Statutory Lists to carry on trade or obtain supplies from other areas.

To this end American nationals should be prevented from trading with Proclaimed List persons or firms in neutral countries under sanction of the Trading with the Enemy Act, and the other Allies should be requested to follow a similar policy in so far as possible. The neutral countries should also be requested not to obstruct the program adopted by the Allies for continuing the Statutory and Proclaimed Lists.

The effective enforcement of restrictions against blacklisted persons is not only an obligation arising out of our wartime program but will also greatly reenforce the potential effectiveness of the blacklist as a sanction to be used by a future international security organization to enforce peace.

Supplies

The neutral countries in return for supplies from United Nations sources should certainly be asked to contribute goods or services such as shipping and technical assistance to the rehabilitation of devastated areas in Europe and the Far East, or, where that is not possible, to provide needed goods or services at reasonable prices. Such rehabilitation is as important to their future prosperity and security as to that of other countries.

Considerable support can be expected within the neutral countries themselves for cooperation in European rehabilitation. The European neutrals in many cases have an uneasy conscience about their performance during the war and are anxious to redeem themselves by assisting economically in the postwar period. At the same time, however, considerable pressure will be exerted within the neutrals against any action which would reduce profits or lessen commercial advantages to their citizens.

The neutrals are now in a favorable position to obtain special advantages over the liberated areas and other Allied countries by preempting export markets. They have built up large foreign exchange balances and other liquid assets; their economies have been substantially unimpaired by the war, the essential requirements of their populations have been well supplied; they have been able in some cases to build up substantial stocks of fuel and raw materials; they have merchant fleets independent of United Nations control; and they are in a strong position to undertake a rapid expansion of peacetime production and exports. There is danger that due to these circumstances, all resulting essentially from their neutrality and their willingness to cooperate economically with the enemy, they may be able to get a long head start over other countries in the production of goods for export. The neutrals should not, however, be permitted to expand their commercial exports at the expense of a reduction in supplies available for the liberated areas and other Allied requirements. Commodities in tight supply should not be provided to the neutrals beyond their essential requirements (presumably about the rate at which they have imported during the war period) plus the amounts required for use in the manufacture of products needed for relief and rehabilitation.

Coordination of Purchasing

In order to prevent the disruption of Allied procurement arrangements by neutral competition, the neutrals should be asked to purchase certain commodities in exceptionally short supply through Allied procurement machinery. Experience during the war has demonstrated the danger of neutral competition, which may become even more serious as the war draws to a close and during the immediate post-hostilities period. The European neutrals have in general found it to their advantage to purchase through Allied machinery, so that it should be possible without great difficulty to obtain their agreement to similar measures in the immediate future. Agreement to their importing goods from Allied sources should also be conditioned upon their willingness to surrender to the Allies, for allocation elsewhere, stockpiles which they own and which the Allies are not willing on supply grounds to permit them to import.

ANGLO-AMERICAN COOPERATION ON POLICIES AND PROBLEMS CONCERNING THE PROCLAIMED AND STATUTORY LISTS IN THE EASTERN AND WESTERN HEMISPHERES [1]

740.58112A/63 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, January 1, 1944—2 p. m.

2. For Francis Russell [2] from Homer,[3] FEA, and Baker.[4] Assuming that you have approved the text set forth on the cover of the lists, which we have not seen, and that it makes no reference to post-war listing, we feel that if Stockholm should be requested to issue a statement in connection with distribution of the lists, it should limit its initial remarks to an elaboration of the text. A reference to Dingle Foot's remarks in Commons [5] might invite further inquiry and thus squarely raise issue of giving post-war listing statement set forth in Department's 6923 of November 4 [6] as amended by subsequent communications.

We feel that no statement regarding post-war listing policy should be made by either the British or the American Legation, without prior

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[1] Continued from *Foreign Relations*, 1943, vol. v, pp. 308–348. With particular reference to the Proclaimed List program in the Western Hemisphere, see also *ibid.*, vol. VI, index, entry on Proclaimed List, p. 867.

For the official British account of "listing", see W. N. Medlicott, *The Economic Blockade*, vols. I and II, in the British civil series *History of the Second World War* (London, 1952 and 1959). For pertinent page citations, see under "Statutory lists, listing" in index of each volume.

For an unofficial American account of "listing" by two former officials of the Foreign Economic Administration, see David L. Gordon and Royden Dangerfield, *The Hidden Weapon: The Story of Economic Warfare* (New York, Harper & Brothers, 1947), pp. 14, 151–163.

[2] Francis H. Russell, Acting Chief of the Division of World Trade Intelligence.

[3] Sidney Homer, Jr., Chief of Enforcement Section, Blockade Division, Foreign Economic Administration.

[4] George W. Baker, Assistant Chief of the Division of World Trade Intelligence.

[5] Dingle Mackintosh Foot, Parliamentary Secretary for the British Ministry of Economic Warfare. On November 9, 1943, Mr. Foot had made a written reply to the question by Capt. L. F. Plugge as to whether he would "give an assurance that after the war assistance given to the enemy by firms in neutral countries will, so far as British trade is concerned, be taken into account in international dealings". Mr. Foot's reply was as follows: "I can hardly give an assurance in the precise form suggested. But I should like to make it clear that firms and traders in European neutral countries should not too hastily assume that, when the Armistice is signed, we will at once forget those who have elected to assist our enemies." (*Parliamentary Debates*, House of Commons, 5th series, vol. 393, cols. 1114, 1115.)

[6] *Foreign Relations*, 1943, vol. v, p. 342.

reference to the Department. If full agreement with the British in respect of the statement referred to in our 6923, November 4, and subsequent correspondence has been reached, we believe that the statement which could then be made would be more effective than giving publicity to Foot's remarks.

We have not replied to Stockholm's 4171 of December 29,[7] repeated to London as Stockholm's 846, and if you concur in our views and have approved the text, we suggest that the Embassy inform Stockholm accordingly and state that the Department concurs.[8]

HULL

740.00112A E W 1939/36384½

The British Parliamentary Secretary for the Ministry of Economic Warfare (Foot) to the Acting Chief of the Division of World Trade Intelligence (Russell)

R. 220 LONDON, 6 January, 1944.

DEAR MR. RUSSELL: This is to confirm the points made at our meeting yesterday. As regards the proposed statement,[9] we accept your contention that it is not necessary to include the phrase "in any theatre of war" and that the sentence "such adjustments will be carried out with due regard to specific circumstances" should remain. On the other hand the words "continued" and "economy" should be omitted from the last sentence. For convenience of reference, I enclose a draft of the amended statement and will be grateful if you will confirm that this is what you had in mind.

As regards other matters which we discussed, I must make it clear that I have not had an opportunity of consulting the other interested departments and can therefore only express a tentative view. Subject however, to this reservation, the opinions I expressed were as follows:—

1. If the United States Government decides that it is desirable to publish the statement in the near future, we on our side will be quite prepared to arrange simultaneous publication in London.

2. The whispering campaign was initiated for the sole purpose of strengthening the immediate effectiveness of the War Trade Lists in Europe. No decision has been taken by H.M. Government as to whether the Lists should in fact be continued after the European armistice. In our opinion, however, it will probably not be possible to abolish them immediately and there are strong arguments for retaining them, at any rate for a period of several months. In all

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[7] *Foreign Relations*, 1943, vol. v, p. 347.

[8] The Embassy concurred in the Department's views and, accordingly, informed Stockholm in telegram 7, January 6. The message was subsequently repeated to the Department in London's telegram 203, January 9, 4 p. m. (not printed).

[9] See telegram 7842, December 11, 1943, to London, *Foreign Relations*, 1943, vol. v, p. 344.

neutral countries there are traders and firms who, on account of their pro-Allied sympathies, have refused to have dealings with the Axis and have sustained considerable loss in consequence. It would be unjust and might give rise to bitterness if these persons find themselves immediately in no better position than their competitors who have elected to assist the enemy.

3. We should, however, avoid giving the impression in any public statement we may make, that we intend to reward our friends. By so doing, we should let ourselves in for a large number of claims which we would be quite unable to satisfy. There are many thousands of persons in every neutral country who have rendered service to the Allied cause. These services however, have taken many forms and it would be impossible to draw up a "White List" of those deserving of special favour. For this reason the only practical way of assisting our friends is to continue, for a time, to penalize our enemies.

4. We agree that different considerations obtain in Latin-America. In particular, the fact that many Latin-American governments have themselves taken steps against persons on the Statutory and Proclaimed Lists, would make it inappropriate to continue the Lists in the countries concerned. We are inclined to think however, that the case of Argentina [10] may possibly need further consideration. As long as the war lasts in Europe the Lists are a weapon of economic warfare. After the armistice they can only be a method of retribution. If they are maintained for a time, for this purpose, it is difficult to see how a valid distinction can be drawn between, say, a firm in Spain which has chosen to assist the enemy and a firm in Argentina which has done the same thing. Indeed, it is arguable that the Argentine firm is the worse offender since it is unlikely that it will have been so dependent upon trade with Axis Europe.

As I told you yesterday, we may find it desirable, in order to strengthen the whispering campaign, to give rather more publicity in Europe to the Statutory List. I understood from you that you would have no objection to our reiterating the statement which I made in my Parliamentary answer on 9th November [11] that "firms and traders in European neutral countries should not too hastily assume that, when the Armistice is signed, we will at once forget those who have elected to assist our enemies". If it becomes desirable to be more explicit (e.g. if we are faced with Parliamentary questions on this subject) I understand that you would see no objection to our using the statement which we have drafted.

Yours sincerely, DINGLE FOOT

[Enclosure]

Draft of Amended Statement on Post-War Listing

"It is not possible at the present time to predict precisely when it may prove to be possible and expedient to withdraw the published

[10] For documentation on efforts of the United States to enlist British cooperation in a common policy toward Argentina, see vol. VII, pp. 288 ff.

[11] *Parliamentary Debates*, House of Commons, 5th series, vol. 393, col. 1115.

lists. The United States and the United Kingdom do not consider the Proclaimed and Statutory Lists as appropriate parts of the type of normal peacetime trade policies which they hope eventually will be established. It is recognized, however, that there will inevitably be a transition period from war to peacetime conditions. In view of the total character of the present conflict and its vast impact upon commerce it will necessarily take time to effect adjustments of economic warfare controls following the cessation of hostilities. Such adjustments will be carried out with due regard to specific circumstances. The problem of eliminating economic warfare controls and in particular the Proclaimed and Statutory Lists is believed in general to be capable of prompt solution in regions far removed from the scene of conflict. The elimination of such controls may be expected to be slower with respect to areas adjacent to the scene of conflict and particularly with respect to nationals of, or residents in, neutral countries who have engaged actively in equipping or servicing the military machine of the enemy—which the Allied Governments are determined to destroy—or who have rendered other important aid to the enemy."

740.00112A E W 1939/36384½

The Acting Chief of the Division of World Trade Intelligence (Russell) to the British Parliamentary Secretary for the Ministry of Economic Warfare (Foot)

[LONDON,] January 6, 1944.

DEAR MR. FOOT: I have your letter of January 6th. I wish to confirm that the statement in the first paragraph of your letter sets forth my understanding of the points made at our meeting on January 5th. The last paragraph accurately sets forth what I said concerning further statements on the subject of post-war listing.

Your comments on the general problem of post-war listing and the means by which it may be possible to reward the friends of the democracies were most interesting. This whole matter, of course, will require further consideration by all of those who are concerned with it. I shall present in Washington, with a considerable measure of personal endorsement, the views which you have expressed, and will convey to you our developing opinions from time to time through Mr. Thorold [12] and our Embassy here.

Sincerely yours, FRANCIS H. RUSSELL

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[12] G. F. Thorold, Counselor of the British Embassy in the United States.

740.58112A/87 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, February 12, 1944.
[Received February 12—6:15 p. m.]

1217. For Russell [13] World Trade.

1. EWD [14] and MEW [15] have agreed on following draft reply to Swedish protests against American and British blacklisting policy and methods which supersedes that which was transmitted as enclosure No. 1 to EWD's letter January 12 [16] to you at Lisbon:

"Draft memorandum for the Joint Standing Commission in Stockholm. We have carefully considered the views on our listing activities expressed by the Swedish Government in their memoranda of 19th November, 1943, and 10th January, 1944.[17]

2. It is unnecessary to state again the grounds upon which we list firms and persons in Sweden, as the Swedish Ministry for Foreign Affairs have already been fully informed of these grounds. We would however refer in particular to Mr. Villiers' [18] minute of 10th January, 1943, written in Stockholm following the discussion on blacklisting at the Anglo-Swedish Joint Standing Commission on 22nd December, 1942, and we would repeat the assurance given in that minute, that Swedish firms are not listed merely on account of normal trade with Germany or German-occupied countries. Swedish firms which act solely as agents or representatives of enemy interests, or are mainly dependent thereon, have been listed because they are so closely identified with the enemy that it was thought necessary for the guidance of British traders that they should be placed on the Statutory List.

3. In our listing methods, no less than in our policy, we seek to apply the single 'flexible' system which was recommended in M. Stahle's memorandum of 28th May, 1942,[19] a copy of which is annexed. Accordingly we attempt to avoid listing whenever practicable, and therefore in cases where the Swedish firm may be unaware that its activities give rise to objection on our part, HM Legation are instructed to advise it of our objection, and of the possibility that it may be listed if it continues the activities to which we object. HM Legation are also approached voluntarily by persons who consider that they or their firms have been or may be listed without sufficient cause and who therefore apply to be removed or withheld from the list. We regard it as a necessary part of this 'flexible' system that such applications should be examined thoroughly, in the light of all relevant information, and this HM Legation have not hesitated to do.

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[13] Mr. Russell was named Chief of the Division of World Trade Intelligence on January 15, 1944.

[14] Economic Warfare Division, American Embassy, London.

[15] British Ministry of Economic Warfare.

[16] Not printed.

[17] Neither printed.

[18] Gerald Hyde Villiers of the British Ministry of Economic Warfare.

[19] Not printed. A. N. O. K. Ståhle was Chief of Shipping and Overseas Trade Section of the Swedish Foreign Ministry.

We would emphasize that it is not the practice of HM Legation to induce these persons or firms to disclose any information or to give any assurances. We observe however that the appropriate Swedish authorities are empowered to permit the giving of certain assurances or guarantees, and it would seem to be in accordance with the 'flexible' system which we for our part are applying, that such permission should be granted in suitable cases.

4. We hope that it may not be necessary to adopt a more rigid system, which would undoubtedly increase rather than diminish the difficulties which confront persons and firms in Sweden who desire to be withheld or removed from the list."

2. MEW considers Swedish Foreign Office memorandum to American and British Ministers (see Stockholm's despatch 2710, January 20 [20]) more abrupt than that presented to Joint Standing Commission January 19 and consequently MEW's reply has been made more brusque. EWD and MEW have carefully considered this reply from all angles. EWD seeks your approval to authorize American Legation to present above draft, with necessary amendments, as joint Anglo-American reply to Joint Standing Commission, not Swedish Foreign Office.

3. If Russell's arrival Washington not scheduled before February 16 please forward text of preceding paragraphs to him if feasible. Urgent telegraphic response would be appreciated.

WINANT

740.58112A/87 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, February 15, 1944.

1164. For EWD from Russell. Reference your 1217, February 12. Department agrees with your draft reply to Swedish protest and is instructing Legation at Stockholm to submit draft which you will forward as joint Anglo-American reply to Joint Standing Commission.

For your information, Swedish Legation here presented to Department on February 4 memorandum identical with that presented to the JSC [21] on November 19. No reply will be made to Swedish Legation and American Legation at Stockholm is being instructed not to reply to Swedish Foreign Office. [Russell.]

STETTINIUS

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[20] Not printed.
[21] Joint Standing Commission.

740.00112A E.W. 1939/36493 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, February 23, 1944.
[Received February 23—3:02 p. m.]

1482. For Russell, World Trade. Reference Algiers' 207, November 3 to London, 1579 to Department.[23] Following is excerpt from letter of February 21 from London of MEW concerning French request for further cooperation in blacklist matters.[24] With reference to paragraph numbered 2 below, Embassy's 2778, April 21,[23] discussed MEW's attitude regarding cooperation with French in listing matters.

"2. We have now agreed that the British representative in Algiers should be instructed to reply to the French to the effect that we feel unable at the present time to go beyond the arrangement made last April: that we agree that the local French representatives in the neutral European capitals concerned should be consulted by our Missions before recommendations for the listing or deletion of French nationals or French-controlled firms are made to London. In any case where this has not already been done, we are prepared to send appropriate instructions to the British Missions concerned.

3. We understood from Russell when he was here that he would be prepared to agree to this and that, if necessary, appropriate instructions would be sent to the American Missions in these countries.

4. I should be very grateful if you could confirm with the Department of State that they would have no objections to a reply being sent on these lines.

5. Unfortunately there have been a number of delays in this case (the French note was dated 18th October) and I should like to be able to give them a reply in the near future. If possible therefore I should be glad if you could ask Washington to send us their comments fairly urgently."

WINANT

740.00112A European War 1939/36493 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, March 1, 1944.

1546. Reference your telegram no. 1482, September [*February*] 23. Department concurs in MEW's position with respect to consultation with French on Proclaimed List matters.

The Netherlands Embassy recently requested that it receive copies of Proclaimed List Committee agenda and recommendations and be allowed to furnish its views with respect to specific cases prior to listing action. The Embassy was informed that this would be imprac-

[23] Not printed.

[24] The French list was known as the "List of Official Enemies" and was published in the *Bulletin Officiel*.

ticable but that this government would be willing to follow the same procedure with respect to Dutch nationals and Dutch interests as it had agreed to with respect to the French, namely, the procedure proposed by MEW in your telegram under reference.

The Department is issuing a circular instruction to the missions in the western hemisphere [25] to this effect.

STETTINIUS

740.00112A European War 1939/36566a : Airgram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, April 10, 1944—12:05 p. m.

A-571. The Legation at Tangier asked whether diplomatic representatives of the Vichy Government in Tangier are to be considered enemy nationals within the meaning of General Ruling No. 11,[26] and after consultation with the Treasury Department it has been decided that an affirmative reply should be made. You are requested to inform the Ministry of Economic Warfare of this view and, if no objection is perceived, to send the following airgram to the missions at Algiers, Ankara, Bern, Lisbon, Madrid, Stockholm, and Tangier:

"Question has been raised as to whether diplomatic representatives of the Vichy Government are to be considered enemy nationals within the meaning of General Ruling No. 11. The Treasury Department has expressed the view that the Vichy Government and its representatives, wherever situated, are 'acting for' the government of Germany and are therefore 'enemy nationals' within the meaning of the definition of that term as set forth in paragraph 4*a* (1) of the ruling. You should be guided by this interpretation of General Ruling No. 11 in passing upon transactions involving Vichy diplomatic representatives."

Please inform the Department when the airgram has been sent.

HULL

740.58112A/136 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 11, 1944—8 p. m.
[Received April 11—5:25 p. m.]

2941. For WT.[27]

1. MEW cabled British Mission, Stockholm, urgently today to withhold submission to JSC April 12 of Joint United States and

[25] Dated March 22, 7:30 p. m.; not printed.
[26] Dated March 19, 1942; for text, see 7 *Federal Register* 2168.
[27] Division of World Trade Intelligence.

British reply to Swedish protests on Allied listing pending further instructions from London. Reference Embassy's 2842, April 7 repeated as 116 to Stockholm.[28] This action seemed advisable in view of statement in first paragraph of proposed joint reply to JSC (see Embassy's despatch 14086, February 25 [28]) repeating assurances given in December 1942 to Swedish Government that Swedish firms are not listed merely on account of normal trade with the enemy. Embassy and MEW believe it undesirable to give such assurance now in view of current ballbearing negotiations.[29] Also in view of statement in Secretary's speech April 9 regarding neutrals' [relations] with enemy,[30] any such assurance might prove inconvenient if it were decided to adopt a more vigorous listing policy in an effort to implement the Secretary's speech.

2. Embassy and MEW believe that position with respect to answering Swedish protest should now be reconsidered. Embassy feel that in view of possible change in general policy with respect to trade of neutral countries with enemy and length of time which has elapsed since Swedish protest first submitted to JSC in November, it may be desirable to forego answering Swedish protests.

3. Please instruct Embassy as soon as possible.[31]

Repeated to Stockholm as 124.

WINANT

740.41D112A/1 : Telegram

The Secretary of State to the Minister in Ireland (Gray)

WASHINGTON, April 15, 1944—5 p. m.

72. Department's 102, September 18, 1943.[32] No action has been taken with respect to extending the Proclaimed List to Ireland following Russell's discussions with the Minister [33] because of the opinion of the Department that such extension should not be permitted to be

[28] Not printed.

[29] For documentation on Anglo-American negotiations with Sweden for cessation of Swedish exports including ballbearings to German-occupied Europe, see vol. IV, pp. 456 ff. For an official British account, see Medlicott, *The Economic Blockade*, vol. II, pp. 479–497.

[30] With respect to the neutrals, Mr. Hull spoke, in part, as follows: "We have scrupulously respected the sovereignty of these nations; and we have not coerced, nor shall we coerce, any nation to join us in the fight. . . . We ask them only, but with insistence, to cease aiding our enemy." For complete text of speech entitled "Foreign Policy of the United States of America", see Department of State *Bulletin*, April 15, 1944, p. 335.

[31] In telegram 3095, April 18, midnight, to London, the Department instructed that no reply should be made to the Swedish protest against listing. It also agreed with all other points raised by the Embassy in this telegram (740.58112A/136).

[32] Not printed; it informed the Legation that the Department was considering the extension of the Proclaimed List to firms in Ireland and, as soon as a decision was made, word of such action would be transmitted (740.41D112A/1).

[33] Robert Brennan, Irish Minister in the United States.

coupled too directly with the request for the expulsion of the Axis missions.[34] The question has now, however, been raised again by MEW. MEW believes that it may be an appropriate time to take such action since public impression of Anglo-American unity would be strengthened if the lists in Eire were joint as in most other neutral countries.[35]

Please cable whether you believe extension of the list in May supplement would be desirable and, if so, whether there are any names now on the Statutory List that should not be included in the Proclaimed List.

HULL

740.41D112A/5 : Telegram

The Minister in Ireland (Gray) to the Secretary of State

DUBLIN, April 18, 1944—3 p. m.
[Received 5 p. m.]

86. Department's telegram 72, April 15, 5 p. m. Legation opinion expressed in airgram A-44 August 16, 1943 [36] regarding extension of Proclaimed List to this country has not changed. Desirability of inclusion in next month's supplement is not, in our view, affected by the situation resulting from the recent exchange of notes and no objection is seen here to such inclusion.

The Proclaimed List may include all names now on the Statutory List.

GRAY

740.00112A European War 1939/36579a

The Secretary of State to Diplomatic and Consular Officers in the American Republics

WASHINGTON, April 27, 1944.

CONFIDENTIAL LIST OF UNSATISFACTORY CONSIGNEES (SUPPLEMENT No. 3)

SIRS: Reference is made to the circular instructions of November 25, 1941,[37] February 20, 1943, and March 15, 1943,[38] concerning the Confidential List of Unsatisfactory Consignees.

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[34] For documentation on Anglo-American representations to the Irish Government to take steps for the recall of German and Japanese representatives, see vol. III, pp. 216 ff.

[35] This was the substance of telegram 2845, April 7, 8 p. m., from London; not printed.

[36] Not printed.

[37] *Foreign Relations*, 1941, vol. VI, p. 307.

[38] Latter two not printed.

An agreement has recently been reached between the Department and the Foreign Economic Administration as a result of which the maintenance of the Confidential List is now the primary responsibility of the Division of World Trade Intelligence of the Department of State.

The Department desires to assure that the inclusion of all names currently on the Confidential List is warranted by existing circumstances. The Missions are requested to review carefully all names on the List in their respective jurisdiction and to forward a report recommending the deletion of any names for which there are insufficient grounds for continued inclusion.

The following constitute the grounds presently regarded as the basis for inclusion of a name on the Confidential List:

(1) Identification with the ownership or management of a Proclaimed List firm.

(2) Variation in the style of a Proclaimed List firm or alias of a Proclaimed List national.

(3) Persons and firms whose names would be included in the Proclaimed List except for special considerations.

(4) Undue trade with Proclaimed List firms.

(5) Cloaking in connection with merchandise subject to Allied controls.

(6) Inclusion in the Schedule of Special Blocked Nationals.

(7) Evidence of pro-Axis sympathies or activities which, although not strong enough to warrant Proclaimed List action, nevertheless indicates that the person or firm should not be permitted to receive United States exports.

(8) Persons and firms, without regard to their political sympathies or affiliations, who are engaged primarily in the exploitation of commodity shortages through the charging of exorbitant prices to the detriment of the war effort. These names are distinguished by the symbol (#) preceding the name.

The Missions are requested to give particular attention to the following considerations in their review of the Confidential List:

(1) A considerable number of cases have been included in the Confidential List because of a suspicion, arising from their connection with a Proclaimed List firm, that they might engage in cloaking activities on behalf of the listed firm. In many instances the Proclaimed List firm has subsequently been liquidated or sold to satisfactory purchasers. In such cases the Mission should, in the absence of other unfavorable information, consider the advisability of recommending the names involved for deletion from the Confidential List.

(2) Names in class (7) above should be reviewed periodically in order to assure that the current evidence warrants continued retention on the Confidential List.

(3) Any names included in the List for the reasons mentioned under (8) above should be carefully reviewed with a view to the deletion of those cases in which it is believed that the activities of the firm can

now be satisfactorily controlled through the exercise of the Mission's licensing power under the decentralization program. The denial of import recommendations may be accompanied by a statement that this Government does not approve the issuance of an export license in the particular instance because of unfavorable reports which have been received concerning the consignee. This method of control is usually preferable in this type of case since it offers an opportunity for the exercise of judgment by the Missions concerning the specific items involved.

(4) Cases of type (3) above should be reviewed in order to determine whether inclusion in the Proclaimed List may be preferable in the light of present conditions.

The Missions are requested to include in their reports any suggestions which they may have with respect to the operation of the Confidential List in their countries.

The last paragraph of the circular instruction of March 15, 1943, referred to the anticipated effect of export control decentralization on the Confidential and Watch Lists and it was stated that the Confidential List would be continued for an indefinite period, at least until it was determined to what extent the decentralization program would be applied. The modifications of the decentralization program in the last six months have resulted in the removal of many commodity groups from the import recommendation system. The Confidential List, in addition to its use by the Missions in connection with the administration of the import recommendation system, is used by the Foreign Economic Administration in screening shipments requiring special licenses and those under general license when the weight is over a gross ton. The Export Control Watch List has been largely eliminated and most export license applications are only screened against the Proclaimed and Confidential Lists.

Very truly yours, For the Secretary of State:
DEAN ACHESON

740.60D112A/1a : Telegram

The Secretary of State to the Minister in Sweden (Johnson)

WASHINGTON, May 10, 1944—midnight.

878. For Gullion.[39] The Department is considering the extension of the Proclaimed List to Finland principally on the basis of the assumption that the listing of a number of the outstanding pro-Axis firms may create an atmosphere of uncertainty among Finnish industrialists with regard to their future commercial relations with the United States and may possibly cause them to exert a helpful influence

[39] Edmund Gullion, Chargé in Finland, currently at Stockholm.

on the Finnish Government.[40] You are requested to forward your comment on this proposal.

The list of firms to be added to the list would include:

1. Firms which were included in the British Statutory List prior to the British declaration of war on Finland.
2. Exporters to the Axis of molybdenum, cobalt, copper, wood products such as pulp and newsprint.
3. Shipyards which have devoted their facilities principally to repairing German ships.
4. Firms which have specialized in importing German goods.
5. Moving picture firms and houses which have shown and handled principally German propaganda films.
6. Firms whose Swedish subsidiaries have been included in the Proclaimed List for Sweden because of assistance to the enemy given by the parent concerns.

If you see no objection to the inclusion of Finnish firms in the Proclaimed List please cable the names of persons and firms falling within each of the above-mentioned categories (except for the first category) together with a succinct statement concerning their activities warranting listing which can be used as a basis for a recommendation to the Interdepartmental Proclaimed List Committee. With respect to names formerly included in the British Statutory List, report only on the names which you believe should not be placed on the Proclaimed List due to changed circumstances. Please indicate also any additional types of cases which you believe should be recommended for inclusion.

The Legation at Stockholm is requested to assist Gullion in preparing the report on cases recommended for listing.

Sent to Stockholm, repeated to London.[41]

HULL

740.00112A European War 1939/36377

The Secretary of State to the Ambassador in Spain (Hayes)

No. 931 WASHINGTON, May 11, 1944.

The Secretary of State refers to the Embassy's despatch no. 1836 of January 5, 1944[42] concerning the postwar status of the Proclaimed List and particularly to the plan suggested therein for giving preferential treatment to producers of indigenous products who have volun-

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[40] For documentation on the failure of Finland to withdraw from the war with the Soviet Union, and the rupture of American-Finnish relations on June 30, 1944, see vol. III, pp. 556 ff.

[41] As telegram No. 3757.

[42] Not printed. Besides the subjects mentioned herein, the despatch expressed the Embassy's satisfaction with the authority recently granted it "to conduct a selective word-of-mouth campaign . . . as a means of creating uncertainty in Spain over the possible extension of the sanctions of the War Trade Lists in the post-armistice period." (740.00112A European War 1939/36377)

tarily cooperated with the British and American governments in their economic warfare programs.

The Department approves the suggestion that the Embassy request the Consulates to submit lists of persons and firms dealing in various indigenous products with an indication of those who deserve particular consideration. The lists should then be made available to the United States Commercial Company with the suggestion that, wherever possible, its purchases be made from the cooperative producers. The program suggested by the Embassy could be further implemented by the Company's expressing the appreciation of this government for the cooperation received at the time it makes its purchases.

The Department is also prepared to take such measures as may be practicable to utilize the lists in guiding private purchasers in the United States in placing their orders in Spain. While it would not be possible to make the lists available to private purchasers because of the policy against white lists, substantially the same result could be accomplished under the liaison which now exists between the Department and the Department of Commerce. As the Embassy is no doubt aware, American firms are informed in confidence of the unfavorable view which this government takes of persons and firms whose names appear on the Confidential List and thus the Embassy's proposal, in so far as it relates to directing business away from unsatisfactory producers of indigenous products, may be considered as operative at the present time. With regard to the affirmative elements in the Embassy's suggestion, the Department will make available to the Department of Commerce the lists of desirable producers of indigenous products and will suggest that the latter recommend the names included in such lists if it should receive a direct inquiry for such information.

The Officer in Charge is authorized to inform his British colleague of the procedure approved herein.

A copy of this instruction is being sent to the Embassy at London.

740.00112A E.W. 1939/36347 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, May 12, 1944.

3806. For Blacklist Section. In connection with the recent inclusion of thirty-eight nationals of Eire on the Proclaimed List,[43] consideration has been given here to the manner by which General Ruling

[43] The Proclaimed List of Certain Blocked Nationals was extended to include certain cases in Ireland on May 6, 1944. See press release issued by the Department on that date, Department of State *Bulletin*, May 6, 1944, p. 412.

Number 11 can most easily and effectively be enforced. It is assumed that there is no substantial number of American firms or representatives doing business in Eire, but we have little reliable information.

Unless there should be some objection of which we are not aware, it would be our view that Eire should be included in the European Coordination Area[44] (see our instruction 3573, January 5[45]), and that trade and communication with firms on the Proclaimed List by persons or firms subject to General Ruling Number 11 should be controlled by the Legation in Dublin in the same manner and to the same extent as is done by the other Missions in the Coordination Area.

You are requested to discuss the matter with the British, and if you concur in the foregoing, you are authorized to inform the Legation in Dublin of the authority which is hereby delegated to it, the policies and practices which it should pursue, and the nature of the reports which it should file. In this connection, the Legation should conduct a census of persons and firms to whom General Ruling Number 11 is applicable, and the relevant Treasury publications, circulars, and other interpretations should be furnished to the Legation in order that it may give due notification to the individual persons and firms concerned as to standard of conduct to which they are expected to adhere. Agencies of American firms should be included. The result of the Legation's census should be furnished to you and to the Department. On receipt thereof, the Department will secure any instructions from the parent companies which may be necessary.

It is our understanding that the British trade with the enemy controls have been in operation in Eire for some time, but that cases have not been brought before the Joint Licensing Advisory Committee for the reason that we were not directly concerned. It is suggested that all cases, whether involving British or American firms, now be subject to the same procedure as is applicable to the other countries in the European Coordination Area.

If you concur in the foregoing, suitable action should be taken by you, and copies of your communications should be sent to the Department by pouch.

HULL

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[44] The European Coordination Area included the territory of Sweden, Switzerland, Turkey, Spain, and Portugal, excluding all African territories of such countries.

[45] Not printed.

740.60D112A/2 : Telegram

The Chargé in Finland (Gullion) to the Secretary of State

HELSINKI, May 17, 1944—6 p. m.
[Received May 18—2:37 a. m.]

401. 1. Proposal to extend Proclaimed List to Finland as explained in Department's 878, May 10, to Stockholm is welcome to Legation at Helsinki chiefly for political reasons. In our efforts to induce Finland to rid herself of the German association we have, in my opinion, been handicapped by lack of real sanctions to apply. Threat to break relations has been employed so often that it begins to lose force. Our resort to economic warfare pressures might usefully be interpreted by Finns as a stiffening of our attitude. Listing should be helpful in gathering information on enemy economy, in mobilizing commercial and financial pressures on Finnish Government in direction of peace and when tactfully employed, as an instrument to further our other political objectives.

2. It should be fairly easy on basis of groundwork laid down in telegram in reference and facts in possession of Legation to select with assistance of Stockholm limited number of firms for early listing. To extend and maintain a listing control for whole field of Finnish economy would be a far more complicated operation. Extent to which Finnish foreign trade has come to be absorbed by enemy can be illustrated by following summary estimate: 1938, Germany supplied 18.1% of Finnish imports and absorbed 14.8% of exports. At that time combined share in imports of United States and United Kingdom was 28.8% and of exports, 51.85%. England slightly surpassed the United States of America as supplier and was far better customer. However, in 1943 (on basis of incomplete estimates) Germany supplied 75% of imports and took 67% of exports. Denmark was second supplier and buyer, Sweden third supplier and Italy third buyer in 1943.

3. Trade with enemy is spread over entire range of Finnish commerce and in certain industries is predominant. Number of borderline cases to be considered is roughly delimited by spread between prewar and wartime trade with Germany, indicating the number of firms which, while habitual traders with Western Allies, have either through inclination or force of circumstances come to deal with the enemy. On other hand it is doubtful whether, in comparison with other countries, the overall effect of Finnish trade has been particularly damaging to United States or until now relatively helpful to enemy with exception of nickel exports, wood products and some ship building. (Department's telegram does not mention nickel exports,

as special representation on these may well be contemplated. See my 351, April 25.)[46]

4. If policing by Black List of the whole Finnish industry is envisaged an expert should be stationed here on full time basis. Even to set on foot limited program it is suggested that some one familiar with administration of Black List who can adequately screen cases for presentation to Inter-Departmental Committee be assigned temporarily to this post. I understand that such a person is not available in Stockholm and it is suggested that some one from London be selected as soon as possible if he can be spared. As Department is aware there is now only one officer at this post, whose time is already well occupied.

5. Inasmuch as a copy of British Statutory List is not available here nor I understand in Stockholm, London is respectfully requested to forward one as soon as possible. I should like also to have Finnish names from British and American Watch or Gray Lists for further investigation and such names as Stockholm may be able to supply including those in categories indicated by Department's telegram if possible to present the first names to Inter-Departmental before the end of this month.

7. To extract earliest and maximum political advantage I believe that I should be authorized to make some statement to Finnish Foreign Office as soon as lists have gone forward to Washington to effect that our Government can no longer overlook the assistance given enemy by a part of Finnish trade and industry and that we have decided to extend Proclaimed Lists to Finland. Release of names from Washington should follow at earliest possible moment following statement to Foreign Office.

I believe it would be useful for me to add, at Department's discretion, either officially or as my personal opinion, that Black List may continue for indeterminate time into post-war period.

Repeated to Stockholm as my 104 for Surrey,[47] Fagen and Poteat.[48] Will Stockholm please transmit to London as my 8?

GULLION

740.60D112A/2 : Telegram

The Secretary of State to the Chargé in Finland (Gullion)

[Extract]

WASHINGTON, May 23, 1944—8 p. m.

110. Reference your 401, May 17. Inasmuch as primary purpose of extending Proclaimed List to Finland is to accomplish a political

[46] Not printed.
[47] Walter S. Surrey, Attaché, American Legation, Stockholm.
[48] Melvin Fagen and J. Douglass Poteat, FEA representatives, American Legation, Stockholm.

rather than economic warfare objective, Department does not believe it will be necessary to police Finnish industry as has been done in neutral countries. Therefore, Department hopes it will not be necessary to assign an officer to Helsinki for this work.

With regard to your numbered paragraph 7, Department believes your statement to Finnish Foreign Office would be more effective if made concurrently with public announcement by the Department of extension of the List to Finland. The latter will occur on June 2. You are authorized to follow the suggestion contained in the final paragraph of your 401 at such time as you thereafter deem most opportune. For your guidance the Department's immediately following telegram [49] contains the text of the statement released by the Department on May 4 [50] regarding possibility of continuing the Proclaimed List into the postwar period.

With regard to your numbered paragraph 5, there have been no British and American "Watch or Gray Lists" for Finland. The following names were included on the British Statutory List for Finland. . . .

. . . . . .

Substance of this message is being sent to London and Stockholm.

HULL

740.58112A/180 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, June 1, 1944—4 p. m.

4348. Names of Swedish firms mentioned in your telegram no. 4303 of May 27 [51] will be included in June 2 supplement to Proclaimed List.[52]

Department agrees that special announcement of proposed addition of Swedish names to Proclaimed List is not wise unless names of important firms are included.

If list of substantial Swedish firms engaging in trade with Axis to unusual extent includes any having American affiliates, subsidiaries, or connections inclusion of such Swedish firms would be particularly effective.

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[49] No. 109, May 23, not printed.

[50] The statement was the penultimate paragraph of an address entitled "Some Economic Weapons in Total Warfare" delivered by Francis H. Russell, Chief of the Division of World Trade Intelligence, on May 4, 1944. For text of address, see Department of State *Bulletin*, May 6, 1944, p. 405.

[51] Not printed.

[52] The Proclaimed List was extended, on May 22, 1944, to include certain Swedish firms; for text of announcement, see Department of State *Bulletin*, May 27, 1944, p. 497.

Department believes that recommendations should also be forwarded for persons who have been notoriously pro-Nazi in their sympathies and activities without particular concern as to their vulnerability from an economic sanction point of view. This category would include:

(1) Printers and publishers of Nazi propaganda;
(2) persons prominent in public life who have utilized their profession to disseminate Nazi propaganda (excepting cases where you feel that listing would result in serious adverse political effects upon our relations with the Swedish Government);
(3) prominent businessmen who have been openly pro-Nazi;
(4) any newspapers or other publications known to be Axis subsidized.

In preparing recommendations Stockholm may find it helpful to refer to the memoranda prepared for the Black List Committee in London which was sent to Stockholm under cover of letter dated February 8, 1943 from Matthews of the Embassy at London to the Minister.

Sent to London, repeated to Stockholm.[53]

HULL

740.60D112A/3 : Telegram

The Secretary of State to the Chargé in Finland (Gullion)

[Extracts]

WASHINGTON, June 1, 1944—6 p. m.

111. Department has followed first alternative suggested in your 416, May 28.[54] Department will issue a press release on Saturday afternoon, June 3, for publication in the Sunday morning newspapers. The release will state without comment or explanation that the Proclaimed List of Certain Blocked Nationals has been extended to include certain cases in Finland. The names of 84 persons and firms in Finland will be included in the release.[55]

In the past the Department has never informed the Foreign Office of the extension of the Proclaimed List to the country. There seems no reason for making an exception in the case of Finland, and you should not advise the Foreign Office of the action. If inquiry is received from the Foreign Office, you may give it the names which have been included in the Proclaimed List. Any inquiries for further information should be referred to the Department.

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[53] As telegram No. 1078.
[54] Not printed.
[55] For text of press release of June 3, 1944, which did not include the names of persons and firms, see Department of State *Bulletin*, June 3, 1944, p. 511.

This issue of the Proclaimed List will contain the following names for Finland:

. . . . . .

With regard to your comment on names mentioned in paragraphs 36, 38, and 39 of Stockholm's 1908,[56] Department believes determination of whether persons shall be listed on basis of pro-Nazi sympathies should be made in accordance with objectives which we are seeking to accomplish through listing. If the persons occupy a prominent position in Finland or their businesses are important to Finnish economy, listing would be desirable. Department was of the opinion that names reported by Stockholm qualified for the List and they were included.

. . . . . .

Sent to Helsinki, repeated to Stockholm.[57]

HULL

740.00112A European War 1939/36666

Memorandum of Conversation, by the Assistant Chief of the Division of World Trade Intelligence (Swihart)

[WASHINGTON,] June 2, 1944.

Participants: Mr. Wright, ARA; Mr. Frost, British Embassy; Mr. Dingle Foot, Parliamentary Secretary of the British Ministry of Economic Warfare; Messrs. Montgomery, Homer, Gordon, and Lewis, FEA; Messrs. Feig, Bach, Richards, and Schmidt, Treasury; Mr. Southworth, TA; Mr. Bowles, APC; Mr. Peterson, American Embassy, London; Messrs. Russell and Swihart, WT.

Mr. Russell briefly discussed the questions which have arisen in this country concerning the maintenance of the Proclaimed List during the postwar period. The recent statement made by this Government was primarily intended for its immediate effect upon the European neutrals, particularly Sweden. If the List is actually to be retained, it is necessary to determine how long a period is contemplated and how many firms would remain on it. Mr. Russell indicated that, generally speaking, the South American Proclaimed List entities would not be a problem as the retention of the List in this hemisphere after the cessation of hostilities is not contemplated.

Mr. Russell then introduced Mr. Dingle Foot who discussed the following points: After the cessation of hostilities there will be reac-

[56] Not printed.
[57] As telegram No. 1081.

tion in both of our countries against wartime controls and it would be impracticable to retain the Lists without the control machinery. The occupation of Germany will make unnecessary the retention of the Lists for preventive reasons and thus there will not be the same need for blockade control. As opposed to these considerations, the British Missions in Europe have urged the retention of the Lists in order to assist our friends who have stuck by us during the war and not to give an immediate advantage to those who have harmed us. In London there have been discussions of adopting a White List which would give preference to our friends. Administrative and procedural difficulties, however, have caused the interested British authorities to dispense with this plan. It thus boils down to a probability that the continuation of the British Statutory List will be necessary in order to accomplish the desired purpose. The disappearance of the blockade machinery at the end of the war should not embarrass such a policy for the allocation of supplies will require controls for some time to come after the signing of an armistice. It has been suggested that the retention of the Lists will be of assistance to the Peace Conference authorities in attempting to restrain any German rearmament by aiding confiscation of German assets presently located in neutral countries.

Mr. Dingle Foot stressed the necessity for joint action by the British and American authorities. Once an agreement is reached between our two Governments it may be desirable to approach the Dutch, French, and other Governments in exile concerning the desirability of taking similar action. It may be necessary at a later stage to approach the Russian Government concerning Sweden. With respect to the western hemisphere the British are in general agreement with this Government's attitude. It was noted, however, that it may be desirable to retain the lists for Argentina.

In London the British authorities have tentatively reached the conclusion that the present lists should be divided in two parts. The first group would contain firms which are presently enemy because of enemy control or who have violated economic warfare controls of the Allied Governments. The second would include firms and individuals who are relatively unimportant. The latter group could be deleted from the list much more quickly than the former. Whether this list will be retained after the signing of the peace would be dependent upon the final determinations made at the Peace Conference.

In closing, Mr. Dingle Foot stated that these considerations will have to be taken to a very high level before the final determination is made. Nevertheless, it would be desirable for the British and American Governments to attempt to reach their conclusions as quickly as possible in order to take advantage of their effect now.

740.58112A/205 : Telegram

The Minister in Sweden (Johnson) to the Secretary of State [58]

STOCKHOLM, June 7, 1944—9 p. m.
[Received June 7—8:06 p. m.]

2039. Department's 1078, June 1, 4 p. m.[59] Legation is in full concurrence with Department's instructions concerning recommendations for listing of notoriously pro-Nazi persons regardless of their vulnerability to economic sanctions. However, submission of such recommendations by this Legation's CAS [60] would not at this time appear advisable except for few cases. Basis for this is that British Legation would not be in position to approve them as it has not received similar instructions.

Legation feels that one of ways for improving effectiveness of list at this time would be to include names of known pro-Nazis in order to point out to Swedes that we are not avoiding listings on the basis of special considerations. At present time Swedish business circles are paying considerably more attention to list as result of recent publicity, inclusion of large number of names in Swedish list, distribution of Russell's speech and new copies of list. This is evidenced by large increase in number of firms requesting Legation's approval of transactions before they are entered into and increased desire of those included to be deleted. At this time to include known Nazis and firms known to have traded in past or those now trading with enemy on substantial basis would constitute necessary reply to criticism of our lists that they are not directed to including all our "enemies" but that special trade and other considerations rather than true listing considerations often guide our policy.

Accordingly Legation should appreciate it if this matter could be discussed with MEW and if instructions similar to those received from Department could be transmitted to British Legation. In order that relatively large number of cases including principally those qualifying for listing on basis Department's 1078 can be included next publication Legation should appreciate early action.

My 2039, June 7, 9 p. m. to Department repeats this message.

JOHNSON

[58] This telegram, No. 2039, was sent to London by the Minister in Sweden as No. 529, June 7.

[59] See footnote 53, p. 172.

[60] Controlled American Source.

740.00112A EW/6–1244

The Foreign Economic Administrator (Crowley) to the Secretary of State

WASHINGTON, June 12, 1944.

DEAR MR. SECRETARY: In May of this year, statements were released by the governments of the United States and the United Kingdom which warned that there is no basis for the assumption that the Proclaimed and Statutory Lists and the sanctions which are based upon them will terminate with the cessation of hostilities in Europe and that the lists cannot, in fact, be withdrawn immediately upon the termination of armed conflict.[61] We are informed that these statements have already had a salutary effect on Proclaimed List enforcement in the European neutral area.

Discussions are now under way to decide in advance what Proclaimed List policy the United Nations will actually adopt during the armistice period. The Hon. Dingle M. Foot, Parliamentary Under Secretary for Economic Warfare, stated on May [*June*] 2 that in his view the present time would be appropriate for the governments of the United States and the United Kingdom to reach a definitive agreement at a high level. We agree.

It is our view that a final decision should be reached at the earliest possible moment because the formulation of specific arrangements to continue the lists during the armistice period would be immediately helpful to current economic warfare activities. The inducement to neutral firms to conform to United Nations' interests would be compelling.

We favor a program of maintaining Proclaimed List sanctions in Europe and Argentina during the armistice period. In the case of those South American nations which have joined with us in the defense of this hemisphere, there may be other methods of liquidating unfriendly interests which would be effective substitutes for a continued Proclaimed List.

We do not believe that friends and enemies within the neutral countries should be treated alike upon the cessation of hostilities.

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[61] For the U. S. statement which was one paragraph, the penultimate, of the speech of May 4, 1944, by Francis H. Russell, see Department of State *Bulletin*, May 6, 1944, pp. 410–411.

The British statement was contained in a speech devoted entirely to the subject of blacklisting and delivered over the British Broadcasting Corporation on April 6 by Dingle Foot, Parliamentary Secretary to the Ministry of Economic Warfare. In the final paragraph of this address Mr. Foot strongly re-emphasized what he had stated in the House of Commons on November 9, 1943: "Firms and traders in European countries should not too hastily assume that, after the Armistice in Europe is signed, we will at once forget those who have elected to assist our enemies. We are not a nation of long memories. But, believe me, our memory is not so short as all that." The statement of November 9, 1943, is printed in *Parliamentary Debates*, House of Commons, 5th series, vol. 393, col. 1115.

There are those neutral firms which have undertaken extreme sacrifices during the darkest days of this war in the interests of the United Nations. There are other neutral firms which, under no enemy compulsion, have grown rich by taking advantage of the sacrifices of the first group. Should we propose to treat these two groups equally, it might well prove an indictment of our own loyalty to our own principles. It would certainly prove a serious handicap to any future effort to enroll friends among neutral business communities.

We are all of us today charged with the responsibility of avoiding the mistakes we made after the last war. We have been repeatedly informed that a great handicap to the effectiveness of the Proclaimed List in this war has been the early liquidation of these Lists after the last war. The neutral business communities well remember this. Feeling assured that, despite all threats to the contrary, we will do likewise this time, many firms have felt safe in defying our interests.

No doubt one of the chief purposes of the forthcoming peace will be to prove once and for all that aggression is unprofitable. Unwarranted and exceptional economic assistance to aggressors should likewise be proved unprofitable. Continuation of Proclaimed List sanctions during the armistice period will effectively serve this purpose.

Respectfully yours, LEO T. CROWLEY

740.58112A/220 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, June 21, 1944—9 p. m.
[Received 11:59 p. m.]

4945. Reference your [*Stockholm's*] 529, June 7 to London: 2039 to Department.[62]

1. Subject to comments British colleague, MEW agrees to amending listing policy in Sweden to list persons guilty of hostile political activities regardless of material vulnerability. In letter of June 20 to British Legation MEW requests it to forward report on cases indicated final paragraph your reference telegram and which fall in categories given in Department's 4348, June 1 to London (repeated to Stockholm). Regarding type 3 MEW points out that there must be evidence of hostile activities and mere holding of pro-Axis opinions is not sufficient grounds for listing. Regarding type 4 MEW refers to its previous reluctance to list Swedish newspapers for reasons mentioned in paragraph 2(*a*) of memorandum February 5, 1943, transmitted to Stockholm with London's letter of February 8. MEW points out, however, clear distinction appears to exist between genuine

[62] See footnote 58, p. 175.

Swedish newspapers or other publications expressing pro-Nazi views on the one hand, Axis subsidized publications on the other. Regarding question of vulnerability MEW further points out vulnerability in material sense has never been an essential qualification for persons or firms engaged in hostile political activities (e.g. paragraph 3(*b*) of February 5 memorandum where it was disregarded and 3(*a*) where it was interpreted broadly). MEW also states material vulnerability in certain cases has been revealed only after names have been specified and consequently other such cases might arise.

[Here follow several paragraphs pertaining to approval of policies or names in time to meet the deadline for the June 30 supplement of the Proclaimed List.]

Repeated to Stockholm as Embassy's 225, June 21.

WINANT

740.59112A/6–2644 : Telegram

The Minister in Sweden (Johnson) to the Secretary of State

STOCKHOLM, June 26, 1944—9 p. m.
[Received June 27—1:42 a. m.]

2312. For past 4 months Legation has been obtaining information on Danish persons and firms who have been actively cooperating with Germans. Assistance of Danish refugee has been employed in preparing file which now consists of over 1,000 names.

Legation believes that such a file is important at present time in order to prevent, as far as possible, trade by Swedish firms with undesirable Danish firms and to prevent Danish firms from obtaining agencies from United States for postwar through use of mail facilities from Sweden. Moreover, such file if adequately and thoroughly prepared would serve useful purpose during period of occupation and immediately after.

In order that an accurate and fair file may be prepared Legation has approached Ebbe Munck [63] for his assistance. Munck is one of the leading Danes in Sweden who has for several years acted in full cooperation with British and Americans on Danish questions. Prior to recent arrival of Erling Foss,[64] Munck acted as representative in Sweden of Freedom Council, which is a top central organization conducting resistance in Denmark. Munck and Foss are preparing a statement of principles for judging Danish cases and have requested cooperation this Legation and British Legation on informal basis. Unless Department perceives objection, Legation intends to assist Munck and Foss in preparing such statement of principles and will

[63] Representative of Danish Freedom Council.
[64] One of the founders of the Danish Freedom Council.

informally sit with them and such other Danes as they may request on informal committee for drawing up a Danish "Black List". Through connections in Denmark of Munck and Foss, excellent opportunity is presented for checking information already prepared by this Legation and for obtaining new information. Munck and Foss are anxious that such action be taken and point out that there is no carefully worked out "Black List" in Denmark. While various groups have their own lists both Munck and Foss fear such lists are unfair, incomplete and inadequate. Even on notorious pro-German firms in Denmark, adequate file and evidence of activities are lacking. British will also informally assist in this program. Legation is also attempting to prepare similar file for Norway, but to date Norwegian Legation, on advice from its Justice Department, London, has not been in position to assist Legation by making its files available. However, it is possible that solution to this problem will be worked out in near future.

My 621, June 26, 9 p. m. to London repeats this message.

JOHNSON

740.00112A EW/6–1244

The Director of the Office of Wartime Economic Affairs (Taft) to the Foreign Economic Administrator (Crowley)

WASHINGTON, July 4, 1944.

MY DEAR MR. CROWLEY: The Secretary has requested me to reply to your letter of June 12, 1944, concerning the maintenance of Proclaimed List sanctions during the armistice period. This matter has been receiving the attention of the authorities charged with the maintenance of the Proclaimed List and a number of conferences on the subject have been held here in Washington and with the British authorities in London. The Departmental release of May 4,[65] in which a statement concerning this question was included, was a result of these discussions.

There are, of course, many problems that arise in connection with the determination to continue the Lists into the armistice period and I have asked Mr. Russell, the Chairman of the Interdepartmental Committee on the Proclaimed List, to form a special committee, including the representatives on the present Interdepartmental Committee and representatives of such other departments, agencies and divisions as may be interested in this broad problem. I am informed that one meeting of such a group has been held at which the problem was discussed with Mr. Dingle Foot, the Parliamentary Secretary for

[65] Speech made by Francis H. Russell on May 4; for text, see Department of State *Bulletin*, May 6, 1944, p. 405.

the Ministry of Economic Warfare. You will, of course, be informed of the progress of this committee's work through the representatives of the Foreign Economic Administration on the committee.

Sincerely yours, CHARLES P. TAFT

740.59112A/7–2244 : Telegram

The Minister in Sweden (Johnson) to the Secretary of State

STOCKHOLM, July 22, 1944—7 p. m.
[Received 7:40 p.m.]

2737. Department's A–177, July 6.[66] Legation believes it advisable not at this time to submit to Department information already compiled on Denmark and Norway.

Files on Denmark are generally result of one man's investigations and opinions and both Legation and Freedom Council believe that in present state use of such information might be both unfair and have undesirable consequences. In cooperation with Danish Freedom Council in Stockholm and British Legation check on and expansion of files is now being made. It is hoped that information which is being obtained in Denmark will soon be available to make it possible to transmit fairly complete files within near future.

Concerning Norwegian files Legation has experienced serious difficulties with Norwegian Legation Stockholm. During early part this year request was made to Norwegian Legation whether information in its files could be made available. Norwegian Legation referred this to its Department of Justice London who refused proposal.

This Legation requested matter be raised again in view of fact that Norwegian firms through their contacts in Sweden are in position to enter into possible post-war trade agreements with Allied firms. Department of Justice authorized submission of information to this Legation in particular cases where we make requests. However request during month of April was not answered and accordingly Legation employed Norwegian to work up files. Question has now been raised again, in view of Norwegian Legation's disapproval, of our man contacting Norwegian visiting Sweden.

We have repeated requests for closer cooperation and have been advised this will be obtained in future. Accordingly it is hoped Norwegian files will progress more satisfactorily.

My 734, July 22, 7 p. m. repeats this message to London.

JOHNSON

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[66] Not printed; it referred to Legation's telegram 2312, June 26, 9 p. m., from Stockholm, p. 178, and suggested that the Legation make duplicate copies of reports on persons and firms in Denmark who had collaborated with the enemy, and transmit same to the Department since "these records may be of immediate value to the Department and other agencies of the Government upon cessation of hostilities." (740.59112A/6–2644)

740.00112A EW/8-744

Memorandum by the Assistant Chief of the Division of Financial and Monetary Affairs (Rubin)

[WASHINGTON,] August 7, 1944.

A meeting was held in Mr. Collado's office attended by: Mr. Collado,[67] Mr. Hiss,[68] Mr. Fowler,[69] Mr. Charles Bunn,[70] Mr. Baker, Mr. Swihart, and Mr. Rubin, to discuss the two documents which are attached hereto.[71] After discussion of the two documents and in particular the recommendations made by TA [72] in its memorandum entitled "Shall the Proclaimed List be Continued after Victory?" it was decided that a general position could be established as follows:

1. No export controls shall be maintained after the surrender of Germany (except in relation to the war with Japan) other than those which would be necessary because of scarce materials and for security reasons. In other words, no export controls would be maintained merely in order to make a Proclaimed List workable.

2. The Proclaimed List would be eliminated on an even basis from all countries; presumably the elimination would be as quickly as was possible. However, the list would not be entirely eliminated from all of the Latin American countries merely on the ground of geographical distinction from other countries nor merely on the ground of cooperation through implementation of the Rio [73] and Washington [74] Resolutions. It was agreed, however, that the list could probably be eliminated on grounds of satisfactory control from these countries much more quickly than elsewhere, and in certain of these countries could be eliminated immediately after German surrender.

3. The Proclaimed List itself would be continued, although with greatly reduced numbers, so far as such controls as financial controls are concerned. In other words, the recommendations were made contemplating the continuance of financial and other controls, except for trade controls which would otherwise be dropped, over those

[67] Emilio G. Collado, Chief of the Division of Financial and Monetary Affairs.

[68] Donald Hiss, Deputy Director of the Office of Economic Affairs.

[69] William A. Fowler, Chief of the Division of Commercial Policy.

[70] Consultant, Division of Commercial Policy.

[71] Not printed; they were entitled: "Shall the Proclaimed List be Continued after Victory?" and "Recommendations with Respect to Post-Hostilities Proclaimed List to be Presented to the Interdepartmental Executive Committee on Economic Foreign Policy."

[72] Division of Commercial Policy.

[73] Third Meeting of the Foreign Ministers of the American Republics, held at Rio de Janeiro, January 15–28, 1942; for documentation, see *Foreign Relations*, 1942, vol. v, pp. 6 ff. For text of Final Act, including resolutions, see Department of State *Bulletin*, February 7, 1942, pp. 117–141.

[74] Inter-American Conference on Systems of Economic and Financial Control, held at Washington, June 30–July 10, 1942; for documentation, see *Foreign Relations*, 1942, vol. v, pp. 58 ff.; for text of Final Act, including resolutions, see Pan American Union, Congress and Conference Series No. 39: *Final Act of the Inter-American Conference on Systems of Economic and Financial Control* (Washington, 1942).

nuclear firms which remain on the Proclaimed List, for the purpose in general of obtaining control of looted property, uncovering accounts maintained by Axis war leaders, etc.

4. The other recommendations made in the TA memorandum were not discussed but it is assumed that they were agreed upon implicitly: that the list be public; that British concurrence be obtained; and that any statement should be made consistent with the above points.

740.00112A EW/8-844 : Telegram

The Acting Secretary of State to the Ambassador in Chile (Bowers)

WASHINGTON, August 8, 1944—4 p. m.

889. For Russell from Swihart. Discussions with officers in Department concerning memorandum to be presented to Interdepartmental Executive Committee on Economic Foreign Policy with respect to continuation of Proclaimed List during post-hostilities period have raised the following question.

It is the consensus of the two Economic Offices that it would be undesirable to remove list in Western Hemisphere and to retain it for European neutrals and Argentina. It is believed if list is to be retained for a short period after hostilities it should be continued throughout. It is recognized list would be substantially decreased for many of other American republics but would contain a small number of Axis spearheads not brought under local controls. Preliminary discussions with Office of Other American Republics reflect an open mind on this matter. Before making final determination, however, ARA [75] wishes to study any contemplated statement to be made public and contemplated policy to be pursued.

In as much as we have all assumed up to this point that continuation of list in other American republics after cessation of hostilities was politically impractical urgently request your views. [Swihart.]

STETTINIUS

740.00112A EW/8-944 : Telegram

The Ambassador in Chile (Bowers) to the Secretary of State

SANTIAGO, August 9, 1944—10 p. m.
[Received August 10—11:30 a. m.]

1332. For Swihart from Russell. There are two questions with reference to Department's 889, August 8, 4 p. m.

[75] Office of American Republic Affairs.

First is question of policy with respect to withdrawal of lists which will actually be carried out following close of hostilities in Europe. Second is form of announcement if any to be made at this time.

With respect to first intention to date has been that list of worst offenders in Europe and Argentina should be continued for approximately a year for purpose of inflicting serious economic damage upon firms thru depriving them of Allied markets during vital post war period. Continuation of the lists against these firms for a period of only a few months would not accomplish this purpose. On other hand I do not believe it will be either expedient or necessary to continue the lists for the longer period of time against firms in South America. In all probability great majority of worst times [*sic*] will have been dealt with by local controls. There would probably be no difficulty in continuing the lists for a "short period" i.e. for a few months but such a period would not accomplish the principal purposes in Europe. Furthermore if the Department desires to apply economic sanctions against Argentina continuance of the lists for Argentina after withdrawal from rest of countries in Western Hemisphere would constitute an effective sanction.

With respect to second question I recommend strongly that any statement which may be made make no specific reference to probable withdrawal of lists for countries in this hemisphere. One of the strong inducements for action by other American Republics to deal with spearhead firms at this time is their desire to come within the terms of the May 4 statement, i.e., withdrawal of the lists for countries far removed from the scene of conflict where spearhead firms have been eliminated.[76] Any statement that the lists would be withdrawn regardless of the elimination of spearhead firms would seriously undercut present efforts to bring about such elimination. I believe, however, that this elimination will have proceeded so far by close of European hostilities, in almost all countries except Argentina, that withdrawal of the lists for the Western Hemisphere generally (except Argentina) will be justified. In absence of indication of reason for consensus that it would not be desirable to continue lists for Europe and Argentina while removing them in Western Hemisphere, I recommend that any statement currently to be issued, adopt with respect to countries in Western Hemisphere substantially same language as that used in the May 4 statement. [Russell.]

BOWERS

[76] This phrase is from the penultimate paragraph of Mr. Russell's address of May 4, 1944, printed in Department of State *Bulletin*, May 6, 1944, p. 405.

740.00112A EW/8-2644 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 26, 1944—8 p. m.
[Received 8:35 p. m.]

6965. For Russell, WT.

1. It was orally proposed by MEW at Black List Committee August 25, that Iberian Peninsula applications for deletion should not be approved by Committee unless it is clear some concrete advantage to United Nations would result or special circumstances warranted delisting action. It was pointed out that it is no longer possible for persons in these countries to export or import to or from enemy by land and consequently advantages to be gained from effecting deletions on signature undertakings no longer existed. It is anticipated applications for deletion will be received from considerable number of persons who have traded with enemy to last possible moment but who will now be willing to give undertakings with or without bonds not to engage in activities which are in fact no longer possible. It is felt that treatment of such cases in normal fashion (i.e. accepting undertakings with or without bonds) would be likely to discourage friendly firms in other neutral countries that have not engaged in objectionable transactions and would probably have considerable adverse effect on existing sanctions in such countries as persons would be encouraged in believing they could trade with the enemy until the last possible moment and be forgiven on final repentance. It was also suggested applications for deletions in other neutral European countries might be treated similarly.

2. Committee agreed to postpone decision on question until next meeting September 1 to give Board of Trade and Department an opportunity to comment.

3. Embassy is in full agreement with MEW's proposal regards Iberian Peninsula but feels views of missions might be obtained before extending policy to other neutral European countries which can still trade with enemy (in fact only Switzerland and Sweden) inasmuch as Missions may feel there are still economic warfare advantages to be gained from accepting undertakings in certain cases. In practice, adoption of this policy with respect to Iberian Peninsula may not cause sharp decrease in number of deletions as there will undoubtedly be a number of meritorious deletion cases such as those in which listing is proved to have been done unjustly or in which negotiations have been extended over a considerable period as well as cases of deserving

Italians. However, primary purpose is to prevent increase at this time which would run counter to our whispering campaign and announced policy of remembering those persons who have assisted our enemies. Missions concerned would probably be advised that Committee is less likely to delete in future as the moment envisaged in the whispering campaign has arrived.

Department's comments on MEW's proposal urgently requested in time for Friday meeting.

WINANT

740.00112A E.W./8–2644 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, August 26, 1944—8 p. m.

6933. Reurtel 6965, August 26. Department agrees that persons listed for trading with the enemy should not as a general rule be deleted at this time merely on basis of their willingness to abstain from such activity. We agree that such deletions would weaken our warnings regarding post-war treatment of persons who assisted the enemy and would tend to create an impression that listing is not a matter of serious concern. You will recall, however, that it was agreed with Dingle Foot during discussions held in the Department that a post-hostilities list would be greatly reduced in size.[77] Department continues of that opinion and believes that reductions should come about by gradual deletions of persons listed for minor violations who now display a repentant and cooperative attitude rather than by sudden large-scale deletions on the termination of hostilities. Therefore, although we concur in the suggestion for an instruction to the missions along the lines suggested in the final sentence of your penultimate paragraph, Department believes Committee should bear in mind the objective of gradual reduction in the lists and act favorably upon cases of relatively insignificant violations even though a distinct advantage to the United Nations is not present.

Department agrees that this policy should be extended to all neutral European countries. It clearly is applicable to Turkey, and military developments and demands now being made on Sweden and Switzerland[78] qualify those countries for like treatment.

HULL

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[77] See memorandum of June 2, p. 173.

[78] For documentation covering Anglo-American negotiations with Sweden and with Switzerland for the cessation of exports to German-occupied Europe, see vol. IV, pp. 456 ff. and pp. 706 ff., respectively.

740.59112A/9–1144 : Telegram

The Minister in Sweden (Johnson) to the Secretary of State

STOCKHOLM, September 11, 1944—11 p. m.
[Received September 12—7 : 24 a. m.]

3607. Legation's 2312, June 26, 9 p. m. (621 to London). Member of British Legation has advised this Legation that British cooperation in obtaining information on Danish and Norwegian persons and firms must terminate by reason of directive received from London as result of British Legation's request for instructions.

This Legation was advised that basis of this instruction is that Allied policy is opposed to instituting "Black List" for occupied countries in post war period since such questions will be handled by special commission.

British Legation advised Foss of Freedom Council and Torp-Pedersen [79] of Danish Legation of such instructions at same time it advised this Legation and they subsequently informed us that in view of Allied policy they could not assist us in obtaining desired information.

In undertaking to collect and organize information this Legation has not intended in any way to determine policy concerning the controls to be instituted by Allies or by occupied countries in post war period against undesirable firms and persons. However because of potential accessibility of sources of information Legation undertook such investigations in belief that information obtained would be of assistance in establishing policy and of value to Allied Governments in executing policy agreed upon. Correctness of this belief was confirmed by Department's A–177, July 6.[80]

Present status of investigations is that Norwegian Legation has now consented to assist by obtaining information from Norway and checking it, although on somewhat limited basis. Foss has indicated desire to continue but expressed concern in view of British statement concerning Allied policy.

Accordingly Legation urgently desires instructions as to whether information of this type should continue to be collected. Legation's views supported by Munck and Foss insofar as Denmark is concerned is that this procedure might be of great assistance in immediate post war period.

My 1048, September 11, 11 p. m., to London repeats this message.

JOHNSON

[79] E. Torp-Pedersen, Counselor of the Danish Legation in Sweden.
[80] See footnote 66, p. 180.

103.9169/9–1444: Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 14, 1944—midnight.

7489. Reference Lisbon's 426, September 7 to you.[81] Department is not disposed to provide the French with a copy of the Confidential List for the following reasons:

1. It probably would result in requests from the French for establishment of procedures for exchanges of information on the listed names such as have been made effective with regard to the published lists. It is not believed that the list is of sufficient importance to warrant a new administrative burden at this stage of the war.

2. It is possible that the list will be abolished shortly following the termination of hostilities.

3. Even if the list should be retained, it is likely that the applicable sanctions will be materially reduced. We might find ourselves in an embarrassing situation if the French should enforce the list more rigorously than we.

If the Confidential List is not made available to the French there would seem no necessity for effecting Lisbon's suggestion for an approach to the French with regard to screening orders through local French missions provided we assume that the French are observing their External List. In this connection reference is made to Department's 6951, August 30,[81] suggesting that the note transmitted in your 6538[81] be presented to other Allied Governments. An exception should obviously be made in the case of the French and Dutch by reason of their maintaining lists[82] virtually identical with the Proclaimed and Statutory Lists. However, if MEW believes an approach to the French along the lines suggested by Lisbon is desirable even though the Confidential and Black Lists are not given to them, Department would favor employing note as stated in your 6538 with appropriate revisions.

Please consult with MEW and report before taking action.

HULL

[81] Not printed.

[82] In English translation the French List was referred to as the "List of Official Enemies" and the Dutch as "List of Enemy Subjects".

740.00112A E.W./9–2144: Circular telegram

The Secretary of State to Diplomatic Representatives in Certain European and Near Eastern Countries [84]

WASHINGTON, September 21, 1944—4 p. m.

The United States and British Governments will issue simultaneous statements on September 26 to the following effect:

"It has been determined by the United States Government and the British Government that the continuation of the Proclaimed and Statutory Lists will be necessary following the cessation of organized resistance in Germany.[85] This action is required in order to permit the Allied Governments to deal properly with firms which have been part and parcel of the Axis effort to gain world domination. Many of these firms have been controlled from Axis territory and have been utilized as instruments of the Axis war machine. Control over these Axis subsidiaries will be necessary as a supplement to Allied control of the head offices of these firms in Germany until adequate measures are taken to prevent the further utilization of these firms as instruments of Axis policy. It will also be necessary to continue on the lists those firms that have sold themselves out to the Axis through their desire to make temporary exorbitant profits at the expense of the cause of democracy. The continuation of the lists is also necessary in order to maintain controls over foreign assets, which have been looted from their rightful owners by the Axis Governments, until steps are taken to deprive the Axis of this stolen property. Other firms on the lists constitute foreign investments by Axis leaders in an effort to finance themselves and their cause following the surrender of Germany. The lists will also constitute a means of furthering the war-time economic strangulation of Japan.

"While the lists will be maintained during the transition period from war to peacetime conditions wherever the remnants of Axis

[84] Sent to the diplomatic representatives in Iran, Iraq, Ireland, Liechtenstein, Portugal, Spain, Sweden, Switzerland, and Turkey. Circular telegram dated September 20, 5 p. m., transmitted the same information to diplomatic representatives in the American Republics except Argentina (740.00112A/9–2044).

[85] Basis for the decision to continue the Proclaimed List was a report, not printed, entitled "Continuation of the Proclaimed List in Post-Hostilities Period", approved on August 28, 1944, by the Interdepartmental Committee on Post-Hostilities Controls over Foreign Property, and on September 1, 1944, by the Executive Committee on Economic Foreign Policy. With regard to "Western Hemisphere Problems", the report stated: "A strong argument can be made that all of the Latin American countries, other than Argentina, have to a substantial extent implemented the resolutions of the Rio de Janeiro (January 1942) and the Washington (June–July 1942) Conferences, and should therefore be differently classified than other nations. Moreover, all of these countries have broken diplomatic and commercial relations with the Axis, and are unlikely to be refuges for Axis funds. Some of them are at war, and one, Brazil, has an army in the field. These considerations will make it desirable: (*a*) to continue with present policies of reducing the lists substantially, or even eliminating them entirely, where local controls are satisfactory; (*b*) to reduce the lists greatly in all Latin American countries (except Argentina) immediately upon surrender of Germany; and (*c*) to eliminate even the vestigial lists in these countries as quickly as may be possible, consistent with such overall policies toward disposition of vested or supervised assets as may be determined." (740.00112A EW/9–144)

For additional documentation on the Western Hemisphere phase of the Proclaimed List, see entries under "Proclaimed List" in index for vol. VII.

activity require, it is contemplated that the complete or virtual withdrawal of the lists will be possible at an early date with respect to those countries where adequate controls have been established and Axis spearhead firms have been eliminated.

"The United States Government expresses its hope that all governments and persons in support of the cause of democracy will cooperate to the end that these stated objectives shall be accomplished."

You are requested to inform immediately the government to which you are accredited of the proposed statement.

In view of a possible early end of hostilities in Europe and since it is desirable to accomplish the deletion program gradually through deletion of a number of names in successive supplements beginning with those firms which have contributed least to the Axis cause, you are requested to begin immediately a review of the Proclaimed List in the light of the above-mentioned post-resistance aims and to forward a report to the Department indicating (*a*) those names which should remain on the list during the post-hostilities period for which the lists will be maintained (including Axis spearhead firms, concerns which are enemy controlled, holders of property belonging to enemy nationals, receivers of property looted by enemy nationals, and in general any others likely to engage in activities detrimental to the above-mentioned post-resistance policies) and (*b*) the order in which the remaining names should be deleted, i.e., arranging the remaining names in the order of the seriousness of their offenses placing first those firms which have contributed least to the Axis cause.

HULL

740.00112A E.W./9–2144 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 21, 1944—9 p.m.

7706. There is quoted below for your information the text of a circular telegram which is being sent to American Missions in the European neutral countries:

[Here follows text of circular telegram of September 21, 4 p. m., printed *supra*.]

Please forward proposed statement to Mayer[86] in Brussels for information of Belgian government.

(For Chapin.)[87] You are requested to bring this proposed statement to the attention of the appropriate French officials and to express

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[86] Ernest de Wael Mayer, Second Secretary of Embassy in Belgium.

[87] Selden Chapin, Counselor of Mission at Paris. In a memorandum of October 27 by the Chief of the Division of World Trade Intelligence, it was noted that the French Government had publicly announced the intention of maintaining its list after the war. (740.00112A E.W. 1939/10–2744)

this Government's hope that they will cooperate by continuing their List of External Enemies and by applying sanctions against firms wherever located which may remain on the Lists during the period following the cessation of organized resistance in Germany.

(For Schoenfeld.) [88] You are requested to bring this proposed statement to the attention of the Governments in exile of the following countries: Czechoslovakia, Luxembourg, Netherlands, Norway and Poland. The approach to the Dutch government [89] should take cognizance of their black list and should follow that suggested above for the French.

HULL

740.59112A/9–1144 : Telegram

The Secretary of State to the Minister in Sweden (Johnson)

WASHINGTON, September 27, 1944—7 p. m.

1934. You should continue to collect information of the type discussed in your 3567 [*3607*], September 11. With regard to British objections stated in second paragraph of your reference telegram, Department did not contemplate a "black list" in the usual sense when it approved, in its A–177, July 6,[90] the project described in your 2312, June 26. While recognizing that the countries which have been or are occupied are primarily concerned with the treatment of collaborationists within their borders, this Government is interested in seeing that neither such persons nor their assets find refuge here and that any of their assets which may be located here are not released from existing controls without a sufficient review of the pertinent facts. The information would also be of value in connection with the project described in the circular airgram of August 23 [91] since such persons would be likely to promote enemy attempts to secrete assets abroad. In furtherance of these purposes the Department desires to obtain all available information of the nature under discussion.

Repeated to London [92] with instructions to report the views of MEW following further discussion in light of the points made herein.

HULL

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[88] Rudolf E. Schoenfeld, Counselor of Embassy near the Governments in Exile here listed.

[89] Intention of the Netherlands Government to continue its "List of Enemy Subjects" in the post-hostilities period was announced in a press release of September 26, 1944, and quoted in Netherlands series A–7, October 10, from London (740.00112A E.W./10–1044).

[90] See footnote 66, p. 180.

[91] *Post*, p. 220.

[92] As telegram No. 7883.

740.59112A/10–1644 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 16, 1944—8 p. m.
[Received October 17—1:25 a. m.]

8798. ReDepts 1934, September 27 to Stockholm; 7883 to London. MEW currently consulting interested British Departments regarding collection of information on Danish and Norwegian persons who have been cooperating with the Germans. However, MEW wishes to correct misapprehension of British position as reported first paragraph Stockholm's 3567 [*3607*], September 11 (repeated to London as 1048) regarding contemplation by British of special commission to deal with these questions. MEW states that only correspondence it has had with British Legation in Stockholm on this subject consists of a letter reporting an enquiry from the Norwegian Legation, Stockholm as to whether it is part of British official policy to extend "Black List" to cover enemy territory. To this enquiry MEW replied that it had no intention of extending the Statutory List to Norway. Mitcheson, British Commercial Counsellor Stockholm now in London is also unable to account for statement in Stockholm's telegram. Embassy will report subsequent developments.

Repeated to Stockholm as 579, of October 16.

WINANT

740.00112A EW/10–3044 : Telegram

The Counselor of Embassy in the United Kingdom (Gallman) to the Secretary of State

LONDON, October 30, 1944—7 p. m.
[Received October 31—7:15 a. m.]

9377. For WT.

1. Black List Committee October 19 considered memorandum recommending (*a*) no further additions to Black List although current Black List to be kept in force and (*b*) abolition of sanctions attached to Black List after cessation of organized resistance in Germany (see item 5 agenda this date transmitted Embassy's despatch 18908 [93]). Committee reached no decision on latter question. Memorandum was occasioned by greatly diminished usefulness of Black List as result of advance of war in Europe, also feeling of MEW and Board of Trade that it will be impossible to administer Black List for any appreciable period after the end of organized resistance in Germany and, finally, memorandum was occasioned by continued contraction

[93] Not printed.

of MEW in accordance with Lord Selborne's [94] announced policy of terminating MEW as soon as possible after cessation of hostilities in Europe.

2. Following are three chief purposes of Black List and explanations of their diminished utility:

(*a*) Inclusion of directors of Statutory Listed firms in Black List was intended originally to identify them for benefit of censorship and other British authorities and as precautionary measure to prevent their cloaking. Practise has revealed that specified firms in almost all cases have gone farther afield in employing cloaks. Consequently current practice of automatic Black Listing directors and partners of specified firms no longer justified.

(*b*) Cloaks have been included in Black rather than Statutory List in view of publicity involved in latter course and relative ease with which new cloaks could be found. However fear of published listing is now a considerably greater deterrent to would-be cloaks and it is consequently more difficult for specified persons and firms to find suitable cloaks. It is therefore considered that cloaks who would normally be recommended for the Black List should now generally be interviewed and given alternative of signing standard undertaking or being included in published lists. This procedure would do away with further additions of cloaks to Black List.

(*c*) Under special listing policy exporters of indigenous products [to] enemy territory in Iberian Peninsula have generally been Black Listed (reference item 5 Black List agenda March 5, 1943) to avoid adverse political effects in Spain and Portugal where frequently economy of these countries or at least whole industries were dependent upon such exports and there was no alternative market. Black Listing was intended primarily to prevent such exporters from obtaining Allied facilities. Progress of war has changed this situation and any exporters of indigenous products who continue now to ship to enemy territory by devious means should be statutory listed.

3. On basis of foregoing Committee agreed subject to any observations which Proclaimed List Committee may make that no further additions to Black List should be made. Regardless of this decision Committee agreed in the interests of labor and expense involved in issuing War Trade lists that after October 31 there should be no further consolidations of the War Trade lists and accordingly a cumulative revision as of that date is shortly to be issued. Committee also agreed it was no longer necessary to publish summaries of Statutory List cases. In view of this decision and that regarding future additions to the Black List there is no need for further supplements to the War Trade lists. Holders of the cumulative revision will be informed of deletions from the existing Black List as and when they take place and will be advised of deletions from the Statutory List by means of amendments to that list as heretofore. Presumably if it is ultimately decided to continue additions to Black List of a limited

[94] Minister of Economic Warfare.

scale holders of war trade lists could be notified of such additions in the same way that they are notified of Black List deletions.

4. In a circular letter dated October 26 MEW informed British Missions of Black List Committee's decision but did not state as is case that Committee's decision regarding future additions to the Black List are subject to Washington's comments. MEW has explained that this unusual action was taken because Secretary of the Committee who has handled all policy memoranda and communications on such matters to British Missions for Black List section as well as publications of War Trade lists is leaving the country on October 31 and it was desirable to clear up this matter before his departure. MEW stated that if Department forwarded reasons for continuing additions to confidential Black Lists and it becomes necessary for Black List Committee to revise its decision these instructions will be amended accordingly.

5. EWB [*EWD?*] is not advising American Missions in London coordination area of Committee's decision pending receipt of Department's comments on this decision and instructions regarding future commendations for the Confidential List. In order to avoid confusion on the part of American Missions caused by receipt of MEW's instructions by their British colleagues Embassy would appreciate Department's early instructions.

GALLMAN

740.00112A E.W./11-244

The Secretary of State to the Chargé in the Soviet Union (Kennan)

No. 341 WASHINGTON, November 2, 1944.

The Secretary of State quotes below a public statement issued by the Department on September 26, 1944:

[Here follows quoted portion of circular telegram dated September 21, 4 p. m., printed on page 188.]

A similar statement was issued by the British Government on the same date and was cabled by the Ministry of Economic Warfare to the British Embassy at Moscow on September 13 with instructions to the Embassy to approach the Russian Government and to inquire whether it would be prepared to agree to refrain from any dealings with persons or firms which the British Government desired to keep on the Statutory List after the conclusion of hostilities. The British Embassy in its Arfar 64 of September 27 to the Ministry reported receipt of a letter signed by Vyshinsky [95] stating that the Soviet Government has no objection in principle to the terms of the public

[95] Andrey Yanuaryevich Vyshinsky, First Assistant People's Commissar for Foreign Affairs of the Soviet Union.

announcements but that at the same time they expect that the British Statutory List, which will be effective after the termination of hostilities with Germany, will be agreed with the government in advance. The Ministry replied to the British Embassy in its letter no. R–220 of October 2, 1944, giving a brief explanation of the present procedures for maintaining the Proclaimed and Statutory Lists and suggesting further discussions with the Russians.

The effectiveness of the Proclaimed List both now and particularly in the post hostilities period could be greatly impaired if the Soviet Government should fail to recognize the list in its commercial dealings with countries to which the list has been extended. The Officer in Charge is requested to discuss with his British colleagues the action which they have thus far taken on this subject and then to approach informally the appropriate officials in the Soviet Government, bringing to their attention the above-quoted public statement of September 26 and supplying them with a copy of the Proclaimed List of Certain Blocked Nationals. Two copies of the publication are enclosed herewith.

It appears from the exchange of communications between the Ministry of Economic Warfare and the British Embassy at Moscow that the Russians are under the impression that the post-hostilities list has been or shortly will be available in its final form. Additions to and deletions from the Proclaimed and Statutory List are made in monthly supplements and it is anticipated that this procedure will be followed so long as the lists are maintained. The missions have, however, been instructed to begin immediately a review of the Proclaimed List in the light of the post-resistance aims set forth in the public statement and to forward a report to the Department indicating (*a*) those names which should remain on the list during the post-hostilities period for which the lists will be maintained (including Axis spearhead firms, concerns which are enemy controlled, holders of property belonging to enemy nationals, receivers of property looted by enemy nationals, and in general any others likely to engage in activities detrimental to post-resistance policies) and (*b*) the order in which the remaining names should be deleted, i.e., arranging the names in the order of the seriousness of their offenses, placing first those firms which have contributed least to the Axis cause. The Department suggests that the foregoing information be conveyed to the Soviet officials in the course of discussions on the subject and that they be informed of this government's preparedness to consider any amendments to the list on the basis of their representations.

The Department will appreciate a prompt report of the results of the Embassy's discussions with the Soviet Government. In the future, two copies of each supplement to or revision of the Proclaimed List will be forwarded to the Embassy, and it is suggested that one of

the copies be made available to the Soviet Government. The officer in charge should advise the Department if additional copies of the list are needed.

740.00112A EW/11–444 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, November 4, 1944.

9237. Reurdes 18248, September 27.[96] The Interdepartmental Proclaimed List Committee has reason to believe on the basis of available information that German authorities may be planting German technicians and specialists in key positions in firms in neutral countries with the purpose of providing a base for perpetuating Nazi influence. The Committee believes that in line with the September 26 statements[97] the Proclaimed and Statutory Lists represent appropriate means of combatting this move by the Nazis and should be used until more effective measures are formulated. Listing should, of course, be directed to the more significant cases and to persons suspected of being vehicles of Nazi ideology or subject to German governmental control or direction and not to those whose activities are purely commercial and have no political implications (although admittedly in view of the control of all German industry by the German Government some difficulty would be encountered in making such a distinction.)

It is suggested that the mission in each neutral country be asked whether it has any evidence that German specialists and technicians are being placed in firms in the country to which it is accredited with the possible effect of preserving or promoting Nazi influence. The missions should be requested to report with some particularity the present extent of any such activity and any indication of the scope and direction that such activity may take in the future. The missions should also be asked to supply the names of any persons whom they would recommend for inclusion in the Proclaimed List on this basis together with a short statement of the facts upon which they base such recommendations. It is suggested that you refer to Department's circular airgram of August 23[97a] which suggested enemy

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[96] Not printed; it dealt, in general, with the possible listing campaign against enemy technicians infiltrating into neutral countries where they might build up Germany's post-war economic potential; in particular, with the cases of Alberto Knipping and Dr. Erich Schuessler, German technicians in Madrid, both of whom were recommended for the Statutory and Proclaimed Lists by the British and American Missions in Madrid, a recommendation approved on September 15 by the Black List Committee in London (740.0012 (Black List)/9–2744).

[97] See circular telegram of September 21, p. 188.

[97a] *Post*, p. 220.

technicians as an item for study in connection with the SAFEHAVEN project.[98]

If any action is taken with respect to this matter it may be desirable to consider issuing appropriate publicity in order to warn neutral employers against employing persons in this category.

For the reasons herein stated, the Department agrees with the recommendation of the British and American Embassies in Madrid that Alberto Knipping and Dr. Erich Schuessler be included in the Proclaimed and Statutory Lists.

Please keep the Department currently advised of all developments with respect to this matter particularly the reaction of the British authorities to the views expressed herein.

STETTINIUS

740.51112A/11-1644

The Delegation of the Provisional Government of the French Republic to the Department of State

[Translation]

No. 669 WASHINGTON, November 16, 1944.

The Delegation of the Provisional Government of the French Republic presents its compliments to the Department of State and, with further reference to its note of today [99] concerning the participation of France in the Allied action in the matter of blockade, has the honor to invite its attention to the situation of agencies and branches of French firms in Central and South America.

These French agencies and branches are at present divided into three categories:

1) Certain ones of them have signed an engagement not to maintain relations with their parent firms situated in France.

2) Others have not been able to sign such engagement and have consequently been entered on the Proclaimed List, because of their relations with firms established in occupied territory.

3) Still others have been entered on this Proclaimed List in view of their own activities or those of their managers.

It appears equitable to the French Government that the establishments of the first category mentioned above be released from their engagements without delay; that those of the second category be struck from the Proclaimed List as soon as it is possible to prove that they are under the exclusive direction of their parent firms in France; lastly, that these of the third category be struck from the Proclaimed

[98] For documentation concerning inception of the SAFEHAVEN program, see pp. 213 ff.

[99] No. 670, not printed; it indicated a French desire for participation in the consideration of certain cases for inclusion in or deletion from the Proclaimed List (740.5112A/11-1644).

List as soon as the necessary measures have been taken to eliminate the undesirable elements with which they may be associated.

This Delegation would like to know as soon as possible the sentiment of the Committee on black lists with headquarters in Washington, with respect to the points mentioned above.

740.59112A/11–1844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, November 18, 1944—8 p. m.
[Received November 19—6 a. m.]

10139. For WT. Remytel 8798, October 16, repeated Stockholm 579. MEW has now received the views of other interested departments and agrees with them that it would be unwise for the British Legation in Stockholm to take part in the collection of lists of collaborators in Norway and Denmark. MEW expresses opinion that as British policy in France has been to leave the French Government to deal with collaborators, a similar policy should be followed with regard to other Allied countries as they are liberated. Authorities here do not wish to give cause for offense to Allied Governments who may resent British activities which might imply infringement of their sovereignty.

Although British state they are not in a position to know the reactions of the Danish Government, they [do not] see why they should, pending the liberation of Denmark assume that that Government's willingness to deal with collaborators will be less than that of the Government of Norway.

MEW's experience of reports of refugees is that where it is impossible to check such information it can be most dangerous to rely on it.

Regarding treatment of assets under United States or United Kingdom control which may prove to be the property of collaborators MEW states it is likely to be the policy of the British Government eventually to release the property of persons in countries which were enemy territory by reason of German occupation and which are under the sovereignty of an Allied power, and that this will probably be effected through the Allied Government concerned, which will thus be in a position, if it wishes, to take steps against the assets of persons who, they are satisfied, have been collaborators.

MEW states that it does not wish to provide any aid or comfort to collaborators, but if the latter should place themselves or their assets under British jurisdiction, the British authorities would be in a position to hand them over to their own governments for justice. For

this reason MEW does not entirely share the Department's concern that collaborators or their assets should not find refuge in the United Kingdom.

Foregoing is Embassy's 10139, November 18, 8 p. m. to Department, repeated to Stockholm as 731.

WINANT

740.00112A EW/11–1844 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, November 18, 1944.

9734. 1. Reference is made to General Ruling No. 11,[2] as amended, issued by the Treasury Department under the Trading with the Enemy Act, which was sent in our telegram no. 1494 of April 9, 1942, and to telegram no. 3169 of July 10, 1942,[3] transmitting instructions to be forwarded to the Missions in the European neutral countries relative to the standard of conduct under General Ruling No. 11 to be followed by concerns in the European neutral countries subject to United States jurisdiction.

2. We have received several inquiries from our missions in the neutral countries concerning the policy which this Government will adopt with respect to communications and transactions between U.S. concerns and persons located outside the U.S. and persons and firms located in enemy territory, as defined in General Ruling No. 11, after the liberation of such territory by the armed forces of the United Nations. The message quoted below, which we desire to send to the missions in the London Coordination Area,[4] sets forth the policy which Treasury and the Department propose to adopt with reference to the relaxation of our trading with the enemy restrictions. Before this message is sent, however, it is requested that you discuss the policy outlined therein with the British, in order that their views may be taken into consideration and our policies made as uniform as possible. An urgent reply is requested. We expect to send similar instructions to our Missions in Latin America as soon as we have received your comments on this cable.

3. The proposed message to our Missions in the neutral countries, in substance, is as follows:

"(*a*) Inquiries have recently been received concerning the policy which this Government will adopt with respect to communications and transactions between United States concerns located outside the United States and persons and firms located in countries defined as

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[2] Dated March 19, 1942, 7 *Federal Register* 2168.

[3] Neither printed.

[4] This area included Ireland, Switzerland, Sweden, Turkey, Iran, Iraq, Spain and Portugal and their possessions.

enemy territory under General Ruling No. 11 after the liberation of such countries by the armed forces of the United Nations.

"(*b*) This Government will take steps to restore facilities for communicating and dealing with persons and firms located in countries which are included in the definition of enemy territory in General Ruling No. 11 as soon after the liberation of any such country by Allied armed forces as conditions permit. Obviously, however, special consideration will have to be given to the case of Germany and Japan and nothing in this message should be construed as applying to Germany or Japan. Based upon our experience in France and Italy, it appears that personal communications between the liberated countries and the United States and the United Kingdom will be permitted shortly after liberation. The second step will probably be to permit business communications but to limit such communications to those exchanging information, ascertaining facts, or relating to support remittances under General Licenses nos. 32, 32A and 33. Transactional communications will be permitted at some later date after the liberated country has had an opportunity to adopt and coordinate effective internal and trading with the enemy controls. At the appropriate time, the U.S. Treasury will amend General Ruling No. 11 to remove liberated United Nations from the definition of enemy territory (as in the case of France, which was so deleted on November 4, 1944). In the case of countries which have declared war against the United States (other than Germany and Japan), however, the U.S. Treasury will probably merely exempt financial and commercial communications with such countries from the prohibitions of General Ruling No. 11 without removing the country from the definition of enemy territory. For example, the Treasury Department issued Public Circular No. 25 on October 17, 1944, whereby any communication of a financial, commercial or business character with persons in liberated Italy, as well as any act or transaction involving such communication, and any act or transaction on behalf of a person within liberated Italy, are exempted from General Ruling No. 11. The practical effect of either of these actions will be that communications and transactions between the United States and the liberated country will be subject only to the provisions of Executive Order No. 8389,[5] as amended, (the 'freezing' Order) and will no longer be subject to the special prohibitions imposed by General Ruling No. 11.

"(*c*) While there may be exceptions, it appears that the resumption of mail and telecommunication services between liberated countries and the neutral countries will not occur until sometime after such services have been restored between the liberated country and the United States or the United Kingdom.

"(*d*) You may inform U.S. concerns located within your country that they are authorized to engage in communications and transactions involving persons or firms located within liberated countries without further license at such time as the U.S. Treasury Department has either amended General Ruling No. 11 to exclude the liberated country from the definition of enemy territory or has exempted financial and commercial communications with such country from the prohibitions of General Ruling No. 11. Such concerns should be advised that they should not engage in any transactions based upon

[5] 6 *Federal Register* 2905.

instructions originating in, or received from, liberated countries during the time such countries were under the control of the enemy, but should require confirmation of such instructions after the country is liberated since instructions emanating from countries during the time of enemy control may well have been issued under duress.

"(*e*) As indicated above, it is probable that facilities for communications and private trade between liberated countries and the neutral countries will not be available until sometime after the Treasury has taken action with respect to General Ruling No. 11. Pending the restoration of such facilities, you may, in your discretion, permit U.S. concerns in your country to communicate through your pouch facilities with sister companies, subsidiaries, and affiliates in liberated countries for the purpose of transmitting business information such as instructions necessary to preserve the assets or maintain personnel of U.S. concerns located in the liberated countries. This service may be made available even before the Treasury has taken action with respect to General Ruling No. 11 if U.S. diplomatic missions have been reopened in the liberated countries. You should, of course, avoid favoring one U.S. concern over another. We will appreciate being informed of any significant information which may develop from the use of your confidential facilities for this purpose.

"(*f*) You will be kept advised of further developments with respect to the removal of areas from the prohibitions of General Ruling No. 11.["]

4. It is assumed that you will consult with the British authorities through the Joint Advisory Committee on Licensing. In so doing, you should bear the following points in mind:

(*a*) The resumption of communications between liberated territories and the outside world is a matter for decision in the first instance by the military authorities and the agencies, such as the Combined Civil Affairs Committee, which are related to the combined military command.

(*b*) Since the function of the Joint Advisory Committee is to provide a forum for the discussion of matters of joint concern arising in the application of trading with the enemy legislation to British and American concerns located in foreign countries, we assume that the discussions in this committee will deal only with this aspect of the problem. If the British question other aspects of the problem discussed in the proposed telegram, you should report the British position in detail without attempting to resolve any conflict of views without further instructions.

STETTINIUS

740.58112A/11–1844: Telegram

The Secretary of State to the Minister in Sweden (Johnson)

WASHINGTON, December 12, 1944—6 p. m.

2496. It now appears likely that the policy with regard to treatment of collaborationists and their properties will be that described

in London's 731, November 18, to you.[6] Department considers it vitally important that an intelligence operation such as that undertaken with regard to Norway and Denmark be conducted in cooperation with the governments primarily concerned and the British. In view of the British position and that previously displayed by the Norwegians, the Department believes after careful consideration that the Legation's project for collecting data on Norwegian and Danish collaborators should be abandoned.

Repeated to London as no. 10369 of December 12.

STETTINIUS

740.4112A/12-2744 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 27, 1944—7 p. m.
[Received December 27—6:55 p. m.]

11469. For WT. Black List Committee has reviewed its policy regarding additions to Statutory List in Eastern Hemisphere and following is substance of extracts from draft circular instructions to British Missions in Eastern Hemisphere:

(1) Primary purpose of Statutory List has been to deter neutrals from assisting enemy's war effort politically or commercially. It is no longer necessary to deter persons in Turkey, Spain and Portugal from overland trade with Germany inasmuch as these countries are now cut off from direct land communication with Germany. Swedish and Swiss Governments have extended far-reaching limitations on their most objectionable trade with Germany.[7] Since some enemy trade is possible in these countries there is still a field to which the Statutory List supplemented with threat of listing can usefully be employed, but this field has been considerably reduced. Furthermore, because of the increased effect of the threat of listing with the alternative of accepting an undertaking at this stage of the war should reduce the number of necessary publications.

(2) There is, however, a new class of listing case which has recently become prominent, namely persons holding or taking custody of German assets possibly with a view to concealing them now and after Germany's defeat. Committee felt it is undoubtedly desirable to publish names of such persons. Listing would help to deter others from doing likewise and in suitable cases would probably be accompanied by local publicity regarding reason for this action. How-

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[6] See last paragraph of telegram 10139, November 18, 8 p. m., from London, p. 197.

[7] For documentation on efforts by the United States, sometimes jointly with the United Kingdom, to cut off exports from these neutrals to Germany, see vol. IV, pp. 84 ff.; pp. 297 ff.; pp. 456 ff.; pp. 700 ff.; and vol. V, pp. 814 ff.

ever, Committee feel distinction should be drawn between those who have engaged in such activity and those who may hereinafter act as cloaks for Germans. Not only is it futile to hope to trace at this time all those who may later be prepared to act in this capacity, but the fact of publishing names of those so suspected would cause Germans to drop them and seek assistance of others who may be unknown to us. Furthermore, since purpose of listing such persons would be to retain them after Germany's defeat their specification would occasion lengthy postwar list in which many of the names would only be potential and not actual offenders. Committee's decision regarding potential offenders was occasioned by Lisbon Status Committee's statement of policy regarding listing of German partners and associates of German-controlled firms in Portugal, in which connection see Lisbon's Blocked Nationals Report 994, October 30 [8] and item SC.65 of the Standing Committee agenda transmitted with Embassy's despatch 19840, December 14.[8]

(3) On basis of foregoing Black List Committee has decided to limit acceptance of future recommendations for additions to Statutory List for Eastern Hemisphere normally to following categories:

(*a*) Cases in which deterrent effect can still be exercised during hostilities;

(*b*) Important German-controlled firms which have hitherto escaped listing;

(*c*) Persons now [*known*] to hold or conceal or to be transferring important enemy assets, loot and assets belonging to enemy leaders and their associates;

(*d*) Other cases in which listing would be approximate; e.g. where a firm would have qualified for published listing had its activities become apparent at an earlier stage and where failure to list would lead to unfavorable comparisons with firms already listed and would evoke criticism from loyal firms and individuals who have stood by us in more difficult times. Generally speaking it is expected that such circumstances will apply only in cases where candidates are considered good cases for retention on Statutory List after Germany's defeat.

(4) It is anticipated that this decision together with decisions regarding deletions from Statutory List (reEmbstel 6965, August 26) and suspension of additions to Black List (reEmbstel 9377, October 30) will result in certain stabilization of war trade lists.

(5) MEW has agreed to withhold despatching of these instructions until January 5 to give Department opportunity to comment. Please give cable urgent designation to avoid delays in decoding here. If Department agrees with Committee's decision Embassy requests authorization to inform American Missions in London coordination area of Department's concurrence. At the same time Embassy would like

[8] Not printed.

627-819—67——14

to be able to inform American Missions of Department's views regarding future additions to Confidential List.

WINANT

740.58112A/12–3044 : Telegram

The Minister in Sweden (Johnson) to the Secretary of State

STOCKHOLM, December 30, 1944—noon.
[Received 5 p. m.]

5296. Liquidation of Legation's work on collection of information concerning Norwegian firms which have collaborated with enemy is being made in conformance with Department's 2496, December 12, 6 p. m., 10369 to London.

With reference to Danish work, Danes were advised by British that we had approved policy requiring discontinuation of this work. Ebbe Munck has discussed this question with Legation in addition to submitting letter requesting us to continue our cooperation with him and with Torp-Pedersen of Danish Legation. Munck advises that in his recent trip to Denmark he discussed this project with members of the Danish Freedom Council and future Cabinet. All stated their approval of the work and the desire to have it continued.

Danish project as now organized involves preparation of forms on approximately 20,000 firms and persons on which information made available by Munck, Torp-Pedersen and Foss (now in Washington) is recorded. Munck during his recent trip arranged for information available in Denmark to be sent here by reason of inability of Danes under present conditions to correlate information. It is hope of Danes that copy of forms will be made available to them after liberation of Denmark.

In collecting information this Legation does not state its opinion but merely records information made available through Danish sources. Valuation of information will naturally rest with Danes after liberation their country. In view this special request by Danes for continuing this work, Legation suggests that for us to abandon project would initiate unfortunate comment among Danes in Denmark and Sweden which might affect our relations with Danes. Accordingly Legation recommends that Department reconsider, in light of Danish request, decision set forth its 2496. In view of eagerness of Danes to continue cooperation on active basis, Legation is anxious to advise them of decision as soon as possible.[9] Legation has not advised British Legation of above facts.

My 1721, December 30, noon to London repeats this message.

JOHNSON

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[9] Department's telegram 83, January 16, 1945, authorized the Minister in Sweden to continue the Danish project (740.58112A/12–3044).

740.41112A/12–2744 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, January 3, 1945—8 p. m.

56. Reurtel 11469, December 27. Proclaimed List Committee has considered draft circular instruction to British missions eastern hemisphere and is in general agreement but suggests you propose to MEW that the categories described in your paragraph 3 be amended to read seriatim as follows:

A. "Cases in which it is reasonable to expect that deterrent effect can still be exercised during hostilities." The insertion is suggested to avoid necessity of proving difficult cases and placing too great a burden of proof on the missions.

B. "German owned or controlled firms which have hitherto escaped listing." Committee believes any firm owned or controlled by Germans should be listed irrespective of its importance.

C. "Persons engaged in important or significant activities involving the holding, concealing or transferring of assets belonging to enemy governments or nationals and any activities involving loot." The Committee felt that an enemy asset or person might qualify for listing irrespective of the size of the asset or whether the person was an enemy leader. It was also felt that any transaction in loot would be sufficient cause for inclusion in the lists.

D. No change suggested.

E. "Persons engaged in propaganda activity, notorious enemy agents, enemy technicians who may effect safe haven of enemy skills, etc." Although the British possibly intended to cover suggested Category E in Category A, specific mention of such objectionable persons might assist reporting officers. With regard to enemy technicians, refer to Department's telegram 9237, November 4. If Black List Committee agrees with above suggested amendments, you are authorized to inform London Coordination Area.

Immediately following telegram transmits Department's views regarding Confidential Black List policy.

STETTINIUS

740.41112A/12–2744 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, January 3, 1945—9 p. m.

57. Reurtel 9377, October 30, and reurdes 18908, October 30.[10] After giving careful consideration to arguments advanced by Black

[10] Latter not printed.

List Committee Department is not prepared to adopt policy of no further additions to Confidential List. Department highly desirous of formulating joint policy regarding more restricted inclusion in secret lists and greater liberality in deletion, in order to avoid unfortunate effects of uncoordinated action in matters of economic controls.

Department's fundamental view is that published and secret lists should continue complementary weapons of economic warfare as long as blockade and export controls continue. It is difficult to see how published lists alone can be administered to attain objectives which formerly required use of both types. It is obvious that freezing a secret list kills it insofar as new control situations are concerned. More concretely, freezing of Black List raises these problems:

1. Rationalization of this freezing policy with policy previously agreed upon regarding limiting additions to published lists and reduction of their present size. Compare Lisbon's Blocked National Report no. 1025, November 22.[11] Regarding deletions from published lists, has MEW considered and discounted possibility of using secret lists to prevent unfair advantage from accruing to some whom it may be considered desirable to remove from the published lists under the reduction program without requiring undertakings?
2. Has MEW considered the possible adverse impressions that might arise from observable inequality of treatment as between one already blacklisted and another in *pari delicto*? Should it ever become necessary to wage economic warfare again, a reputation for rewarding friends at the expense of those who aided the enemy will be most advantageous and a contrary recollection most impeding.
3. Does unilateral freezing of Black List indicate that unilateral reduction is apt to follow? If so, the British must foresee the adverse criticism that would arise against them in the American export community, unless, of course, this Government should begin to compete in the abolition of controls to the damage of present and postwar economic security.

It is believed that long range interests of both countries would be served by attaining substantial identity of both secret lists and maintaining them as living controls as long as blockade continues. Department therefore proposes that MEW consider reopening the Black List to narrow categories of new cases and collaborate with American authorities in formulating joint criteria for reduction in size of secret lists and for subsequent inclusions. You may indicate to MEW that Department is now reviewing Confidential List for Western Hemisphere for purpose of very substantially reducing its size. Tentatively it is thought that cloaking should be principal ground for continued inclusion in Confidential List and this only where there is reasonable probability of cloaking or attempted cloaking within past 2 years.

[11] Not printed.

Please take up foregoing with British in informal and friendly manner and report results. Peterson [13] has discussed these and related matters in Department and on return may be instructed to assume firmer position should present instruction not produce satisfactory results.

STETTINIUS

740.41112A/1-1145 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, January 11, 1945—7 p. m.
[Received January 12—7:07 a. m.]

379. For WT. ReDeptel 56, January 3:

1. Following are MEW's comments seriatim on Department's suggested amendments to MEW instructions to British Missions in Eastern Hemisphere regarding additions to Statutory List.

(*a*) MEW does not believe Department's amendment will make any practical difference as Missions are now experienced in this type of work and they would not be expected to guarantee in advance that deterrent effect would necessarily follow in any particular case. Since difference is immaterial Embassy will include Department's version in instructions to American Missions in LCA.[14]

(*b*) MEW would have no objection to insertion of "German-owned" but would object to listing unimportant German-owned and controlled firms at present time. MEW's position is based on desire to restrict size of lists at present time and the fact that British Missions have already been instructed (see Embassy's despatch 18138, September 21, 1944 [15]) to report names and particulars of all such firms which information is being recorded by British for whatever action may be deemed advisable after Germany's defeat. It is felt that removal of word "important" would open way to considerable expansion of lists, particularly in field of small enemy holding companies such as those turned down by Committee in SC.14 (reference Embassy's despatch 19840, December 14 [15]). MEW would probably not object to listing small operating German-owned or controlled firms but it is believed that the majority of German firms have been listed by now.

(*c*) This section involves activities in (1) enemy assets and (2) loot. As regards (1) the difference between MEW's and Department's instructions is that former places emphasis on size of assets and importance of persons owning assets, whereas the Department empha-

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[13] Avery F. Peterson, Second Secretary of Embassy in London.
[14] London Coordination Area.
[15] Not printed.

sizes importance of activities regardless of size of assets or importance of their owners. MEW agrees we should not be too strict in limiting additions to Statutory/Proclaimed Lists to persons holding important assets and is willing to inform British Missions that this section in MEW's instruction should be given very liberal interpretation. MEW agrees that importance of activities should be chief criterion rather than importance of assets. As regards (2) MEW agrees that lists should be used against persons engaging in any activities involving loot, provided they know they are dealing in loot.

(*e*) Embassy and MEW do not understand reason for mentioning words "engaged in propaganda activity and notorious enemy agents" as these have always been considered eligible for specification under British listing policy memorandum September 25, 1941.[16] As regards enemy technicians British have not favored use of lists as recommended in Embassy's despatch 18248, September 27, 1944[16] but on basis of recent discussions MEW is again discussing question with Foreign Office with view to taking action along lines suggested in Department's 9237, November 4. Department will be informed subsequently of results these discussions.

2. After reviewing Department's comments in telegram 56, MEW decided to send British instructions as they stand to avoid delay, inasmuch as certain suggestions of Proclaimed List Committee involve a variation in policy and it would be necessary to resubmit these sections to Black List Committee for revision to British draft instructions. If Department's suggestions are subsequently accepted by Black List Committee supplementary instructions will be sent to British Missions. In these circumstances Embassy is advising American Missions in LCA that listing policy regarding future additions to PL[17] is currently under discussion with Department and they will be instructed shortly.

3. On basis of Department's 56, Embassy unable to circularize American Missions pending Department's further instructions on points (*b*) and (*e*) in paragraph 1. Points (*b*), (*c*) and (*e*) may require further consideration by Black List Committee. It is suggested that Department authorize Embassy to continue to treat question of technicians as separate issue in order to expedite transmittal of revised PL instructions to American Mission.

WINANT

[16] Not printed.
[17] Proclaimed List.

740.00112A EW/1-1445 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State

Moscow, January 14, 1945—10 p. m.
[Received January 14—9 : 45 p. m.]

129. British Embassy here has written a note dated January 8 to Soviet Foreign Office [18] stating that reports have been received from Stockholm to effect that trade negotiations between Sweden and Soviet Union are expected to be resumed shortly and also that certain firms in South America, including some in Argentina, which are included in the Statutory List are planning to export to Sweden via Pacific and Soviet Union.

The note then referred to the British Ambassador's letter to Molotov [19] of September 16 (based on Ministry of Economic Warfare's instruction to British Embassy of September 13, mentioned in Department's confidential instruction No. 341 of November 2) and requested confirmation that Soviet Government would not deal with firms in Sweden or elsewhere that are included in Statutory List and would deny them use of transit or other facilities in Soviet Union.

On November 25 Kennan wrote to Tsarapkin, head of the American section of the Foreign Office, enclosing text of the public statement quoted in Department's instruction of November 2 and stating that United States Government considered that the effectiveness of our Proclaimed List would be materially enhanced if the Soviet Government and its agencies would recognize it in their commercial dealings. Kennan requested an opportunity to discuss with a competent Soviet official the questions which such recognition might involve and, if possible, to obtain clarification of the attitude of Soviet authorities in this respect. Although this was followed up with a further inquiry on January 5, no reply has yet been received.

HARRIMAN

740.52112A/11-1644

The Secretary of State to the French Ambassador (Bonnet)

The Secretary of State presents his compliments to His Excellency the Ambassador of the French Republic, and has the honor to express the following views with respect to the three categories of cases set out in the Embassy's note no. 669 of November 16, 1944 regarding the situation of certain subsidiaries and branches of French concerns in the other American republics.

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[18] Not printed.

[19] Vyacheslav Mikhailovich Molotov, People's Commissar for Foreign Affairs of the Soviet Union; letter not printed.

1. This government recognizes that the liberation of France renders inoperative specific promises made by French persons or concerns when France was occupied not to maintain relations with France. Likewise, promises not to maintain relations with enemy or enemy-occupied territory no longer apply to relations with France. Such promises as these were, however, usually included in general engagements, technically known as *undertakings*, relating to other economic security objectives as well. These undertakings usually were required either as an alternative to listing or as a condition to deletion from the lists, i.e., where there was reason for fearing misconduct on the part of the individual or firm asked to sign an undertaking. Therefore, the undertakings continue to have important control implications, even though no longer operative in so far as relations with France are concerned. It is the view of this government that the other control objectives presently met by these general engagements must be maintained, either in their present form or in some other manner mutually satisfactory to the two governments. The Department of State will be pleased to receive the views of the French Provisional Government on this problem and to explore with it means by which the control through undertakings presently exercised by this government over certain French interests in the Western Hemisphere can be shared with the French authorities or supplanted by appropriate French controls.

2. French concerns which were listed solely because they were so closely controlled from France that no binding undertaking could have been given by any person outside of enemy-occupied territory will be delisted when it is established that the French authorities consider the parent company satisfactory and joint study has indicated the removal of any undesirables who may have previously affected the conduct of the subsidiary or branch. It will be recognized that this category is quite narrow and that in particular cases the fact of relations with enemy-occupied territory and the non-existence of an undertaking may indicate that factors included in the Embassy's third category must be considered.

3. French subsidiaries and branches which were listed because of undesirable activities must, as the Embassy suggests, be considered on a case to case basis. In this category it may not always be possible to meet all objections by the removal of undesirable elements from the concern, though in view of the very small number of French interests affected by listing, it is to be supposed that only very rarely would such measures be insufficient. It will probably be necessary to retain some individuals and enterprises, whatever their nationality, on the lists for reasons of safety, justice and prestige as long as the lists continue. While it is not believed that many, if any, French cases will fall into this class, an *ad hoc* examination of particular cases in their

settings must be made to determine whether personnel changes alone will suffice for deletion.

The Government of the United States welcomes close collaboration with the French Provisional Government with respect to the matters of French interest mentioned herein. A companion note outlines more specifically a suggested procedure for effective cooperation in the administration of the Proclaimed List for the western hemisphere.

WASHINGTON, January 16, 1945.

740.51112A/11-1644

The Secretary of State to the French Ambassador (Bonnet)

The Secretary of State presents his compliments to His Excellency the Ambassador of the French Republic, and with reference to the Embassy's note no. 670 of November 16, 1944 [20] regarding French participation in the consideration of cases for inclusion in and deletion from the Proclaimed List, has the honor to state that the Department of State is prepared to discuss with the French Provisional Government any listing case which may be considered by the French authorities to be of interest to it.

The Embassy's note refers to the fact that it has been agreed by French, British and American representatives that a permanent membership be established for France on the Black List Committee in London. This action is in keeping, as the Embassy's note points out, with the great importance to France of commercial and other relations with the neutral European countries. Moreover, as it is contemplated that listing controls will have much greater post-war significance in the European neutral countries than with respect to the other American republics, France will naturally wish to participate to a greater degree in the study of European cases than in Western Hemisphere ones. In view of this, the French authorities may not wish at a time when the peak of listing activity has passed to establish an elaborate organization for Western Hemisphere listing administration and assign thereto the requisite large number of officers and other personnel. Rather, it is assumed from the instant note and from the Embassy's companion note no. 669 of November 16, 1944 that France's chief interest is in discussing some but not all Western Hemisphere listing cases, usually those involving French interests, with the appropriate representatives of the American Government in a regularized manner. The Department of State will be very pleased, therefore to arrange for regular consultations and exchanges of information and views on any cases which the French authorities may care to raise. Any person or concern will be considered by the interdepart-

[20] Not printed, but see footnote 99, p. 196.

mental Proclaimed List Committee for deletion at the request of the French Provisional Government. The latter will have called to its attention any cases under consideration for addition to or deletion from the Proclaimed List in which a French interest appears, in order that it may be informed and be given an opportunity to express its views seasonably.

It is believed that the collaboration so greatly desired by both Governments can best be accomplished by arranging for the appropriate officers of the Embassy's staff to meet regularly, perhaps weekly, with the Acting Chief of the Division of World Trade Intelligence in the Department of State. At this time there could be discussed cases which the French representative had previously indicated he desired to bring up. Also, at such regular meetings, views could be exchanged regarding cases involving French interests which are pending for interdepartmental action within the American Government. The Department of State will undertake to supply the Embassy with the appropriate memoranda regarding such cases.

There is no body involved in the administration of the Proclaimed List for the Western Hemisphere comparable to the Black List Committee in London. The Interdepartmental Proclaimed List Committee, which meets regularly for the consideration of listing cases, is a small operating body composed of technicians; and its function is to obtain unanimity of opinion between the various departments and agencies of the American Government which by Presidential Proclamation are charged with responsibility for the administration of the Proclaimed List. No foreign power has a representative on this Committee. It is comparable to the Standing Committee in London, which is similarly restricted, rather than to the Black List Committee. As the British Commonwealth engaged in listing and other economic warfare operations on a major scale in the Western Hemisphere before the United States established the Proclaimed List in July 1941, the British Missions, headed by the British Embassy in Washington, have long been organized for the purpose of expediting collaboration with the United States on all listing cases arising in the other American republics. For mutual convenience British and Canadian observers attend the meetings of the Interdepartmental Proclaimed List Committee in order to speed the great volume of routine work performed there. Cases involving particular problems or interests, however, are usually discussed at regular weekly meetings between representatives of the British Embassy and the Department of State, in the same manner as suggested above for Franco-American collaboration. Unless the French Provisional Government is prepared, at a time when it is foreseeable that listing activity will shortly decrease in the Western Hemisphere, to establish both at home and abroad the necessarily

elaborate machinery for reviewing and initiating action on all listing cases, it is not believed that a situation comparable to that of the British will exist regarding attendance at meetings of the Interdepartmental Proclaimed List Committee, considering its technical composition and necessary compactness. In order that the French authorities may fully weigh these considerations, the Embassy is most cordially invited to have a representative attend several meetings of the Interdepartmental Proclaimed List Committee as a visitor. Additionally, if it should develop in the joint study of certain cases that efficiency would be gained by having a French representative participate in discussion before the Committee, the Embassy will be invited to have an officer attend meetings of the Committee for that purpose.

WASHINGTON, January 16, 1945.

CONCERN OF THE UNITED STATES OVER ENEMY ATTEMPTS TO SECRETE FUNDS OR OTHER ASSETS IN NEUTRAL COUNTRIES: INCEPTION OF THE SAFE-HAVEN PROGRAM

840.51 Frozen Credits/12479a : Circular telegram

The Acting Secretary of State to Certain Diplomatic and Consular Officers [1]

WASHINGTON, February 22, 1944.

There is quoted below the text of a declaration issued by the Secretary of the Treasury [2] at twelve noon Eastern War Time, February 22, 1944. A similar declaration was issued by the United Kingdom and U.S.S.R. Treasuries.[3]

"On January 5, 1943 the United States and certain others of the United Nations issued a warning to all concerned, and in particular to persons in neutral countries, that they intend to do their utmost to defeat the methods of dispossession practiced by the governments with which they are at war against the countries and peoples who have been so wantonly assaulted and despoiled.[4] Furthermore, it has been announced many times that one of the purposes of the financial and property controls of the United States Government is to prevent the liquidation in the United States of assets looted by the Axis through duress and conquest.

[1] In Algeria, Argentina, Australia, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Egypt (repeated to the diplomatic representatives for Greece and Yugoslavia), El Salvador, Ethiopia, Great Britain (repeated to the diplomatic representative for Belgium, Czechoslovakia, the Netherlands, Norway and Poland), Guatemala, Haiti, Honduras, Iceland, India, Iran, Iraq, Liberia, Mexico, New Zealand, Nicaragua, Panama, Paraguay, Peru, Portugal, Spain, Sweden, Switzerland, Turkey, Union of South Africa (Pretoria and Capetown), Union of Soviet Socialist Republics, Uruguay, and Venezuela.

[2] Henry Morgenthau, Jr.

[3] A memorandum of December 27, 1943, by the Chief of the Financial Division (Livesey) stated: "The general policy expressed in the proposed declaration was thoroughly cleared in the Department and approved by two Assistant Secretaries and the Secretary. The Treasury was told of this general approval and of collateral suggestions by the Department of State that the issuance of the statement should be taken up with the British with a view to having them take parallel action." (740.00113 European War/1253b)

In a memorandum of December 29, 1943, the Chief of the Financial Division noted that Harry Dexter White, Assistant to the Secretary of the Treasury, had informed him in a telephone conversation on that date that Secretary Morgenthau, several days before, had suggested that the consultation with Great Britain regarding the proposed Treasury declaration be broadened by also consulting the Soviet Union (740.00113 European War 1939/1278).

[4] For text of Inter-Allied declaration against acts of dispossession committed in territories under enemy occupation or control, January 5, 1943, see *Foreign Relations*, 1943, vol. I, p. 443.

One of the particular methods of dispossession practiced by the Axis powers has been the illegal seizure of large amounts of gold belonging to the nations they have occupied and plundered. The Axis powers have purported to sell such looted gold to various countries which continue to maintain diplomatic and commercial relations with the Axis, such gold thereby providing an important source of foreign exchange to the Axis and enabling the Axis to obtain much-needed imports from these countries.

The United States Treasury has already taken measures designed to protect the assets of the invaded countries and to prevent the Axis from disposing of looted currencies, securities, and other looted assets on the world market. Similarly, the United States Government cannot in any way condone the policy of systematic plundering adopted by the Axis or participate in any way directly or indirectly in the unlawful disposition of looted gold.

In view of the foregoing facts and considerations, the United States Government formally declares that it does not and will not recognize the transference of title to the looted gold which the Axis at any time holds or has disposed of in world markets. It further declares that it will be the policy of the United States Treasury not to buy any gold presently located outside of the territorial limits of the United States from any country which has not broken relations with the Axis, or from any country which after the date of this announcement acquires gold from any country which has not broken relations with the Axis, unless and until the United States Treasury is fully satisfied that such gold is not gold which was acquired directly or indirectly from the Axis powers or is not gold which any such country has been or is enabled to release as a result of the acquisition of gold directly or indirectly from the Axis powers." [5]

You are instructed to bring the above declaration to the attention of the appropriate officials of the government to which you are accredited, and to inform such officials that it is our sincere hope that their government will take parallel action.[6]

STETTINIUS

[5] A note of February 22 from the Soviet Ambassador (Gromyko) cited a letter from the Acting Secretary of the Treasury (Bell) to the effect that the provisions contained in the last paragraph of the Treasury declaration would not be applied to operations on gold transactions of the U.S.S.R. The Acting Secretary of State (Stettinius), in his note of February 22 to the Soviet Ambassador, confirmed that the provisions in the final section would not be held operative in respect to gold transactions of the U.S.S.R. (800.515/973)

[6] During 1944, according to Department records, the following Governments declared publicly their adherence to the declaration, or notified the Department of their acceptance of its principles and their intention to implement the declaration: Belgium, Brazil, China, Czechoslovakia, Dominican Republic, El Salvador, Ethiopia, Greece, Guatemala, Haiti, Iceland, India, Iran, Liberia, Luxembourg, Netherlands, New Zealand, Nicaragua, Norway, Peru, Poland, Union of South Africa, and Yugoslavia.

740.00112A E.W.1939/36597a : Airgram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, April 25, 1944—5:10 p. m.

A-702. If such a communication has not been sent within recent months, the Department believes that a circular instruction should be sent to the missions at Stockholm, Lisbon, Madrid, Bern, Tangier and Ankara requesting them to be on the alert for any information or evidence relating to enemy attempts to secrete funds or other assets in neutral countries for safekeeping, or for other purposes, and to report all pertinent information immediately to the Department. Meanwhile the Department will appreciate receiving from you the text of any communications of this type which may have been sent by you or MEW[7] and also copies of any reports which you or MEW may have received from the missions with regard to enemy attempts to place their funds in neutral territory.

HULL

The National Archives, FEA Records

The Director of the Special Areas Branch, Foreign Economic Administration (Stone) to the Chief of the Eastern Hemisphere Division (Merchant)

WASHINGTON, May 17, 1944.

DEAR LIVY: Later this year military developments may threaten trade communications between Germany and the Iberian Peninsula or Turkey or other European neutrals. One of the problems which will then arise will be a last minute flight of German capital for safe keeping in neutral territory. Enemy firms, officials and individuals will, no doubt, attempt to transfer legally owned wealth and loot in their various forms such as gold, gems, securities and money, and will be under special pressure to accelerate such exports while it is still physically possible. German assets in neutral territory will no longer be usable for purchases of war supplies and hence will be available for other purposes, possibly for transfer to the Western Hemisphere.

Our Government will no doubt wish to consider taking stronger measures than heretofore to offset this form of enemy activity. It might be decided, for example, to exert pressure on the neutrals to refuse such enemy capital exports or alternatively to catalogue existing caches as part of a joint program in preparation for ultimate post-war settlements.

While it might now be too early to take final action, I believe a useful purpose would be served if informal preliminary discussions on

[7] British Ministry of Economic Warfare.

this problem could be inaugurated. I am sure that the Treasury will be actively interested, together with the British Embassy, yourselves and ourselves. I would suggest, therefore, that interested officials of these agencies be called together for preliminary discussions in order to lay the groundwork for definite, prompt and effective action when the occasion arises. Your comments would be appreciated.[8]

Sincerely yours, WILLIAM T. STONE

740.00112 EW/11104 : Airgram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, June 17, 1944.
[Received June 23—8 a. m.]

A-744. Reference Department's A-702, April 25 regarding enemy efforts to secrete funds or other assets in neutral countries.

1. Embassy has not sent any circular instruction or communication to Missions of type mentioned in Department's reference airgram nor has Embassy any reports from Missions regarding enemy attempts to secrete assets in neutral countries.

2. Early in May, Embassy discussed Department's reference airgram with competent officials of appropriate sections of MEW. Embassy is now informed by MEW that no circular instructions or communications, described in Department's reference airgram, have been sent to British Missions.

3. Embassy understands that MEW has comparatively little in its files in connection with this problem. However, MEW is gathering together all available material both from interested sections of MEW and from other government departments.

4. MEW is also carefully considering the terms of a circular instruction it proposes to send to British Missions in Europe. MEW's tentative view is that the aim of the proposed circular will be defeated if it is too general in its terms and too broad in its scope. Consequently, the Ministry is planning a circular instruction which will be well defined in scope and will request missions for specific kinds and categories of material. Embassy will refer to Department MEW's proposed circular instruction as soon as a copy is received.

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[8] In an "interim acknowledgment" dated May 23, not printed, Mr. Merchant wrote: "Your suggestion that informal discussions should take place on this problem appears to me to be a very sound one. However, I will write you more fully after I have taken up the matter with the various interested divisions in the Department." (The National Archives, FEA Records)

5. MEW's collection of available data will probably not be completed for about three or four weeks. Embassy will transmit all such material to Department immediately after receipt.

6. In meantime interested officers of Embassy, including Treasury Representative,[9] met to discuss future flow of relevant material from London to Washington.

WINANT

740.00112A EW 1939/6-2744

The Under Secretary of State (Stettinius) to the Foreign Economic Administrator (Crowley)

WASHINGTON, July 19, 1944.

MY DEAR MR. CROWLEY: Please refer to your letter of June 27 in which you advise that the Foreign Economic Administration is engaged in a fact survey of transfers of Axis enterprises and other assets.[10]

As you may know, this Department has been interested in and is following the activities of certain individuals who are thought to be actively engaged in assisting the enemy in the particular field covered by your letter under reference.

Mr. Seymour J. Rubin, Assistant Chief of the Division of Financial and Monetary Affairs, has been following the problem of transfers of Axis interests to neutral countries and Mr. J. Daniel Hanley, Assistant Chief, Division of Foreign Activity Correlation, is also engaged in coordinating the reports on this subject insofar as the scope of the work is international. Mr. Hanley is particularly interested in the survey of transfers of Axis enterprises and other assets because of the continuing interest the Division of Foreign Activity Correlation has in the individuals involved.

In answer to the final sentence of your letter under reference, both Mr. Rubin and Mr. Hanley will be glad to cooperate with your representative[11] concerning the survey suggested.

Sincerely yours, EDWARD R. STETTINIUS, JR.

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[9] William H. Taylor.

[10] Letter not printed. Mr. Crowley had written a letter of similar purport dated May 12 to the Treasury Department. Subsequently, FEA arranged to borrow Mr. Samuel Klaus from the Treasury Department to work on the project.

[11] Ben W. Lewis, Adviser on Economic Organization in the Office of Economic Programs, FEA.

800.515/8–1144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 11, 1944—11 p. m.
[Received 11:15 p. m.]

6472. Ronald [12] in an informal talk raised a point regarding Resolution VI of the Final Act of the Bretton Woods Conference, dealing with enemy assets and looted property.[13] He said the Foreign Office is still most reluctant to undertake or recommend any measures which could not effectively be enforced without widespread continuation after the war of postal censorship, blockade and navicerts. He asked what if any measures the State Department proposes to take as a result of this Resolution and said that though he feels the objections he made at Bretton Woods [14] have not lost force, the Foreign Office will do its best to cooperate with the State Department in any measures which it may take.

WINANT

800.515/8–1944 : Circular airgram

The Secretary of State to All Diplomatic Missions

WASHINGTON, August 19, 1944—2 p. m.

In connection with efforts to defeat the methods of dispossession used by the Axis, the following text of Resolution VI, adopted at the United Nations Monetary and Financial Conference at Bretton Woods, New Hampshire, is sent to you for your information:

"Whereas, in anticipation of their impending defeat, enemy leaders, enemy nationals and their collaborators are transferring assets to and through neutral countries in order to conceal them and to perpetuate their influence, power, and ability to plan future aggrandizement and world domination, thus jeopardizing the efforts of the United Nations to establish and permanently maintain peaceful international relations;

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[12] Sir Nigel Bruce Ronald, British Assistant Under Secretary of State for Foreign Affairs, who was a member of the United Kingdom delegation to the United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, July 1–22, 1944. For documentation on this Conference, see pp. 106 ff.

[13] For text of Resolution VI, see *infra*. At the Bretton Woods Conference, the French and Polish delegations had submitted proposals on enemy assets and looted property to Committee 2 of Commission III. When the United States delegation submitted an alternative draft resolution containing features of their proposals, the French and Polish delegates withdrew their drafts. Thus, it was essentially the United States draft resolution that was finally adopted as Resolution VI. (*Proceedings and Documents of the United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, July 1–22, 1944* (Washington, Government Printing Office, 1948), vol. I, p. 862.)

[14] The British delegate was the only member of Committee 2 to speak in opposition to the proposed resolution; for summary of his objections, see *ibid.*

"Whereas, enemy countries and their nationals have taken the property of occupied countries and their nationals by open looting and plunder, by forcing transfers under duress, as well as by subtle and complex devices, often operated through the agency of their puppet governments, to give the cloak of legality to their robbery and to secure ownership and control of enterprises in the post-war period;

"Whereas, enemy countries and their nationals have also, through sales and other methods of transfer, run the chain of their ownership and control through occupied and neutral countries, thus making the problem of disclosure and disentanglement one of international character;

"Whereas, the United Nations have declared their intention to do their utmost to defeat the methods of dispossession practiced by the enemy, have reserved their right to declare invalid any transfers of property belonging to persons within occupied territory, and have taken measures to protect and safeguard property, within their respective jurisdictions, owned by occupied countries and their nationals, as well as to prevent the disposal of looted property in United Nations markets; therefore

"The United Nations Monetary and Financial Conference

1. Takes note of and fully supports steps taken by the United Nations for the purpose of:
   - (*a*) uncovering, segregating, controlling, and making appropriate disposition of enemy assets;
   - (*b*) preventing the liquidation of property looted by the enemy, locating and tracing ownership and control of such looted property, and taking appropriate measures with a view to restoration to its lawful owners;

2. Recommends:

That all Governments of countries represented at this conference take action consistent with their relations with the countries at war to call upon the Governments of neutral countries

- (*a*) to take immediate measures to prevent any disposition or transfer within territories subject to their jurisdiction of any
  - (1) assets belonging to the Government or any individuals or institutions within those United Nations occupied by the enemy; and
  - (2) looted gold, currency, art objects, securities, other evidences of ownership in financial or business enterprises, and of other assets looted by the enemy;

  as well as to uncover, segregate and hold at the disposition of the post-liberation authorities in the appropriate country any such assets within territory subject to their jurisdiction;
- (*b*) to take immediate measures to prevent the concealment by fraudulent means or otherwise within countries subject to their jurisdiction of any
  - (1) assets belonging to, or alleged to belong to, the Government of and individuals or institutions within enemy countries;

627-819—67——15

(2) assets belonging to, or alleged to belong to, enemy leaders, their associates and collaborators;
and to facilitate their ultimate delivery to the post-armistice authorities."

HULL

800.515/8–1444 : Circular airgram

The Secretary of State to Certain Diplomatic and Consular Officers [15]

WASHINGTON, August 23, 1944—9:05 a. m.

MISSION RE FLIGHT OF AXIS CAPITAL

The following airgram, sent to our missions in the neutral European capitals,[16] is repeated to you for your information:

Reference is made to Bretton Woods Resolution VI, and to the interest of this Government in the problem of looted assets and similar questions. This Department, Treasury, and FEA [17] are studying and desire to be kept currently informed concerning enemy investments, and enemy plans, as well as operations under such plans, to seek safe haven in neutral and other countries for assets and military and industrial potential in frustration of anticipated Allied controls following the cessation of hostilities. A mission consisting of representatives of the Department, Treasury, and FEA, familiar with the details of the proposed project, will visit you shortly. Herbert J. Cummings of the Department and Samuel Klaus of FEA have been, respectively, designated to visit your missions in the course of this project to consult with the Chief of Mission or such officer as may be designated. The project to be discussed will, of course, be developed under the supervision of the Chief of Mission, the contacts to be arranged through the Mission. Treasury has not as yet designated its representative. Pending designation of such representative, the Treasury personnel in your mission, if any, will act as such representative. It is anticipated that the Treasury representative may meet the other members of the mission en route. The itinerary is planned to include London, Madrid, Lisbon, Rome, and Ankara and such other places as may be feasibly and profitably visited.

In the meantime, and without attempting to be all-inclusive, you should proceed to gather together new data on this subject, having due regard to the secret nature of this project. For your guidance the following are suggested items which you may wish to consider in making this study:

1. Have there been established in your area any new enterprises which may in some way represent either enemy or looted assets? This item should be broadly interpreted to include new enemy investments of every kind, open and cloaked, new holding companies, business firms, majority or minority interests in enterprises, patent

[15] The diplomatic representatives in Algeria, Egypt, the United Kingdom, and Rome (Office of the U. S. representative on the Advisory Council for Italy), and the consular officers at Istanbul and Naples.

[16] Circular airgram, August 23, 9:10 a. m., to the diplomatic representatives in Morocco, Portugal, Spain, Sweden, Switzerland, and Turkey.

[17] Foreign Economic Administration.

agreements, licensing or commission agreements, and similar devices through which control may be exercised over business enterprises.

2. What evidence can you obtain on capital transfers to or through your territory, including bank balances, gold transfers, whether between Central Banks or otherwise, in which there may be an enemy interest; new deposits of wealth in all forms, including gold, gems, currency, and the like; securities, stock piles of merchandise or raw materials in warehouses, mortgages, annuities, art objects, claims of various kinds, the creation of new credits by the delivery of merchandise, and performance of services, real or fictitious, by which the enemy is paid by book entry or otherwise?

3. What information are you able to obtain on retransfers from other neutrals to your area for enemy accounts?

4. Has there been any evidence that enterprises in your area, irrespective of the nationality of their ownership or control, have been utilizing German technicians or managerial help? This could constitute one medium through which the enemy could attempt to maintain its industrial or military skill or experimental or shadow-plant activity.

5. Are there not some industries and individuals in your area which have been so allied with the enemy economic or military organization in the past that it is likely that they are being or may be used to provide safe haven whether by partnership relations, employment relations, or the provision of opportunities for technical experience or research, and so forth?

6. Is there any evidence that the Governments in your area are considering plans for inviting enemy technical or managerial help to build up the industrial and military potential of their countries? (In view of recent developments in Turkey, this item will probably be irrelevant so far as that country is concerned.)

7. Are there any refugees (real or questionable)—pro- or anti-Nazi—who are engaged in planning projects of the types described above, or who may be intermediaries in communications on this or related subjects?

Pending arrangements made in conference with the mission mentioned above, you are requested to submit to Washington, for the attention of State, Treasury, and FEA, repeating to London for the information of the Embassy, any presently available basic material on this subject, and all material gathered in pursuance of these instructions as rapidly as it is obtained.

HULL

800.515/8-1144 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, August 24, 1944—midnight.

6775. Refer yourtel 6472, Aug. 11, 11 p. m. Resolution VI of Bretton Woods Conference is being distributed by airgram to American missions, and there is clearing in the Department a proposal to put this Government on record as supporting it. Consultation with

British would be initiated before taking a stand with the neutrals on the resolution, and it would be hoped that simultaneous notes might be delivered by the British and U.S. missions to the European neutrals, calling for action of the type outlined in the resolution.

In view of the fact that the resolution calls largely for action by the neutrals themselves, it is not felt that support of the resolution will necessarily imply support of post-war censorship, blockade and navicerts. The continuation for a period of controls over importation of securities and similar controls designed to prevent realization on looted assets may be worked out; but in general the Department's tentative attitude is that wartime extraordinary and burdensome controls should be relaxed immediately after the war to the extent compatible with post-war security, supply conditions, and the like.

HULL

800.515/9–144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 1, 1944—6 p. m.
[Received September 2—8 a.m.]

7137. For Department, Treasury and FEA. Refer Department's A–702, April 25 and Embassy's A–744, June 17.

1. Prior to MEW receiving requisite directives some weeks ago to collect information regarding enemy efforts to secrete assets in neutral countries, Embassy's repeated discussions with MEW were necessarily general and tentative. Since receipt of directives MEW is proceeding along the following lines for collecting material: firstly, it has prepared a draft circular to British Missions; secondly, it is examining its own files; thirdly, it is arranging for data to be obtained through British censorship and secret services.

2. The text of the draft British circular to Missions is given in Embassy's A–1067, September 1.[18] The draft was recently sent to Foreign Office, Treasury, Board of Trade, Trading with Enemy Department and Embassy for clearance before being sent to British Missions in Lisbon, Madrid, Stockholm, Ankara, Bern, Tangier, Buenos Aires and Washington. To save time MEW will despatch the circular immediately after it has been cleared in London.

3. In meantime Department's circular airgram to Missions on flight of Axis capital arrived and Embassy discussed British draft with MEW in a preliminary way in the light of the airgram a copy of which was given to MEW. We pointed out that the British draft though broad in its scope does not include new enemy enterprises such

[18] Not printed.

as in paragraph numbered 1 of the circular airgram and MEW has agreed to include specific mention of such enterprises in the British circular.

4. Embassy also emphasized to MEW that while British draft substantially covers realisable assets it omits entirely a broader phase of the problem involving specialized enemy personnel along lines of paragraphs numbered 4 to 7 of Department's circular airgram. MEW appreciates importance of such personnel in building up Germany's post-war economic potential but its initial reaction is that in the British organizational setup other Departments both in London and in their Missions such as secret services and passport control are involved. MEW's view therefore is that this enemy personnel problem should be incorporated in a separate and supplementary circular and a reference in the British draft under consideration might be made to such contemporaneous or forthcoming circular. MEW is clearing this matter with other interested British agencies and ETO [19] will keep our authorities advised of developments.

5. Subject to considerations in paragraphs 3 and 4 above Embassy believes that the draft British circular substantially meets requirements. It will probably take 12 days before the draft clears other British agencies. Accordingly it is anticipated that our authorities will have sufficient time to telegraph their suggestions after arrival of Embassy's A–1067. In any event any suggestions of our authorities would be incorporated in a further circular letter to British Missions.

6. Soon after MEW had obtained directives for the collection of information an internal MEW memorandum in the form of a standing order (No. 282) was issued on August 18 [20] to guide the various sections of MEW in their watch on current transactions. A copy of the order is contained in Embassy's A–1068, September 1.[20] The terms of the order provide for compiling a register to the extent possible of German assets in neutral countries. Information sought is divided under headings of "loot" and "flight capital". Embassy also pointed out to MEW in connection with the order that it omitted reference to new enemy enterprises and movements of specialized enemy personnel. Since the order is solely an internal MEW memorandum there will be no difficulty in supplementing it to include these additions.

7. The standing order mentioned in preceding paragraph formed the basis of MEW's requests for data to British censorship and secret services. As a result there were no references to new enemy enterprises and movements of specialized enemy personnel but it is understood that in fact these are included in the scope of the existing

[19] European Theatre of Operations.
[20] Not printed.

tripartite censorship agreement. Accordingly MEW will ascertain whether the coverage of materials under the tripartite agreement is adequate. In this connection it is possible that Washington is not receiving copies of all British wireless intercepts; MEW will investigate with a view to remedying any lacunae. In turn MEW raised the question of our censorship supplying the British with similar material particularly from Argentina. MEW emphasized its view that the information obtained through censorship and secret services will be more valuable than that obtained through the missions.

8. MEW has also commenced investigation of its own files particularly those in black list and financial intelligence sections. However, information in MEW's files was obtained in order to conduct economic warfare operations rather than as an intelligence procurement problem; hence much of MEW's material deals only generally or indirectly with the instant problem. Accordingly it will take considerable time apart from inadequate staffing to collect a large amount of material. The first result of searching MEW's files is contained in 12 brief miscellaneous reports which are being forwarded to Department by despatch No. 17813 of September 1.[21] MEW has promised further similar reports in the near future.

9. On the operational side MEW is paying more attention to problems of looting and secretion of enemy assets by emphasizing listing neutrals involved in such activities.

10. British agencies now primarily interested in collecting information on looting and secretion of assets are MEW and TED.[22] It is understood, however, that although MEW has been charged with the collection of data on these problems all its information will be turned over to other agencies at the conclusion of hostilities with Germany. In the first instance TED will probably be the recipient of MEW's collected information.

11. British have not decided the ultimate uses to which the collected material will be put. It is understood that this question of overall policy will be discussed with our authorities.

12. Embassy is preparing a telegram on MEW's initial reactions to Department's circular airgram of August 23.

WINANT

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[21] Not printed.

[22] Trading with the Enemy Department.

102.1/9–144 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 1, 1944—10 p. m.

7080. From the Department, Treasury and FEA. The immediately following cable [22a] quotes airgrams which have been sent to our missions in Portugal, Spain, Sweden,[23] and Turkey.[24]

In cable No. 6224 of August 7,[25] you were requested to discuss with the British the desirability of instituting negotiations with the Governments of Portugal, Spain, Turkey and Sweden, looking toward acceptance by those Governments of a satisfactory gold policy. We hope you will succeed in obtaining British concurrence at the earliest possible date to the proposals contained in the above airgrams to the American Missions in those countries. You should advise our Missions in Portugal, Spain, Turkey and Sweden as soon as parallel instructions have gone forward from the British Government. If any delay is indicated please cable full details immediately.

A separate message will be sent to you on the Swiss negotiations.

HULL

102.1/9–144 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 1, 1944.

7081. From the Department, Treasury and FEA.

"1. We consider the early adoption, by the Government to which you are accredited, of the following gold policy to be of greatest importance:

On their own behalf the Government of . . . . . will not acquire any interest in or receive for deposit gold in which any Government, entity or person in occupied territories or Axis countries and associated countries has an interest and will prohibit the receipt or acquisition of such gold by entities or persons within its jurisdiction.

[22a] No. 7081, *infra*.

[23] Airgram 472, September 2, 10 a. m., to Madrid, repeated on the same date as airgrams 706 and 228 to Lisbon and Stockholm, respectively, for the attention of Treasury representatives Wood and Olsen.

[24] Airgram 146, September 2, 9 a. m., repeated airgram 472 with the following additional paragraph: "There should be no difficulty in obtaining Turkish concurrence in the desired gold policy in view of her break with Germany. Immediate action on the part of Turkey to refuse to buy Axis-tainted gold from the European neutral countries (it is assumed that Turkey will not now knowingly buy gold from Germany) would be a substantial contribution toward making more difficult Germany's efforts to obtain needed foreign exchange by the sale of gold. Moreover, gold imported before the break in relations might be in the process of transfer within Turkish borders." (800.515/9–244)

[25] Not printed.

Moreover, the . . . . . Government will not permit the import for safekeeping or for storage in bond of gold in which any Government, entity or person in occupied territories or Axis countries and associated countries has an interest, nor will they permit their currencies or other currencies to be made available for or against gold already held in . . . . . for or on behalf of any such Government, entity or person.

"2. You are authorized to commence negotiations with the Government to which you are accredited looking toward the immediate acceptance by that Government of the above gold policy. We are requesting the London Embassy to obtain the agreement of the British similarly to instruct your British colleague. Accordingly, unless you receive instructions to the contrary from us, you should wait until you have been advised by the American Embassy in London that instructions have gone forward from the British Government before proceeding with this matter. For your information, we have previously sent similar instructions to the American Legation at Bern.

"3. It may be helpful in your negotiations to point out that careful studies both in Washington and London give ample evidence that all Germany's own pre-war gold stocks were used up long ago and therefore all the gold now in the possession of or available to the Axis countries or associated countries must be presumed to be looted gold. Hence the further acquisition or importation of gold in which the Axis countries or associated countries have an interest will hamper the accomplishment of the policy announced by the United Nations on January 5, 1943 of restoring looted property to its rightful owners. Furthermore, any acquisition of, or transfer of title to, Axis-tainted gold will not be recognized by the nations who have subscribed to the Gold Declaration of February 22, 1944. Dealing in such gold will result in . . . . . being prevented from selling to any country which has joined in the Gold Declaration not only that gold but also other gold held by it which is located outside the territorial limits of the country to which the gold is tendered for sale. Consequently, the immediate adoption of the gold policy suggested above would be clearly beneficial to the long run economic interests of . . . . . ."

HULL

800.515/9–544 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 5, 1944—midnight.

7189. ReDeptel 6775 of August 24, 1944. Respecting Resolution VI of the Bretton Woods Conference, the chiefs of mission at Dublin, Madrid, Bern, Ankara, Lisbon, Stockholm, and Tangier

are being instructed [26] to present on or about September 19 notes to the governments to which they are accredited, reading substantially as follows and to report any reactions or developments:

"The 44 nations assembled at the United Nations Monetary and Financial Conference at Bretton Woods, New Hampshire, adopted the following resolution. (Here quote the text of the Resolution as set forth in the circular airgram referred to.)

"I have been instructed to inform you that my Government, considering the Bretton Woods Resolution to be directed at the same purposes as the Declaration of London, of January 5, 1943, with respect to looted property, and the declaration of February 22, 1944, concerning gold, fully supports the said Bretton Woods Resolution. In accordance with the terms of that Resolution, I am instructed therefore to state that my Government calls upon your Government to institute the measures set forth in the Resolution. I am further instructed to state that my Government considers cooperation in this matter to be of primary importance to the welfare of occupied nations and to the protection of the lives and property of their nationals, and to the peace and security of the post-war world."

It would be desirable to have simultaneous parallel action by the British Government. Since the note above quoted merely endorses the Bretton Woods Resolution VI, and since, as stated in your 6472, August 11, 1944, the Foreign Office is prepared to cooperate in any measures with respect to that Resolution taken by the Department, it is thought that British will accede readily to this proposal.[27] A suggestion similar to this is being made to the Soviet Union. It is not thought wise to postpone action any longer than necessary; hence the deadline is set at about September 19. A press release describing in general terms the action taken will be issued shortly thereafter in Washington.

HULL

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[26] Circular telegram, September 5, midnight, to diplomatic representatives in Ireland, Morocco, Portugal, Spain, Sweden, and Turkey, and telegram 3063, September 5, 8 p. m., to Switzerland, not printed. In telegram 2135, September 5, midnight, to Moscow, the circular telegram was repeated, with an additional paragraph stating, in part: "Please inform the Soviet Government of the intended action and state that we would welcome similar action by them. Since the note proposed above is in pursuance of a recommendation of Resolution VI, it is thought that the Soviet Union may well wish to take like steps, at least in Ankara and Stockholm." (800.515/9-544)

[27] In telegram 7522, September 13, 8 p. m., from London, Ambassador Winant reported on his discussions with a representative of the British Foreign Office concerning the desire of the Department to address a note to certain neutral governments regarding implementation of Resolution VI of the Bretton Woods Conference; the Foreign Office representative stated that he did not believe the United Kingdom Government would be prepared to associate itself with the *démarche* in the form proposed but that the Foreign Office was anxious to bring about the results desired by the Department (800.515/9-1344).

102.1/9–844 : Telegram

The Secretary of State to the Minister in Switzerland (Harrison)[28]

WASHINGTON, September 8, 1944—1 p. m.

3104. From the Department, Treasury and FEA. ReLegs cable 5549, August 24.[29] The missions in Sweden, Turkey, Portugal and Spain, for your information, are being instructed, subject to British concurrence, to initiate negotiations with the Governments to which they are accredited, with a view to getting those Governments to take action similar to that outlined in Department's 2558 of July 26 [30] regarding acquisition of gold. After considering the subject further it has been considered desirable to substitute Axis for Germany in the policy statement, and in each instance to have the prohibition extended to persons, entities and Governments. The changes are in detail rather than in substance. However, to make the policy statements uniform you may wish to substitute the following statement for that contained in Department's 2558 at an appropriate time during the discussions, unless the substitution would jeopardize the acceptance of the program by the Swiss:

The Government of Switzerland on their own behalf will not receive for deposit or acquire any interest in gold in which any individual entity or Government in occupied territories or Axis and associated countries has an interest and will forbid the acquisition or receipt of such gold or of any interest in such gold by individuals, to entities, including the Swiss National Bank, within Swiss jurisdiction. Furthermore, the Government of Switzerland will not permit gold, in which any individual or entity in occupied territories or Axis and associated countries has an interest, to be imported into Switzerland, either for storage in bond or for safe-keeping. The Swiss Government will not permit their currency or other currencies to be made available to or in behalf of any such individual entity or Government as described herein for or against gold already held in Switzerland.

We shall keep you informed on how the negotiations with the other neutral European countries are progressing so that you may make appropriate use of the information in your conversations with the Swiss.

Sent Bern, repeated London.

HULL

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[28] Repeated on the same date as telegram 7272 to London.

[29] Not printed; it indicated that an *aide-mémoire*, which included a paraphrased text of the gold clause as transmitted in Department's telegram 2558, July 26 (not printed), had been handed on August 24 to a Swiss official for transmission to the Political Department (862.515/8–2444).

[30] Not printed; it transmitted in paraphrase the proposed text of the gold clause (862.515/7–2644).

Telegram 2713, August 7, 1 p. m., authorized the Minister in Switzerland to start negotiating with the Swiss with a view to immediate acceptance by the Swiss Government of the gold policy embodied in telegram 2558 (862.515/8–744).

800.515/9–1344 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 13, 1944—8 p. m.
[Received September 14—3:25 a. m.]

7522. ReDepts 7189, September 5, midnight. The desire of the Department to address a note to certain neutral governments regarding the implementation of Resolution VI of the Bretton Woods Conference was discussed with Ronald of the Foreign Office. While reiterating his statement, reported in the Embassy's 6472, August 11, 11 p. m., that the Foreign Office wished to cooperate with the Department in any measures it might take, he nevertheless said he could see difficulty in going along in the manner suggested.

Ronald pointed out that the resolutions of the Bretton Woods Conference were not "adopted" by the governments but merely by the delegates who referred them to the various signatory governments for their consideration and that Resolution VI had not yet been fully considered by the Government of the United Kingdom and he could not yet say what the final attitude of his Government would be on this question. The British Government has therefore not yet decided what steps would be expedient or appropriate for implementing this resolution and he expressed considerable doubt as to the efficacy or appropriateness of calling upon neutral governments, at this stage, to institute all the measures mentioned in the resolution. Ronald said he did not believe the United Kingdom Government would be prepared to associate itself with the *démarche* in the form proposed but that the Foreign Office was anxious to bring about the results desired by the Department. He therefore suggested informally and subject to later confirmation after consultation with the other Government Departments concerned, that the United Kingdom Government might at a date somewhat later than September 19 be willing to join in an approach to the neutral governments along the following lines: *Begin statement:*

"1. (Draw attention to Resolution VI of the Bretton Woods Conference and quote its terms.)

2. The United States/United Kingdom Governments having regard to the terms of the above resolution, call upon the blank government to take all possible steps (*a*) to prevent the entry into or transfer to any person in blank territory of any property or assets acquired by an enemy government or national from persons in United Nations territory which is or has been in enemy occupation, and also to suspend all further dealings in any such property or assets already in or lodged with any person or institution in blank territory pending consultation with the United Nations; (*b*) to prevent the concealment in blank territory by means of fictitious transfers to persons or institutions therein, or otherwise, of any property or assets of an enemy

government or national or of persons or institutions in enemy territory."

This message only to Department but Department's 7189 repeated to Moscow.

WINANT

102.1/9–1544 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 15, 1944—4 p. m.
[Received September 16—11:45 a. m.]

7635. For Department, Treasury and FEA. ReDepts 7080, September 1. MEW informs Embassy that in consultations with other departments, certain objections have been raised to the method of attaining the end of inducing neutrals to adopt the desired gold policy. The objections which we believe come from the British Treasury arise from (*a*) the use of the word "negotiations" in the Department's instructions to the Missions which might imply that we should be prepared to bargain with the governments concerned and possibly accept a compromise undertaking which might tie our hands in the future and (*b*) from a fear that acceptance of undertakings might imply a condonation of past dealings in looted gold on the part of the countries concerned before the giving of an undertaking. MEW expresses the belief that you do not imply negotiation in the sense of bargaining or the offer of any inducement to the neutrals to give us an undertaking and if as they suppose the proposal is that we should propound to the governments concerned the Swiss formula and simply invite their acceptance of it they will make a further approach to the Treasury on this basis. MEW adds further that in view of other present or pending discussions it may not be expedient to make representations on the subject simultaneously to all the neutrals concerned. Embassy believes this reservation refers to Turkey alone. Embassy requests confirmation that the above conforms with the Department's views and would point out that minor amendments of the instructions to the Missions would be necessary.

MEW points out that Nazi leaders and industrialists might use submarines to find safe haven for loot outside Europe and ask if similar approaches should not also be made in Latin America.

WINANT

800.515/9–1644 : Circular telegram

The Secretary of State to Certain Diplomatic Representatives [32]

WASHINGTON, September 16, 1944—4 p. m.

RE FLIGHT OF AXIS CAPITAL TO NEUTRAL COUNTRIES

In view of discussions now going forward with British on possibility of presenting a joint note on Bretton Woods Resolution VI, please do not present note described in Department's circular telegram of September 5, 1944,[33] until you receive further instructions from Department.

HULL

800.515/9–1644 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 16, 1944—6 p. m.
[Received 8:16 p. m.]

7652. ReDepts 7189, September 5, midnight and Embassy's 7522, September 13, 8 p. m. The ForOff told us this afternoon that it had had second thought with respect to addressing a note to certain neutrals regarding the implementation of Resolution VI of the Bretton Woods Conference. The ForOff now feels that it is perhaps unwise to attempt, as Ronald's preliminary draft sent in our 7522, did, to spell out the meaning of Resolution VI. It therefore proposes to address a note substantially the same as that proposed by the Department. In order to meet Ronald's point that the resolutions of the Bretton Woods Conference were only adopted as referendum it is proposed that the note read "the delegates of the 44 nations assembled . . . adopted the following resolution."

Because of the feeling of the ForOff that the measures set forth in the resolution cover wide territory and are difficult of exact interpretation, it suggests that the sentence in the Department's note which states "my Government calls upon your Government to institute the measures set forth in the resolution" should be amended to read "my Government calls upon your Government to institute such measures as will fulfill the aims of the United Nations as expressed in the resolution." The British representatives are being instructed by the ForOff to refer in case they are asked what the aims of the United Nations are, to the

[32] The diplomatic representatives in Ireland, Morocco, Portugal, Spain, Sweden, and Turkey. Paraphrased texts were transmitted to Switzerland in telegram 3216, September 16, midnight, and to the Soviet Union in telegram 2230, September 18, 7 p. m. (neither printed).

[33] See Department's telegram 7189, September 5, to London, p. 226, and footnote 26, p. 227.

last paragraph to the preamble of Resolution VI beginning "whereas, the United Nations have declared their intention et cetera."

The question was also raised as to whether or not a like note would be addressed to Argentina. The ForOff state that inasmuch as the United Kingdom still maintains diplomatic relations with Argentina and as it feels that Argentina would probably be one of the great loopholes, it desires to address such a note to it. It also desires to address a note to Turkey but in view of the fact that Turkey has broken off relations with the Axis it would be addressed in a milder manner. Instead of using the words "call upon" ForOff, would use "expresses the hope that Turkey will institute such measures."

The present attitude of the ForOff, as indicated above, has so far been approved only at the official level and it was made clear that before final instructions could be sent to the British Missions it must have ministerial approval. It is believed that this will be obtained within 10 days and the ForOff hopes that the Department will agree to postponing the presentation of its note for that length of time so that the British and American notes may be presented about the same time although not necessarily simultaneously.

WINANT

800.515/9–1644 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 22, 1944—9 p. m.

7742. A conference has been held between the Department, Treasury, and FEA with respect to transmittal of the Bretton Woods Resolution VI to the European neutrals and particularly with reference to your 7522, September 13, 1944, the Department's 7587, September 18, 1944,[34] and your 7652, September 16, 1944. As has already been indicated to you, our missions in the neutral capitals have been requested to withhold transmittal of the proposed note pending discussions with the British.

1. Department, Treasury, and FEA are prepared to accede to the suggested British changes in the note transmitted in the Department's 7189, September 5, 1944, in view of the desirability of obtaining coordinated action at the earliest possible date. It is our understanding that the text of the note, as thus agreed upon, will read as follows:

"The delegates of the 44 nations assembled at the United Nations Monetary and Financial Conference at Bretton Woods, New Hampshire, adopted the following Resolution. (Here quote the text of the Resolution as set forth in the circular airgram referred to.)

[34] Telegram 7587 not printed.

"I have been instructed to inform you that my Government, considering the Bretton Woods Resolution to be directed at the same purposes as the Declaration of London, of January 5, 1943,[35] with respect to looted property, and the declaration of February 22, 1944, concerning gold, fully supports the said Bretton Woods Resolution. In accordance with the terms of that Resolution, I am instructed therefore to state that my Government calls upon your Government to institute such measures as will fulfill the aims of the United Nations as expressed in the Resolution. I am further instructed to state that my Government considers cooperation in this matter to be of primary importance to the welfare of occupied nations and to the protection of the lives and property of their nationals, and to the peace and security of the post-war world."

2. Previous plans already called for the presentation of a similar note to Turkey. We are willing to accede to the British suggestion that milder language be used in the proposed Turkish note and the phraseology suggested is acceptable. Our mission in Ankara will be sent the proposed text of the note as so corrected as soon as possible.

3. The Department does not believe it desirable to have the British present Resolution VI to Argentina at this time. In view of the fact that neither the United States nor the British maintain normal diplomatic relations with Argentina, we would suggest to the British that a different approach to Argentina be made. The approach to be made on this and related problems, such as the question of refuge for Axis war criminals, is under discussion within the Department. It is not believed desirable, moreover, to encourage any action which might possibly be construed to indicate divergence between United States and British relations with or attitude toward Argentina.

4. It is desired to reiterate the point made in the Department's 7587 under reference, that we consider this matter to be highly urgent. It is hoped that, in view of our complete acceptance of the proposed British changes, there will be no difficulty in clearing this matter at a ministerial level in London within the next few days. It is hoped to have the presentation of notes take place on October 2, 1944.

5. Please indicate whether the British desire a joint US–UK statement or identical notes delivered more or less simultaneously by our respective missions.

6. Your reaction is requested to the proposed issuance of press release to describe briefly the action thus taken, and to be issued shortly after the presentation of the notes.

7. The above may be taken as a reply also to your telegram 7742, September 19.[36]

HULL

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[35] *Foreign Relations*, 1943, vol. I, p. 443.
[36] Not printed.

800.515/9–2844 : Circular airgram

The Secretary of State to Certain Diplomatic and Consular Officers[37]

WASHINGTON, September 28, 1944—4 p. m.

FLIGHT OF AXIS CAPITAL

Reference is made to the Department's circular airgram of August 23, 1944, entitled "Mission re Flight of Axis Capital".

Your attention is called to the request in paragraph 2 for evidence on transfers of securities to or through your territory. It is probable that the enemy, and particularly persons important in the Nazi regime, will attempt to secrete capital in the form of bearer securities issued by neutral governments which may be difficult to trace. You should be on the alert for investments in securities not only of industrials but also of the neutral governments.

No mention was made in the circular of cooperation with representatives of other Allied Governments. You should, of course, arrange with your British colleagues for a prompt and complete exchange of views on this subject. It is suggested that they be given a copy of the directives issued thus far. You should also approach informally any other Allied missions, especially the French, Dutch and Belgian, and discuss with them in an informal manner the information which is being collected and is already available, particularly with regard to looted property which is of interest to the respective governments. It should be pointed out to the missions of those countries now or formerly occupied by the enemy that while this Government recognizes their special interest in identifiable looted assets we, too, are interested in such assets with a view toward preventing the Germans from realizing any benefit therefrom and assuring that the United States will not inadvertently provide haven for such properties.

The Department is informed that the Ministry of Economic Warfare is issuing comparable instructions to the British missions.[38] The British instructions, however, broaden the scope of the project to include a catalogue of all German assets abroad. Specific instructions will be sent you in the near future concerning the extent to which you should collect a register of similar information. Meanwhile, you should preserve all intelligence of this general nature which comes

[37] The diplomatic representatives in Algeria, Egypt, Morocco, Portugal, Spain, Sweden, Switzerland, Turkey, and the United Kingdom; the consular officers at Istanbul and Naples; and the United States representative on the Advisory Council for Italy.

[38] British circulars to Missions on flight of Axis capital were transmitted to the Department in despatches 18138 and 18256 of September 21 and 28, respectively, not printed.

into your possession since information on looted and flight capital will tend to merge with information relating to German assets generally.

In order to expedite prompt distribution, all cables, airgrams, and despatches on this subject should contain the code word "SAFEHAVEN".

HULL

800.515/9–2944 : Circular telegram

The Secretary of State to Certain Diplomatic Representatives [39]

WASHINGTON, September 29, 1944—2 p. m.

RE FLIGHT OF AXIS CAPITAL TO NEUTRAL COUNTRIES

British have decided to present to the European neutrals a note on Bretton Woods Resolution VI, more or less simultaneously with presentation by our missions of a similar note. British note will be substantially the same as American but not identical. Reference Department's circular telegram, September 5, 1944, midnight,[40] "Re Flight of Axis Capital to Neutral Countries", and Department's circular telegram of September 16, 1944, 4 a. m. [*p. m.*]

You are instructed to consult with your British colleague, and thereafter to present, on October 2, to the government to which you are accredited, the note set forth in the circular telegram which follows, dated September 29, 3 p.m., which note is slightly different in phraseology from note contained in Department's circular telegram under reference.

This matter is also being discussed with the USSR, and it is hoped that the Russian mission, where there is any, will also present a similar statement.[41]

HULL

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[39] The diplomatic representatives in Ireland, Morocco, Portugal, Spain, Sweden, Switzerland, and Turkey; repeated on the same date to the diplomatic representatives in the United Kingdom and the Soviet Union.

[40] See footnote 26, p. 227.

[41] Ambassador Harriman informed the Department in telegram 3759, October 2, 4 p. m., that he had notified the Soviet Foreign Office by note on September 30 of the procedure to be followed by the British and United States Governments in presenting notes concerning Resolution VI to the European neutrals and again expressed the hope of the United States Government that the Soviet Government would find it possible to take similar action (800.515/10–244).

800.515/9–2944 : Circular telegram

The Secretary of State to Certain Diplomatic Representatives [42]

WASHINGTON, September 29, 1944—3 p. m.

RE FLIGHT OF AXIS CAPITAL TO NEUTRAL COUNTRIES

"The delegates of the 44 nations assembled at the United Nations Monetary and Financial Conference at Bretton Woods, New Hampshire, adopted the following resolution. (Here quote the text of the Resolution as set forth in the Department's circular airgram of August 22 [*19*], 1944.)

I have been instructed to inform you that my Government, considering the Bretton Woods Resolution to be directed at the same purposes as the Declaration of London, of January 5, 1943, with respect to looted property, and the declaration of February 22, 1944, concerning gold, fully supports the said Bretton Woods Resolution. In accordance with the terms of that Resolution, I am instructed therefore to state that my Government calls upon your Government to institute such measures as will fulfill the aims of the United Nations as expressed in the Resolution. I am further instructed to state that my Government considers cooperation in this matter to be of primary importance to the welfare of occupied nations and to the protection of the lives and property of their nationals, and to the peace and security of the post-war world."

HULL

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[42] The diplomatic representatives in Ireland, Morocco, Portugal, Spain, Sweden, Switzerland, and Turkey. (None of these Governments had agreed to implement the Resolution by the end of the year 1944.) Repeated on the same date to the diplomatic representatives in the United Kingdom and the Soviet Union. Also repeated in a circular telegram at 5 p. m. on the same date to the diplomatic representatives in Australia, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Cuba, Denmark, Dominican Republic, Ecuador, Egypt (repeated for Greece and Yugoslavia), El Salvador, Ethiopia, France, Great Britain (repeated for Belgium, Czechoslovakia, Luxembourg, Netherlands, Norway, and Poland), Guatemala, Haiti, Honduras, Iceland, India, Iran, Iraq, Liberia, Mexico, New Zealand, Nicaragua, Panama, Paraguay, Peru, Union of South Africa, Uruguay, and Venezuela.

Telegram 143, September 29, 5 p. m., informed the diplomatic representative in Morocco that "the note in question should be handed to the Spanish High Commissioner [Orgaz] with the explanation that simultaneous representations are being made by the American Embassy at Madrid." (800.515/9–2944) The Spanish High Commissioner informed Chargé Childs (despatch 2385, October 6, from Tangier) that a copy of the note would be transmitted to Madrid, which would decide upon the policy with respect to metropolitan and Spanish territory, as well as any Spanish possessions and the zone of the Protectorate (800.515/10–644).

Telegram 849, October 2, 6 p. m., to the diplomatic representative in Turkey, informed him that if note had not already been presented to the Turkish Government, he was authorized, in concert with his British colleague, to alter the terms of the note in a manner deemed appropriate by him to reflect the different status of Turkey from European countries preserving strict neutrality, in view of Turkey's break of relations with Germany (800.515/10–244).

800.515/9–2244 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 29, 1944—3 p. m.

7937. Reurtel 7930, September 23, 1944.[43] The Department strongly feels that no approach should be made to the Argentine Government on this matter, whether informal or otherwise, and does not feel that a copy of the note should be informally handed to the Argentine Embassy. No such approach will be made here. Should a press release be issued, the Argentine Government will receive notice through that means.[44]

We are also instructing our missions in each of the United and Associated Nations to inform the Governments of those nations of the approach being made by us to the European neutrals with a view to instigating a similar approach by the Governments of those nations to the European neutrals. You are instructed to inform the British that a parallel approach by them to the United and Associated Nations would, in the opinion of this Government, be highly desirable. Inform the Department whether the British agree to approach the other United and Associated Nations with a view to inviting them to take a similar approach to the European neutrals.[45]

The following two circular telegrams dated September 29, 2 p. m. and 3 p. m.[46] which have been sent to our missions in the European neutral capitals and Moscow are repeated to you for your information. (Reurtel 8009, September 26, 1944.[43])

HULL

800.515/9–2944 : Circular telegram

The Secretary of State to Certain Diplomatic Representatives [47]

WASHINGTON, September 29, 1944—6 p. m.

RE FLIGHT OF AXIS CAPITAL TO NEUTRAL COUNTRIES: BRETTON WOODS RESOLUTION VI

Resolution VI adopted by the delegates at the Bretton Woods Financial and Monetary Conference of July, 1944, recommended that the

[43] Not printed.

[44] The United States and British Governments subsequently agreed not to make any approach to the Argentine Government. For documentation on efforts of the United States to enlist the American Republics and the United Kingdom in a common policy toward Argentina, see vol. VII, pp. 288 ff.

[45] In telegram 8227, October 2, 2 p. m., Ambassador Winant stated that the British Foreign Office had that morning informed him that it would make a similar approach to the Governments of the United and Associated Nations regarding Resolution VI (800.515/10–244).

[46] *Ante*, pp. 235 and 236, respectively.

[47] The diplomatic representatives in Australia, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Cuba, Denmark, Dominican Republic, Ecuador,

(Footnote continued on following page.)

United Nations call upon the neutral countries to take measures designed to carry out the objectives of the Resolution, among which are the disclosure of Axis assets, in particular flight capital and looted property. Reference is made to the Department's circular airgram of August 22 [*19*], 1944, containing the text of Bretton Woods Resolution VI.

It has now been decided that this Government will endorse the Resolution and will call upon the governments of the European neutral countries, in the manner recommended in the Resolution. Instructions are being sent to the American missions in Bern, Stockholm, Dublin, Lisbon, Madrid, Tangier, and Ankara,[49] to present on October 2 or as soon thereafter as possible, a note the text of which is quoted in the following circular telegram dated September 29, 5 p. m.[50]

The British missions are being instructed to present a note couched in similar terms, with the omission of the last sentence of the above-quoted note, at the same time. Discussions are also being held in Moscow with the government of the USSR with reference to the possible presentation of a similar note by that Government to those neutral governments to which the USSR has representatives.

You are instructed to bring immediately to the attention of the Government to which you are accredited the fact that action is being taken by the United States to endorse Bretton Woods Resolution VI, to point out that it may be desired by that Government to take parallel action, and to indicate the importance which is attached to this matter by this Government.[51]

The American Embassy in London has been informed of this procedure, and it seems reasonable that the British will wish to take similar action. However, after informing your British colleague of the action which is described herein, you should proceed independently. It is felt to be important that the other United and Associated Nations be informed of our proposed action before it is taken. Similar steps on their part would of course be very welcome.

HULL

(Footnote continued from p. 237.)
Egypt (repeated for Greece and Yugoslavia), El Salvador, Ethiopia, France, Great Britain (repeated for Belgium, Czechoslovakia, Luxembourg, Netherlands, Norway, Poland), Guatemala, Haiti, Honduras, Iceland, India, Iran, Iraq, Liberia, Mexico, New Zealand, Nicaragua, Panama, Paraguay, Peru, Union of South Africa, Uruguay, and Venezuela.

[49] Circular telegrams, September 29, 2 p. m., and 3 p. m., pp. 235 and 236, respectively.

[50] See fourth sentence of footnote 42, p. 236.

[51] During 1944 the following Governments informed the Department that they would take parallel action in the neutral countries where they had representatives: Belgium, Brazil, Canada, Chile, China, Czechoslovakia, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Iceland, Liberia, Luxembourg, Netherlands, New Zealand, Norway, Panama, Paraguay, Poland, and Venezuela.

102.1/9–2944 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)[52]

WASHINGTON, September 29, 1944—11 p. m.

7966. From Department, Treasury, and FEA. The following is in reference to proposed statement of a gold policy and particularly with reference to questions raised by the British and discussed in your 7635, September 15, 1944.

1. Use of the word "negotiations" in Department's 7080, September 1, 1944, was not intended to carry implication that our missions in Switzerland, Spain, Portugal, Sweden, or Turkey, should bargain with governments concerned or accept a compromise undertaking. It was our intention to instruct our missions in above-named countries to present the statement of the gold policy to governments to which they are accredited and to urge them to adhere to it without offering to those governments any inducements in connection with such an adherence. Nor was it our intention to consider any weakening or modification of the proposed statement.

2. The adoption of proposed gold policy will not result in a condonation by us of past dealings in looted gold. A country which adheres to the proposed gold policy will not be free from questioning as to transactions in gold. After the war, United States and other United Nations must face problems involved in clarifying position of looted property, including looted gold, acquired by neutral countries from Axis during the war. Moreover, we could not possibly foreclose nations from whom gold has been looted from taking appropriate action.

3. MEW's suggestion that an expression of our views on this matter should go to the Latin American governments is under review here. In this connection, special attention will be given to problem of bringing our policy to the attention of Argentina.

4. In view of urgency of this matter, it is requested that you impress upon British desirability of bringing gold policy to the attention of neutral governments named above without delay. We believe that no reason exists for not making a substantially simultaneous approach in all countries concerned. Consideration has already been given in Washington to the different position of Turkey by reason of that country's rupture of relations with Germany. For your information the following is an extract (in paraphrase) from our A–146 of September 2, 1944, addressed to our mission in Ankara:

[Here follows paraphrase of passage quoted in footnote 24, page 225.]

[52] Repeated on the same date to diplomatic representatives in Portugal (telegram 2637), Sweden (telegram 1952), Spain (telegram 2666), and Switzerland (telegram 3364).

The importance of making a substantially simultaneous approach to countries involved is emphasized by possibility that an approach to less than all of these countries might result in Germans focussing their attention upon that country or those countries to which an approach had not been made. However, should the British feel strongly, for reasons which are not apparent here, that an approach to Turkey should be postponed or modified, it is strongly desired to achieve a simultaneous and joint approach to Sweden, Portugal, and Spain, rather than delay such an approach pending eventual solution of Turkish matter. Our position therefore is that advisability of a simultaneous approach to all of the countries concerned should be pressed upon British, with explanation that an additional statement might be made in presentation of any note to Turkey in recognition of Turkey's rupture of relations with Germany. However, should this simultaneous approach to all countries involved not be feasible, it is urged that a simultaneous approach to the other three countries be made without delay.

5. As soon as British concurrence may be received on these matters, you are requested, without further reference to Department, to advise our missions in countries concerned, as was indicated in Department's telegram 7080, September 1, 1944.

6. Please report reactions of British to these proposals, giving special attention to their attitude on Turkish matter.

HULL

[With reference to the presentation of the note on October 2, see Department's press release of October 4 entitled "Request to Neutral Governments Concerning Enemy Loot", Department of State *Bulletin*, October 8, 1944, page 383.]

102.1/10–1844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 18, 1944—8 p. m.
[Received October 18—7:18 a. m.]

8897. For Treasury and FEA. ReDepts 7966, September 29, 11 p. m. After further discussion with British Treasury, MEW has today instructed representatives at Stockholm, Lisbon, Ankara and Madrid to join in effort to have those Governments adopt the desired gold policy by presenting a note the terms of which are summarized below. This note however is not to be presented until you have had an opportunity to consider the present telegram and the Missions are given the final instructions by MEW and ourselves.

First paragraph of note refers to declaration of February 22 concerning looted gold and note of October 2 on Bretton Woods Resolution VI. Second paragraph states that ample evidence exists that all Germany's pre-war gold stocks have been exhausted and therefore gold now in their possession is presumed to be looted. Third paragraph states that His Majesty's Government "expect" neutral government concerned to take steps which are set forth in exact terms of the formula contained in Department's instructions to Missions of September 1.

MEW feels the matter could be best handled by the simple presentation of a note to which no reply would be expected rather than by entering into discussions which might possibly be prolonged or the demanding of an undertaking which could only be considered in fact negotiating. While MEW's instructions to United Kingdom Missions do not appear to conflict materially with the Department's instructions to American Missions of September 1 the exchanges of telegrams with the Department indicate desire on the part of the Department to have the Missions urge adoption of the policy and obtain an undertaking as is in fact being done with the Swiss. MEW has no desire to change policy towards Swiss since the effort is already under way and if Department concurs in the views expressed above Embassy will arrange to have both Missions in each country instructed immediately to proceed.

WINANT

102.1/10–1844 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 28, 1944—midnight.

9036. From Department, Treasury, and FEA. Reurtel 8897, October 18, 1944. Although this Government feels that it would be desirable to obtain a commitment from the neutral governments, in a procedure similar to that now being followed with respect to Switzerland, this Government is not prepared to insist upon this matter in view of the position now taken by the British. In the interests of expediting action on presentation of the gold notes, you are authorized to inform the British and the missions in Stockholm, Lisbon, Ankara, and Madrid,[53] that immediate action should be taken along lines indicated by MEW. Without further consultation with Department, you may therefore issue instructions to the abovementioned missions and arrange for simultaneous action by the

[53] By the end of 1944, none of these Governments had indicated willingness to subscribe to the gold declaration.

British and our missions in the countries named. Please request missions to inform Department, Treasury and FEA of action taken and of any developments.

STETTINIUS

800.515/11-1444 : Telegram

The Chargé in the Soviet Union (Kennan) to the Secretary of State

Moscow, November 14, 1944—2 p. m.
[Received November 14—1:52 p. m.]

4364. ReEmbs 3997, October 20, 11 a. m.[54] The Embassy received this morning a note from the Foreign Office dated November 12 stating that the Chiefs of the Soviet Missions in Stockholm and Ankara have been instructed to present notes on the subject of Resolution VI of the Bretton Woods Conference but that in view of the fact that the Soviet Government has no diplomatic missions in Dublin, Madrid, Lisbon, Tangier and Bern, the Foreign Office is unable to transmit similar notes to the appropriate governments.

No date is given as to when the instructions were issued to present the notes to the Swedish and Turkish Governments.

KENNAN

800.515/11-344 : Airgram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, December 2, 1944—10:45 a. m.

A-2536. For Schoenfeld (Czechoslovak Series No. —). Reference your despatch no. 207, November 3, 1944.[55] Department does not believe international conference on subject of looting and flight of Axis capital would be profitable at this time. Subject of restitution continues to be explored, and is being discussed with Robbins of the AmEmbassy London. Work is going forward on flight of Axis capital problems, on the operating and policy levels, and it would appear that nothing would be gained by international conference discussion of the subject, at least at this stage. The interest of the Czechoslovak Government, and of other governments in similar positions, is realized, and their cooperation on these subjects, where their interest is clear, will be sought.

STETTINIUS

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[54] Not printed; in this telegram the Chargé reported that the Soviet Foreign Office had not replied to his note of September 30 regarding Resolution VI (800.515/10-2044).

[55] Not printed.

800.515/12-644

The Secretary of State to Diplomatic Representatives in the American Republics

WASHINGTON, December 6, 1944.

SAFEHAVEN PROJECT

SIRS: Reference is made to the Department's circular airgram of May 25, 1944, 11 a. m.,[56] requesting that you investigate and report any evidences that enemy capital has been or is being invested in your territory. Reference is also made to Bretton Woods Resolution VI, which was transmitted to you in a circular airgram of August 19, 1944, and to the interest of this Government in the problem of looted assets and similar questions.

This Government is attempting through all available means to obtain information concerning enemy investments and plans, and the activities of persons which could be employed as a means of preserving the enemy's economic, political and military potential abroad after the cessation of hostilities. There is evidence that the enemy, in tacit acknowledgment of defeat, is seeking refuge in neutral and friendly countries for persons and assets in order to remove them from anticipated Allied controls. While recognizing that the government to which you are accredited, consistent with its severance of diplomatic relations with or declaration of war upon the Axis, should have taken measures to preclude such activities, there may well remain a sizable body of enemy assets which have escaped control, through concealment or otherwise, and also enemy persons who have had little or no restrictions placed upon their movements and activities. It is not possible to state at this time precisely the disposition which will be made of such assets or the controls which will be imposed upon undesirable persons since those are matters requiring discussions among and concerted action by the United Nations. The information will, however, be of immediate value to this government in formulating plans for the postwar disposition of the enemy's foreign influence and of subsequent and greater value in expediting the execution of such plans. In furtherance of those objectives you are requested to transmit at an early date all presently available information requested hereinafter and to obtain through all possible sources additional data which might prove useful. It is important that each diplomatic and consular office be prepared to keep the Department currently informed on developments in this field for several years following the cessation of hostilities in order that any resurgence of enemy activity may be quelled in its inception.

[56] Not printed.

For purposes of this instruction the term "enemies" should be defined as persons or entities *in any of the Axis countries, or countries which have been or are allied with the Axis, and nationals of any country who in your discretion could be considered a present or potential threat to the effective execution of Allied control plans.* In carrying out this instruction the mission's attention should be directed in the first instance to firms and individuals domiciled in or controlled from Germany and, with respect to those whose ownership resides elsewhere, to those whose activities fall within the criteria for Proclaimed List action.

You are requested to compile a register of all known enemy assets which have not been satisfactorily vested, expropriated, confiscated, nationalized, or otherwise disposed of by the government of an Allied or other friendly country showing:

(*a*) A description of the assets including their nature, value, location, etc.
(*b*) The names of any persons who may be concealing the enemy ownership of assets (such persons should be considered for inclusion in the Proclaimed List) and
(*c*) The names of the true owners of the assets.

In compiling a register, although equal emphasis should be given to both, a distinction should be made wherever possible between looted assets and other enemy held assets. In determining such a distinction it may be helpful to consider separately those assets owned by enemies prior to 1939 and those acquired since 1939. It may also be helpful to give special attention to those assets which are known or believed to have been owned by persons in enemy occupied areas on or after the occupation of such areas. Looted assets are those owned by persons or firms in territory now or formerly enemy occupied and which since occupation have passed to enemy ownership. They include both properties which have been transferred from enemy occupied territory and properties which originally were located in non-enemy territory but title to which has passed to an enemy.

The types of assets concerned are various, but the following items are of particular interest:

(1) Bank balances and gold holdings and transfers thereof, whether between central banks or otherwise.
(2) Gems, gold privately owned, currency, art objects, stocks of merchandise, etc.
(3) Real estate, including leaseholds (e.g., industrial, commercial, mining, agricultural, and residential properties).
(4) Securities, including investments in securities of neutral and other governments, as well as industrials.
(5) Obligations owing to the enemy in the form of mortgages, bills of exchange, insurance policies, annuities, promissory notes or other evidences of indebtedness or book credits of any kind.

(6) Patents, trademarks and copy-rights and transfers, assignments, licenses, etc. in connection therewith.

(7) Beneficial interests under trusts or estates of deceased persons.

(8) Commercial, industrial, financial or other enterprises which in any way represent enemy assets, looted or otherwise. This item should be broadly interpreted to include old as well as new investments of every kind in which an enemy has an interest. In this connection it will be noted that new investments, both open and cloaked, may represent flight capital or looted assets. Such investments might include holding companies and minority interests in established domestic firms.

You should report in detail concerning any enemy-owned assets which come to your attention. Your investigations should concern not only assets presently located in your area but also those in transit, particularly where the assets emanate from a neutral European country. *It is possible that you already have reported such information in connection with a related subject, such as a recommendation for Proclaimed List action,*[57] *in which case a reference to the number and date of the communication will be sufficient.*

Simultaneously with the compilation of a register of enemy assets, this Government wishes to initiate a survey of enemy persons and their activities. This will require a continuous fact-finding on all persons of enemy nationality for a period of years in order that the Department will be able to sense any attempts on the part of the Germans in any part of the world to maintain and improve their technical abilities with the view of fitting into a general German plan for a rearmaments program inside Germany at some rather distant future date. To that end you are requested to report all available details concerning enemies in the country to which you are accredited, particularly with regard to persons and activities such as the following:

1. Enemy technicians, financial experts or managerial help, particularly recent arrivals, employed by any enterprises irrespective of nationality in your area, or evidence that such persons are attempting to place themselves in positions where they could assist in the development of the industrial and military potential of your territory. This would include persons who are being or may be used to develop Nazi potential through the medium of partnership relations, employment connections or by serving in advisory capacities. You should also report on business enterprises with which these persons are associated and also those which have been so allied with the enemy's economic or military organization in the past that they may offer safe haven for enemy skills by providing opportunities for technical experience, research facilities, etc. It is predictable that the persons who are enemies within the terms of this instruction will attempt to disguise them-

[57] For documentation concerning the Proclaimed and Statutory Lists, see pp. 154 ff.

selves for a considerable period such as by posing as common laborers and refugees.

2. Careful attention should be given to enemy scientists engaged in private, governmental or university research since it is to be expected that such persons will want to maintain and improve their skills and keep abreast of any developments in their respective fields by engaging in research work in all countries affording these opportunities.

Such factors as religious adherence, political philosophies, and employment in the country to which you are accredited for several years prior to the outbreak of the war should not be considered as grounds for omitting such individuals from reports on this project. Your reports on enemy personnel should include descriptive data, such as details of training and relevant facts on previous employment. Although information on enemies recently employed in any of the above mentioned capacities is of primary interest, information on individuals employed in this type of activity subsequent to 1933 will be extremely useful. In compiling such information, the following are suggested as possible sources of information: (1) labor registrations; (2) immigration files; (3) police records; (4) university, college and technical school catalogs or faculty biographies; (5) biographical sketches in industrial and scientific publications; (6) Allied intelligence sources.

You should not hesitate to report unconfirmed rumors of attempts by the enemy to transfer his assets to places of safekeeping abroad in anticipation of impending defeat or of the movements of enemy persons seeking refuge for similar reasons. It is possible that the Department can obtain proof from other areas of the world or at least when Allied control over enemy territory is established.

The Proclaimed List should contain the most important persons and firms within your area who fall within the terms of this instruction and therefore it is suggested that the list be reviewed for the purposes stated herein in the initial stages of your work on the project. If you have not followed closely the activities of the listed persons and entities since they have been included in the list, you should now conduct investigations. It is possible that you have already undertaken such a review on the basis of the Department's circular telegram of September 20, 1944, 5 p. m.[58] In cases where you believe the objective of controlling or thwarting enemy activities of the nature set forth in this instruction could be achieved through inclusion of the names of individuals or firms in the Proclaimed List, you should forward a recommendation to this effect with your report.

[58] See footnote 84, p. 188.

Your British colleagues have already received instructions covering this subject and have been requested to cooperate with you in this project. You should arrange to consult and work with them as closely as possible in order to attain the maximum of information. Our final objective is to obtain, of course, complete coverage of all sources available to both you and your British colleagues so that the information exchanged may be of maximum mutual benefit. You should also approach informally any other Allied missions, especially the French, Dutch, and Belgian, and discuss with them the information which is being collected and is already available, particularly with regard to looted property which is of interest to the respective governments. It should be pointed out to the missions of those countries now or formerly occupied by the enemy that while this Government recognizes their special interest in identifiable looted assets we, too, are interested in such assets with a view toward preventing the Germans from realizing any benefit therefrom and assuring that United States facilities will not inadvertently be used to provide haven for such properties.

The chief of mission should designate a qualified Foreign Service or Auxiliary Foreign Service officer to coordinate the fact-finding and reporting on this project in the country to which he is accredited and should solicit the cooperation of all intelligence organizations of this government operating in the country. The coordinating officer should, of course, utilize the commercial, banking and governmental contacts afforded the office of the Commercial Attaché along with the contacts available at the various consular posts.

For the convenience of the reporting officer, the Department has devised a simplified form which may be utilized in forwarding any information, however brief, touching upon this project. A sample of the form is enclosed herewith.[59] The report should be forwarded in hectograph.

In order to expedite prompt distribution, all cables, airgrams, form replies, and despatches on this subject should contain the code word "SAFEHAVEN".

You should at all times have due regard for the delicate and highly confidential nature of this project.

Very truly yours,

For the Secretary of State:
DEAN ACHESON

[59] Not reproduced.

102.1/9–2944 : Telegram

The Secretary of State to the Minister in Switzerland (Harrison)[60]

WASHINGTON, December 13, 1944—11 a. m.

4193. From Department, Treasury and FEA. Your 2108 to London November 3.[61]

1. You are hereby instructed forthwith to raise again the adoption of a gold policy by Swiss Government in accordance with instructions in our 3104 September 8 and to urge strongly not only acceptance but appropriate measures effectuating such gold policy. Suggested revision of text contained in 3104 should offer opportunity to raise question again. Concurrence of British in proposed approach is highly desirable, but action should not be unduly delayed on this account.

2. Please report immediately reaction of Swiss Government as requested our 3364 September 29,[62] last paragraph, and if negative, what measures you recommend to impress upon Swiss the importance we attach to their adherence.

3. Our 3104 September 8, informed you that our missions in other neutral countries are being authorized to present to other neutrals for immediate acceptance a gold policy similar to that outlined in our cable to you 2558 July 26 [63] with certain modifications quoted in 3104 September 8. This has been done.

STETTINIUS

800.515/12–1344 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, December 13, 1944—9 p. m.

10399. For Embassy and Aarons [64] from Department and Treasury. The following is the text of a message which we propose to send to our missions in Egypt, Honduras, India, Iran, Iraq, Mexico, New

[60] Repeated on the same date to the Ambassador in the United Kingdom as telegram 10379, with the following paragraphs added:

"4. Please inform MEW and arrange, if possible, so that British Legation, Bern, will be similarly instructed forthwith.

"5. Washington considers immediate strong action important at this time.

"6. If you feel necessary that missions in Bern be told of exact terms in which approach was made to the other neutrals, you are authorized to do so. However, we feel this might confuse the issue, particularly at this late date."

[61] Not printed; in this telegram (according to London's telegram 9995, November 15, 8 p. m.) Bern had requested further instructions as to whether the Swiss should again be approached concerning adoption of an approved gold policy (102.1/11–1544).

[62] Not printed; it repeated telegram 7966, September 29, to London (p. 239), and inquired concerning Swiss reaction to presentation of Legation's *aide-mémoire* of August 24 (see footnote 29, p. 228). (102.1/9–2944)

[63] See footnote 30, p. 228.

[64] Lehman C. Aarons, assistant to the Treasury representative, William H. Taylor, in the United Kingdom.

Zealand, Nicaragua, Australia, Canada, Costa Rica, Cuba, Dominican Republic, Panama, South Africa, Chile, Ecuador, Liberia, Paraguay, Uruguay, and Venezuela: [65]

"1. Reference is made to the Department's circular telegram of February 22, 1944 in connection with the gold declaration issued simultaneously by the Governments of the United States, the United Kingdom and the Union of Soviet Socialist Republics.

2. The efforts of the Axis to realize value for looted gold have greatly intensified as a result of military developments in recent months. Accordingly, it is extremely important that every effort be made to prevent the marketing of looted gold in neutral countries and thus reduce the shipment to Germany of materials essential to its war industries. This can be accomplished if all of the United Nations subscribe to the gold declaration making it clear to the neutrals that they will be deprived of markets in any of the United Nations for gold which they have acquired from the Axis or which they have been able to release as a result of acquisition of gold from the Axis.

3. It is noted that the government to which you are accredited has not adopted the gold policy set forth in the declaration of February 22. An immediate approach should, therefore, be made to that government. You should indicate to that government that this Government considers it extremely important that the gold policy be adopted. You should state that this Government will be required to take measures designed to effectuate the gold declaration. In addition to requiring a high degree of proof before purchasing gold from neutral countries, the United States will be compelled, as a matter of good faith with regard to the declaration, to require any member of the United Nations which has not adopted the gold policy and which offers for sale to the United States gold not physically located in the United States on February 22, 1944, to submit a certificate with each such offer stating that the gold offered has not been acquired directly or indirectly from the Axis and is not gold which it has or is enabled to release as a result of the acquisition of gold directly or indirectly from the Axis.

4. Please report the reaction of the government to which you are accredited as soon as possible."

It is requested that you inform the British of its contents and request the British Government to make a similar approach at the same time. It is our view that this matter is of sufficient importance to require the United States to take action immediately even should the British appear unwilling to join us at this time. The message will be sent to our missions on December 20.

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[65] According to Department records, the Governments of India, Iran, New Zealand, Nicaragua, Dominican Republic, South Africa, and Liberia during 1944 either issued public declarations or declared to the Department their intention to implement the gold policy.

Our no. 692 to Paris [66] is repeated to you as no. 10319. We expect to send a similar communication on December 20 to our missions in or near countries which have been occupied by the enemy and which have not yet adopted the gold declaration, namely Norway, Greece, and Luxembourg.[67]

STETTINIUS

800.515/12-2244 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, January 6, 1945—9 p. m.

150. For Embassy and Aarons from Department and Treasury. Please give message in following Paragraph 1 to British in response to their communication paraphrased to us in your 11396, December 22.[68]

1. "We are happy to note that you are in agreement as to objective of proposed approach to United Nations with respect to Gold Declaration. Accordingly, we intend to send on January 10, 1945, the message stated in our telegram of December 13, 1944,[69] which informs the other United Nations of the steps which this Government will be required to take with respect to future acquisitions of gold from countries which do not adhere to the Gold Declaration. In view of the fact that you have not yet approached the other United Nations on the subject of the Gold Declaration, we should be happy, if you feel unable to take identical action, to have your support of our approach in the manner suggested.[70] We shall instruct our Missions to inform their British colleagues of action taken."

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[66] This telegram, dated December 9, 1944, 10 p. m., referred to the Department's circular telegram of February 22, p. 213, to Algiers, in which the United States had requested the French Committee of National Liberation to join in the declaration of policy with respect to the purchase of gold; expressed hope that the French would issue a similar declaration of policy and would participate in attempting to secure the cooperation of other United Nations which had not yet adopted the gold policy; and instructed the Ambassador in France to approach the French Government on this matter (800.515/12-944). Accordingly, a note on this subject (not printed), dated December 26, 1944, was forwarded by the Ambassador in France to the French Foreign Office (800.515/12-2744).

[67] According to Department records, Norway and Luxembourg issued public declarations in conformity with the Department's wishes. Although the Greek Government did not make a public declaration, it took steps to implement the gold policy.

[68] Not printed.

[69] No. 10399, *supra*.

[70] In London's telegram 257, January 8, 1945, 6 p. m., the Secretaries of State and Treasury were advised that while the British could not take identical action, they nevertheless indicated a strong desire to join the United States in this matter, and, accordingly, the British would send a message on January 10 to British Missions to give support to their American colleagues (800.515/1-845).

2. In connection with discussions with the British on this matter, our views on the other points raised in your 11396, December 22, are as follows:

(*a*) Since the Gold Declaration is, within its field, more far reaching than Bretton Woods Resolution VI, it is not thought necessary to refer to the Resolution.

(*b*) The fact that the British Dominions are not buying gold at the present time is not, in the opinion of this Government, a sufficient reason for not requesting their adherence to the Gold Declaration. The success of the policy set forth in the Declaration depends to a large extent upon the isolation from the world's gold markets of those countries which have been purchasing gold from the Axis. This isolation can be made clear to them only if all of the United Nations announce their adherence to the Gold Declaration.

(*c*) Our Missions are being instructed to check, before presenting the message, on whether the governments to which they are accredited have adhered. Norway and South Africa, on the basis of 11396 under reference, will be excluded in distribution of our message.

(*d*) All of the countries listed in Paragraph 6 of your 11396 [71] are listed here as having advised of their adherence to the Declaration. The steps taken with respect to France were described in our 10399 of December 13.

STETTINIUS

[71] Bolivia, Brazil, El Salvador, Ethiopia, Guatemala, Haiti, the Philippines, and Yugoslavia; Department records, however, show no record of adherence by Bolivia and the Philippines during 1944.

627-819—67——17

NEGOTIATIONS FOR THE ESTABLISHMENT OF A FOOD RELIEF PROGRAM FOR GERMAN-OCCUPIED EUROPE

840.48/6483

Memorandum by the Secretary of State to President Roosevelt

[WASHINGTON,] January 26, 1944.

The Department has recently reviewed in detail the question of feeding certain groups of the population of Axis-occupied Europe, especially children in countries such as Belgium, northern France and possibly Norway. We feel the need is so great that the blockade policy should be amended to permit such an operation properly controlled so that the enemy will not benefit. Further, we think, under present conditions, the case might be based on military grounds and that if it could be based on military grounds the British would be more apt to concur.

Hence, I have addressed a letter to Admiral Leahy,[1] raising the issue in that light, for consideration by the Joint Chiefs of Staff. A copy is enclosed for your information. Our thought is that if they should approve the question could then be presented to the Combined Chiefs of Staff and finally be directed to the British through that military channel.

I wanted you to have this information in view of the Resolution on this subject now pending in Congress.[2]

C[ORDELL] H[ULL]

840.48/6485

Memorandum by the Chief of the Eastern Hemisphere Division (Labouisse) to the Director of the Office of Wartime Economic Affairs (Taft)

[WASHINGTON,] February 12, 1944.

MR. TAFT: As you doubtless know, there has been considerable confusion on the subject of relief shipments through the blockade to occupied territories. The British have been, and still are, favoring

[1] Fleet Admiral William D. Leahy, U.S.N., Chief of Staff to the Commander in Chief of the Army and Navy. Letter under reference not printed.

[2] Senate Resolution 100, "Favoring action looking to relief for the starving peoples of Europe," was passed by the Senate on February 15; see *Congressional Record*, vol. 90, pt. 2, p. 1652. A similar resolution was passed by the House on April 17, *ibid.*, pt. 3, p. 3497.

and enforcing a strong blockade policy. This Government has gone along with the British and FEA [3] has supported the British position. However, there have been so many people dealing with the matter on our side, that it is difficult to determine exactly what is the official US position. I consider it most important that the US and British views be and remain coordinated. There has been quite a tendency on the part of persons and agencies seeking to make shipments through the blockade to say that it is the British and not the US which is maintaining the blockade.

Under Departmental Order 1218 [4] certain relief problems are made the responsibility of SWP.[5] I understand that the Under Secretary's office is also most interested in this matter generally. EH [6] is interested in the blockade enforcement aspects. EUR [7] has definite interests also, as has LA.[8]

In addition to the various State Department interests, FEA has a legitimate right to be heard, both the Blockade Division in Bill Stone's office [9] and the Liberated Areas Division.

I think it most important that we reach a determination as to the US view, and to this end I suggest that you arrange to call a meeting of all the interested parties. As soon as this is done, it presumably will be in order to talk to the British. I am somewhat at a loss on the latter point, however, in view of the airgram which was sent by the Department under date of January 8 to London.[10] I am attaching the green of that airgram together with the yellow of London's reply, being telegram no. 875 of January 31.[11] From these telegrams it appears that the matter is being taken up with the British in London, but I am not sure that the matter has been cleared with FEA, or that all aspects of the matter have been considered on the US side.

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[3] Foreign Economic Administration.

[4] Order for the reorganization of the Department of State; see Department of State *Bulletin*, January 15, 1944, p. 45.

[5] Special War Problems Division.

[6] Eastern Hemisphere Division.

[7] Office of European Affairs.

[8] Liberated Areas Division.

[9] William T. Stone, Director of the Special Areas Branch, Foreign Economic Administration.

[10] Airgram 38 (not printed), transmitted copies of letters from officials of the Belgian Red Cross and the French Committee of National Liberation requesting trans-blockade of relief shipments to their countries, and proposed a reply by the Department which was to be submitted to British authorities for comment. In this reply, the Department's receptivity to any practical plan for relief was emphasized, but doubts were expressed concerning the good faith of the German Government in implementing such a program; assurance was given, however, that the entire question was under constant consideration. (840.48/6370a)

[11] Not printed.

In addition to the just mentioned telegrams, I am attaching memorandum prepared by Mr. Berle under date of January 31 [12] which relates to this subject. This matter requires urgent attention and you may wish to raise it at the Policy Committee meeting. I should like to emphasize, however, that FEA should be consulted before any final action is taken.

In the latter connection, Win Riefler [13] has suggested that Dingle Foot, MEW's [14] Parliamentary Secretary, be invited to come over from London in an effort to coordinate the British policy on relief shipments with ours.

HENRY R. LABOUISSE, JR.

740.00112 European War 1939/10370

Admiral William D. Leahy, Chief of Staff to the Commander in Chief of the Army and Navy, to the Secretary of State

WASHINGTON, 28 February, 1944.

DEAR MR. SECRETARY: Your letter of 27 January [15] has been referred to the Joint Chiefs of Staff for an expression of views on the military aspects of the situation if a food-relief program such as operated in Greece [16] were adopted for use in Belgium, France, and possibly Norway.

The Joint Chiefs of Staff are aware of the humanitarian aspects of the problem. The military considerations are such, however, that the Joint Chiefs of Staff recommend that no change of substance be made at present in the blockade policy now operative. It is the view of the Joint Chiefs of Staff that the blockade has been and is an effective military instrument. It should also be noted that the military significance of relief in Greece, almost exclusively an agricultural country, is much less than in a German-occupied country where industrial activity is extensive and closely related to the German war effort.

If, however, on a limited scale, supplies can be introduced and a system of relief accomplished whereby any supplies that are intro-

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[12] Not printed. In this memorandum Assistant Secretary Adolf A. Berle recorded a conversation he had had with representatives of the "Food for Freedom" organization. This group asked for an authoritative statement by the Government of the real situation regarding the possibilities of a food relief program for German-occupied Europe. Mr. Berle assured them that the blockade policy was being reexamined but he added that he could not say what the results of that examination would be. (740.00112 EW 1939/10072½)

[13] Winfield Riefler of the Foreign Economic Administration, and Special Assistant to the Ambassador in the United Kingdom.

[14] British Ministry of Economic Warfare.

[15] Not printed.

[16] For documentation on the food relief program for Axis-occupied Greece, see *Foreign Relations*, 1943, vol. IV, pp. 167 ff., and *ibid.*, 1944, vol. V, pp. 179 ff.

duced through the blockade are of no assistance to the enemy, and provided that the transportation can be made available without any detriment to the Allied military effort, the Joint Chiefs of Staff can interpose no objection from a military standpoint to the introduction of supplies on such a basis.

Sincerely yours, For the Joint Chiefs of Staff:
WILLIAM D. LEAHY

840.48/6524a : Airgram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, March 16, 1944—11:45 a. m.

A-411. For the Ambassador and Riefler from Department and FEA. Please endeavor as soon as possible to obtain British concurrence to the immediate transmission of a telegram to the American Legation, Stockholm, in the sense of the text quoted below. Since Riefler is fully acquainted with the background of this matter, it is not considered necessary to set forth herein the considerations which seem to us to make this action advisable at this time from the political as well as the humanitarian point of view.

The President is fully in accord with this proposal.

Riefler will note that the conditions as now proposed differ somewhat from those he saw when in Washington. The changes resulted from the feeling that as originally drawn they were so restrictive as to make their acceptance by the Germans impossible. As our real objective is to put into operation as soon as possible limited relief schemes in the four countries named under such safeguards as are essential, it has seemed necessary to modify the conditions so that they can be put up to the Germans as a reasonable but firm proposal rather than merely as a basis for negotiation.

"United States and British Governments have noted with increasing satisfaction the excellent job done by the Swedish Government representatives in Greece in supervising the distribution among the Greek population of relief supplies sent to that country under the provisions of the relief scheme which went into operation in the summer of 1942. The United States and British Governments have not been unmindful of the suffering in other territories under German control and of the expressed willingness of the Swedish Government to assume responsibilities similar to those which it has assumed in connection with the Greek relief scheme in effecting the distribution of such supplies as may be permitted to pass through the blockade for distribution among distressed civilian populations of other occupied areas. Heretofore the Allied Governments have not considered it possible to permit the shipment of relief supplies through

the blockade into the other occupied areas without by so doing unduly giving aid to the German war potential against the United Nations. If the Swedish Government is willing to act as neutral guarantor of the programs and is able to obtain the agreement of the German Government to the following conditions, the Allied Governments are now disposed to permit limited shipments of special relief foodstuffs for distribution to children up to the age of 14 and nursing and expectant mothers in Belgium, France, the Netherlands, and Norway. The programs may later be extended elsewhere if found practicable.

'(1) That imported relief foodstuffs and medical supplies will be distributed strictly on the basis of need to children, nursing and expectant mothers, and such other special groups as may be designated, but not including adults working or capable of working.

(2) That the operation of the programs will be under the complete and immediate control of a neutral commission, the personnel of which must be approved by the Governments of the United States and the United Kingdom, the commission to be permitted to maintain an adequate staff and to have complete freedom of movement within the country in which it operates in order to supervise all aspects of the program's operation.

(3) That Germany will agree to maintain the rations existing in the occupied country as of the date of this proposal, or not to reduce such rations unless those of civilians in Germany are reduced proportionately, and to increase those rations in proportion to any increase in rations in Germany or in other occupied territory. These conditions require, of course, that sufficient supplies will be made available from local production and German stocks for the rations to be met. The supply of unrationed products normally consumed by the beneficiaries of the relief programs shall not be reduced by requisition, exportation, or diversion to others. (It is recognized, however, that the supply might be reduced by natural causes such as crop failure.) The neutral supervising commission in each country is to be accorded facilities to determine for itself whether these conditions are being met and is to be permitted from time to time to inform the Governments of the United States and the United Kingdom accordingly.

(4) That all shipping required for the operation of the scheme will be neutral vessels presently within the blockaded area. Fuel for these ships may, however, be furnished from Western Hemisphere sources at designated points of origin.'

German agreement to the setting up of relief programs under necessary safeguards in the countries above mentioned will probably be more readily given if the Swedish Government takes the initiative in the matter. You may assure the Swedish Government that no financial burden will fall upon the latter by reason of its participation in this humanitarian work either in connection with its supervisory activities within the beneficiary countries or in connection with such shipping as it may make available for the transportation of relief supplies.

Please communicate to the Swedish Government the sense of the foregoing and ascertain whether that Government is disposed to act as the neutral guarantor of such relief programs and is willing to approach the German Government with a proposal incorporating the conditions set forth above. If the Swedish Government's reply is in the affirmative you may inform it that the Governments of the United States and of the United Kingdom are agreeable to the immediate presentation of such a proposal to the German Government and would appreciate being informed when the proposal has actually been submitted to the German Government."

When informed that a proposal in the foregoing sense has been communicated to the German Government by the Swedish Government it is proposed that the Soviet Government be so informed and that the Governments of the United States and of the United Kingdom make an appropriate public statement.

This message has been sent as a confidential airgram in order to avoid paraphrasing and re-paraphrasing the text of the proposed telegram to Stockholm. Please reply in like manner.[17]

HULL

The British Prime Minister (Churchill) to President Roosevelt[18]

[LONDON,] April 8, 1944.

641. Your telegram No. 501.[19]

Para. 1. The proposals of your government for a limited relief scheme were put forward by Mr. Riefler on March 29th and have been most earnestly considered by my colleagues and by myself. I share your desire to do everything possible to ameliorate the lot of the peoples of the occupied countries in so far as this is possible without detriment to the war effort. I find it however difficult to accept the view that the maintenance of our blockade policy is likely to hurt our friends more than our enemies.

Para. 2. The whole question seems to me to be governed by the impending military operations for the invasion of Europe. Our experience of the working of the Greek relief scheme has conclusively shown that it causes considerable difficulties for, and imposes restrictions on, our naval and air forces, and these difficulties will increase as new operations are begun. The opening of further channels of importation into Europe at the present moment would, in our view, be wholly incompatible with the naval and military situation which is developing. It would involve not only the granting of safe-conducts for ships to sail to designated ports within the operational zones, but also the preservation of routes of inland transport from those

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[17] In addition to the above message the following note from President Roosevelt to Prime Minister Churchill was cabled to London on March 15: "We have lately been giving further thought to the matter of limited feeding programs for children and nursing and expectant mothers in the German-occupied countries of Europe. Ambassador Winant will shortly take up with your Government a proposal under which such programs might be put into effect initially in Belgium, France, the Netherlands, and Norway.

I bespeak your most earnest consideration of this proposal. I am convinced that the time has arrived when the continued withholding of food from these categories of the populations of the occupied countries is likely to hurt our friends more than our enemies and consequently to be injurious to the United Nations cause." (840.48/6524a)

[18] Copy of telegram obtained from the Franklin D. Roosevelt Library, Hyde Park, N.Y.

[19] See footnote 17. above.

ports to the countries in which the food is to be distributed. It would clearly be impossible to undertake to keep any ports or routes to them open, or to keep intact any railways between now and the end of this year: and if it were possible to give such an undertaking we should thereby give the Germans valuable information as to our military intentions. Any relief action now undertaken would therefore inevitably hamper impending military operations.

Para. 3. Even if military considerations were not decisive there are also grave objections from the blockade point of view. These are being explained in detail to Mr. Winant and I do not think I need trouble you with them, if we are agreed that nothing can be allowed to hamper or interfere with forthcoming operations.[20]

840.48/6550: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 10, 1944—7 p. m.
[Received April 11—9:29 p. m.]

2915. Following is text of Lord Selborne's[21] letter to Riefler giving British views on proposals in Department's airgram A–411, March 16:[22]

"I am writing with reference to airgram A–411 of 16 March, of which you were kind enough to leave a copy with me, and which contains the outline of your Government's proposals on the subject of food relief for selected classes of people in the occupied territories. As you desired, these proposals have been urgently and carefully examined by His Majesty's Government, but I am sorry to say that, while the greatest sympathy is felt for the motives which inspire them, there are various objections to the course proposed which seem to us to be insuperable.

[20] A marginal notation at the end of this document reads: "Referred to Admiral Leahy for possible reference J[oint] C[hiefs of] S[taff]—with President's comment 'I don't know but Prime is right on that.'"

[21] British Minister of Economic Warfare.

[22] Copy of airgram A–411 had been handed to Lord Selborne and to Parliamentary Under Secretary Foot on March 29. Ambassador Winant reported in telegram 2546, March 29 (not printed) that Lord Selborne had declared at the time that as a "preliminary and offhand reaction" he would be duty bound to advise against breaking the blockade. He saw many difficulties in the American scheme and expressed the view that "a move such as this would, on balance, be politically unpopular in Great Britain; i.e., those elements in the country who would oppose the opening of the blockade for the purpose of giving food relief" were "much more powerful than those who would favor such a move." At the same time both Lord Selborne and Mr. Foot made it clear that they realized conditions might well be different in the United States. "This latter consideration, i.e., the possibility that such a move might have a favorable effect within the United States, appeared to weigh more with both of them than other considerations as an argument for the proposal." (840.48/6535)

"His Majesty's Government feel that this whole question is governed by impending military operations. The conduct of the Greek scheme has caused considerable difficulties for, and restrictions on, our Naval and Air Forces, and these difficulties increase as new operations are begun. The opening of further channels of importation into Europe at the present moment would, in our view, be wholly incompatible with the Naval and Military situation as it is developing and will continue to develop. If we went to the Germans and offered to send food into Europe under conditions, and if they accepted the conditions, we would then be obliged to organise the entry of the food. This would involve not only the granting of safe conduct for ships to sail to designated ports within the operational Zones, but also the preservation of inland transport from those ports to the countries in which the food is to be distributed. No promise could possibly be given to keep any ports or the routes to them open, or to keep intact any railways between now and the end of this year; and if it were possible to make such a promise, we should by making it give the Germans valuable information as to our military intentions. Any relief action now undertaken would inevitably hamper impending military operations. Nor can we ignore the risk that relief supplies admitted into Europe at this critical stage would ease the strain on German economy and communications. In our view these considerations alone would have made it imperative first to consult the Soviet Government had we found it possible to contemplate relief action.

"Even if military considerations were not decisive, there is the fundamental blockade difficulty indicated in the third of the conditions which your Government proposes that the Germans should be required to accept. That this difficulty is recognized by your Government, is clearly shown by the complexity of the condition in question. But this very complexity is such as to impose what would seem to be an impossible task on the neutral supervisors of the action, when it is remembered that many of the occupied countries depend for the maintenance of their rations on imports not from Germany, but from one another, and that the supervisors would have the task of checking not only the existing rations and their availability in all these countries, but also the level of German rations, and also the disposal of all unrationed food throughout the whole area. Furthermore, even if a breach of the agreement were detected, it is impossible to foresee what sanction could be applied to oblige the Germans to keep their word. They could and doubtless would, plead that they were prevented from fulfilling their obligations by causes outside their control, such as weather or our own military and aerial activities but even if a case were proven against them, it would virtually be impossible to cut off the relief supplies, since to do so would have the effect of leaving the recipients worse off than they were before the relief action started. I would add that experience in the much simpler case of Greece has shown that precise agreements would be necessary to cover the provision of transport and the local currency for the people conducting the relief work, and above all that any conditions can be nullified by the denial by the Germans of facilities for rapid and confidential communication. We have in fact, as you know, received no adequate reports on the relief work in Greece since about November last, and all

the efforts of the Swedish Government have so far failed to remedy this state of affairs.

"These considerations lead to the conclusion that any conditions put to the Germans would be required to be worked out in much closer detail if they were to have any chance of success. But from what I have said above you will see that it is our conviction that it is not possible to devise conditions for the satisfactory working of a scheme which involves supplementing the diet available under a German controlled ration system, and that the merits, such as they are, of the Greek scheme are due to the fact that the basic food supply of the population is provided by the relief imports, and not merely a supplement.

"We feel that there are other serious objections to putting forward a relief plan at the present moment. It is clear that the time taken in obtaining German concurrence, in setting up the necessary organization in the occupied territories and elsewhere, and in bringing ships from the Baltic or other places inside the blockade area would necessarily prevent the arrival of any relief until at least 4 months from now. The occupied countries are however looking forward to liberation rather than relief. It seems to us that by proposing a general relief action at this point we should lay ourselves open to charges of insincerity, and cause grave misgivings in those countries. From the psychological point of view we can therefore see nothing but disadvantage in opening at the present moment."

We understand that the Prime Minister has cabled a reply to the President on this subject.

WINANT

740.0011 Stettinius Mission/46g: Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, April 21, 1944—8 p. m.

3194. Esdel [23] No. 45. For the Under Secretary. If you are not already familiar with it, you may wish to request Riefler to furnish you a copy of the discouraging British reply [24] to our proposal concerning limited relief programs in the occupied countries.

Since your departure Senators Taft and Gillette [25] have inquired concerning what action has been taken by the Department to give effect to Senate Resolution 100. On April 17 the House, by unanimous vote, adopted a similar resolution.

In view of the continued pressure Department considers it highly desirable that some proposal be submitted to the German Government.

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[23] Designation for a special series of telegrams from the Department to Under Secretary Edward R. Stettinius, Jr., who was on a mission to London April 7–29. For report on this Mission, see vol. III, pp. 1 ff.

[24] See *supra*.

[25] Senators Robert A. Taft of Ohio and Guy M. Gillette of Iowa.

Admitting that military operations might conceivably interfere with its implementation if the German Government should agree to the proposal, the Department is unable to subscribe to British view that to make an effort of this nature would lay us open to charges of insincerity. Liberation of the victims of Nazi tyranny would naturally be the best possible answer to the groups pressing for immediate relief but if pending a successful issue to the invasion we fail to try to obtain the German Government's agreement to some relief measures, we lay ourselves open to the charge that we are unsympathetic to the need in the occupied countries and that we are thwarting the wishes of our people as expressed through their elected representatives.

Moreover, the energetic steps taken by the President's War Refugee Board to relieve the Jews in Germany and German-occupied territories [26] are highlighting to the Government's embarrassment its failure to take any steps toward the relief of other victims of Nazi oppression.

It is hoped that you will find an opportunity further to discuss this matter with the British Government.[27]

HULL

840.48/6550 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, May 27, 1944—midnight.

4257. For the Ambassador and Riefler from Department and FEA. Reference Department's A-411, March 16, and Embassy's 2915, April 10. The contention that impending military operations would preclude immediate implementation of complicated relief programs in the occupied countries of Western Europe seems to be predicated on the assumption that to authorize the Swedish Government to present at this time relief proposals to the German Government would call for immediate mechanical implementation of the proposals. Experience has shown that considerable time is necessarily consumed by the enemy in considering such matters before expressing an opinion and still greater time would be required to work out the details

[26] For documentation on this subject, see vol. I, pp. 981 ff., *passim*.

[27] In telegram 3387, Deles 30, from London, April 25, the Under Secretary reported that he had discussed the question of relief to occupied Europe with British Foreign Secretary Anthony Eden. "I pointed out the recent congressional resolutions urging release of [*relief of?*] occupied countries and desirability, politically, in the United States, of opening negotiations with Germany. Eden stated it was impossible for the British Government to agree, that it was useless even to discuss the matter with the War Cabinet and that they were perfectly willing to accept any blame or responsibility. I pressed him vigorously to reopen the matter but he insisted it was necessary for the British to decline for operational and security reasons." (740.0011 Stettinius Mission/59)

of administering the schemes if approved by the enemy. Our failure at least to authorize the Swedish Government to sound out the German Government on the subject places upon us the onus of refusing at least to try to do something to ameliorate the condition of these unfortunate peoples, whereas the putting forward of such proposals would not only tend to relieve us of this criticism but would offer the possibility of diverting the criticism to the enemy should Germany decline to accept the proposals. If Germany should accept the proposals and if as a result of the military operations envisaged it would prove impracticable to carry out the proposals, we would have lost nothing by the attempt, but would have gained some goodwill for having tried. If the British Government remains adamant, however, the United States Government will not insist at this time upon an approach to the German Government on the general question.

Since the principal objection advanced by the British Government to the plan set forth in the Department's A–411 was a technical one concerning the movement of ships through operational zones to designated ports, an alternative proposal to use existing Red Cross shipping facilities has been advanced by those interested in doing something to alleviate the situation. The British Government should therefore be requested to assent to this modified proposal that the ships now proceeding from this country to Marseille with prisoner of war supplies be permitted to carry limited quantities of foodstuffs for distribution under the auspices of the International Red Cross to needy persons in enemy-occupied areas, with particular reference to children and nursing and expectant mothers. If the proposal is adopted it is contemplated that modest initial shipments would be made by this route for distribution to the children of southern France using under Intercross [28] auspices the remnants of the organization that Secours Quaker already has there. The experience thus gained would be taken into consideration in determining whether further shipments should be made and whether the relief might be extended to other occupied areas.

It would be left to the International Red Cross Committee to obtain from the German Government facilities of distribution and assurances that such supplies would not be molested. Since the International Red Cross Committee is already handling the distribution of foodstuffs sent into occupied areas from Switzerland and Portugal, it is contemplated that its existing organization could satisfactorily handle this additional limited distribution without any complicated system of control.

It should be pointed out to the British authorities that approval of such a program, modest though it would be, should go a long way

[28] International Red Cross.

toward dispelling criticism which continues to be levied at the United States Government and the British Government both in the United States and Great Britain for the maintenance of an inflexible policy which is felt by large numbers of people to be unnecessarily harsh at this stage. By making this relatively minor concession to public opinion, our good intentions will be manifest even though the exigencies of war may prevent us from putting into effect relief measures on a wide-spread scale.

As this shipping route is functioning satisfactorily for the transportation of supplies destined to prisoners of war and as there is no evidence that the enemy has interfered with the Committee's distribution of such supplies as has been entrusted to it, failure to take advantage of this means of testing the feasibility of extending present relief measures would undoubtedly result in the continuance of bitter recriminations against the blockading powers to the detriment of the united war effort.

Please inform the Department by telegraph of the British Government's reaction.[29]

HULL

840.48/6605

Memorandum of Conversation, by the Acting Secretary of State

[WASHINGTON,] June 8, 1944.

Participants: Mr. Stettinius
Mr. Dingle Foot
Mr. Thorold
Mr. Raynor (present at the latter part of the discussion)

Mr. Dingle Foot accompanied by Mr. Thorold called on me this afternoon at their request.

After a general discussion on economic warfare matters, I took the opportunity of calling to their attention the proposal that small amounts of food be sent through the blockade on ships of the International Red Cross which now call at Marseille for distribution to under-nourished children. Mr. Foot raised various objections to this plan as such, stating categorically that he did not feel the British would accept it. He stressed the point that this would be on such a

[29] In telegram 4568, June 7, from London, Ambassador Winant reported that he had communicated the contents of the above telegram to Lord Selborne. "Lord Selborne asked whether the Department prefers that further discussion on this question take place in Washington or London and added that British suggestion that whole question of relief through the blockade be submitted to Combined Chiefs of Staff for full consideration of military points involved might be an argument for holding conversations in Washington. Department's instructions on this point are requested." (840.48/6596)

small scale that it would not do any good and he was apprehensive as to more harm than good resulting from the general hopes which it might arouse throughout occupied Europe. He thought we shouldn't start a token arrangement of this type in one place without being able to do it generally throughout occupied countries, including Poland. He did say that the British would definitely agree to send food through the blockade for distribution in camps under the supervision of the International Red Cross. He is ready to work out the details of such a plan and I suggested that he arrange to see Messrs. Berle and Keeley [30] on this.

He seemed to have some appreciation of the difficult political situation we face in this country on this general problem. He said that he felt both the Swedes and the Swiss were at the point of being willing to have offers made to the Germans through appropriate channels of receiving sizeable numbers of children. He felt the British would be inclined to join with us in pushing this along and that they would also be willing to assist it by being more lenient on navicerts for supplies to both of these neutrals in order to put them in a position to carry it through. Also, he felt that it might help our domestic situation if at the time these neutrals made the offers to Germany, news of this move could be publicly released. I also suggested to them that they discuss this in detail with Mr. Berle and work out a definite procedure.[31]

740.00112 E.W. 1939/9562

The Acting Secretary of State to Admiral William D. Leahy, Chief of Staff to the Commander in Chief of the Army and Navy

WASHINGTON, June 10, 1944.

MY DEAR ADMIRAL LEAHY: I refer to the Department's letter of January 27, 1944 [32] and your reply dated February 28 concerning the military aspects of a proposal to initiate limited relief programs for the benefit of women and children in certain of the occupied countries of Europe.

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[30] James H. Keeley, Jr., Chief, Special War Problems Division.

[31] Mr. Berle reported in a memorandum of June 10 that he had discussed the question with Mr. Foot, who told him that he could not agree to the shipment of additional food via the International Red Cross to occupied territory, that this was a matter that would have to be taken up with the British Cabinet. Mr. Berle replied that "the pressure here, which already had secured unanimous passage of a resolution in Congress and included powerful elements of the Republican Party, plainly would not be satisfied by that. Already the suggestion was being urged that the British and ourselves agree to disagree in matters like this and go our several ways. It was in an effort to meet this situation that we were trying to get a little further with the problem." (840.48/-6605)

[32] Not printed.

This matter has been discussed with the British authorities whose preliminary reaction in a negative sense appears to be based on the supposition that relief operations of this character would be incompatible with the military and naval situation which is now developing in that general area. The British Government has suggested, however, that the whole question might be submitted by the United States Government to the Combined Chiefs of Staff where the military aspects of the matter could be fully discussed. The British Government has indicated its willingness to consider the proposal afresh in the light of the recommendations of the Combined Chiefs of Staff.

The proposal, in brief, envisages the furnishing of limited quantities of supplemental food supplies to children and nursing and expectant mothers initially in Belgium, France, the Netherlands, and Norway, provided German agreement can be obtained to certain necessary conditions designed to safeguard the distribution of imported supplies. This is the element of the populations of those areas which because it is not contributing to the German war effort is being neglected while the bulk of available rations go to those who are producing for the enemy's war machine. The Swedish Government would be invited to act as neutral guarantor of the programs and would be requested to take the initiative in presenting the proposal to the German Government for consideration.

It is not contemplated that mechanical implementation of the proposals would be in the immediate future, since time would be consumed in submitting the proposal to the German Government and by that Government in considering the proposal. If approved and the necessary assurances were given by that Government, additional time would be needed to work out the details for the administration of the programs. If, at a time when it should become possible to give effect to this proposal, military operations were in progress which, in the view of the military authorities would preclude the shipment to and distribution in all or any of the areas under consideration, such shipments would, of course, not be made. It is, however, considered to be of importance that the German Government be approached in this matter since by so doing the United States and British Governments could free themselves of the criticism now being directed against them by reason of their failure to take the initiative in endeavoring to work out means of relieving the distress of that element of the population which is not contributing to the German war effort. If the proposals were not accepted by Germany, it might be possible to transfer such criticism to the enemy. As stated above, should the proposal be accepted by the German Government and should it become impracticable to give effect to the proposal in whole or in part because of military operations, nothing would seem to have been lost by making the

attempt. By having made the effort the Allied Governments might re-gain some of the good will which has become lost to them by reason of their failure to attempt to relieve the distress in the occupied countries.

I should appreciate it greatly if you would present this matter to the Combined Chiefs of Staff in its most favorable light. I shall await with great interest an expression of the views of the Combined Chiefs of Staff on this question.

Sincerely yours, EDWARD R. STETTINIUS, JR.

840.48/6606

Memorandum by Mr. Eldred D. Kuppinger, of the Special War Problems Division

[WASHINGTON,] June 12, 1944.

The following were present at a meeting held in Mr. Berle's office this morning further to discuss the question of relief for civilians in occupied Europe:

Mr. Dingle Foot, Parliamentary Secretary, Ministry of Economic Warfare.
Mr. Berle.
Mr. Winfield Riefler, Foreign Economic Administration.
Mr. G. F. Thorold, Counselor, British Embassy.
Mr. W. T. Stone, Director, Special Areas Branch, Foreign Economic Administration.
Mr. Eldred D. Kuppinger, Special War Problems Division.

As indicated in a preliminary meeting on Saturday,[33] the British authorities are opposed to a broad blockade concession which would permit the distribution of relief supplies among the civilian populations of the occupied countries. Mr. Foot said at that time that he was not clothed with authority to enter into any sort of undertaking on this question which would go beyond the position heretofore taken by the British War Cabinet.

He said, however, that MEW believed that a great deal of pressure now being exerted on both Governments on the feeding question might be removed if the British and American publics were informed of all the steps previously taken with a view to assisting victims of Nazi oppressions and the measures now in effect, which to a limited extent are achieving that result. Moreover, he said he did have authority to agree to certain extensions of the measures now being taken and to a limited blockade concession in respect of relief supplies for persons in concentration and refugee camps.

[33] June 10.

Mr. Foot proposed that we agree on the following points without prejudice to such further relief measures as might be agreed upon subsequently by the two Governments.

1. *Shipments of food for distribution to persons in concentration and refugee camps.* Such shipments would be made from outside the blockaded area for distribution by Intercross to persons in camps where Intercross had obtained assurances from the Germans that Intercross delegates could distribute supplies and could return later to verify the correct use of such supplies. The concession would be limited to food packaged for individual distribution. He proposed that as evidence of our desire to extend help as soon as possible supplies be sent immediately on the prisoner of war supply ships to be held at Geneva until Intercross is in a position to distribute them. It was agreed that the principle involved would be applicable to all concentration and refugee camps in enemy and enemy-occupied territory, including camps wherein Italian "military internees" are held.

2. *Intra-blockade shipments.* Mr. Foot proposed that the present authorized monthly shipments from Sweden to Norway be doubled making a monthly authorized total of 500 tons. Such exports may, as is presently the case, include those of List A.[34] It was also proposed that the two Governments examine the possibilities of permitting increased purchases of relief foodstuffs in Switzerland, Spain and Portugal. Such supplies would be intended mainly for France and Belgium. This proposal was agreed to.

3. *Evacuation schemes.* Discussions have been going on in London with representatives of the Swedish and Swiss Governments to the end that approaches be made to the German Government to obtain its consent for children to go to Sweden and Switzerland where they could be physically rehabilitated. Some difficulty has been encountered in securing agreement on the manner in which the approaches should be made. Both the Swedes and the Swiss are willing to take the children but neither Government is desirous of making a direct approach to the German Government. The Swedes are particularly hesitant, having been rebuffed before in similar cases. It is likely that as regards Sweden Intercross will be asked to approach the Germans. The Swiss may be willing to make a direct approach, laying down the conditions that children must be selected on the basis of need by the International Red Cross without reference to political background. The question of publicity was discussed. It was considered preferable that no publicity be given to the approaches until the German Government had had a reasonable opportunity to reply.

Mr. Foot said that the Irish Government had already approached the German Government with an offer to take 500 French children. Although the approach was made several months ago no answer has been received. The British propose to suggest to the Irish Government that this approach be renewed.

[34] A list of basic commodities which British blockade authorities allowed the Swedes to import in reasonable quantities from outside the Baltic region. This list was an annex to the Anglo-Swedish War Trade Agreement of 1939, for substance of which see W. N. Medlicott, *The Economic Blockade*, vol. I (London, His Majesty's Stationery Office, 1952), pp. 141–152.

627-819—67——18

At the proper time it is the intention to publish the full story of all measures that have been attempted or put into effect to bring relief to European victims of the war. It is believed, however, that publicity at this time in regard to the evacuation schemes would be premature.

Mr. Foot will send a letter to Mr. Stettinius (which can be made public) outlining the agreement reached on points 1 and 2. At the same time he will send a memorandum (not for publication) outlining the agreement reached on points 1 and 2, and the agreement reached on point 3 and the question of publicity.

840.48/6–1344

The British Parliamentary Secretary, Ministry of Economic Warfare (Foot), to the Assistant Secretary of State (Berle)

WASHINGTON, June 13, 1944.

DEAR MR. BERLE: During the past week I have had the opportunity of discussing with Mr. Stettinius and yourself the problem of relief in enemy-occupied Europe. This is to confirm the conclusions that we have reached.

The problem is how to render genuine assistance to our friends in the occupied countries without at the same time appreciably diminishing the effectiveness of the Blockade and thereby, directly or indirectly, assisting the enemy. We have also to bear in mind the needs of the territories concerned after liberation. If the Germans adopt everywhere, as they have already done in Italy, a policy of scorched earth the needs of these areas will be even greater than when they were occupied by the enemy and they will urgently require all the supplies which can be made available. It follows that for supply as well as for Blockade reasons any commitment into which we enter in relation to occupied territory must be of a limited character.

It is not easy to distinguish between degrees of hardship or to divide into precise categories all the victims of Nazi mis-rule. Undoubtedly, however, many of the most necessitous cases are to be found in civilian internment camps. The information available to our two Governments shows that, as a general rule, the inmates of these camps are far worse off than the population outside. The problem of sending relief to these camps has always been a difficult one since, unlike prisoners of war, the persons concerned have no protecting power and there is no system of inspection to ensure that they receive what is sent to them. As a result of our discussions however we are now agreed that an experiment should be made and that relief foodstuffs may be despatched through the Blockade to such camps provided that the following conditions are observed:

(*a*) The goods are to be packed suitably for individual distribution;
(*b*) The I.R.C.[35] will undertake to distribute such packages personally by their delegates;
(*c*) The delegates will make subsequent visits to ensure that the goods have been used by those for whom they were intended;
(*d*) Reports will be required from the I.R.C. after each consignment and as a condition of further shipments;
(*e*) The distribution will be limited to persons confined in camps.

Since it will not be possible immediately to send relief to all persons in internment camps, it is proposed to begin with certain camps to be selected after consultation with the I.R.C. If these experiments are a success—if, that is to say, the conditions are observed and we are fully satisfied that the food has reached the persons for whom it was intended—our two Governments will be prepared, subject to supply and shipping considerations, to extend the system to other internment camps in enemy Europe.

As regards the ordinary civilian populations of the occupied countries, and particularly the child populations, it has always been the view of our two Governments that relief consignments from inside the Blockade Area (i.e. originating in European neutral countries) were open to fewer objections from an economic warfare point of view than shipments through the Blockade. We are now agreed that the time has come when the volume of these consignments should, if possible, be substantially increased.

In the case of Norway, relief is administered by the Ditleff organization and takes the form of indigenous Swedish foodstuffs provided by donors in Sweden or, in certain cases, paid for by funds from outside Sweden. Under our existing arrangements with the Swedish Government such foodstuffs cannot be exported to enemy or enemy occupied territory without the express permission of our two Governments. In the past few months we have authorized our Missions in Stockholm to grant such permission, without reference back to Washington or London, up to a total of 250 tons a month. We are now agreed that this authorization shall be increased to 500 tons a month.

The problem in other occupied countries is more difficult since, except in the case of France and Greece, there are no contiguous neutrals. Nevertheless, there has been a regular flow of relief foodstuffs, both in bulk and in the form of parcels, from Portugal to the various occupied countries, and from Switzerland. The Portuguese supplies have been paid for with exchange made available to the Allied Governments in London by our two Governments. The Swiss supplies have been partly so paid for and have partly represented gifts by Swiss nationals. The Swiss consignments have been directed mostly

[35] International Red Cross.

to Belgium, France and Yugoslavia. It is now agreed that we will at once examine how far we can bring about an increase in this flow of relief foodstuffs from Portugal and Switzerland and how far supplies can be made available from Spain.

Our two Governments will forthwith instruct their representatives on the Blockade Committee to work out the details of the above proposals and to give effect to these proposals with the utmost possible despatch. It is understood that these measures are without prejudice to the other measures for assistance to persons in enemy occupied countries which are now under consideration by our two Governments.[36]

Yours sincerely, DINGLE M. FOOT

840.48/6-2444

The Counselor of the British Embassy (Thorold) to the Assistant Secretary of State (Berle)

WASHINGTON, June 24, 1944.

DEAR MR. BERLE: I have now received a telegram from Mr. Foot informing me that the Foreign Office and the Ministry of Economic Warfare have considered his letter to you of June 13th and your reply thereto of June 17th [*14th*].[37] It has been agreed that there would be no objection on our part to Mr. Foot's letter being shown in confidence to Senators, Congressmen or others interested in relief.

Mr. Foot recalls that at his last interview with you, you asked him whether we would object to a *précis* of his letter appearing in the press. This has been agreed to in London, though in view of the present hold-up of ships carrying prisoner-of-war parcels to Marseilles, it is felt that it would be better to postpone any such publication until the situation becomes clearer. London would also prefer the press statement to omit any reference to the last paragraph, since its publication may lead to various embarrassing enquiries as to the exact nature of the further steps now under consideration. Should you, however, feel strongly on the matter, London would not wish to press this point, and would be prepared if necessary to agree to the publication of the text of Mr. Foot's letter.

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[36] In a letter of June 14, Mr. Berle replied to Mr. Foot: ". . . I take this opportunity to note particularly the statement in the final paragraph of your letter of June 13 that these measures are without prejudice to the other measures for assistance to persons in the occupied countries, which are now under consideration by our two Governments. You are aware of the fact that for a considerable period of time the Government of the United States has taken the position that additional measures of relief could be made available to our friends in the occupied territories . . . I think it has been made plain during our conversations that we will continue to press for the adoption of such measures, and hope for favorable action thereon." (840.48/6-1344)

[37] See footnote 36, above.

On the other hand, as I have already mentioned to you, the Foreign Office and the Ministry of Economic Warfare would greatly deprecate any publication of your letter of June 17th [*14th*], or that it should be shown to persons outside the State Department, since it would certainly give the impression of a very considerable cleavage between the British and American Governments, and would almost certainly lead to increased pressure by the Allied Governments and from other quarters, both in the United States and in the United Kingdom. I believe, however, I am right in thinking that it was not your intention to use your letter in this way, but that you were only anxious to have it clearly on record that you were not accepting the proposals in Mr. Foot's letter as substitutes for the other proposals which had previously been submitted by the United States Government, and which you still wished to press.[38]

Yours sincerely, G. F. THOROLD

840.48/6-3044

Memorandum of Conversation, by the Secretary of State

[WASHINGTON,] June 30, 1944.

Participants: Secretary of State Hull; Ambassador of Belgium, Count Robert Van der Straten-Ponthoz; Ambassador of Norway, Mr. Wilhelm Munthe de Morgenstierne; Minister-Counselor of the Netherlands, Baron W. van Boetzelaer; and the Delegate of the French Committee of National Liberation, Mr. Hoppenot

The Ambassadors of Belgium and Norway, the Minister-Counselor of the Netherlands, and the Delegate of the French Committee of National Liberation called at their request and handed me a memorandum on a plan for relief of children in the occupied countries of western Europe, a copy of which is attached.[39] The Ambassador of Belgium also handed me a letter (copy attached [39]) which referred to previous requests of his Government in this field. I thanked them and said that I did not desire my Government to be placed in the wrong position with regard to this question of relief. I said that the British established a blockade before this nation came into the war, that it was a

[38] In his June 30 reply to this letter, Mr. Berle informed Mr. Thorold that the U.S. Government had no present intention of incorporating Mr. Foot's letter in a general press release "although it may become desirable to do so at a later date." Since the Government's position on the question of relief to enemy-occupied Europe was already well known, he doubted "whether the publication of the final paragraph of Mr. Foot's letter would lead to any further embarrassment." Mr. Berle assured Mr. Thorold that it was correct to assume that the only purpose of his reply of June 14 was "to keep the record entirely clear" as regards the American Government's intention. (840.48/6-2444)

[39] Not printed.

British policy, and that after we came into the war and became an ally, while we have always claimed and exercised the right to express our opinion to the British Government earnestly in favor of relief especially for starving children in the enemy-occupied areas bordering on the Atlantic, the British have overruled our views and we have, of course, accompanied the British in carrying out their blockade policy. I stated that from time to time during the past two years I have brought this up in one way or another with the British but that they have not felt satisfied to take affirmative action. I said that early this year we put up to the British Government a broad proposal for the distribution of food to women and children in the occupied countries of Europe to supplement the inadequate diet allowed them by the enemy. There were certain preliminary conditions relating to cooperation by different governments. Also, the possibility of impending military operations made it necessary to hold this proposal in abeyance although it is still under consideration. More recently we have urged the British Government to consider with us an alternative proposal by which relief supplies might be sent for distribution through the International Red Cross to women and children in enemy occupied areas accessible from ports outside the zone of military operations. In addition, the International Red Cross has been authorized to approach the German Government for permission regarding certain safeguards to the distribution of 100,000 food parcels per month for a three-months' trial period to persons held in camps who have until now not benefited by the extension of the privileges of the Geneva Prisoners of War Convention as mutually applied to civilian internees. I said this Government for sometime has been giving every attention to these three proposals and that, therefore, I would not have the impression go out that these three governments and the French Committee, whose representatives called to present the data I have mentioned, found it necessary to urge us or request us to give support to the cause of relief. They said they quite understood and would not say anything that would create that impression.[40]

C[ORDELL] H[ULL]

840.48/6–1344

The Secretary of State to the Ambassador in the United Kingdom
(*Winant*)

No. 4257 WASHINGTON, July 1, 1944.

SIR: Reference is made to the Department's telegram no. 4257, May 27, to the Embassy's telegrams 4487, June 3, and 4568, June 7, and

[40] An account of this interview is printed in the *New York Times*, July 1, 1944, p. 2, col. 6.

to the Department's telegram 4634, June 10,[41] concerning the desire of the Government of the United States to arrange, if possible, for limited feeding programs through the International Red Cross in accessible enemy-occupied territory in Europe.

Discussions have been held with Mr. Dingle M. Foot during his visit in Washington on the various phases of the question of relief operations in occupied Europe. There is enclosed for the Embassy's information a copy of a memorandum dated June 12, 1944[42] which outlines the points agreed upon in discussions with Mr. Foot. (A separate instruction is being sent to the Embassy in regard to the measures covered in the memorandum.) Mr. Foot stated, however, that he was not authorized to enter into any arrangements in behalf of the British Government which would go beyond the position heretofore taken by the British authorities on the question of relief to persons at liberty in the occupied countries. In Mr. Foot's letter to Mr. Berle of June 13, a copy of which is enclosed,[42a] it is stated that the measures mentioned therein are without prejudice to such further measures as may be agreed to subsequently by the two Governments. It will be noted from Mr. Berle's reply dated June 14,[43] a copy of which is also enclosed, that this Government intends to continue its efforts to arrange for limited civilian relief programs.

The Department desires that discussions on the proposal set forth in the Department's telegram 4257, May 27, be re-opened in London. In this connection and with reference to the Embassy's telegram 4568, June 7, the Department would prefer that this question not be submitted at this time to the Combined Chiefs of Staff. The Department questions whether limited programs of this nature require submission to and approval by the Combined Chiefs of Staff but in any case it is of the opinion that agreement in regard thereto in principle should first be reached by the civilian authorities of both Governments. If those authorities of the two Governments are agreed that an effort should be made to put into effect limited programs of this nature, the Department would propose at that time that the matter be brought to the attention of the Combined Chiefs of Staff and their approval requested.

It is quite apparent, in view of the position taken by the British authorities on this question, that it would be a waste of time to carry on further discussions on any but the highest possible political level. The Department suggests that a special committee be set up in London for the purpose of examining the proposal under reference.

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[41] Telegrams 4487 and 4634 not printed. For substance of telegram 4568, June 7, see footnote 29, p. 263.

[42] Not printed.

[42a] *Ante*, p. 268.

[43] See footnote 36, p. 270.

Composition of the American section of the committee would, of course, be left to your discretion. It is, however, recommended that you participate personally in these discussions thereby emphasizing the high importance which this Government attaches to the matter. The Department would like to have these discussions carried on with officials of the British Government of similarly important position. The Department does not believe that this matter can be resolved satisfactorily through discussions by the Relief Sub-Committee.

In view of the limitations on Mr. Foot's authority as noted above, this proposal was not discussed with him at great length. The Department is confident, however, that he became aware of the importance which this Government attaches to it. In these conversations some indication was given as to the objections which the British Government may interpose. For your assistance in carrying on the discussion there are noted below several of the points which the British Government may raise together with the comments which the Department suggests might be made in regard to them.

1. That in view of recent military developments and those which may be expected as operations continue in Europe, it would not be feasible to transport supplies either by sea or overland, after arrival, to distribution points.

The pending proposal provides for limited shipments of foodstuffs in the neutral ships now carrying prisoner of war relief supplies to Marseille. These foodstuffs would be intended for distribution in southern France. Similar shipments could be made in the Swedish safe conduct vessels for distribution in Norway. Therefore, no additional operational difficulties would be created by reason of these shipments. As regards overland transportation, that would, of necessity, depend on the military situation. It is not expected, however, to carry on relief operations in areas of active military operations. It would not be expected that military operations would in any sense be subordinated to the continued shipment of supplies either by sea or overland.

2. That this proposal, providing for distribution by the International Red Cross, would be looked upon as having been made in bad faith since we have heretofore refused to permit distribution through the International Red Cross.

Prior to the landing of Allied forces in Europe this Government had hoped to put into effect a more far-reaching program of relief which might have been set up in all the occupied countries under the supervision of a neutral Government. That proposal was set forth in the Department's A–411, March 16. The pending proposal offers the possibility of extending aid within the limitations imposed by

recent military developments. The realities of the situation must, of course, govern our actions. It could hardly be taken as bad faith, however, to endeavor to do what the realities permit.

3. That such a program would raise false hopes in the hearts of people in those occupied areas which we could not hope to reach immediately.

The people in the occupied areas can be depended upon to realize that our efforts to assist them are limited by the realities of the situation. At the present time we could not hope to send food direct to Belgium, the Netherlands, or to a large part of occupied France. Overland transport to areas remote from ports presently outside the zones of active military operations would be out of the question, immediately, for obvious reasons. We can, however, do what the circumstances permit, thus giving some assistance where it is possible to do so even if it is not practicable to reach all the areas we would like to reach. If promises are not made which we cannot expect to carry out, false hopes should not be raised. We would propose to state frankly that until the occupied areas are liberated, we can hope to extend relief only in those areas where military considerations permit.

4. Mr. Foot made passing reference to the possibility of the pending proposal appearing insincere.

It was not entirely clear what he had in mind in making this observation. However, should such an argument be raised it might be pointed out that both the Governments of the United States and the United Kingdom have made frequent protestations of their sympathy for the plight of the civilian populations of the occupied areas and of their desire to be of assistance to them if possible. We are more exposed to a charge of insincerity by reason of our failure to attempt to bring aid to these people than by actually making an effort to do what can be done in the circumstances. Only by making the effort can we demonstrate the sincerity of the frequent statements which have been made by both Governments in this connection.

5. It is apparent that MEW hopes to hold the line at the present point, that is, with the blockade concessions in respect to refugee and concentration camps and the increased despatch of food from neutral countries to occupied areas. MEW appears to believe that if the public is informed of these measures plus the child evacuation schemes, pressure for further concessions will be considerably reduced. In all probability, MEW will propose that the pending proposal be held in abeyance until public reaction to such a statement can be evaluated.

The Department, of course, is not in a position to predict the reaction of the British public. It is confident, however, that the reaction of the American public will be that the blockade concession in respect

of refugee and concentration camps proves the feasibility of attempting on a limited scale to ameliorate the suffering of women and children where they can be reached. This would be predicated on the assumption that if the International Red Cross can safeguard distribution of supplies to persons in refugee and concentration camps, the special objects of the most brutal German oppressive measures, there would be far less danger of interference with freedom of action on the part of the International Red Cross and less likelihood of confiscation of imported supplies in connection with limited programs for women and children.

The Department offers also for your guidance and assistance the following general comments which may be helpful to you in these discussions.

The proposal under reference provides only for limited amounts of foodstuffs suitable for distribution to children, nursing and expectant mothers, that segment of the population which is of least assistance to the German war effort and in whose welfare the Germans have the least interest for that reason. We are already entrusting to the International Red Cross the distribution of foodstuffs sent into occupied areas from neutral countries. As will be noted from the memorandum of June 12 we have now agreed to permit fairly sizable shipments of foodstuffs and perhaps clothing into occupied territory for distribution by the International Red Cross in refugee and concentration camps. The pending proposal is merely a limited extension of the blockade concessions already made and is designed to benefit those groups in whom we have an especial interest and for whom nothing substantial has yet been done. It would be inconsistent to entrust the distribution of relief supplies to the International Red Cross to persons in refugee and concentration camps and to refuse similarly to entrust the International Red Cross with the distribution of relief on a limited basis to this other segment of the population.

Should the European war carry over into its sixth winter, public demand in the United States, and presumably in Great Britain also, in favor of relief programs in occupied Allied territory particularly for women and children will reach tremendous proportions. While we hope, of course, that none of the occupied Allied countries will have to endure a sixth winter of war, it is a possibility that cannot safely be ruled out of consideration. If the experiment envisaged in the pending proposal should prove successful and the war were prolonged, experience would have been gained which would be useful in connection with any possible extension of the programs that might then seem advisable. Should the experiment fail and it be proved by experience that programs of this nature cannot be carried out satisfactorily in German-dominated areas, both Governments would have

a sound basis for refusing to accede to public demand that further food shipments be made despite suffering, real or presumed, behind the German lines.

The weakness of the Anglo-American position in this regard is and always has been that we have never *tried* to put into effect a relief program for persons at liberty in the occupied territories. Public opinion in the United States will not remain satisfied with vague statements that military considerations preclude relief operations in all areas under German domination (except Greece). Public opinion in this country demands that an attempt be made. Should the attempt prove unsuccessful, it is believed that the greater part of public opinion will be satisfied and will make the best of the situation. American public opinion will not be satisfied otherwise.

In addition to the humanitarian considerations involved, this question is assuming considerable proportions as a domestic political issue. Both Houses of Congress have gone on record, unanimously, as favoring the inauguration of limited feeding programs in the occupied Allied countries where possible in the light of military considerations. The Department is of the opinion that the pending proposal offers a formula under which a bona fide effort in this direction can be made without adversely affecting the Allied war effort. It is hoped that upon reconsideration and in the light of the foregoing considerations, the British Government will agree to authorize the International Red Cross to approach the German Government in the sense suggested in the pending proposal.

The Department hopes that these discussions can be opened immediately and that the matter will be pressed vigorously to a sucessful conclusion. Please keep the Department currently informed of the progress of these discussions.

The Foreign Economic Administration concurs in the foregoing and the British Embassy at Washington has been informed that the Department is suggesting the resumption of these discussions in London.

Very truly yours, CORDELL HULL

840.48/7-644

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] July 6, 1944.

Mr. Thorold came in as a result of a cable he had received from the Foreign Office. A couple of days ago, representatives of four small European countries had come to the Secretary seeking a greater

degree of relief for the civilian populations in German-occupied Europe. Thereafter the spokesman for the State Department had observed in a comment on this visit that the United States was pressing for a greater measure of this relief. He said that the Foreign Office had wondered whether this was designed to stimulate public opinion here to bring pressure to bear on the British Government and he hoped that we could agree that differences of this kind would not be made public.

I said that the visit in question had been handled by the Secretary and that I did not think we had previous notice of the matter the four Ambassadors wished discussed except that by accident at a dinner party the previous evening one of the Ambassadors had mentioned to me what they were going to do. Since it appeared that the four Ambassadors of the same countries were making an exactly similar representation in London, I let it go at that. The comment which followed seems to me to have been merely a spontaneous one in the situation.

I said further that as Mr. Thorold knew, it was not our policy here to exploit public differences of opinion, but that we had an overriding need to work together in the major job of our operations against the Germans. The British Government was well aware of the fact that we did not see eye to eye in the matter of civilian relief to these countries and that Congress had passed a unanimous resolution on the subject and we might be asked at any time to state our position and that our public opinion was steadily pushing us in the matter. But it was absurd to think that we had undertaken to go out and stir up trouble.

Mr. Thorold then asked whether we could have an agreement that our position in this matter would not be made public until after consultation with them. I said that I preferred not to have a specific agreement covering civilian relief but rather to rest on the general policy that prevailed in all matters; that we did not emphasize differences of opinion on small matters when cooperation in a major matter was of the utmost importance. It was our intention, of course, as matters come up, including this one, to talk to the British first; and I noted that in this particular matter though we had had a difference of opinion since last December, one could hardly reach the conclusion that we were in the habit of stirring up trouble.

I then asked when the agreement to which Mr. Thorold referred—that these matters should not be discussed publicly—had actually been reached. He said that it had been a tacit agreement reached with Assistant Secretary of State Long back in 1942.

I told him that we were hoping to get a favorable answer to our recent representations and anything he could do to expedite this

would be of assistance. Temporarily little had been said, but Mr. Kershner [44] had visited me recently and, pursuant to our arrangement, had been told of the concession which the British had made; but that as for public pressure on the movement I could not guarantee that there might not be more relatively soon. Mr. Thorold seemed to agree to that and said he would so inform London. The conversation was entirely good-natured throughout; I judged that London had been a little frightened by the remarks at the press conference following the visit of the four Ambassadors. I told Mr. Thorold that Mr. Kershner wanted to go to London and we had told him that was a matter between him and the British Government. I also told him that when Mr. Kershner stated this to me I had observed that in England he would find that with the bombings and one thing and another the people had troubles of their own on their minds at the moment.

A[DOLF] A. B[ERLE], JR.

840.48/7–2644

The Chief of Staff, United States Army (Marshall), to the Secretary of State

WASHINGTON, 26 July 1944.

MY DEAR MR. SECRETARY: The Joint Chiefs of Staff have given careful study to the proposal contained in your letter of 10 June 1944 for the initiation of limited relief programs for women and children of certain of the occupied countries of Europe.

A letter to the Secretary of State dated 28 February 1944 sets forth the views of the Joint Chiefs of Staff concerning a similar proposal on this subject. In this letter they state, in effect, that they recognize the humanitarian aspects of the problem, and will interpose no objection from the military standpoint, provided the supplies are of no assistance to the enemy and that they can be transported without detriment to the military effort.

The views of the Joint Chiefs of Staff in this matter have not changed. It would seem, however, that subsequent developments have made it more difficult to meet the limiting conditions, which must be imposed. The Germans' position has deteriorated to an extent which undoubtedly has destroyed their last remaining scruples as regards diversion of relief supplies, and Allied military demands for shipping continue to exceed our capabilities. This latter condition is expected to continue at least until early winter 1944 and require-

[44] Howard F. Kershner, Director of the International Committee for Child Refugees.

ments thereafter cannot be determined until firm decisions are made as to future operations.

In view of this situation, there seems small prospect of finding a satisfactory and practicable means of solving this problem, desirable as it would be to do so, on humanitarian and political grounds. However, in order that no possibility may be overlooked, the Joint Chiefs of Staff would be willing to examine, from the military viewpoint, any specific and detailed plan which may be put before them.[45]

Sincerely yours, For the Joint Chiefs of Staff:

G. C. MARSHALL

840.48/8-544 : Telegram

The Ambassador in the United Kingdon (Winant) to the Secretary of State

LONDON, August 5, 1944—12 p. m.

[Received August 5—6:22 a. m.]

6265. I have just received the following communication from Mr. Eden under today's date with reference to the matter dealt with in my 6192 August 3, 6 p. m.:[46]

"I have now been able to give further consideration to Mr. Hull's communication to you which you kindly left with me when you came to see me on the 19th July. As you know, it has been our policy to refuse to allow relief supplies into Europe through the blockade, and it was the purpose of Mr. Foot's conversations in Washington to provide an alternative by making arrangements for an increase in relief supplies drawn from within the blockade area. Nevertheless, I fully understand the importance which Mr. Hull attaches to doing something to satisfy the pressure of certain sections of public opinion in the United States and it is with this in mind that we are examining his proposal that a special committee should be set up in London to study the question. You will understand that I cannot agree to the setting up of such a committee until I have consulted my colleagues, since even a study of the question involves a reversal of the policy which we have consistently adopted. As soon as I have obtained their views I will let you know."

WINANT

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[45] In a memorandum of August 1, Eldred D. Kuppinger, Assistant Chief of the Special War Problems Division, commented on this letter by observing: ". . . In view of the changed military situation [since the Department's letter of June 10, which had been drafted on June 3], it is questionable whether at this time further consideration should be given to an approach to the German Government in regard to the institution of broad relief programs.

"In any case, it would not seem wise at this time to take this matter up again with the British since to do so might prejudice the negotiations now being carried on in London in regard to the proposed shipment of limited amounts of relief foodstuffs to France and possibly Norway for distribution by the International Red Cross Committee." (840.48/7-2644)

[46] Not printed.

840.48/8–3044 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 30, 1944—7 p. m.
[Received 8:44 p. m.]

7065. Supplementing my telegram No. 6265 of August 5, I am cabling below the text of a letter dated August 30th which I have received from Mr. Richard Law [47] with further reference to the question of allowing relief supplies into Europe through the blockade:

"In the Secretary of State's letter of August 4 [47a] he said that before agreeing to the setting up of a committee for the study of the question of allowing relief supplies into Europe through the blockade he would have to consult his colleagues. He has now done so, and I am happy to inform you on his behalf that His Majesty's Government agree to the setting up in London of a committee of the type proposed by Mr. Hull.

His Majesty's Government suggest that besides the questions of supply, shipping and distribution, the committee should also study the conditions under which monetary relief is at present being granted or may be granted in future to persons in enemy and enemy occupied countries.

I shall be glad to if you will let me know whether your Government agree to the above addition to the committee's functions, and whether they have any other suggestions to make in connection with its formation."

WINANT

840.48/9–2244 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 22, 1944—5 p. m.
[Received September 22—4:49 p. m.]

7860. ReEmbs 7501, September 12 [48] and Department's 7228, September 6.[49]

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[47] Richard K. Law, British Minister of State.

[47a] See *supra*.

[48] In this telegram Ambassador Winant informed the Department that the American members of the committee to study the question of allowing relief supplies through the blockade would be himself and William T. Stone, Director of the Embassy's Economic Warfare Division, and that he had so informed Foreign Secretary Eden, also advising him that "while Department has no objection to consideration by committee of question of monetary relief, particular emphasis is placed on necessity for immediate planning for shipment of relief in kind. I have added that I assume details of implementation of any policy decided on by committee would be left to blockade sub-committee now handling existing arrangements for relief shipments to occupied territory." (840.48/9–1244)

[49] Not printed.

1. Policy meeting on question of relief through the blockade held today. British have agreed in principle to shipments through the blockade for controlled assistance to Allied territory occupied by the enemy.

2. It was agreed at the meeting that Norway is only country where relief on a nation wide scale can now be undertaken and that it is desirable for Norwegian relief to take form of an extension of existing relief operations. It was suggested that Swedes would be responsible for supervision of distribution and for obtaining assurances from German Government concerning maintenance of existing rations and safe-conducts.

3. It was also agreed that in other areas e.g. Poland and parts of Yugoslavia, relief would probably have to be limited to *ad hoc* shipments by IRCC [49a] as circumstances warranted. There was general agreement that if IRCC could arrange for supplies to be transported without German molestation and could give satisfactory assurances concerning control of distribution, there would be no objection to making supplies available to the IRCC from outside the blockade area.

4. A special joint sub-committee has been named to work out details of implementing plans to draft joint statement for submission to Combined Chiefs of Staff for their approval and to recommend type of public statement to be issued.

5. Question of monetary relief is to be left to special sub-committee for consideration. However, it was agreed that plans for food relief would take precedence and be dealt with separately.

6. It was agreed that no publicity would be given to any of the foregoing at present time.

WINANT

840.48/10–544 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 5, 1944—7 p. m.
[Received 8:53 p. m.]

8373. For Department and FEA. ReEmbs 7860 of September 22 and 8145 of September 29.[50]

A. Full text of report embodying proposals of Special Committee on Relief was sent Department as A–1211, October 4 [51] and is summarized in paragraph D below.

[49a] International Red Cross Committee.
[50] Latter not printed.
[51] Not printed.

Report will now be submitted to British Cabinet and following approval by them and by you Committee assumes proposals will be taken up with Combined Chiefs of Staff in Washington.

B. If proposals are approved in present form Embassy suggests that it be authorized to concert with British here in conversations with Norwegian Government and in taking other action necessary to implement proposals.

C. Concerning question of a public announcement Committee recommended that simultaneous but not necessarily identical statements be issued by British and United States Governments. Committee considered it important that same general line of argument be followed in any public statements made by the two governments on this subject but that identical texts were impracticable. British will probably make statement in Parliament which will be sent you beforehand and it is expected that any statement which Department makes public would similarly be sent London prior to release. British statement, which is now in preparation and will be forwarded shortly, was discussed by the Committee and it was suggested that Department's statement might be based on it.

D. Summary of proposals contained in A–1211:

1. Norway:

(*a*) British and United States Governments will allow compensating imports into Sweden to replace food sent Norway as relief, will permit onshipment of food imported thru blockade to Norway and will relax rule forbidding export from Sweden to Norway of *produits similaires.*

(*b*) Foregoing relaxation being made to enable under Swedish supervision extension of existing relief schemes in Norway.

(*c*) Despatch of children's clothing in small lots subject to satisfactory reports on distribution will also be approved.

(*d*) All proposed shipments will be submitted to JSC Stockholm [52] and American and British members will be given wide discretion to approve without reference.

(*e*) Proposals will be discussed with Norwegian Government which will be asked for suggestions concerning financing of operations and with Swedish Government which will be asked for estimates of additional imports required.

(*f*) German Government will be asked to give assurances as to safe conducts, freedom of movement and personal safety of supervisors, maintenance of rations and maintenance of normal shipments of foodstuffs to Norway.

2. Poland:

(*a*) United States and British Government will inform IRCC that they are willing to admit food thru blockade for distribution by

[52] The Joint Standing Commission consisting of United States, United Kingdom, and Swedish representatives which had been established in Stockholm to assure the Allied Governments that Swedish policy was in accordance with various wartime trade agreements.

627–819—67——19

IRCC in canteens, et cetera, in cities where need is acute and by means of individual parcels in other areas where IRCC can verify correct use of parcels.

(*b*) Shipment of children's clothing will also be permitted as in case of Norway subject to satisfactory reports on distribution.

(*c*) Polish Government will be informed and its suggestions as to financing of operation requested.

(*d*) IRCC will be asked to suggest names of cities, to estimate amounts of food needed and to indicate type of control which can be exercised.

(*e*) As in case of Norway German Government will be asked for assurances concerning safe conducts, maintenance of rations, et cetera.

3. Czechoslovakia and Denmark:

(*a*) Food situation considered satisfactory but if need arises action similar to that proposed for Poland will be authorized.

4. Other areas:

(*a*) No recommendation made for the Netherlands and Yugoslavia in view of present military situation, although action similar to that proposed for Poland would be authorized if areas should remain under settled enemy occupation.

5. Vitamins:

(*a*) Vitamins B and C will be admitted through blockade in same way as vitamin D.

6. Monetary relief:

(*a*) It is suggested that licenses involving the placing of funds in neutral territory at disposal of enemy persons should only be issued after consultation between the United States and British Governments.

Separate telegram [53] is being sent on paragraph 6 above (see paragraph 14 of full text).

American representatives on the Committee reserved their position on this point.

WINANT

840.48/10–644 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 6, 1944—9 p. m.
[Received 11:18 p. m.]

8414. For Department, FEA, and WRB.[54] ReEmbs 8373 of October 5.

On the matter of monetary relief, the Ambassador stated that his Government desired this subject to be considered separately. British members of Special Committee on Relief submitted a memorandum on

[53] *Infra.*
[54] War Resources Board.

question of monetary relief, text of which is being sent Department by airgram. Paragraph 14 of recommendations of Committee (Embassy's A-1211, October 4 [55]) was based on this memorandum and suggests, in substance, that any license which involves or may involve the placing of funds in neutral territory at the disposal of enemy persons should be issued only after consultation between the Governments of Great Britain and the United States and that, normally this consultation should take place between the British Embassy and the Department of State. British Embassy would be given wide discretion and reference to London (Relief Sub-Committee) would only be necessary in cases of doubt.

British have taken position that monetary relief as extended through WRB licenses to persons in enemy and enemy occupied countries is an integral part of any general scheme of relief through the blockade and should be subject to joint approval. They further point out that the two programs, relief in kind and monetary relief, are complementary and that unless those responsible for shipments of relief in kind are kept informed of payments which are being made, it will be difficult to avoid duplication.

British feel that principal danger in letting enemy acquire foreign exchange is no longer that money will be used for prosecution of the war, but that such funds may assist enemy persons and firms in the attempts they are now known to be making to acquire and conceal funds in neutral territory for use when they may have to seek refuge or for use in restoring their foreign trade.

American representatives on Special Committee reserved their position on recommendation concerning monetary relief and stated that the matter would be submitted separately to Washington by the Ambassador.

WINANT

856.48/10-344 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 7, 1944—10 p. m.

8240. ReEmbs 7860, September 22. This Government has received a note dated October 3, 1944 from the Netherlands Embassy, Washington,[55] urgently requesting this Government's consent to the shipment from Sweden to western enemy-occupied Holland of food supplies for civilian consumption there. It is stated that the Nether-

[55] Not printed.

lands Government has requested the Swedish Government, as the protecting Power of Netherlands interests in enemy countries, to make available for this purpose foodstocks now on hand in Sweden. The note continues that the Netherlands Government has requested the Swedish Government to endeavor to obtain permission from the German Government to ship these supplies and to allow distribution by the Netherlands Red Cross. The Netherlands Embassy states that Lord Selborne has already informed the Netherlands Government that MEW does not consider the sending of these supplies as opposed to Allied blockade policy.

It is a cause of some embarrassment to the Department to learn that this proposal has been submitted to the British authorities and that an affirmative reply was given without the Department's having been consulted.

The proposal appears to be in line with present blockade policy since it is said that food supplies are available in Sweden and does not involve shipments through the blockade. While in all probability some of the supplies which the Swedes have been requested to make available are not of Swedish origin and a request for replacement may later be made, we are of the opinion that no objection should be entered to the proposal on that score in view of the probable early relaxation of the blockade policy as regards limited feeding programs in Allied territory remaining under enemy occupation. We would want to make approval conditional upon supervision of distribution by IRC or Swedish Red Cross and to have quantities subject to the approval of Anglo-American blockade authorities.

We are prepared to inform the Netherlands Embassy and the Swedish Government that the United States has no objection to this proposal provided the necessary assurances are obtained from the German authorities.[57] Please take this matter up with the British authorities urgently to determine whether they concur. In view of the urgency of the matter Department intends to return an affirma-

[57] In a note of October 26, the Department informed the Netherlands Embassy that "the Government of the United States interposes no objection to this proposal provided assurances are received from the German authorities that distribution of such supplies may be supervised by the International Committee of the Red Cross or the Swedish Red Cross and provided further that the quantities of supplies to be sent shall be subject to the approval of the Anglo-American blockade authorities." (856.48/10–1244) On October 13, Queen Wilhelmina of the Netherlands addressed a message to President Roosevelt, requesting the President's aid in providing food and medical supplies to the people of the Netherlands. The President replied in a message of October 27, in which he stated: "This Government will be glad to agree to any plan for the importation of food from Sweden into German occupied areas of Holland which will insure that such supplies will actually be made available to those of your citizens in need and will not result in advancing the interests of our mutual enemy." (856.48/10–2644.)

tive reply to the Netherlands Embassy unless British objections are communicated to the Department by October 14.[58]

HULL

840.48/9–2644 : Telegram

The Secretary of State to the Minister in Sweden (Johnson)

WASHINGTON, October 13, 1944—10 p. m.

2058. Infotel. At instance of this Government the question of relaxing blockade to permit limited relief shipments to Allied territory remaining under enemy occupation was recently taken up in London. There seems to be reason to believe that it will be possible to arrange for a modification in that policy but final clearance especially with the military authorities has not yet been received. At this time pending further developments it is not possible to give a definitive reply on the proposals set forth in your 3883, September 26.[59] Legation will be kept informed of developments. Whisler may be informed in confidence of foregoing.

HULL

856.48/10–3044 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, October 30, 1944—7 p. m.
[Received October 31—2:11 a. m.]

9369. ReLeg's 1357, October 25 to London repeated to Department as 4350.[60] Question of sending of Swedish ship to the Netherlands was originally raised with Department by Netherlands Embassy early in October and it is Embassy's understanding that subject to British

[58] In telegram 8953, October 19, from London, Ambassador Winant reported that the Foreign Office had stated that it had notified the Netherlands Embassy in London of its approval of the relief plan before informing the U.S. Government "because of the urgency of the matter." The Netherlands Government subsequently had formally requested the Swedish Government to obtain permission from the Germans, but no reply had yet been received. Ambassador Winant added that "the prospects of obtaining German consent are not believed to be good according to the Foreign Office." (856.48/10–1944) Telegram 4350, October 25, from Stockholm, reported the *démarche* of the Netherlands Legation in Stockholm. "Netherlands Legation and Swedish Foreign Office are not optimistic regarding German safe conduct." (856.48/10–2544)

[59] In this telegram the Minister reported on discussions he had held with Norwegian and Swedish relief officials concerning relief activities in Norway. On the basis of these discussions he concluded that distribution of relief supplies in Norway was being carried out with a minimum of interference from the Germans and that he was therefore recommending that a more liberal policy respecting the licensing of shipments be adopted; he also recommended that additional supplies of food and clothing be forwarded from the United States. (840.48/9–2644)

[60] Telegram 4350 from Stockholm, not printed, but see last part of footnote 58, above.

concurrence Department was at that time prepared to approve shipment provided Swedish Red Cross or the IRC would undertake supervision of distribution and provided the amounts of food involved were approved by blockade authorities. (ReDept's 8240, October 7 to London not repeated to Stockholm.)

British Government informed approves shipment and grants safe conduct as stated in Legation's reference telegram and Embassy's message sent Stockholm as 649 repeated Department as 9369. It is Embassy's understanding that view of Department is that shipment under adequate safeguards should be expedited.

GALLMAN

103.9169/11–1144 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 11, 1944—8 p. m.
[Received November 12—4:06 a. m.]

9853. For Department and FEA. Reference Department's 8882, October 25 [61] and Embassy's A–1211, October 4.[62] There is given below a paraphrase of a letter received yesterday by Stone from the Minister of Economic Warfare, Lord Selborne. Our disappointment at further delay which will be caused by the form of the British reply has already been expressed orally to Foot by Stone and will be reiterated in letter to Selborne. Letter to Selborne will also state that while we are prepared to meet with British at once to consider amounts and kinds of food involved no precise estimates can be made until we have had preliminary conversations with the IRCC and the governments concerned and that we strongly urge that these conversations be initiated immediately.

Until this letter was received it was Embassy's understanding that British were prepared to approve, with only minor alterations, the recommendation of the Special Relief Committee and to proceed immediately to implement them. Embassy understands confidentially that change in view is based on recommendation from Prime Minister.

Paraphrase of letter begins: Further consideration has been given by the War Cabinet to the recommendations of the Special Relief Committee. The War Cabinet feel that they can reach no decision until they know in more detail the kinds and amounts of foodstuffs required and until they are given an estimate of the tonnage necessary to carry the supplies.

Large areas of Europe have been liberated since our discussions began and the serious situation in the Netherlands has become ap-

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[61] Not printed.
[62] Not printed, but see telegram 8373, October 5, from London, p. 282.

parent. Clearly it is important that the help we are bound to give our liberated Allies should not be restricted by the shipment of supplies to enemy occupied Europe. I therefore suggest that the Special Sub-Committee meet again and draw up detailed estimates of supplies which would be required if the proposals are implemented. *Paraphrase ends.*

GALLMAN

857.48/11–2144: Telegram

The Minister in Sweden (Johnson) to the Secretary of State

STOCKHOLM, November 21, 1944—9 p. m.
[Received November 21—3:33 a. m.]

4772. The following telegram has been sent to London:

1528, November 21, 9 p. m. Anglo-American JSC members strongly recommend they be given authorization to permit despatch relief supplies including food, medicine and some clothing to northern Norway for purpose of alleviating horribly distressed civilians numbering about 250,000 persons who are being pushed south by Germans evacuating northern Norway and following complete scorched-earth policy, such relief to be considered outside of present relief arrangements approved for Norway.

Tentative plan subject to German approval is to despatch a Swedish vessel of approximately 1500 tons from Göteborg to Tromsö under auspices of Swedish Government and Swedish Red Cross with relief supplies to be discharged in Tromsö for supplying immediate relief requirements there. Vessel will then proceed to evacuate civilians from Tromsö to Narvik making one trip with minimum 500 evacuees each 24 hours. Women, children, aged and sick totalling 50 to 100,000 persons will be given first preference under such evacuation plan. It is intended to bring evacuees to Sweden via Narvik railway as soon as possible.

Relief supplies so discharged in Tromsö will be distributed by Swedish Red Cross as Swedish property. In this work Swedes may employ members Norwegian Red Cross who are recommended by Norwegian trustees of donor committee. Such Norwegians as may be used will only participate as assistants to Swedes who will be responsible for distribution.

Although question has not been raised with Germans, Swedes believe following plan for replenishing supplies shipped by vessel can be undertaken once Germans approve vessels' safe-conduct:

Swedes will establish a relief supply depot probably at Kiruna, Sweden (5 hours by rail from Narvik) for distribution among persons so evacuated to Narvik and for replenishing supply depot in Tromsö by vessel referred to above as needed. Relief shipments from

Sweden to Narvik will be made on basis of day to day requirements in Narvik and Tromsö. This will prevent any large accumulation of supplies in Norwegian territory.

Swedish Government has already presented *démarche* to German Government to despatch vessel to Tromsö and dependent upon date German approval is obtained vessel can be expected to arrive Tromsö in 10 days plus time required for accumulating supplies and loading in Göteborg.

Allied JSC members request approval of foregoing overall plan and authorization to decide details or variations as circumstances may require of distribution in close collaboration with Swedish Government, Swedish Red Cross and Norwegian relief representatives. It would be most unfortunate if reference to London and Washington of such details or variations delayed or hindered prompt execution this plan.

Opinion of British and ourselves is that this humanitarian effort should be given prompt and wholehearted cooperation. The urgency of prompt aid for refugees at Tromsö is essential if they are to be kept alive as borne out by statements made by Captain Holmboe, a native of that district who has just escaped from there to Sweden and presently connected with and vouched for by Norwegian Legation. Immediate approval will permit Allied JSC members to work out necessary details with view to protecting our overall interests so that once approval from Germans is obtained arrangements can be put into immediate effect.

JSC is approving sending of individual gift parcels roughly estimated at 5,000 containing food to Narvik area for distribution by Norwegians selected by trustees of donors' committee. These parcels will assist in a very small way in taking care of interim requirements.

British and United States JSC members recommend Embassy immediate approval of above proposal. Please advise MEW on behalf of my British colleague who is not cabling separately.

My 4772, November 21, 9 p. m. repeats this message to Department.

JOHNSON

857.48/11-2844 : Telegram

The Minister in Sweden (Johnson) to the Secretary of State

STOCKHOLM, November 28, 1944—1 p. m.
[Received November 28—10:46 a. m.]

4860. Legation's 4800, November 22, 8 p. m.[63] not repeated to London. During the past three days according to von Post[64] the pros-

[63] Not printed.

[64] Eric von Post, Chief of the Political Section of the Swedish Ministry for Foreign Affairs.

pects of Germany's granting permission for the despatch of Red Cross trains to Narvik and a boat to Tromsoe have worsened. Swedish Foreign Office understands that Terboven [65] has arrived in Berlin to fight approval which seemingly is sponsored among highly placed German officials only by von Ribbentrop.[66] Von Post is pessimistic as to outcome on grounds that Swedes have nothing they can promise Germans in exchange for approval other than that favorable action would tend to prevent German-Swedish relations from deteriorating.

Legation's 1528, November 21, 9 p. m. to London repeated to Department as Legation's 4772. I regard it as of importance that Anglo-American approval of the project be forthcoming without further delay. It would not be understood by Sweden if we should under existing conditions pursue a less liberal relief policy toward starving Norwegians than towards starving Greeks when in both cases the Swedes would control distribution; and I am satisfied that if tomorrow the Prime Minister and the Foreign Minister who are scheduled to answer questions regarding the matter in the two houses of the Riksdag can report approval by the British and ourselves the public reaction here against our enemy would be intensified.[67]

My 1562, November 28, 1 p. m., repeats this to London.

JOHNSON

860C.48/11–2444 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, December 2, 1944—midnight.

10128. From Department and FEA for EWD.[67a] Reply has been deferred to Embassy's 9853, November 11 pending a general discussion of this matter with Stone.

It appears that the British Government is reluctant to agree to a formal relaxation of the principle of strict blockade but that the British authorities seem willing to agree to *ad hoc* relaxations in specific instances of great need, e.g., the recent case of the Netherlands

[65] Joseph Terboven, Reichskommissar for occupied Norwegian territories.

[66] Joachim von Ribbentrop, German Foreign Minister.

[67] In telegram 2405, November 30, to Stockholm, the Department informed the Minister in Sweden that the Swedish proposal to send a Red Cross ship to Tromsö had been referred to military authorities for decision; the Department then expressed its hope for an early reply to its message (857.48/11–2844).

[67a] Economic Warfare Division of the Embassy in London.

and the shipment of supplies to Pruszkow.[68] This seems to be borne out further by Embassy's 10351 [69] and 10377, November 24.[70]

Prior to the receipt of the two last mentioned telegrams it had been decided to suggest that the Embassy endeavor to obtain British concurrence to increased shipments of supplies to Norway on an *ad hoc* basis to expand the present Swedish-directed relief program in that country. It now appears that Embassy and MEW already are proceeding along this line.

We heartily endorse the action being taken by Embassy and MEW and the Embassy's suggestions to the Legations at Stockholm and Bern. We would stress, however, the necessity for the utmost speed in this matter particularly with regard to Norway since that area would seem to be the one where immediate action is the most practicable since, for the time being at least, shipments are possible in the Swedish safe-conduct ships. Should those ships no longer remain available it might be possible to send supplies in the Red Cross ships to Göteborg. If satisfactory distribution arrangements in Poland can be worked out by ICRC [*IRCC*] we would favor liberal compensatory imports for Switzerland to make possible relief exports to Poland. Polish Embassy Washington (which has been informed by Polish Government, London, of its approach to British Government which prompted, presumably, the inquiry mentioned in Embassy's 10351) has discussed with Department question of financing program from Switzerland costing approximately 9,000,000 Swiss francs. Half would be met by Polish Government, London, and rest would have to be raised in United States. This phase of matter being explored.

It is hoped that MEW will not insist upon the strict application of the theory of indigenous produce as regards supplies from either Norway or Switzerland for this purpose. We are fully prepared to allow Sweden and Switzerland compensatory imports and to give the JSC at Stockholm and the Legations at Bern wide discretion along the lines recommended by the Joint Anglo-American Relief Committee in regard to Norway as set forth in Embassy's A-1211, October 4.[71]

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[68] Reference is to shipments of relief supplies through Red Cross channels for Polish inmates of the Pruszkow concentration camp during September and October.

[69] Not printed; in this telegram Ambassador Winant reported that the Ministry of Economic Warfare had requested the British Legation in Bern to obtain information from the International Red Cross Committee concerning which localities in Poland were in particular need of food relief, and to ask the Swiss Government to what extent the required supplies could be made available in Switzerland (860C.48/11-2444).

[70] Not printed; this telegram reported that the Ministry of Economic Warfare had requested the British Legation in Stockholm to ascertain whether additional relief supplies were available in Sweden (857.48/11-2444).

[71] Not printed, but see telegram 8373, October 5, from London, p. 282.

As regards German assurances, reference is made to Department's 8882, October 25,[72] which position is reaffirmed.

As noted above we are willing, in order to obviate further delay, to accept *ad hoc* arrangements. We suggest, however, that Embassy and EWD continue efforts to obtain British concurrence to the general recommendations set forth in Embassy's A–1211.

STETTINIUS

857.48/12–244

Admiral William D. Leahy, Chief of Staff to the Commander in Chief of the Army and Navy, to the Secretary of State

WASHINGTON, 2 December 1944.

MY DEAR MR. SECRETARY: The Joint Chiefs of Staff have considered the proposal of the Swedish Government, referred to in your memorandum of 22 November 1944,[73] to ship supplies into German-occupied Norway for the relief of the civilian population.

From the military point of view, the Joint Chiefs of Staff advise that they consider that this proposal, as well as any other for the relaxation of the economic blockade, should be opposed by the U.S. Government.

Our economic warfare policy, as well as a considerable portion of our main military effort, has been directed toward the weakening and eventual destruction of the German economic potential for waging war. At the present time there are increasing signs that the internal economy of Germany is approaching a critical stage, particularly with respect to food. The Joint Chiefs of Staff feel that approval of the present proposal would establish a precedent for relief in enemy-occupied Europe, which would be followed by demands for similar relief in other areas supported by equally compelling humanitarian considerations. It would be difficult, if not impossible, to refuse these additional requests once an exception were made. The provision of such civilian relief in Axis-controlled areas on a substantial scale would directly or indirectly benefit the enemy and might well serve to prolong the war.

A further consideration is that satisfying the demands for civilian relief through the blockade would almost certainly create demands for the diversion of Allied shipping, as well as neutral shipping, and the use of other resources needed for the prosecution of the war.

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[72] Not printed.
[73] Not found in Department files.

The Joint Chiefs of Staff perceive no objection, from the military point of view, to the Swedish proposal to evacuate the Norwegian refugees to Sweden.

Sincerely yours,

For the Joint Chiefs of Staff:
WILLIAM D. LEAHY

856.48/12-644 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 6, 1944—5 p. m.
[Received December 6—2:50 p. m.]

10779. The proposal for relief shipments to the Netherlands from Portugal described in the Department's 10130, December 2, midnight,[74] was not forwarded to the British authorities by the British Consul in Geneva. British have therefore not given approval to the journey of the *Dunant*.

The Foreign Office has under urgent consideration a further plan for relief shipments to the Netherlands from Sweden which it wishes to try out before proceeding with shipments from Portugal. Details regarding this plan and the reasons for it will be described in a later telegram.

WINANT

856.48/12-744 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 7, 1944—7 p. m.
[Received 9:20 p. m.]

10836. For Department and FEA. ReDepts 10130, December 2,[75] Embassy's 10779, December 6 and previous related telegrams.

Present situation concerning relief shipments to the Netherlands is as follows:

1. ReDepts 9255, November 4[76] and Stockholm's 4350, October 25 to Department.[77] The relief proposal which is now most likely to be approved involves sending two Red Cross ships from Sweden. Ships would be unloaded at Delfzijl, instead of Amsterdam as originally

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[74] Not printed; this telegram informed the Embassy in London that the Department had given its approval to a scheme emanating from Geneva to send a shipment of relief supplies via the International Red Cross ship *Henry Dunant* from Lisbon to the Netherlands. The Department assumed that the same proposal had been submitted to British authorities, and inquired whether they had given their approval. (856.48/11-444)

[75] See footnote 74, above.

[76] Not printed.

[77] See last part of footnote 58, p. 287.

intended. German consent to use of Delfzijl is contingent on supplies being loaded on barges chartered by Swedish Red Cross, barges then to proceed up Zuyder Zee under safe conduct guarantee. British are prepared to give safe conduct except as regards mines for vessels from Sweden but can not for operational reasons give unconditional safe conduct for barges. Present suggestion which will probably be accepted is that if barges are clearly marked and proceed in convoy an assurance will be given by British that every effort will be made not to attack them.

2. ReDept 9467, November 11.[78] Question of distribution of goods have been complicated by recent secret report received by British concerning Dutch Red Cross. According to this report, the character of the organization has changed for the worse, most of the Dutch members have resigned, Red Cross trucks and oil have been appropriated by the Germans and organization is now considered thoroughly unreliable. In view of this development, German proviso that distribution be handled by German and Dutch Red Cross organizations was considered impossible even by Dutch themselves. Last week, suggestion that two members of Swedish Red Cross resident in Netherlands distribute the relief goods was made by Dutch as possible solution. British understand Germans have agreed but have requested confirmation. Swedes mentioned are a Mr. Rosenberg, former Swedish Consul in Amsterdam and a Mr. Walter Ekmann, head of a large Netherlands-Swedish seed distributing company.

3. It is probable that proposal in form outlined above will be approved although it must still be submitted to the Prime Minister and General Eisenhower.[79]

4. ReDepts 10130, December 2.[80] British wish to experiment with Swedish ships before giving approval to shipments from Portugal. However, if Swedish shipments can be satisfactorily handled there would probably be no objection to later shipments from Portugal. Earlier proposal to send Red Cross ship down Rhine was disapproved by General Eisenhower for operational reasons. ReEmbs 9597, November 4.[81]

5. Embassy will keep Department informed.

WINANT

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[78] Not printed; this telegram notified the Ambassador in the United Kingdom that the Department was agreeable to such arrangements for the forwarding of food to the Netherlands as might be practicable from a military point of view; also that while the Department would prefer that supervision over distribution would be exercised by a neutral agency, it was willing to agree to supervision by the German and Netherlands Red Cross (856.48/11–444).

[79] Gen. Dwight D. Eisenhower, Supreme Commander, Allied Expeditionary Forces in Western Europe.

Telegram 11351, December 21, from London, informed the Department that British authorities and General Eisenhower had approved the proposal to send two ships from Sweden to the Netherlands (856.48/12–2144).

[80] See footnote 74, p. 294.

[81] Not printed.

857.48/12-744 : Telegram

The Minister in Sweden (Johnson) to the Secretary of State

STOCKHOLM, December 7, 1944—9 p. m.
[Received 11:55 p. m.]

5024. Reference London's 776, November 29, 7 p. m. to Legation, sent Department as London's 10557 [82] and Department's 2426, December 4, 8 p. m. to Legation, repeated London as Department's 10159.[83] Relief supplies to northern Norway. German authorities have refused safe conduct for Swedish vessel to Tromsö. According to Swedish Foreign Office Germans claim to have evacuated practically all refugees in Tromsö to central and southern Norway (please see in this connection Legation's 5020, December 7, 7 p. m.[84]). Question of safe conduct vessel therefore is not actual for present. Norwegians here admit that situation has eased. Legation will keep Department informed if question is reopened or other plans of this nature are promulgated by Swedes.

Swedes have been informed of Anglo-American approval to send relief supplies by rail to Narvik area. Swedes are presently investigating necessity of setting this plan in motion now or in future and will submit for prior JSC approval quantities and kinds of goods to be sent and details of distribution controls.

My 1626, December 7, 9 p. m., repeats this message to London.

JOHNSON

857.48/12-244

The Secretary of State to the Secretary of War (Stimson)

WASHINGTON, December 22, 1944.

MY DEAR MR. SECRETARY: I refer to Admiral Leahy's letter of December 2, 1944 expressing the views of the Joint Chiefs of Staff on a proposal of the Swedish Government to forward relief supplies to northern Norway for distribution to Norwegian nationals dis-

[82] Not printed; it informed the Department that discussions had been held with the Ministry of Economic Warfare regarding the Swedish proposal for relief to northern Norway and that it was doubtful that the British Admiralty would be able, for operational reasons, to grant the necessary safe conduct for sea voyages from Tromsö to Narvik. However, the Ministry of Economic Warfare had approved the shipment of relief supplies by rail from Sweden to Narvik, and had also approved the evacuation of refugees from Narvik to Sweden by rail. (857.48/11-2944)

[83] In this telegram the Department signified its agreement to the proposals outlined in London's telegram 10557 (see footnote 82, above). (857.48/11-2944)

[84] Not printed; this telegram described the reported evacuation of some 20,000 of the 50,000 refugees in northern Norway and reported that on the basis of these reports the Swedish Government believed that "its earlier conception of the brutality of the German evacuation of the Norwegian population of the north was only slightly exaggerated." (857.48/12-744)

located by current military operations and to assist in the evacuation of certain of those nationals to Sweden.

Before discussing specifically certain points raised in the letter under reference, I believe that it would be useful to review as briefly as possible some of the developments since the beginning of this year in connection with the question of possible relief programs for the benefit of the civilian populations of Allied countries under enemy occupation.

Early in 1944, for impelling political as well as humanitarian reasons, the Department concluded that a modification in the blockade policy would be most desirable if such action could be taken without adversely affecting the prosecution of the Allied war effort. In Mr. Hull's letter of January 27, 1944 to Admiral Leahy [85] he so expressed himself and asked for the comments of the Joint Chiefs of Staff on the military aspects of the situation if carefully controlled relief programs should be put into operation in Belgium, France, and possibly Norway.

In Admiral Leahy's letter of February 28 he stated that the Joint Chiefs of Staff considered that no change in substance in the blockade policy should be made at that time but that if supplies could be introduced on a limited scale and distributed without being of assistance to the enemy, and provided that transportation could be made available without detriment to the Allied military effort, the Joint Chiefs of Staff would interpose no objection from the military standpoint to the introduction of supplies on such a basis.

Accordingly, on March 16, 1944 the Department, after consultation with the Foreign Economic Administration, forwarded to the American Ambassador at London for consideration with the British authorities a proposed plan under which relief operations of this nature might be undertaken. This proposal was first submitted to and approved by the President. A copy of the Department's communication, airgram 411,[86] is enclosed.

Impending military operations on the continent of Europe precluded acceptance of this proposal at that time and for the time being the question was left in abeyance pending the outcome of those operations.

In the Department's letter of June 10, 1944 this matter was again brought to the attention of the Joint Chiefs of Staff with a request for a further expression of views in the light of the military situation then existing. In General Marshall's letter of July 26 in reply, the position taken in Admiral Leahy's letter of February 28 was reaffirmed and it was stated that the Joint Chiefs of Staff would be

[85] Not printed.
[86] *Ante*, p. 255.

willing to examine from the military viewpoint any specific plan which might be put before them. Prior to the receipt of this letter the Department, on July 1, requested Ambassador Winant at London again to discuss this question with the competent officials of the British Government.[87] In that communication it was recommended that a special committee of policy-making officials be constituted in London to give further consideration to this question from the blockade point of view. Toward the end of August the British Government agreed to the formation of such a committee and in a communication dated October 4 the Embassy forwarded to the Department the Committee's recommendations. A copy of that communication, airgram 1211, is also enclosed.[88] The Department subsequently was informed by the Embassy that these recommendations had been submitted to the British War Cabinet where they were receiving consideration. The Department and the Foreign Economic Administration have already indicated to the Embassy at London their approval of these recommendations. The Department has not heretofore forwarded these recommendations for consideration by the Joint Chiefs of Staff in the belief that to do so prior to British concurrence would be premature.

As regards the specific proposal under reference, the British authorities, proceeding on the generally accepted understanding that the transfer of relief foodstuffs from one point within the blockaded area to another was primarily an economic warfare matter rather than one of particular concern to the military authorities, [and] expressed agreement to the forwarding overland from Sweden to Norway of additional amounts of Swedish foodstuffs in order to assist in this desperate situation. The American Embassy joined with the British authorities in this action. This Department and the Foreign Economic Administration expressed their full approval of the action taken by the Embassy. No position was taken by the British Ministry of Economic Warfare or the American Embassy as regards the movement of a Swedish ship under safe conduct or otherwise between Sweden and Norwegian ports, that being considered a matter completely within the scope of the military authorities.

At this point it might be well to draw attention to the fact that with the approval and under the supervision of the Allied blockade authorities a relief program operating under the responsibility of the Swedish Government has been in operation for over two years in Norway distributing foodstuffs of Swedish origin and medical supplies sent from the United States with blockade clearance. This project is operated to the full satisfaction of the blockade authorities who are convinced that this program has not been of assistance to the enemy and that the supplies distributed in Norway have benefited

[87] Instruction 4257, p. 272.
[88] Not printed, but see telegram 8373, October 5, from London, p. 282.

only the persons for whom intended. That part of the Swedish proposals outlined in telegram 4772, November 21, from the American Legation, Stockholm, which contemplates the shipment of additional supplies from Sweden to Norway is not, therefore, a new proposal but merely a supplementation of the currently operating Swedish relief program in Norway.

The project as it now stands does not envisage the direct shipment from outside the blockade zone to Norway. Compensatory shipments to Sweden, however, to relieve in some measure the increased drain on Swedish resources may be necessary at some later date. In any case there would be no burden placed on Allied shipping since such shipments would be made either in Swedish safe conduct vessels or in the International Red Cross ships now proceeding to Sweden carrying prisoner of war supplies.

In the belief that the views expressed in the letter under reference were arrived at without the benefit of the full and complete background of this matter, I should be grateful if the Joint Chiefs of Staff would again examine this proposal having in mind (*a*) that as regards the transfer of food from Sweden to Norway the effect will be merely to increase moderately the amount of Swedish foodstuffs which have in the past been sent to Norway for distribution under an arrangement which has been acceptable to the Allied blockade authorities, (*b*) no shipping used in the Allied war effort is or would be involved, and (*c*) any relief supplies which may subsequently be sent through the blockade to assist in carrying on this program will not be sent direct to enemy-controlled territory but will be sent in neutral ships to Sweden in compensation for Swedish produce sent to Norway. It is assumed that the position set forth in the letter under reference applies also to the Swedish Government's proposal to send a Swedish ship from Göteborg to northern Norway to transport food and medical supplies and to assist in the evacuation of women, children, the aged and sick from Norway to Sweden. The above request for re-examination need not include this phase of the proposal. According to a recent telegram from Stockholm, the German authorities have refused the Swedish request for safe conduct. Since the situation has improved somewhat in northern Norway, the Swedish authorities are not disposed to press the matter further at this time.

I should like also to draw your attention to what appears to be a fundamental variance between the letter under reference and previous statements made by the Joint Chiefs of Staff on this subject. In view of the conversations which have been held with the British authorities and which, under present instructions, the Embassy at London will continue, it seems urgently necessary that a definite understanding be reached as regards the extent to which the Department may prop-

627-819—67——20

erly commit the Government of the United States in matters of this nature.

As noted above, this Department and the Foreign Economic Administration have long proceeded under the impression that the military authorities need not be consulted in respect of intra-blockade relief shipments provided operational questions did not enter in, e.g. the recent proposal to send via river boats on the Rhine relief shipments from Switzerland to the Netherlands. I suggest the desirability of a statement from the Joint Chiefs of Staff on this point.

As regards proposed trans-blockade shipments of relief supplies, this Department and the Foreign Economic Administration have proceeded on the understanding, resulting from the letters from the Joint Chiefs of Staff dated February 28 and July 26, that the Department was authorized in principle to commit this Government to carefully safeguarded programs of this nature with the reservation that before being put into effect any proposed programs of this nature should be submitted to the Joint Chiefs of Staff for approval. I should appreciate being informed whether this understanding is in accordance with that of the Joint Chiefs of Staff.

Sincerely yours, EDWARD R. STETTINIUS, JR.

860C.48/12-3044 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 30, 1944—7 p. m.
[Received December 31—11:16 a. m.]

11563. For Department, FEA and Camp. British with concurrence of EWD have approved shipment to Poland of commodities mentioned in final paragraph of Bern's 8193 to Department [89] (2434 to London).

Foreign Office telegram requested information as to quantity of supplies for which transportation to Poland could be arranged; quantity for distribution of which IRC would assume responsibility; quantity available in Switzerland for which no compensating imports would be required; and costs. Telegram stated that authorities in London recognized difficulty in obtaining data requested and that immediate relief for Poland was being recommended in spite of absence of precise information adding, however, that any details that could be forwarded would be extremely helpful.

In this connection, MEW has advised Embassy that general question of trans-blockade relief will be raised again with War Cabinet.

WINANT

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[89] Not printed.

ANGLO-AMERICAN NEGOTIATIONS RELATING TO THE PROVISION OF CIVILIAN SUPPLIES FOR LIBERATED AREAS IN THE MILITARY AND POST-MILITARY PERIODS

800.0146/264a

The Secretary of State to the Secretary of War (Stimson) [1]

WASHINGTON, January 1, 1944.

POLICIES RELATING TO CIVILIAN SUPPLIES FOR LIBERATED AREAS

MY DEAR MR. SECRETARY: Because responsibility and authority in an area liberated from Axis domination will rest with the military authorities until liberation is completed and in some instances for some little time thereafter, the American Government must look to the War Department and Navy Department on the American side, not only for military victory, but also, to the extent of American participation, for the effective handling of civilian affairs in liberated areas which is a matter of deepest concern to the State Department.

I believe that it is desirable to express at this time the views of the State Department relative to civilian supplies for areas liberated and to be liberated from Axis domination. I hope that these views may be of assistance to you in discussions with the military authorities of other nations concerned with ours in operations in such areas, and in the estimating of requirements and planning the shipment of civilian supplies by the War Department.

Policies governing payment for such supplies by the recipient countries will be worked out as rapidly as practicable, but I feel that questions relating to payment should not delay or affect the estimating of requirements or the shipment of supplies in accordance with the broad policies here indicated.

The considerations which the State Department believes are of paramount importance are as follows:

1. The total defeat of the Axis forces is the immediate objective and, obviously, steps essential to that end must first take place in all planning.

2. At the same time, relief and economic assistance for the peoples who have been under Axis domination is necessary not only from a

[1] The same, *mutatis mutandis*, on the same date to the Secretary of the Navy (Knox).

military point of view to the extent that such relief and assistance can preserve order, economic stability and cooperation behind the lines, thus facilitating military operations, but, in the event of a sudden collapse of the enemy, to prevent chaotic economic conditions in the liberated areas—a danger which would be especially grave in Europe. Any such conditions would so retard the economic recovery of the areas concerned as to have serious adverse effect on the economy of all the United Nations.

3. In connection with actual relief supplies, such as food, fuel, medical and sanitary supplies, clothing, blankets and the like, the State Department believes that

(*a*) consumable goods should not be made available in the military period in excess of what it will be possible subsequently to keep available through imports or indigenous production. It will be essential, therefore, to weigh estimates of over-all requirements against probable available world supplies, so that in planning for the needs of one country the future needs of that country and all other countries liberated and to be liberated will be taken into account;

(*b*) the people of a liberated area, other than an enemy area, should not, except when prevented by actual military operations, have less under Allied military control than was available in the area when under Axis occupation during the period immediately prior to liberation;

(*c*) in every liberated area, it is essential that there be prompt and equitable distribution of indigenous food supplies and the importation of such supplemental supplies as may be necessary in order to assure a minimum diet that is nutritionally sound. A more generous diet would be desirable wherever food supplies and shipping permit. So far as may be practicable, food to be imported should be in accordance with the food habits and needs of the different areas, even though this may result in different amounts or a different composition of rations available in different countries.

4. The State Department believes that it is essential not merely to give relief to alleviate suffering, but also to help the peoples of liberated areas to help themselves. This economic assistance should be commenced at the very earliest possible moment consistent with military operations. In addition to the reasons outlined above, the Department feels that this policy will lessen the demoralization attendant upon a people living on relief. Furthermore, to the extent that the peoples can meet their own needs, the demand against shipping and the drain upon supplies from the United States will be lessened.

5. Because of its vital effect on distribution of relief and its fundamental role in economic recovery, the State Department is concerned with the prompt restoration of the transport facilities in each liberated area. From a military point of view, much of a country's transportation system may have to be restored for military purposes. The State Department believes, however, that in addition, it is of utmost urgency that efforts be made from the beginning to restore to reasonable effectiveness all methods of transportation essential to the civilian economy and that provision, therefore, should be made for

the early importation of repair machinery, spare parts and transportation equipment. Similar attention should be given to the prompt repair of public utilities such as water, power and light.

6. Of almost equal urgency is assistance to agriculture and fishing for the local production of food so as to increase available resources and diminish the need of imports. The State Department believes that the importation of seeds, fertilizer, pesticides and agricultural tools or other equipment should be so planned as to be available for the first planting following liberation.

7. Of utmost importance also is assistance to local industries which can produce articles or raw materials desired by the military forces, or relief supplies, equipment or raw materials which otherwise would have to be imported. Such assistance should be undertaken just as soon as military operations will permit. If any question arises as to the economic soundness of aiding a particular industry, it is urged that the opinion of the State Department in the premises be sought. It may also be advisable to give assistance to certain industries to enable them to produce surpluses for export to the United Nations in accordance with production programs approved in Washington.

The Department contemplates that assistance to local industries shall consist of such repairs or raw materials as are needed to permit an industry to resume operations or to increase production. It does not contemplate reconstruction or new construction except such new construction as may be entirely incidental to some repair undertaking.

The State Department believes it is essential in estimating requirements and planning shipments of supplies to liberated areas that adequate provision be made for items needed in this assistance to local industries.

A substantial time factor is involved in the procurement of many items which will be required in liberated areas. In order that advance estimates of requirements can be revised promptly and actual needs met as effectively as possible, the State Department believes that as rapidly as any part of an area is liberated there should enter the field for revising, preparing or screening estimates of requirements technical experts competent to assess relief needs and requirements for the repair of transport facilities and utilities and the restoration of agriculture, fishing and the industries indicated.

In conclusion, I want to emphasize again the view of the State Department that it is of the utmost political and economic importance that both relief and economic assistance be undertaken promptly from the very commencement of liberation and that the estimating of requirements and the shipment of supplies be planned accordingly.

I am addressing a similar letter to the Secretary of the Navy.

Sincerely yours, CORDELL HULL

800.0146/264c

The Secretary of State to the Secretary of War (Stimson)[2]

LA WASHINGTON, January 1, 1944.

MY DEAR MR. SECRETARY: I refer to my letter to you of this date concerning the general matter of relief and rehabilitation supplies to be furnished to the liberated areas in Europe and the Far East, in which letter there was submitted to you a statement of the considerations which the Department of State believes should be taken into account in the planning and shipping of relief and rehabilitation supplies during the period of military responsibility.

Upon the termination of the military period, it is expected that the primary responsibility for assisting in relief and rehabilitation in the liberated areas will devolve upon the United Nations Relief and Rehabilitation Administration,[3] to the extent that the recognized civilian governments or authorities in such areas may require outside assistance. The Department of State believes it essential that from the beginning preparations be made for a smooth transition in this field from the period of the military control to the period of civilian responsibility and that, accordingly, the military authorities make every practicable effort to keep the Administration informed as to their operations in this field and, in other respects, including the preparation of requirements for each area, to collaborate with the Administration. It is also believed desirable that the scope and nature of the civilian relief and rehabilitation operations of the military authorities should insofar as practicable be correlated with those of the operations to be subsequently performed by the Administration.

In this connection, I transmit herewith a copy of the Resolutions on Policy of the first session of the Council of the United Nations Relief and Rehabilitation Administration held in Atlantic City, New Jersey, from November 10 to December 1, 1943, inclusive,[4] which I believe will be of general interest and utility to you in connection with the foregoing. Certain of these resolutions bear upon the relations between the military authorities and the Administration and make recommendations to the member governments with respect thereto. I respectfully recommend on behalf of the United States Government the observance by the United States military authorities of the recommendations concerning such relations contained in Resolution 1, Sec-

[2] The same, *mutatis mutandis*, on the same date to the Secretary of the Navy (Knox).

[3] For documentation relating to participation of the United States in the work of UNRRA, see pp. 331 ff.

[4] Department of State publication No. 2040, Conference Series No. 53: *First Session of the Council of the United Nations Relief and Rehabilitation Administration, Selected Documents, Atlantic City, New Jersey, November 10–December 1, 1943* (Washington, Government Printing Office, 1944).

tion IV; Resolution 8, Section 4; Resolution 10, Section 7; and Resolution 17, Section A, III, 4 and Section B.

Sincerely yours, CORDELL HULL

800.0146/265

The Secretary of War (Stimson) to the Secretary of State

WASHINGTON, January 29, 1944.

DEAR MR. SECRETARY: I have read with much interest your letter dated 1 January in which you express the views of the State Department on some of the policy questions having to do with the furnishing of civilian supplies for areas to be liberated from Axis domination. Since the State Department is the agency of the administrative branch of our Government whose function it is to determine, subject to the authority of the President, the policy of our Government in our dealings with other governments or peoples, it necessarily follows that the State Department should formulate the policy of our Government as to the furnishing of supplies to the liberated areas. Accordingly, the views which you shall express from time to time relative to providing civilian supplies will be accepted by the War Department as the official statement of policy of the administrative branch of the Government on this subject.

I believe it may be helpful for me to state at this time what I conceive to be the responsibility and duties of the War Department in connection with providing civilian supplies in liberated and enemy areas. From the time when the invasion of the Continent of Europe was first planned [5] the War Department has accepted the responsibility of providing the basic essentials of relief to the populations of those areas where our forces engage in military operations. We have regarded it as absolutely necessary that our lines of supply and communications should be kept safe, and that disease, unrest or rioting behind the fighting front should not be permitted to imperil our operations. To that end it has all along been planned that our advancing armies should carry with them, in the same manner as military stores, food, fuel and medical and sanitary supplies for the liberated populations.

As you know, the President, under date of November 10, 1943, wrote me a letter extending the responsibility of the War Department very materially beyond that to which I have just referred. In that letter

[5] For information on this subject, see Gordon A. Harrison, *Cross-Channel Attack*, in the official Army history *United States Army in World War II: The European Theater of Operations* (Washington, Government Printing Office, 1951), pp. 1–117.

the President required the Army to assume the initial burden of shipping and distributing relief supplies to the liberated areas not only in the wake of combat operations but also in the event of a complete collapse of the Axis. He stated that the Army should undertake all necessary advance planning to enable it to carry out this task and called attention to the fact that this planning should be for a short range rather than a long range program of relief. In accordance with this letter the War Department has proceeded with the task of establishing civilian requirements for relief and rehabilitation throughout all of occupied and enemy Europe, including the Balkans, during the initial period. For planning purposes this initial period has been taken to be six months although it is recognized that the actual period may be longer or shorter. This work is being carried out in close collaboration with the Foreign Economic Administration and as plans are developed representatives of the State Department give us the benefit of their advice and guidance.

With reference to procurement responsibility, it is well to bear in mind that the War Department has been appropriated no funds, and has been accorded no congressional or executive authority, to procure civilian supplies other than those which are deemed necessary or desirable in support of military operations. Accordingly, the procuring of civilian supplies beyond those for which there is a military need must be a primary responsibility of other Governmental agencies. The procurement programs now being developed by the War Department with the aid of the Foreign Economic Administration, will include all items of every character deemed necessary during the initial period, but the advance procurement to be undertaken by the War Department will cover only food, fuel, medical and sanitary supplies, transportation equipment and special utility repair items. It is expected that the Foreign Economic Administration will make appropriate arrangements for the necessary advance procurement of all other supplies and materials included in the procurement program approved by the War Department, and the War Department will actively support the Foreign Economic Administration in obtaining allocations for these items. Moreover it is understood that the Foreign Economic Administration, in accordance with its charter and subject to whatever arrangements may be made between it and the State Department, will be free to program and procure further or additional items which it deems desirable. However it is to be recognized that regardless of the extent of advance programming by the Foreign Economic Administration, the military may have to determine in the light of shipping and transportation limitations what items can be brought into the areas in question during the period of military responsibility.

You place emphasis in your letter on the importance of affording "economic assistance" in addition to furnishing actual relief supplies. The War Department in preparing its estimates of the initial six months' requirements has included food, fuel, medical and sanitary supplies, clothing and shoes, transportation equipment and repair items, public utility repair items, and supplies for the rehabilitation of agriculture, but so far as concerns other "economic assistance" (such as industrial equipment, machinery, hand tools and raw materials) the schedules of the War Department up to the present time have been largely limited to those items which are designed to effect a reasonably direct reduction in the future burden of relief and rehabilitation.

In your letter you refer to the standards to be applied to the furnishing of actual relief supplies. You state that a nutritionally sound minimum diet should be assured and that a more generous diet is desirable wherever food supplies and shipping permit. The standards which you propose are unquestionably desirable. It may, however, be impossible because of limitations in shipping and supply to furnish even subsistence at these standards during the early period, much less "economic assistance." What can be supplied may depend in large measure upon the destruction and scorching inflicted by the retiring enemy. Also I wish to emphasize that political and governmental problems which cannot be resolved by the War Department, as for example the extent to which rationing shall be imposed in this country, may be the determining factors as to the extent and character of relief to be furnished.

In conclusion let me assure you that the War Department is pressing forward full speed with the estimating of requirements and the planning of shipping and distribution of civilian supplies, and also that we are keenly aware of the importance of starting the flow of relief immediately upon the liberation of any Axis dominated area.

Sincerely yours, HENRY L. STIMSON

800.0146/279

The Secretary of the Navy (Knox) to the Secretary of State

WASHINGTON, 15 February 1944.

SIR: Reference is made to Department of State letter of 1 January 1944 [6] concerning the general matter of relief and rehabilitation supplies to be furnished to the liberated areas in Europe and the Far East and to Department of State letter, file LA, of 1 January 1944 [7] relating to the same subject, and transmitting a copy of the Resolutions

[6] See footnote 1, p. 301.
[7] See footnote 2, p. 304.

on Policy of the First Session of the Council of the United Nations Relief and Rehabilitation Administration.

The policies and recommendations of the Department of State relating to civilian supplies for liberated areas set forth in the two referenced letters have been carefully considered. Particular attention has been accorded the recommendation of the Secretary of State that the United States military authorities observe the recommendations made by the United Nations Relief and Rehabilitation Administration concerning relations between military authorities and the Administration.

The importance of providing relief and rehabilitation in areas liberated by the armed forces for an unavoidable period of military responsibility following liberation has long been recognized, and the War and Navy Departments have adopted policies and made plans accordingly. In order that the Navy Department's duties and responsibilities in this matter may be fully understood, the civil affairs organization will be discussed in some detail.

In April 1943 the Secretary of War and the Secretary of the Navy approved the designation by the Joint Chiefs of Staff of the War Department "as the agency to plan the handling of civil affairs in territories about to be occupied and to coordinate the activities of civilian agencies in the United States in administering civil affairs in hostile or liberated territory during the period of military occupation." The War Department created a Civil Affairs Division and the Occupied Areas Section of the Office of Chief of Naval operations was established for liaison and Naval representation with this Division.

Policies concerning civil affairs in liberated territory were developed and include the following:

(*a*) Civilian supply is a military problem during the period of military occupation.

(*b*) Civil affairs are a responsibility of the Theater Commander in his role of military governor from the moment decision to enter has been made until he is relieved of his responsibility as military governor by his Commander in Chief.

(*c*) All or a portion of the administration of civil affairs may be delegated to civilian agencies, but the responsibility of the Theater Commander may not be transferred.

(*d*) The extent and character of planning by civilian agencies in joint operations is to be controlled and coordinated in Washington by the War Department and the beginning of operations by civilian agencies in occupied territory be regulated as to time and extent by the War Department on the recommendation of the Theater Commander.

The Combined Civil Affairs Committee which was established during July 1943 in Washington is an agency of the Combined Chiefs of Staff. United States representation on this Committee is from the

Department of State, War Department, and Navy Department and one civilian member in addition.

Whereas usually the United States members on committees of the Combined Chiefs of Staff comprise similar committees of the U.S. Joint Chiefs of Staff, this is not so in the case of Civil Affairs, for there is no U. S. Joint Civil Affairs Committee. The Joint Chiefs of Staff, with War Department and Navy Department concurrence, designated the War Department as the agency to handle civil affairs matters and thus the Civil Affairs Division of the War Department is the Joint Chiefs of Staff agency in this field.

In August 1943, because of special naval interest in certain island groups in the Pacific Ocean, the War Department and Navy Department agreed that the Navy Department assume responsibility for the handling of civil affairs and for coordinating activities of U. S. civilian agencies in these Pacific island groups.

The President directed on 10 November, 1943, that the Army undertake the planning necessary to assume the initial burden of shipping and distributing relief supplies in connection with the relief and rehabilitation of liberated areas. This directive does not change War Department and Navy Department arrangements for handling civil affairs matters in liberated areas which provides for War Department responsibility except for certain island groups in the Pacific Ocean, where small civilian populations create only minor civil affairs problems.

On 14 January, 1944, the Secretary of War invited the attention of the Secretary of the Navy to the President's directive of 10 November 1943 concerning the responsibility of the War Department for relief in the liberated areas and the necessary implication therein that it embodied policies applicable to both Services. In reply thereto the Secretary of the Navy expressed agreement with the views of the Secretary of War that relief work in liberated areas by the War Department and Navy Department should be characterized by the closest coordination and cooperation.

To sum up, it will be seen, therefore, that the War Department has primary responsibility with respect to relief and rehabilitation during the period of military occupation in all liberated areas with the exception of certain specified islands in the Pacific area. In the latter the Navy Department is assigned primary responsibility. By mutual agreement, that Service not having primary responsibility in any particular liberated area is committed to collaborate under the guidance of the primarily responsible Service.

Subject to the foregoing, the Navy Department will be guided as appropriate by the policies of the Department of State concerning relief and rehabilitation and will comply with the Secretary of State's

recommendation to observe the recommendations of the U.S. Relief and Rehabilitation Administration, insofar as they bear upon the relation between military authorities and that Administration.

Respectfully, FRANK KNOX

800.0146/309a

The Secretary of State to the British Ambassador (Halifax)

WASHINGTON, May 18, 1944.

MY DEAR MR. AMBASSADOR: In the course of planning combined military operations, the Combined Chiefs of Staff of our Governments have found it necessary to consider a variety of problems relating particularly to the civilian population of liberated areas during the period of military operations. The Combined Civil Affairs Committee was created under the Combined Chiefs of Staff, to provide a forum in which these problems could be discussed on a combined basis and agreement reached with regard to the course of action to be followed. The interest of the military authorities in civil affairs problems covers, of course, only a limited period. When an area ceases to be of direct military importance, civil authorities acquire the principal interest.

When the period of military responsibility does terminate, however, there will remain a large number of questions, particularly economic, financial and supply questions, which will be of concern to our two Governments and planning for this post-military period is now necessary. I believe that it would be most desirable if there be created a forum in which civilian representatives of our respective Governments could, to the extent practicable, agree upon policies which they would recommend be followed with respect to the liberated areas during the post-military period.

There has been set up within the United States Government a Liberated Areas Committee[8] which includes representatives of the Department of State, the Treasury Department, the Foreign Economic Administration, the War and Navy Departments, and on which the War Production Board and the War Food Administration will from time to time be represented. Mr. Acheson, Assistant Secretary of State, will represent the Department of State and will act as Chairman of the United States Committee. It is felt that representation of the military forces, at least for an interim period, is most desirable so that post-military operations can more easily be integrated with plans for the military period. It is suggested that your Government might consider the advisability of designating represen-

[8] Its first meeting was held on May 17, 1944.

tatives who would meet with representatives of the United States Liberated Areas Committee so as to form a Combined Liberated Areas Committee in which the problems discussed above could be considered on a combined basis.

Terms of reference of the Combined Committee should be broad enough to cover all matters of economic policy relating to liberated areas from the date of termination of military control until such time as a broader method of economic collaboration is available.

I should appreciate your comments on this proposal. If you should look upon it favorably, the detailed working out of the terms of reference could then be pursued.

Sincerely yours, CORDELL HULL

800.24/6-844

The Assistant Secretary of State (Berle) to the Norwegian Chargé (Jorstad)[9]

WASHINGTON, May 27, 1944.

MY DEAR MR. CHARGÉ D'AFFAIRES: I refer to the arrangement between the Norwegian Government and the Government of the United States with regard to the establishment of an interim procedure dealing with purchases of supplies for post-war relief purposes, which arrangement was set out in a note sent to the Norwegian Ambassador by the Secretary on August 14, 1942.[10] The question has been raised whether that interim procedure has lapsed in view of the creation of the United Nations Relief and Rehabilitation Administration and the adoption by that Administration, with the approval of its Committee on Supplies, of a procedure with regard to advance procurement of supplies. It is the view of this Government that the interim procedure described in the above-mentioned note of August 14, 1942 has been superseded by the United Nations Relief and Rehabilitation Administration procedure. It is assumed that the Norwegian Government will be guided by the later procedure in proposing future transactions within its scope.

Should this Government in the light of experience see the need for a more clearly defined method of coordinating the activities of countries which are procuring supplies in the United States and in other areas in which the United States may be carrying on procure-

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[9] Similar letters were sent on the same date to the Belgian and Netherlands Embassies.

On June 8, 1944, a copy of a similar letter, dated May 20, addressed by the British Foreign Office to the Netherlands, Belgian, and Norwegian Ambassadors and to the Delegate of the French Committee of National Liberation, was transmitted by the British Embassy to the Department of State for its information.

[10] Not printed.

ment activities, it may suggest a review of the problems and procedures relating to purchases.

I should add that the understanding set forth in the above-mentioned note with regard to making supplies available for war purposes should remain in effect as to any supplies acquired under the interim procedure therein described.

Sincerely yours, A. A. BERLE, JR.

840.48/6598

The British Embassy to the Department of State

AIDE-MÉMOIRE

Discussions have been proceeding for some time between the United States Government and His Majesty's Government in the United Kingdom, on the provision of relief in Europe during the military period. Both Governments are fully alive to the importance of starting procurement forthwith but His Majesty's Government in the United Kingdom for their part have hitherto found difficulty in agreeing on the basis for procurement in the absence of agreement on the manner in which the ultimate financial burden of such relief should be distributed. In view of the urgency of the matter, however, His Majesty's Government in the United Kingdom in the light of discussions that have been taking place between representatives of the two Governments, are now prepared to proceed on the understanding set out below.

2. His Majesty's Government in the United Kingdom have considered the proposals put forward by the United States members of Combined Civil Affairs Committee and are prepared, subject to the reservation contained in the following paragraph, to agree that initial procurement under Plan A [11] should go forward on the following basis:—That the United States shall bear initial procurement responsibility for purchases in the United States, that the United Kingdom shall bear initial procurement responsibility for purchases in the United Kingdom and the British Commonwealth, excluding Canada,

[11] According to an article entitled "Supplies for Liberated Areas" by the Adviser on Supplies in the Liberated Areas Division (Stillwell), in the Department of State *Bulletin*, May 20, 1944, p. 469, Plan A represented a set of figures with respect to a program of supplies (for all the areas of Europe to be liberated) which was produced by a working party of representatives of the Department of State, the Foreign Economic Administration (FEA), and the International Division of the Army. The program, Stillwell indicated, was given official approval by the CCAC on February 17, 1944, following establishment of the United States Procurement Committee about February 1 which was to aid in placing the United States portion of Plan A into actual procurement of clothing, textiles, shoes, and agricultural-production goods. For additional data on this subject, see *Military Establishment Appropriation Bill for 1945:* Hearings before the Subcommittee of the House Committee on Appropriations, 78th Cong., 2d sess. (Washington, Government Printing Office, 1944).

and that procurement responsibility for purchases in countries other than the United States and the British Commonwealth should be divided equally between the United States and the United Kingdom.

3. This agreement on the part of His Majesty's Government is, however, subject to the reservation which they understand is accepted by the United States members of the Combined Civil Affairs Committee, that the arrangement outlined above shall in no way prejudice the ultimate financial settlement for the cost of relief during the military period, which is a matter for negotiation between the two Governments.

4. It would be appreciated if the State Department would confirm their acceptance of the proposal made in paragraph 2 above and of the reservation in paragraph 3, so that appropriate instructions may be given to the British members of the Combined Civil Affairs Committee in order that procurement may go forward without delay.

5. It is the view of His Majesty's Government that any such final settlement between the supplying countries must be on an equitable basis and must be based upon a recognition of the relative financial strengths of the countries concerned. In this connection, His Majesty's Government desire to place on record their view that in the light of the difference in financial strength between the United States and the United Kingdom, they would not be able to regard an equal sharing of the burden of relief in the military period between the two countries as an equitable settlement.

6. It will be noted that in paragraph 2 the position of Canada has been specifically reserved. This will be treated separately [12] and will no doubt be the subject of special negotiations between the three Governments.

WASHINGTON, 8 June, 1944.

840.48/6598

The Department of State to the British Embassy [13]

AIDE-MÉMOIRE

The Department of State has carefully considered the *Aide-Mémoire* presented by the British Embassy on June 8, 1944 concerning the division of the cost of relief in Europe in the military period. The De-

[12] In a memorandum of June 2, 1944, from the Canadian Embassy, not printed, concerning the financing of military relief supplies from Canada, a proposal was made to the Department of State that Canada should pay for a proportion of the military relief, and a tentative estimate suggested that this proportion be of the order of 8 percent (840.48/6–644). In a letter of September 12, 1944, the Department informed the Canadian Chargé that the proposal had been accepted (840.48/8–3144).

[13] Marginal note by Assistant Secretary of State Acheson: "Tenor of reply discussed with and approved by H. M. Jr., at Treasury" (Henry Morgenthau, Jr., Secretary of the Treasury).

partment is pleased to confirm its acceptance of the proposal made in paragraph II and the reservation made in paragraph III of the *Aide-Mémoire*. The United States Government will accordingly instruct its representatives forthwith to proceed with procurement on the basis specified in paragraph II and assumes that the Government of the United Kingdom will take corresponding action.

The Department of State has noted the general observations made in the *Aide-Mémoire* concerning a final settlement, including the statement that the British Government has not been able to regard an equal share of the burden of relief in the military period between the two countries as an equitable settlement. The Department takes the view that the final settlement should be on a fair and equitable basis, in the determination of which no relevant factors should be excluded.

The specific reservation as to the position of Canada which appears in paragraph II and is further referred to in paragraph VI of the British Government's *Aide-Mémoire* is also noted.

WASHINGTON, June 8, 1944.

800.24/7–1344

The Supreme Commander of the Allied Expeditionary Force (Eisenhower) to the Combined Chiefs of Staff

AG 400–27 1 JULY 1944.
(SHAEF/G–5/Sup/2091)

1. Under existing directives of the Combined Chiefs of Staff, the military program of civilian supply developed by this Headquarters has been designed to support military operations by providing the minimum essential needs of peoples uncovered by military operations or as a result of such operations and necessarily does not extend into the broad field of the economic rehabilitation of the countries involved that will follow the conclusion of the military period. No provision, so far as is known, has been made by the United States or the United Kingdom for a coordinated program to meet the civilian supply needs of Northwest Europe immediately following the conclusion of military responsibility.

2. The problem is important for several reasons. Representatives of Foreign Governments in London have asked whether the military will procure and ship during this initial period items which are beyond the scope of items included in present military plans. Such items would include raw materials and machinery and maintenance items. Similarly, Civil Affairs officers must have some guidance in assisting indigenous authorities in the development of their supply plans. To date the Foreign Governments have been informed that

as regards such items it will be necessary for them to make their own arrangements through the appropriate diplomatic and supply authorities of the U.S. and U.K. This does not appear to be a satisfactory answer and although planning with respect to these requests is of indirect interest to the current military responsibility, the manner in which this problem is handled is bound to have a significant effect in hastening economic stabilization in Northwestern Europe and speeding up the relinquishment of military control.

3. A related problem is the machinery which will be evolved for the revival of export trade between the liberated areas of Northwest Europe and between these countries and with outside purchasers, such as the U.S., the U.K. and the U.S.S.R., and neutral countries. It is not contemplated that this will represent great volume initially in view of the shortages in shipping and internal transportation. It is important, however, that plans are made promptly for the policy to be followed for developing the return to more normal conditions of trade and supply under Civil Control, as this policy must govern as far as possible activities during the military phase. Unless there is continuity of policy during the military period and afterwards, conditions in Northwest Europe will not stabilize as rapidly as is desirable.

4. It is recommended that action be initiated now towards the establishment of a civilian organization created by the U.S. and U.K. governments to implement and coordinate the long-range supply and economic program of the United Nations and upon request to assist and advise the military in the execution of the current military program. I consider it urgent that this be done as soon as possible.

DWIGHT D. EISENHOWER
General, U.S. Army

800.0146/7-344

The British Chargé (Campbell) to the Secretary of State

WASHINGTON, 3 July, 1944.

MY DEAR MR. SECRETARY: I have now received the view of my Government on the proposals which you made in your letter to the Ambassador of May 18 for a Combined Liberated Areas Committee. His Majesty's Government in the United Kingdom are in agreement with you that after the termination of the period of military responsibility there will remain a large number of questions affecting liberated areas and conquered enemy territory of concern to our two Governments and upon which agreement between us will be of the greatest importance. In particular, the necessity for ensuring smooth transition from military to civilian periods of responsibility is strongly felt by my Government. We recognise furthermore that the operation of

Allied supply machinery, including the Combined Boards, will in so far as they affect liberated areas and conquered enemy areas, present a number of questions of supply and economic policy for decision by our two Governments, the consideration of which would be greatly facilitated by the existence of a committee such as you propose, to which these questions could be referred if it should seem to the two Governments to be desirable.

2. I note your suggestion that the Terms of Reference of the Committee should be broad enough to cover to the extent practicable all matters of policy relating to liberated areas from the date of termination of military control until such time as a broader method of economic collaboration is available. At that time it may be necessary to reconsider the position and functions of the Committee, and in the meantime it may not be desirable to attempt to lay down too rigidly what the Terms of Reference to the Committee should be. In this connection there is one relatively minor point to which I should like to refer. It has been found that certain non-supply questions of a financial or economic flavour within the province of the Combined Civil Affairs Committee could most appropriately be discussed in London and for that purpose the Combined Civil Affairs Committee, London, was set up. Questions of this nature are likely to continue to arise in the post-military period and to preserve continuity it would seem desirable at the proper time to set up machinery for their discussion in London.

3. These observations apart, I am instructed to inform you that His Majesty's Government in the United Kingdom welcome the proposals which you have made and accept the invitation to join the Committee. I would therefore suggest that the Committee's Terms of Reference and procedures should be a matter of more detailed discussion between officials of your Department and members of my staff.

Sincerely yours, RONALD I. CAMPBELL

800.24/7–1544

Memorandum by the Chief of the Liberated Areas Division (Mitchell) to the Director of the Office of Wartime Economic Affairs (Taft) [14]

PROPOSED POSITION OF STATE DEPARTMENT ON EISENHOWER LETTER, ETC.

General Eisenhower in his letter to the Combined Chiefs of Staff of July 1, 1944, proposes that the US and UK Governments create a civilian organization to implement and coordinate the long-range supply and economic program of the United Nations in Northwest

[14] Transmitted by Mr. Mitchell to Mr. Taft in a memorandum of July 15 requesting that the revised attachments be substituted for a memorandum of July 12 on the same subject which had been initialled by Mr. Taft and transmitted to Assistant Secretary of State Dean Acheson.

Europe, and upon request to assist and advise the military in the execution of the current military program. From conversations with General Holmes [15] who transmitted this letter, it is understood that the organization contemplated is a London committee consisting of a representative of SHAEF, of MEA(US) and of SLA(UK).[16] It is also understood that it is agreeable that this committee should operate as a subcommittee of the CLAC [17] in Washington, already set up as such a civilian organization with substantially the same objectives, membership and terms of reference. The new London subcommittee, however, could bring together the US and UK civilian supply agencies with SHAEF in a coordinated operation not now achieved and greatly to the advantage of all concerned.

The Department approves heartily of this proposal as a mechanism in London through the assistance of which the US and UK Governments in CLAC can (1) provide a coordinated program to meet the civilian supply needs of Northwest Europe immediately following the conclusion of military responsibility, and make possible such conclusion at the earliest date desired by the military; and (2) on request of the military (*a*) provide for items beyond the scope of present military plans in the military period; and (*b*) advise civil affairs officers and the governments themselves on the development of their own supply plans.

We feel strongly, however, that the revival of export trade among the liberated areas of Northwest Europe, and between them and outside areas including US, UK and neutrals is primarily the business of these European countries themselves, with merely stimulation and guidance from the US, UK and USSR. It must be recalled that trade among these Northwest European countries before the war constituted two-thirds of the total trade of these countries. If these countries themselves, with our assistance, can induce a revival of any substantial part of this, it is of extreme importance to the military and later to the civilian agencies because it reduces the overseas requirements which strain supply and shipping of the US and UK.

We propose, therefore, that at the same time the London subcommittee of CLAC is established the US, UK and USSR consult and concert their action in inviting the allied nations of Northwest Europe to form with them a European Trade Committee with headquarters in London for the time being, with a representative of SHAEF and of UNRRA as members.[18] The committee would have as its objective the restoration of the economy of the liberated territories. Any such

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[15] Brig. Gen. Julius C. Holmes, Supreme Headquarters, Allied Expeditionary Force.

[16] MEA(US), Mission for Economic Affairs, and SLA(UK), Committee on Supply Questions of Liberated and Conquered Areas of the War Cabinet.

[17] Combined Liberated Areas Committee.

[18] For documentation regarding Anglo-American-Soviet discussions on the establishment of a European Economic Committee, see pp. 614 ff.

program must necessarily be developed in successive stages but each of such stages is interrelated. Thus, during the initial periods following liberation, the maximum amount of supplies needed by United Nations forces in Continental Europe and elsewhere should be procured in the liberated areas themselves. Similarly, the resources of all of the liberated areas should be drawn upon to the maximum extent possible for the provision of civilian requirements in any of such areas. In other words, all resources of all liberated areas should be treated as a pool out of which will be provided to the maximum extent possible, first, the requirements of the military forces and, second, the civilian needs of those areas themselves. Only after this result has been achieved should the requirements be determined for both military and civilian purposes which involve overseas imports. These requirements would then clear through SHAEF or be referred directly to the Combined Boards here [19] or both, depending on their character and the source from which they are to be met.

[Annex]

SUPPORTING MEMORANDUM

In view of the fact that so much of the trade of the Northwestern European countries was with one another, it would seem most desirable that representatives of our allies participate on an equal footing in the pooling of their resources for mutual benefit and for the benefit of the armies which is contemplated in the attached proposal. Furthermore, it would seem that after such pooling has been accomplished the requirements which cannot be met on the Continent itself should then be presented to the Combined Boards to be handled by them and CLAC in accordance with the procedures already established.

At the present time representatives of the allied governments are discussing directly with the Combined Boards and the CLAC their requirements (*a*) to supplement and (*b*) to follow the military program. The work of the proposed European trade committee in determining first how much of the supplies can be provided from within the Continent itself would be a very useful contribution to the discussions now proceeding here with the allied governments. Furthermore, the participation of the allied governments directly in the determination of the production possibilities of each and the import requirements necessary to supplement such domestic production would tend to assure the maximum interchange between each of the European countries with resulting benefit to all. Similarly, it would seem proper, in view of the shipping and supply situation, that those coun-

[19] For information on the Combined Boards, see Department of State *Bulletin*, January 16, 1943, pp. 67–69; see also *ante*, pp. 16 ff., *passim*.

tries controlling overseas supplies should first insist upon the maximum use of indigenous Continental resources before agreeing on an overseas import program.

The work of the proposed committee does not differ markedly from the functions of the committee outlined in Mr. Reed's memorandum [20] entitled "Organization of the Liberated Areas Coordinating Committee for Northwest Europe". It does differ materially in the composition of the committee and in its contemplated expansion to cover greater areas of Europe when military advance makes such expansion possible. The allied governments themselves would have the responsibility, as a condition to receiving the supplemental supplies which they will require from overseas, of removing hindrances to trade between themselves. Thus, the future development of European trade will be stimulated on a sound basis.

840.50/7-2044

Memorandum by the Director of the Office of European Affairs (Dunn) [21]

[WASHINGTON,] July 20, 1944.

There seems to me to be one big gap in our preparations for dealing with the late-war and early post-war problems of Europe. It relates to the problem of reviving industrial and other economic activity in the liberated areas.

The military program of civilian supply is naturally designed only to provide "the minimum essential needs of peoples uncovered by military operations or as a result of such operations." UNRRA is similarly and very properly limited to providing minimum essential relief needs. Beyond this is a gap to the point at which the International Bank for Reconstruction and Development enters the field of long-term loans.

Revival of economic activity in the liberated areas will be of great importance to continuing military operations, to economy of overseas shipping and supply, to political and social tranquillity and to the future economic pattern of Europe. The sudden severing of the economy of these countries from the German war machine, into which they have been geared for the last four years, will make the problem one of great magnitude. It is an economic and political, not a relief, problem.

It is the supply aspect of this problem which General Eisenhower raised in his letter of July 1 to the Joint [*Combined*] Chiefs of Staff.

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[20] Philip D. Reed, Mission for Economic Affairs, London; memorandum not found in Department files.

[21] Mr. Dunn was also a member of the Policy Committee, the Coordinating Committee, and the Committee for Economic Policy in Liberated Areas.

Mr. Mitchell's draft telegram[22] tentatively suggests some first steps toward setting up machinery to deal with the problem.

One difficulty in devising suitable machinery is that so little thought has been given here to the nature and elements of the problem and the means, as distinct from the machinery, for dealing with it. What thought has been given to it so far has related principally to coordination of supplying the requirements of the paying countries. Little if any thought has been given to the problems of supplying credit for both the non-paying and other governments, credits for private industry, stimulation of inter-European trade, or persuasion and assistance to the liberated countries in adopting liberal rather than restrictive commercial policies.

This whole problem is different from that of UNRRA but even more important and seems to have been sadly neglected in comparison. Should not steps be taken urgently to organize thought about it, first within this Government and then in consultation with the British and Russian Governments and the Governments-in-exile?

JAMES CLEMENT DUNN

740.0011 E.W./7-2444 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, August 14, 1944—4 p. m.

6423. Reed from Acheson.

1. Terms of reference of CLAC have been discussed with British and following modification of paragraph 1 has been agreed to by LAC and Embassy:[23] "At the present time to provide a forum for the exchange of views on problems arising in liberated and conquered territories in which the two governments have a mutual interest as a result of combined military, supply, shipping[24] or financial responsibilities and which are outside the scope of the Combined Chiefs of Staff." Assume this paragraph will be approved by British London.

2. First meeting of CLAC will be held on August 25 and you may consider CLAC now exists.

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[22] Draft telegram not printed, but see Mr. Mitchell's memorandum printed *supra* regarding the proposed position of the State Department on the Eisenhower letter.

[23] Terms of reference for the CLAC were approved on August 25, with the deletion of the phrase "At the present time" which opened the paragraph. It was later agreed that the War Department and the Navy Department should be represented by observers from Combined Civil Affairs Committee.

[24] For documentation on international agreement regarding shipping, with specific relation to the supplying of all liberated areas, see pp. 639 ff.

3. Terms of reference of Coordinating Committee London as stated in our 5795 July 24[25] and communicated to British Embassy by Mitchell July 22 have been referred by Embassy to London for approval.

4. If, as I understood from our conversation, you have received approval of these terms in London, there is no reason why you should not proceed at once with organization and functioning of your Committee. CLAC will ratify your action when you report back. [Acheson.]

HULL

Lot File No. 122, Box 50, CLAC, Documents 1–15

Agreed Terms of Reference of the London Coordinating Committee of the Combined Liberated Areas Committee

CLAC 1/4 [WASHINGTON,] October 2, 1944.

The following statement of the terms of reference of the Coordinating Committee, London, has been agreed upon by the U.K. and U.S. members of the Combined Liberated Areas Committee:

There shall be established in London a subcommittee of the Combined Liberated Areas Committee with the following terms of reference:

(*a*) The committee will be known as the London Coordinating Committee of the Combined Liberated Areas Committee.

(*b*) Its membership will consist of representatives of those U.K. departments most concerned with supply questions for liberated and conquered areas, of the Mission for Economic Affairs (MEA–US) and of the Supreme Headquarters of the Allied Expeditionary Force (SHAEF). Participation of officers of SHAEF will be limited as to time, to the military period of responsibility, and as to competence, to furnishing to the Committee appropriate information as to military requirements and to receiving advice and suggestions with respect to such requirements. The words "receiving advice and suggestions" apply only insofar as general background information of civilian post-military plans may be helpful, it being understood that full dress discussions and decisions on military requirements are Combined Civil Affairs Committee and War Office–War Department responsibility.

(*c*) It will be a non-executive committee and it will have no authority or responsibility for policy formulations, program approvals or operating decisions.

(*d*) It will have such functions and responsibilities as may be assigned to it from time to time by CLAC.

(*e*) As a committee it will report to CLAC although it is recognized that its members, in their regular government capacities, may

[25] Not printed; it transmitted proposed terms of reference for CLAC and for London Coordinating Committee.

take up matters discussed in this committee with other appropriate authorities.

Combined Secretariat:
ROGER B. STEVENS [26]
JOHN E. ORCHARD [27]

840.50/10-1944

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 19, 1944—6 p. m.

8675. Reed for Thayer [28] from Orchard. The following statement of policy on the transition from military to civilian responsibility for civilian supplies in liberated areas was approved on October 17 by LAC for submission to CLAC: [29]

1. The Combined Liberated Areas Committee endorses the general principle that the military responsibility for civilian supplies in liberated areas of Northwest Europe should be terminated at the earliest possible date.

2. The Committee recognizes that insofar as military considerations are concerned the decision on the date of the termination of military responsibility for civilian supplies in each area must be made by the Combined Chiefs of Staff on the recommendation of SCAEF.

3. The Committee requests the Combined Civil Affairs Committee to undertake to advise CLAC of the military decision on the date of termination in ample time to ensure that the U.S. and U.K. Governments have the opportunity, before any notification of the date to the government of the area concerned.

a. To make known any policy considerations that may govern the continuation of civilian supplies to the area;

b. To ascertain whether or not there is a stable indigenous government able to assume the responsibility for civilian supplies;

c. To ascertain whether such supplies will be available to the indigenous government and whether the necessary shipping will be provided.

4. In order to provide as smooth a transition as possible from the military period to the post-military period, the Committee recommends that the military authorities, as soon as possible after their notification of the date of termination to the Combined Liberated Areas Committee, advise the civilian agencies concerned of the extent to which supplies or allocations in the hands of the military can be made available to ease the transition.

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[26] Counselor of the British Embassy.
[27] Special Assistant to the Under Secretary of State.
[28] Walter N. Thayer, Mission for Economic Affairs.
[29] The memorandum by U. S. members of CLAC, October 17, was approved, with modifications, on October 26.

5. As the period of military responsibility may be brief or wholly unnecessary in the countries of Northwest Europe, the Committee recommends that through diplomatic channels the U.S. and U.K. Governments immediately invite the Allied Governments to discuss arrangements for obtaining their supplies for the post-military period.

6. The Committee requests that all notifications concerning the termination of military responsibility for civilian supplies be communicated to the Allied Governments through diplomatic channels.

7. The Combined Civil Affairs Committee should be informed that the above conclusions have been approved by the Combined Liberated Areas Committee and should be requested to indicate its concurrence.[30]

[Orchard]
HULL

800.24/12–844 : Circular telegram

The Secretary of State to the Ambassador in France (Caffery)[31]

WASHINGTON, December 8, 1944—6 p. m.

The Department has been informed[32] of the extremely stringent shipping shortage which will exist during the next few months as a necessary result of continued full-scale military operations. Accordingly the Department believes it necessary to warn certain Chiefs of Mission that civilian shipping programs throughout all areas will be curtailed to an absolute minimum. There can be no certainty of maintaining even presently formulated programs of civilian supplies to the Mediterranean Areas and the Middle East. Even if port facilities and internal transport for the liberated areas of northwestern Europe are available, ocean transport will not be available for civilian supplies in this and other theatres except to the extent that theatre commanders are prepared to load them in competition with military supplies.

The bottleneck of shipping cannot be accurately estimated except on a month-to-month basis after all estimates of civilian requirements are at hand for the succeeding period. The Department will endeavor to ensure that the civilian supplies actually shipped are distributed to and within each area on an equitable basis. Further information regarding the machinery and procedure within the Department for dealing with this problem will be telegraphed to you shortly.

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[30] In a memorandum of November 14, CCAC advised of its concurrence in the procedure outlined in the memorandum of October 26 (CLAC 8/3, November 15, Lot File No. 122, Box 50, CLAC Docs. 1–15).

[31] Sent also to the Ambassador in the Soviet Union; repeated to the Chiefs of Mission at Algiers, London, Rome, Athens, Ankara, Cairo, New Delhi, Chungking, and Canberra.

[32] By a memorandum from the Commanding General of the Army Service Forces (Somervell), October 24, not printed.

Pending improvement in the situation, no encouragement should be offered with respect to the over-all supply and shipping situation. On the contrary, as occasions arise, you should impart to important officials in the Government to which you are accredited a recognition of the strain placed on shipping by full-scale offensives. The foregoing information is intended to color your thoughts and conversations. It should not be taken as the basis for any specific or formal statement. Inform McCollester.[33]

STETTINIUS

840.24/12–1544 : Telegram

The Secretary of State to President Roosevelt[34]

WASHINGTON, December 15, 1944.

A situation has developed with regard to shipping which I hesitate to get into at all in view of the urgent and paramount requirements in this field for the supply of our Armed Forces. Nevertheless, as a result of a lack of essential civilian supplies, conditions are developing in Europe which may produce the gravest consequences and which I feel I should bring to your attention.

Greece is an illustration and the same type of situation exists in Italy. Belgium is close to disorder. It was possible for a short time after liberation to prevent "disease and unrest" with minimum food and medical supplies. Now something more is required. The alternative would appear to be persistent disorder and delay in the firm establishment of democratic forms of government in these countries. In addition to food and direct relief supplies, a few essential raw materials and items of equipment necessary to put idle hands to work in producing and distributing goods seem desperately needed.

I, therefore, recommend, first, that you appoint someone who can, in consultation with the highest civilian and military authorities, review the overall shipping situation to see whether our political and military objectives require further accommodation to the shipping currently at our disposal. A recommendation can then be made to you for a decision on the use of ships in operational needs and the civilian programs for liberated areas; second, that as rapidly as possible separate allocations of shipping outside of the military pool be made directly to the governments of the liberated countries. Supreme Headquarters Allied Expeditionary Forces has promised the inland transport, assigned the port space, and endorsed the request of the French and Belgian Governments for the separate shipping allocation.

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[33] Parker McCollester, Special Representative of the Foreign Economic Administration.

[34] The President was temporarily in Warm Springs, Georgia.

The War Shipping Administration strongly favors it. These Governments have a large number of their own ships in the Allied pool. At best the amount of shipping which could be made available is far less than is needed, and these Governments will ration their tonnage to the most essential items.

Should the War Shipping Administration be given this authority, it should consult the appropriate agencies of the Government for guidance on policy.

840.24/12-1644

The Acting Secretary of War (Patterson) to the Secretary of State

WASHINGTON, 16 December, 1944.

DEAR MR. SECRETARY: I understand that Sir [35] Richard Law, British Minister of State, will accompany a group of British shipping and supply experts arriving in the near future for a series of conferences. The inclusion of Sir Richard Law in this group indicates the importance attached to this mission. The War Department was aware of the fact that shipping experts would participate in a review of cargo shipping under the supervision of the Combined Chiefs of Staff. It is possible that Sir Richard Law may be more directly concerned with the shipment of civilian aid to liberated areas, including Greece, and may present special requirements for supplies as a matter of extreme urgency which would, in turn, call for shipping to be set aside for this purpose as a special concession.

While I believe that you are aware of the critical shipping situation, I am not sure that you have been completely informed of the exchange of memoranda between the Joint Chiefs of Staff and the President on this subject during the past month. Therefore, I should like to summarize the situation by stating that the existing and prospective demands for cargo shipping are now far beyond the availability of vessels and have already created a critical situation with respect to the prosecution of the war.

The increased tempo of military operations in the Pacific and the Atlantic, together with the increasing demands for shipping to handle civilian supplies for occupied countries, has produced critical deficits in the sailings necessary for the direct support of the military effort. So serious has this situation become that the President has directed negotiations with the British for a reduction of forty (40) sailings a month in the U.K. Import Program, and has directed that the use of American shipping for civilian purposes be cut down to the bone. Other drastic measures have been taken by the Joint Chiefs of Staff

[35] Use of the title "Sir" was an error.

and the services to conserve shipping in order to make available the greatest possible tonnage in an effort to meet minimum requirements for the support of military operations in Europe and the Pacific. In spite of this, there still exists a critical deficit in sailings during the current month and throughout the first quarter of 1945. A failure to find essential shipping during this critical period may result in a lengthening of the war in both Europe and the Pacific.

A message has just come in from General MacArthur,[36] to the effect that operations in the Philippines will be gravely prejudiced unless additional shipping is made available to him at once.

The above matter is presented to you for your information and with the request that no commitment for cargo shipping or informal encouragement regarding the probability of such commitment be made to Sir Richard Law prior to the submission of requirements to and completion of the discussion by the conference on shipping which is to be held under the cognizance of the Combined Chiefs of Staff.

Sincerely yours, ROBERT P. PATTERSON

800.24/12-1944

Memorandum by the Secretary of State to President Roosevelt

[WASHINGTON,] December 19, 1944.

Further regarding my telegram to you of December 15 on civilian shipping needs for the liberated areas:

Richard Law is here representing the whole British Government, which attaches the greatest importance to this problem. I believe that you and the Prime Minister [37] alone can make the major decision involved.

The problem falls into two parts: (1) Collecting and presenting the facts, and (2) presenting the questions raised.

The first entails obtaining the following four statements of requirements for submission to the Combined Shipping Adjustment Board, which would analyze them for you and the Prime Minister.

(1) The shipping necessary to carry out the military decisions reached at Quebec,[38] to be supplied by the Combined Chiefs of Staff.

(2) The shipping required by the military authorities to carry out the military civilian supplies program, to be supplied through the Combined Chiefs of Staff by the Combined Civil Affairs Committee.

[36] General of the Army Douglas MacArthur, Commanding General, U.S. Forces in the Far East and Supreme Commander of the Southwest Pacific area.

[37] Winston S. Churchill.

[38] The First Quebec Conference, August 17-24, 1943; for joint statement by Prime Minister Churchill and President Roosevelt, August 24, 1943, see Department of State *Bulletin*, August 28, 1943, p. 121. Documentation on this Conference is scheduled for publication in a subsequent volume of *Foreign Relations*.

(3) The shipping requirements of the Russian Protocol Program, the British Lend Lease Program, the United States Civilian Supplies Program, and the American Republics Program. The Combined Shipping Adjustment Board has these figures.

(4) The civilian programs of the liberated governments of Northwestern Europe and the UNRRA programs for items and areas not included under (2) above.

For the purpose of your consideration of the over-all problem it is essential that Item (4) should not be excluded.

It is essential that you appoint someone with authority to direct the presentation of this information from the U.S. side to the Combined Shipping Adjustment Board, as Mr. Law proposes to do on the British side, and to state the questions raised and make his recommendation to you. I suggest Harry Hopkins.[39]

E. R. STETTINIUS, JR.

800.24/12-2144: Telegram

The Secretary of State to the Ambassador in France (Caffery)

WASHINGTON, December 21, 1944—7 p. m.

797. ReDepts Circular of December 8. Early consideration of all urgent shipping requirements including civilian supply and shipping needs for liberated areas versus claims for military tonnage is now anticipated. A review is being made of CSAB's[40] analysis of and conclusions on over-all shipping shortage. CCS,[41] civilian agencies and UNRRA are presenting, respectively, tonnage estimates for military programs and essential civilian supply programs for paying and non-paying countries against which distribution of available shipping will be suggested by CSAB. Latter conclusions, as accepted or modified will presumably be the basis of a Joint Directive from the President and Prime Minister to the CCS and CSAB on amount of tonnage to be allocated for supplying civilians in liberated territories. You will be kept informed of progress in these deliberations. Please inform Labouisse.[42]

Repeated to London,[43] inform Schoenfeld,[44] Hawkins,[45] Patterson,[46]

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[39] In a memorandum of December 19 the Secretary indicated that President Roosevelt approved this suggestion (800.24/12-1944).

[40] Combined Shipping Adjustment Board.

[41] Combined Chiefs of Staff.

[42] Henry R. Labouisse, Jr., Adviser on Economic Affairs at Paris.

[43] As telegram 10624.

[44] Rudolf E. Schoenfeld, Counselor of Embassy near the Governments of Czechoslovakia and the Netherlands established in England.

[45] Harry C. Hawkins, Counselor of Embassy for Economic Affairs at London.

[46] Richard C. Patterson, Jr., Ambassador near the Government of Yugoslavia established in England.

Sawyer,[47] Hornbeck,[48] Wehle [49] and Nielsen; [50] to Rome; [51] to Athens.[52]

STETTINIUS

840.50/1–445

Memorandum by the British Minister of State (Law) to President Roosevelt [53]

[WASHINGTON, December 26, 1944.]

His Majesty's Government has been giving urgent consideration to the problem of providing the necessary supplies for the ninety million people in Europe who have been liberated by the advance of the allied armies, and whose territories have now become the springboard from which the final attack on Germany has to be launched.

It is no longer sufficient merely to bring in relief supplies on a subsistence basis as a temporary measure of alleviation while we finish off the job. In the west of Europe, France and Belgium have already been wholly freed and it is abundantly clear that urgent measures must immediately be taken to start to reconstitute the economies of these countries even though the war with Germany is still proceeding. Unless these countries are sustained in taking up their share of the burden, the progress of the war and the peaceful development of Europe in the future are both likely to be gravely prejudiced.

It was, therefore, with great concern that Ministers learnt of the views of the President of the United States as expressed in his telegram to the Prime Minister of November 22,[54] the relevant passage of which reads as follows: "The provision of relief to distressed people in liberated areas presents very difficult problems of shipping. My own view is that until after the German collapse imports of such supplies must be limited to those supplies for which the Combined Chiefs of Staff can obtain shipping in the light of shipping required to carry out current and projected operations. In view of these possible operational shipping demands, I think, until the German col-

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[47] Charles Sawyer, Ambassador in Belgium and Minister in Luxembourg.

[48] Stanley K. Hornbeck, Ambassador near the Netherlands Government established in England.

[49] Louis B. Wehle, Special Representative of the Foreign Economic Administration.

[50] Orsen N. Nielsen, Counselor of Embassy and Consul General near the Government of Norway established in England.

[51] As telegram 646.

[52] As telegram 137.

[53] Copy transmitted to the Assistant Secretary of State (Clayton) by Harry L. Hopkins, Special Assistant to President Roosevelt, in his letter of January 4, 1945 (not printed); the letter noted that Mr. Clayton was to be a representative of the Department in conferences of Mr. Hopkins and Mr. Law concerning allocation of shipping to be available for civilian supplies to liberated countries of Northwest Europe during the first six months of 1945 (840.50/1–445).

[54] Not found in Department files.

lapse they can provide shipping in operational areas only for those basic essentials necessary to avoid 'disease and unrest' which will interfere with operations, or lines of communication and supply. I agree with your suggestion that we should not discriminate in favour of Italy over other liberated areas although in view of shipping limitations it will only be possible to furnish a minimum relief programme necessary to prevent prejudice to military operations."

Previously to this, General Eisenhower and his staff in the light of their experience of conditions in the Western European liberated countries had encouraged the national Governments in their preparation of separate import programmes of those materials most urgently needed to put their industrial and agricultural capacity to work within the limits of the port capacity which can be made available to them.

The U.S. and U.K. Governments have in their discussions with their Western Allies also gone far to commit themselves in the same direction. These negotiations have aroused expectations on the part of the National Governments of the countries concerned that they will have their own import programmes. If this is not permitted, it is likely to have the most serious effects both on the co-operation to be expected from those Governments (not least the maintenance of their shipping in the Allied Pool) and on their internal stability.

It is understood that on the initiative of the British Chiefs of Staff, the Combined Chiefs of Staff have authorised the preparation of a combined overall review of dry cargo shipping so that programmes may be brought into relationship with the amount of shipping available. It is intended that this study should cover the period from the 1st January to 30th June, 1945, and should be based on the assumption that major operations in Europe will continue for the greater part of this period.

Concurrently with this, H.M.G. have suggested to the U.S. Government that there should be an urgent re-examination of world shipping allocations with the object of meeting the pressing requirements of North West Europe and also of the Mediterranean area and of enabling the liberated countries to have a separate programme of civil requirements.

His Majesty's Government accordingly believe it to be essential that the following points of principle should immediately be recognised and agreed by the U.S. and U.K. Governments:

1. Civil Affairs supplies requested by the Theatre Commanders and accepted by CCAC shall be given the same priority as other military supplies with respect both to procurement and shipping allocations.

2. The National Governments shall be recognised as entitled to prepare and themselves submit their own import programmes to the appropriate civilian supply and shipping authorities.

3. These programmes shall be entitled to favourable consideration for the following reasons:

(i) supplies additional to the civil affairs programme are essential for the maintenance of civilian economies and for the gradual restarting of industry without which unemployment and disorder are unavoidable;

(ii) unless such supplies are forthcoming no National Government will be able to maintain its authority.

(iii) unrest and instability in the countries concerned would have far-reaching and incalculable effects on the social fabric and political security of Europe, and might well gravely hamper military operations.

(iv) the National Governments putting forward these programmes are fighting allies, who have placed at our disposal troops, ships, supplies and now industrial facilities and they are entitled to expect a proper share of the Allied pool of resources.

4. That the established requirements put forward by the National Governments are fully eligible for inclusion in any study of the world supply and shipping picture, and that they shall not be regarded as merely the marginal element in the total world position.

If the U.S. Government agree with these principles, it would appear to be immediately desirable that,—

(i) These principles should be communicated to all the U.S. and U.K. Departments concerned;

(ii) that steps should immediately be taken to ensure that they shall govern the survey about to be undertaken by direction of the Combined Chiefs of Staff;

(iii) instructions should be given that this survey be completed by January 1st;

(iv) the United States and United Kingdom Governments should together notify the Allied Governments of the acceptance of these principles; and

(v) arrangements be made, in advance of the completion of the survey referred to above, and of the allocations of tonnage thereunder for the next six months, to put at the disposal of the French and Belgian Governments some amount of tonnage for each of the months of January and February so that they may lift some portion of the supplies most urgently needed by them over and above the Civil Affairs programme.

PARTICIPATION BY THE UNITED STATES IN THE WORK OF THE UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION [1]

840.50 UNRRA/421j: Circular airgram

The Secretary of State to Certain Diplomatic Representatives [2]

WASHINGTON, March 31, 1944—7 p. m.

The President signed on March 29 House Joint Resolution 192 [3] authorizing appropriations to the President of such sums, not to exceed $1,350,000,000 in the aggregate, as the Congress may determine from time to time to be appropriate for participation by the United States in the United Nations Relief and Rehabilitation Administration. Consideration of this measure was begun on December 7, 1943, immediately after the termination of the Atlantic City session of the UNRRA Council.[4] The principal delay occurred in the reconciliation of differences in language between the versions of the measure as passed by the House and by the Senate. Although the measure passed the Senate with amendments on February 18, the Conference Report was not adopted until over a month thereafter. Copies of the measure will be sent to you by air mail as soon as possible. Although several amendments were added by the House and Senate to the original bill, it is believed that none of these will in practice affect the nature of the activities of UNRRA as defined in the Agreement [5] and Council Resolutions.[6] However, some formal action will be required by the Council to accept the three formal reservations with respect to our participation which were inserted by the Senate despite the fact that the UNRRA Agreement was technically not before the

[1] For documentation on the agreement for establishment of UNRRA, see *Foreign Relations*, 1943, vol. I, pp. 851 ff.

[2] In Algeria, Australia, Canada, Egypt, the Soviet Union, the Union of South Africa, and the United Kingdom.

[3] Public Law No. 267, 78th Cong., 2d sess., approved March 28, 1944; 58 Stat. 122.

[4] See Department of State publication No. 2040, Conference Series No. 53: *First Session of the Council of the United Nations Relief and Rehabilitation Administration, Selected Documents, Atlantic City, New Jersey, November 10–December 1, 1943* (Washington, Government Printing Office, 1944).

[5] Agreement signed at Washington, November 9, 1943; for text, see Department of State Executive Agreement Series No. 352, or 57 Stat. (pt. 2) 1164.

[6] See *First Session of the Council of the United Nations Relief and Rehabilitation Administration.*

627-819—67——22

Congress for its approval. A brief summary of the principal amendments follows:

Section 4 of the resolution as passed states the recommendation of the Congress that insofar as funds and facilities permit, any area (except enemy territory) important to the military operations of the United Nations which is stricken by famine or disease may be included in the benefits to be made available through UNRRA. This is the so-called "India amendment" introduced by Representative Mundt of South Dakota for the purpose of extending the geographic scope of UNRRA's operations beyond the liberated areas so as to include special situations such as India. It has not yet been determined whether it will be necessary for the United States to propose formal action on the part of the UNRRA Council to clarify the language of the Agreement and the Resolutions so as to make it clear that UNRRA may operate in these areas but in any event the other pertinent principles adopted by the Council will not be affected by this amendment such as the principle that countries which are in a position to pay for relief supplies shall do so and, of course, the principle that UNRRA shall operate within the territory of a member government only after consultation with and with the consent of the member government.

Section 7 states that in adopting the Joint Resolution the Congress does so with the reservation that the rehabilitation activities of the Administration shall be confined to such as "are necessary to relief". This amendment was inserted by the Senate and, in its original form, its language was ambiguous and potentially more restrictive. The amendment was inserted because of the Senate's fear that UNRRA might eventually engage in activities of a much wider scope than those connected with relief. It is believed that in practice the reservation if accepted by the Council will not affect the already limited scope of the rehabilitation activities of UNRRA as set forth in the Agreement and Resolutions which limit such activities to such as are connected with the production and transportation of relief supplies and the furnishing of relief services.

Section 8 states the reservation of the Congress that UNRRA shall not be authorized to enter into contracts or contract or incur obligations beyond the limits of its total resources. The purpose of this amendment, which was also inserted by the Senate, is to prevent UNRRA from entering into unlimited commitments for reconstruction or rebuilding, which might constitute a moral obligation on the United States to appropriate additional funds beyond the limits of this authorization.

Another Senate amendment which purported to prevent UNRRA from carrying on educational, religious or political activities was stricken out in conference on the ground that it was unnecessary and might lead to some question as to UNRRA's ability to train personnel for relief purposes.

The passage and signature of this measure does not result in the appropriation of funds to UNRRA. It is now necessary to introduce

a separate appropriation bill[7] which will be submitted shortly for hearings before the appropriations committees. While the appropriations will be made to the President, it is expected that he will by Executive Order[8] confer the administration of the appropriations on the Foreign Economic Administration.[9] It is expected that at this time the Congress will be requested to appropriate $500,000,000 out of the total amount authorized with further authority to transfer for UNRRA purposes a like amount from unobligated lend-lease funds. This formula is being adopted on the theory that as direct relief expenditures increase, lend-lease expenditures will decline. The total sum of $1,000,000,000 is estimated as being the amount necessary to cover the cost of procurement for areas of UNRRA responsibility during the first six months after the termination of the so-called "military period"[10] and for certain advance procurement for the following period of UNRRA responsibility in Europe.

It is expected that the bulk of procurement for UNRRA purposes out of the United States contribution will be done by the Foreign Economic Administration either through domestic procurement agencies or, in respect of purchases outside of the United States, by the United States Commercial Company. According to present plans, no actual funds will be made available out of the United States contribution to UNRRA except the United States quota for administrative expenses for this year amounting to $4,000,000.

To date the only government which has completed legislative action with respect to its contribution for UNRRA is the United Kingdom. It is expected that appropriate legislative action will shortly be initiated with respect to the Canadian contribution of around one hundred million Canadian dollars and certain other Dominions are actively making plans for their contribution. Aside from these, the only contribution for operating purposes is a payment on account by Iceland of $50,000. Around $1,300,000 has been received from a total

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[7] Public Law No. 382, 78th Cong., 2d sess., Title II, approved June 30, 1944; 58 Stat. 629.

[8] Executive Order No. 9453, July 6, 1944; 9 *Federal Register* 7637.

[9] Letter of July 6, 1944, from President Roosevelt to the Administrator, Foreign Economic Administration, printed in the *First Quarterly Report on UNRRA Expenditures and Operations* (H. Doc. No. 803, 78th Cong., 2d sess.), p. 39.

[10] An agreement to regularize the relations between UNRRA and the Supreme Commander, Allied Expeditionary Force (Eisenhower), during the military period, signed at Paris on November 25, 1944, had for its dual objective facilitation of the transfer to UNRRA of certain responsibilities in the post-military period and the insurance of a continuity of policy in the military and post-military periods. For a summary of this agreement, see United Nations Relief and Rehabilitation Administration, *Report of the Director General to the Council for the Period 15 September 1944 to 31 December 1944* (Washington, 1945), pp. 16–17.

of about twenty-two member governments for administrative expenses.[11]

The next session of the UNRRA Council will be held in Montreal, Canada, commencing June 23.[12] A separate communication will be sent you concerning the agenda for this session as soon as possible.

HULL

840.50 UNRRA/5511: Circular airgram

The Secretary of State to Certain Diplomatic Representatives[13]

WASHINGTON, May 1, 1944—7:30 p. m.

Reference is made to the Department's circular airgram of March 31, 1944 concerning appropriations for United States participation in the work of the United Nations Relief and Rehabilitation Administration and particularly to the third paragraph from the end of the airgram in which it is stated that according to present plans no funds will be made available directly to UNRRA except the United States' quota for administrative expenses.

This statement should be corrected in that it is expected that an additional direct payment will be made to UNRRA out of the amount initially appropriated, to cover the estimated expenses of UNRRA in connection with assistance in the care and repatriation of displaced persons. This would cover the United States' share of UNRRA expenses in the operation of certain refugee centers in North Africa and Egypt[14] and expenditures in connection with displaced persons within the liberated areas after occupation. The total amount of funds which it is planned to make available to UNRRA for this purpose is approximately $20,000,000 out of the initial appropriation.

It has not been determined how effect will be given, in the case of the United States' contribution, to the recommendation contained in Section 5 of Resolution 14 of the UNRRA Council, setting forth the Financial Plan,[15] that as much as possible, but not less than ten percent, of the amount contributed by each member government shall be in such form of currency as can be expended in areas outside of the contributing country.

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[11] For statistics on actions taken by member Governments (as of October 1944), see the *First Quarterly Report on UNRRA Expenditures and Operations*, p. 26.

[12] In accordance with later plans, the second session of the UNRRA Council was held at Montreal from September 15 to September 27, 1944. For membership list of the American delegation, see Department of State *Bulletin*, September 10, 1944, p. 255.

[13] In Algeria, Australia, Canada, Egypt, the Soviet Union, Union of South Africa, and the United Kingdom.

[14] For data on refugee centers in the Middle East, see UNRRA press release of June 10, 1944, in the Department of State *Bulletin* of the same date, p. 533.

[15] See *First Session of the Council of the United Nations Relief and Rehabilitation Administration*, pp. 44 and 45.

The purpose of this provision is to insure that there will be certain amounts available to UNRRA to finance purchases of supplies in the territory of non-member governments (such as Argentina) and for defraying UNRRA's expenses in connection with assistance to displaced persons, health activities, transportation of supplies and other services. In the case of the United States, where there are no foreign exchange controls and where adequate national procurement machinery exists for purchases outside of the United States, it has been thought that, although a considerable part of the United States' contribution may be disbursed outside of the United States, no predetermination of such amount can be made and that, therefore, at least initially, no specific amount should be transferred to UNRRA for purposes of procurement by it of supplies outside of the United States.

However, it would be unfortunate if this Government were to give any appearance of failure to comply with the recommendations of the Council referred to above. Accordingly, this Government will probably give UNRRA assurance of its intention that the amounts made directly available to UNRRA out of the United States contribution plus the amount used by this country in procuring supplies outside of the United States will aggregate at least ten percent of the total United States contribution.

HULL

840.50 UNRRA/669 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, June 30, 1944—5 p. m.

5160. Your 5055, June 26.[16] The Department regrets that it is unable to authorize any compromise with respect to the proposal advanced by the Soviet Government in the subcommittees. While it is unfortunate that we must adopt views different from those of the Soviet representatives, we have no choice in view of the fact that the substance of these resolutions is irrelevant to the consideration of bases of requirements and is opposed to our interests in UNRRA.

You are accordingly requested to explain to Iliuschenko that this Government will be unable to agree to the Soviet proposals in the Committee for Europe and that if they are adopted, this Government will find it necessary to object to the recommended bases both in the Committee for Europe and in the Council. The Department is telegraphing full instructions to the American Ambassador in Moscow, requesting him to discuss this matter with the Soviet authorities in an effort to persuade them to withdraw the resolutions in question.

[16] Not printed.

The considerations underlying the Department's position, which you are authorized to explain to Iliuschenko, are as follows:

1. As a matter of procedure, it is undesirable to inject extraneous considerations of this nature into the preparation of bases for estimating requirements, particularly when the subject matter is so highly controversial that the discussion of it may result in a serious delay in the procurement program. As explained in the Department's 4898 of June 21,[17] these resolutions involve questions of policy which go far beyond the scope of the subcommittees or of the Committee for Europe. Under the terms of reference of these subcommittees any action by them on this subject may be void. Consequently, for the sake of order, it is essential that this problem not be injected into the discussion of bases of requirements.

2. The proposal that relief be distributed according to the extent to which particular countries have resisted the enemy is absolutely impossible of administration and would gravely jeopardize the entire success of UNRRA by injecting controversial political questions into the distribution of relief. Throughout the negotiation of the UNRRA Agreement, the Council session and the hearings before our Congress, this Government has adopted as its most basic policy in respect of UNRRA the principle that the distribution of relief shall not be used as a political weapon. Despite the explanations advanced by Mr. Iliuschenko, the proposal in question appears to be directly contrary to this basic premise.

3. With reference to the proposal to accord priority to members of the United Nations, the Resolutions adopted at Atlantic City already incorporate this principle. The policy of the United States Government in respect of this matter is to relax the restrictions in the Resolutions with reference to operations in ex-enemy areas. At the present time the United States and British military authorities have full responsibility for relief in Italy and are continuing to carry this load even though a large part of liberated Italy is no longer an active military area. The Anglo-American military authorities will have additional ex-enemy areas under their jurisdiction and it is reasonable to assume that the Soviet military authorities will be confronted with responsibility for relief in ex-enemy areas in Eastern Europe, including parts of Germany and Finland, Bulgaria, Rumania and possibly Hungary. The policy advocated by the Soviet Government means either that the occupying country must at all times bear the sole responsibility for providing essential civilian supplies to ex-enemy areas or that such areas will receive no relief of any kind. If it should develop that the occupying authorities are to have the sole responsibility for civilian supply to ex-enemy areas, the ultimate effect would be that the United States would be the contributor of practically all supplies to all ex-enemy areas since in the case of those occupied by the Soviet authorities, it is probable that we would have to furnish the Soviet authorities under lend-lease with supplies to enable them to discharge this responsibility.

While Iliuschenko's explanations as outlined in your telegram are of great interest, we do not see how any modification in the text of

[17] Not printed.

the resolutions could be made along these lines which could eliminate the questions which we have or which could effectively clarify the resolutions, or make them workable in practice. We feel, therefore, that we cannot at this time go beyond what is already provided in the Resolutions of Atlantic City and particularly in Resolution 17.[18]

It is suggested that you also discuss this matter with the British. Mr. A. D. Marris of the British Embassy in Washington, who is now in London, is familiar with the Department's views on this question.[19]

Sent to London. Repeated to Moscow.

HULL

840.50 UNRRA/6-3044 : Telegram

The Secretary of State to the Ambassador in the Soviet Union (Harriman)

WASHINGTON, June 30, 1944—7 p. m.

1595. During the consideration by the technical subcommittees of UNRRA in London on food, textiles, health and agriculture of bases of requirements to be recommended to the Committee of the Council for Europe and by that Committee to the Council, the Soviet representatives introduced identical resolutions providing in substance that priority in the dispensation of relief and rehabilitation should be accorded to countries which are members of the United Nations and particularly to those countries whose populations has taken an active part in the struggle against the common enemy and suffered to the greatest degree from enemy occupation. These resolutions were introduced on short notice and adopted by the subcommittees after the resolutions had evoked strong support from the Czechs, Norwegians and Yugoslavs except that in the case of the agriculture subcommittee, the matter was held in suspense at the suggestion of the British chairman with the support of the Netherlands representative. The bases

[18] Resolution No. 17 "Relating to Procedures for Ascertaining and Meeting Deficits in Supplies Requiring Importation"; see *First Session of the Council of the United Nations Relief and Rehabilitation Administration*, p. 50.

[19] The Second Session of the Council approved, virtually without change, the bases of requirements recommended by the Committee of the Council for Europe (Resolution No. 55, in *A Compilation of the Resolutions on Policy, First and Second Sessions of the UNRRA Council* (Washington, 1944), p. 73; for related documents, see *ibid.*, Appendix VI, p. 116.

The Council, in addition, adopted a separate resolution introduced by the Soviet Delegation (Resolution No. 56 "Relating to a Proposal Transmitted by the Committee of the Council for Europe in the Minutes of its Sixth and Seventh Meetings") recognizing that it was the Administration's primary responsibility to secure relief and rehabilitation supplies for the areas, liberated or to be liberated, of the United Nations and that special weight and urgency should be given to the needs of those countries in which the extent of devastation and the suffering of the people was greater and had resulted from hostilities and occupation by the enemy and active resistance in the struggle against the enemy.

recommended by the subcommittees will shortly be placed before the Committee for Europe.

The Soviet representative on the Committee for Europe, Mr. I. A. Iliuschenko, advised our Embassy in London, on a personal and confidential basis, that he had rigid instructions from Moscow to put forward this resolution; that he had no authority to agree to bases that did not contain this statement; and that he desired that no differences should appear in the Committee for Europe between the American and Soviet representatives. He also stated that the Soviet Government did not intend the resolution to reflect unfavorably on any country and thought that it would encourage resistance by promising a reward to those who had resisted. He also explained that the resolution was not intended by the Soviet Government to preclude UNRRA operations in ex-enemy territory but was simply intended, in this respect, to emphasize that the primary responsibility of UNRRA as a United Nations organization is to its members.

The Department feels strongly that we have no choice in this matter but to oppose the resolutions during their consideration by the Committee for Europe and, if necessary, by the Council. We have accordingly telegraphed instructions to the American Ambassador in London, requesting him to explain to Mr. Iliuschenko the reasons why we feel that these resolutions are opposed to our interests.

It is requested that in your discretion you take this matter up immediately with the appropriate Soviet authorities in an effort to bring about the withdrawal of the proposals. We are repeating to you the telegram which has been sent to London [20] on this subject and which contains a full statement of the reasons why the Department is taking this position, which you are authorized to explain to the Soviet authorities. For your information, a similar resolution was introduced by the Soviet representatives at Atlantic City which resulted in a compromise provision which is set forth in Resolution 17,A,II,3 of the Resolutions on Policy of the first session of the UNRRA Council.

HULL

840.50 UNRRA/7-1544

The Director General of the United Nations Relief and Rehabilitation Administration (Lehman) to the Secretary of State

WASHINGTON, 15 July, 1944.

SIR: I have the honor to place before you for the consideration of your Government two draft agreements which have been prepared by committees of the Council of the United Nations Relief and Re-

[20] Telegram 5160, June 30, 5 p. m., p. 335.

habilitation Administration [21] as a first step toward carrying out the recommendation of the Council set forth in Paragraph 2 of Resolution No. 8 of its First Session.[22] I enclose also the report of the Expert Commission on Quarantine,[23] appointed by the European Technical Advisory Subcommittee on Health, with reference to the draft agreements, and a memorandum from the Secretary of the Council's Standing Technical Committee on Health [23] setting forth the various steps in the preparation of the enclosed draft agreements.

In view of the Council's strong recommendation of prompt action by Governments on the subjects covered by the proposed agreements, as expressed in Resolution No. 8, I am bringing the draft agreements immediately to the attention of the member governments. I understand that it is the hope of the committees of the Council which participated in the drafting of these proposals that member governments may be in a position to become signatories of the agreements at the time of the Second Session or shortly thereafter.

Should your Government wish to raise any questions or to offer any suggestions regarding the phrasing of the drafts it will be most helpful if such questions or suggestions can reach me by the 26th of August so that they may be placed before the Standing Technical Committee on Health at its meeting a fortnight before the opening of the Second Session of the Council. In any event I shall appreciate it if you will inform me at the earliest possible date as to the action which your Government will be prepared to take concerning the proposed agreements.

Accept [etc.] HERBERT LEHMAN

840.50 UNRRA/7-1544

The Secretary of State to the Director General of the United Nations Relief and Rehabilitation Administration (Lehman)

WASHINGTON, August 26, 1944.

MY DEAR GOVERNOR LEHMAN: I acknowledge the receipt of your letter of July 15, 1944 with which you submitted to this Government for its consideration two draft agreements (entitled, respectively, Emergency International Sanitary Aerial Agreement, 1944, and

[21] The draft agreements (not printed) were as follows: (1) International Sanitary Convention, modifying the International Sanitary Convention of June 21, 1926 (Department of State Treaty Series No. 762, or 45 Stat. (pt. 2) 2492); and (2) International Sanitary Convention for Aerial Navigation, modifying the International Convention for Aerial Navigation of April 12, 1933 (Treaty Series No. 901, or 49 Stat. (pt. 2) 3279).

[22] "Resolution Relating to Health and Medical Care"; see *First Session of the Council of the United Nations Relief and Rehabilitation Administration*, p. 35.

[23] Not printed.

Emergency International Sanitary Maritime Agreement, 1944) prepared by committees of the Council of the United Nations Relief and Rehabilitation Administration as a first step toward carrying out the recommendation of the Council set forth in paragraph two of Resolution 8 of its first session. You express the hope of the committees of the Council which participated in the preparation of these proposals that member governments may be in a position to become signatories of the agreements at the time of the second session or shortly thereafter. You request that any questions or suggestions that this Government may have with respect to these drafts be transmitted to you by August 26 so that they may be promptly placed before the Standing Technical Committee on Health and, in particular, you ask to be informed as soon as possible as to the action which this Government will be prepared to take concerning the proposed agreements.

I wish to advise you at the outset that this Government is, in general, in agreement with the purposes and provisions of the draft agreements and that, subject to the comments made below, it is prepared to become a party to them in due course. These comments are as follows:

1. As to the form that the proposed agreements should take, this Government believes that it is desirable that the agreements should be in the form of international sanitary conventions (maritime and aerial, respectively) modifying the existing conventions in the respects, in general, proposed by the committees of the Council of UNRRA. In other words, it is the view of this Government that it would be desirable to revert to the form of the conventions recommended by the Expert Commission on Quarantine considered by the Standing Technical Committee on Health at its third meeting on June 19, 1944 (i.e., the draft conventions contained in document THE (44)12–THE/E(44)13 revised). This Government feels that from the standpoint of convenience and orderly procedure it would be preferable to proceed with this matter through conventions amending the existing conventions in the respective fields rather than through entirely new emergency agreements in the form transmitted with your letter of July 15.

2. With reference to the proposed modifying conventions in the form considered by the Standing Technical Committee on Health as aforesaid (giving effect to the corrections of the typographical errors referred to in paragraph VI of the Minutes of the Meeting of the Health Committee of June 19), this Government has certain suggestions to make as set forth in the enclosed memorandum.[24] You will note that the only change requiring comment which this Government is proposing is that the substitution of UNRRA for the International Office of Public Health in each of the conventions should be limited initially to two years. This Government feels that this change is appropriate because of the emergency character of the other functions of

[24] Not printed.

UNRRA and because of the probability that the International Office of Public Health or some other corresponding organization will be in a position, within two years, to undertake permanently the particular functions conferred upon UNRRA by the proposed conventions. This Government also believes that, in the interest of clarity, the sequence of certain of the provisions of the proposed conventions might well be recast. Dr. Thomas Parran, Surgeon General, United States Public Health Service, and United States representative on the Standing Technical Committee on Health, is authorized on behalf of this Government to prepare, and deliver to you, revised drafts of these documents, taking into account the provisions of the enclosed memorandum, which drafts may be used, if you so desire, in further consideration of this matter by the Standing Technical Committee on Health.

3. It is the view of this Government that the proposed conventions should be submitted to the United States Senate for its advice and consent before the conventions are brought into force as to the United States. Accordingly, it may be necessary for the United States Government to delay its adherence to the conventions, or its signature thereof in case they are to remain open for signature, until after their consideration by the Senate.

Sincerely yours,

For the Secretary of State:
DEAN ACHESON
Assistant Secretary

840.50 UNRRA/9-144

The Assistant Secretary of State (Acheson) to the Director General of the United Nations Relief and Rehabilitation Administration (Lehman)

WASHINGTON, September 1, 1944.

MY DEAR GOVERNOR LEHMAN: I refer to the Provisional Agenda for the Second Session of the Council and to the document entitled "Procedure and Agenda for Second Session of the Council" [25] distributed by your staff for the information of the Council members. This document refers to certain proposals to be introduced by the United States Government under Items III, VI and VII of the Agenda and states that you plan to distribute copies of the proposals to the member governments as soon as they have been received by the Secretariat.

With reference to Item III of the Agenda,[26] the United States Delegation proposes to present at the session two draft resolutions arising from reservations and recommendations of the United States Congress, made in connection with the consideration by the Congress of United States participation in the work of the Administration. One of these resolutions concerns certain reservations and declarations

[25] Neither printed.

[26] Entitled "Action upon reservations and recommendations of constitutional bodies of member governments."

made by the Congress in Sections 3, 5, 6, 7 and 8 of Public Law 267, Seventy-eighth Congress, which authorized appropriations for United States participation in the work of the Administration. It is our view that these Sections are not inconsistent with the Agreement and Resolutions and it is proposed therefore to request the Council to make a declaration to this effect and to accept the reservations. A draft of this resolution (enclosure A) is transmitted to you herewith.

The second resolution to be presented by the United States under Item III arises from the provisions of Section 4 of Public Law 267, reading as follows:

"Sec. 4. In expressing its approval of this joint resolution, it is the recommendation of Congress that insofar as funds and facilities permit, any area (except within enemy territory and while occupied by the enemy) important to the military operations of the United Nations which is stricken by famine or disease may be included in the benefits to be made available through the United Nations Relief and Rehabilitation Administration."

The United States Government has prepared a draft of a resolution with reference to this matter and is in the process of discussing this draft with other member governments, including that of India, the Legislative Assembly of which has made a recommendation similar to that contained in Section 4 of Public Law 267, set forth above. A draft of this resolution will be transmitted to you as soon as these discussions have been concluded.

With reference to Item VI,[27] the United States and United Kingdom Governments have under urgent consideration the possibility of placing before the Council a proposal that the Administration should undertake certain limited operations in Italy relating to displaced persons, health, and welfare. Any specific proposal that may be formulated along these lines will be transmitted to you as soon as possible.

With reference to Item VII,[28] the United States plans to submit to the Council for its consideration a draft resolution authorizing the Central Committee under certain circumstances to accept new members between sessions of the Council. A draft of this resolution (enclosure B) is transmitted to you herewith.[29]

You are authorized, if you so desire, to furnish copies of this letter and of the enclosures to other members of the Council for their information and convenience in preparing for the Session.

Sincerely yours, DEAN ACHESON

[27] Entitled "Scale and nature of operations in enemy or ex-enemy areas, and with respect to displaced persons of enemy or ex-enemy nationality."

[28] Entitled "Matters of procedure."

[29] Not printed.

[Enclosure A]

Draft Resolution Under Item III for Second Session of the Council

Whereas, the Congress of the United States of America has enacted Public Law 267, 78th Congress, 2nd Session, approved March 28, 1944, authorizing appropriations for participation by the United States in the work of the Administration;

Whereas, Sections 3, 5, 6, 7 and 8 of said Public Law 267 read, respectively, as follows:

"Sec. 3. In the adoption of this joint resolution the Congress expresses its approval of and reliance upon the policy adopted by the United Nations Relief and Rehabilitation Administration at the first session of the Council, summarized in paragraph 11 of Resolution Numbered 12, and reading as follows:

" '11. The task of rehabilitation must not be considered as the beginning of reconstruction—it is coterminous with relief. No new construction or reconstruction work is contemplated, but only rehabilitation as defined in the preamble of the Agreement. Problems, such as unemployment, are important, but not determining factors. They are consequences and, at the same time, motives of action. The Administration cannot be called upon to help restore continuous employment in the world.'

"Sec. 5. No amendment under article VIII (*a*) of the agreement involving any new obligation for the United States shall be binding upon the United States without approval by joint resolution of Congress.

"Sec. 6. In adopting this joint resolution the Congress does so with the following reservation:

"That in the case of the United States the appropriate constitutional body to determine the amount and character and time of the contributions of the United States is the Congress of the United States.

"Sec. 7. In adopting this joint resolution the Congress does so with the following reservation:

"That it is understood that the provision in paragraph 11 of resolution numbered 12 adopted at the first session of the Council, referred to in section 3 of this joint resolution and reading 'The task of rehabilitation must not be considered as the beginning of reconstruction—it is coterminous with relief', contemplates that rehabilitation means and is confined only to such activities as are necessary to relief.

"Sec. 8. In adopting this joint resolution the Congress does so with the following reservation:

"That the United Nations Relief and Rehabilitation Administration shall not be authorized to enter into contracts or undertake or incur obligations beyond the limits of appropriations made under this authorization and by other countries and receipts from other sources."

Resolved, that the Council hereby declares that nothing contained in said Sections 3, 5, 6, 7 and 8 is inconsistent with the provisions of the Agreement and Resolutions on Policy of the Council;

That the Council accordingly accepts the reservations of the Congress of the United States as above set forth; and

That the Council requests the Director General to arrange through the United States member on the Council for the transmission of the text of this Resolution to the Congress of the United States.[30]

512.4A1A1/9–444

The Director General of the United Nations Relief and Rehabilitation Administration (Lehman) to the Secretary of State

WASHINGTON, 4 September, 1944.

SIR: I have the honor to acknowledge the receipt of the Department's communication of 26 August 1944 with regard to two draft sanitary agreements prepared by committees of the Council of the United Nations Relief and Rehabilitation Administration. I was pleased to be advised that the United States Government is, in general, in agreement with the purposes and provisions of the draft agreements and that, subject to the comments enumerated in the communication, your Government is prepared to become a party to the draft agreements in due course.

It is anticipated that the Health Committee at its meeting on 6 September will make some recommendation with respect to the proposals made by your Government and that the draft agreements will be considered by the Council at the Second Session. Therefore, I am transmitting copies of the Department's communication and of the memorandum attached thereto to the members of the Standing Technical Committee on Health and to the members of the Council. I take pleasure in enclosing herewith two copies of the communication with the memorandum as distributed.

Accept [etc.] HERBERT H. LEHMAN

840.50 UNRRA/9–1244

The Assistant Secretary of State (Acheson) to the Director General of the United Nations Relief and Rehabilitation Administration (Lehman)

WASHINGTON, September 12, 1944.

MY DEAR GOVERNOR LEHMAN: I refer to my letter of September 1, 1944 with reference to the proposals to be presented by the United

[30] For text of UNRRA Resolution No. 53, adopted unanimously by the Council session at Montreal, entitled "A Resolution Relating to Reservations and Declarations of the Congress of the United States", see *A Compilation of the Resolutions on Policy*, p. 70. The Department transmitted the text of this Resolution to the Congress of the United States on November 14, 1944; *Congressional Record*, vol. 90, pt. 6, pp. 8198 and 8219.

States Government at the Second Session of the Council. In that letter I transmitted to you a draft of resolution under Item III of the Agenda and stated that I would transmit to you a draft of another resolution under the same item as soon as agreement upon it had been reached with the Government of India.

There is now enclosed a draft of a second resolution to be presented by the United States under Item III of the Agenda dealing with the subject matter of Section 4 of Public Law 267. Agreement upon this proposal has now been arrived at with the Government of India.

Sincerely yours, DEAN ACHESON

[Enclosure]

DRAFT RESOLUTION UNDER ITEM III FOR SECOND SESSION OF THE COUNCIL

WHEREAS, the Agreement for the United Nations Relief and Rehabilitation Administration provides in its Preamble as follows:

"Being determined that immediately upon the liberation of any area by the armed forces of the United Nations or as a consequence of retreat of the enemy the population thereof shall receive aid and relief from their sufferings, food, clothing and shelter, aid in the prevention of pestilence and in the recovery of the health of the people, and that preparation and arrangements shall be made for the return of prisoners and exiles to their homes and for assistance in the resumption of urgently needed agricultural and industrial production and the restoration of essential services."

WHEREAS, Article I, 2 of the Agreement provides in part as follows:

"2. Subject to the provisions of Article VII, the purposes and functions of the Administration shall be as follows:

"(*a*) To plan, coordinate, administer or arrange for the administration of measures for the relief of victims of war in any area under the control of any of the United Nations through the provision of food, fuel, clothing, shelter and other basic necessities, medical and other essential services; and to facilitate in such areas, so far as necessary to the adequate provision of relief, the production and transportation of these articles and the furnishing of these services."

WHEREAS, since the first session of the Council, the constitutional bodies of certain of the member governments have made certain recommendations with regard to the areas in which the Administration may operate;

RESOLVED, that the last paragraph of Resolution 1, I, adopted by the first session of the Council is hereby amended to read as follows:

"Nothing in the above should be taken as preventing the Administration from carrying on activities in other areas in order to perform the tasks laid upon it in the Agreement, provided that the government

or authority (military or civil) exercising administrative authority in the area concerned agrees. *In this regard, in so far as the resources and facilities of the Administration shall permit, any area under the control of any of the United Nations which is of importance to the military operations of the United Nations and which is stricken by famine or disease may be included in the benefits to be made available through the Administration.*" * [32]

512.4A1A1/10-444

The Director General of the United Nations Relief and Rehabilitation Administration (Lehman) to the Secretary of State

WASHINGTON, October 4, 1944.

SIR: Reference is made to my communications of 15 July and 4 September 1944 dealing with two draft sanitary agreements.

You will recall that the purpose of my previous communications was to obtain the views of your Government in respect to the form and substance of these drafts so that they might be taken into account when developing the final drafts for consideration by the Council at its Second Session in Montreal.

The Council had occasion to consider this matter at the Second Session just concluded, where drafts of the International Sanitary Convention, 1944, and the International Sanitary Convention for Aerial Navigation, 1944, were presented. The Council approved in principle these preliminary drafts [33] and, while recognizing that the approval in principle in no way binds the member governments to signing them, has instructed me to submit copies of both the French and English texts of these drafts to each member government for its early consideration and to request that each government transmit to me its comments and observations not later than 1 November 1944.

I am further directed by the Council to convene a special meeting of the Standing Technical Committee on Health as soon as practicable after 1 November 1944, for the purpose of preparing final drafts of the conventions, taking into account the comments received from the

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* Underscored material added. [Footnote in the original; material here printed in italics.]

[32] For text of Resolution No. 54, as adopted by the UNRRA Council at its Second Session held in Montreal, entitled "A Resolution Amending Resolution No. 1 With Respect to United Nations Areas of Importance to the Military Operations of the United Nations and Stricken by Famine or Disease", see *A Compilation of the Resolutions on Policy*, p. 72. A copy of this Resolution was transmitted by the Department to the Congress of the United States on November 14, 1944; *Congressional Record*, vol. 90, pt. 6, pp. 8198 and 8219.

[33] For text of UNRRA Resolution No. 52, as adopted by the Council at its Second Session held in Montreal, see *A Compilation of the Resolutions on Policy*, p. 69; for text of conventions as finally drafted by the Health Committee, see *ibid.*, Appendices V and VI, pp. 107–128.

member governments, these draft conventions then to be opened for signature by the member governments not later than 15 December 1944.

In view of the urgency of the matter and the limited time at our disposal and since copies of the English texts of the drafts are now available, I am transmitting the English texts to you herewith,[34] in the hope that your Government will submit to me such comments as it may desire to make not later than 1 November. The French texts of the drafts will be communicated to you as soon as they are available.

Accept [etc.] HERBERT H. LEHMAN

840.50 UNRRA/10-444 : Telegram

The Secretary of State to the American Representative on the Advisory Council for Italy (Kirk) [35]

WASHINGTON, October 4, 1944—7 p. m.

236. For your information, the following is a report of the consideration by the Council of UNRRA of the proposal introduced by the US to authorize UNRRA to conduct certain limited operations in Italy.

As previously reported to you, the Department and other agencies of the Government have had under consideration for several months the problem of financing relief and rehabilitation supplies for Italy after the termination of military responsibility. At one time the Department considered the possibility of requesting UNRRA eventually to assume the full responsibility for relief and rehabilitation supplies for Italy but this proposal was abandoned in view of the cost of this operation in relation to UNRRA's total resources. Accordingly, other arrangements with which you are familiar were devised to finance the bulk of civilian supplies to Italy after the military period, including the proposal to transfer certain dollar funds to the credit of the Italian Government for this purpose. In this connection the Interdepartmental Liberated Areas Committee decided early in August that the US should propose at the Second Session of the UNRRA Council a resolution authorizing UNRRA to conduct a limited program in Italy in the fields of health, welfare and displaced persons, the total foreign exchange cost to UNRRA of this program to be limited to fifty million dollars.

This proposal was immediately discussed with the British who indicated strong opposition on the ground that it would arouse great

[34] Not printed.

[35] Repeated on the same date to the Ambassador in the United Kingdom (Winant), the Ambassador in the Soviet Union (Harriman), and the Ambassador to the Yugoslav and the Greek Governments established in Egypt (MacVeagh), as telegrams 8118, 2359, and 125, respectively.

opposition from the allied countries of Europe. The British continued to oppose the proposal despite our insistence until after Prime Minister Churchill's visit to Italy. Shortly before the opening of the Council session on September 15 the British Delegation received instructions to support our proposal but to abandon such support if the proposal should meet with excessive opposition from the allied countries. The matter was discussed at Quebec [36] by President Roosevelt and Prime Minister Churchill, both of whom expressed to Mr. Richard Law, the Chairman of the British Delegation, their support of the proposal. Nevertheless, the task of putting the proposal through the Council rested almost entirely upon the US Delegation.

Before the beginning of the Session conversations were held by the Department with representatives of the USSR, France, China, Czechoslovakia and Poland, and the American Republics. The US Delegation had the unanimous and constant support of the delegations of the American Republics in all its efforts to obtain approval of the proposal. The USSR and Czechoslovakia were noncommittal. The Chinese expressed support of our proposal and the French, after consultation with Paris, indicated that they would support the proposal as fully as we desired. The Polish Delegation at all times favored the proposal but never took an active part in discussing it.

At Montreal discussions were held with other European delegations. It was found that the Greek Delegation was not opposed in principle to the proposal but was concerned that the furnishing to Italy of items in short supply might adversely affect the supply program for Greece. It was pointed out that the greater part of the items which UNRRA would send to Italy under the proposal were in long supply and that, therefore, no such adverse effect upon Greece would result. The Yugoslav delegate arrived at the conference with instructions to oppose the proposal but after its purpose and import was explained by the US Delegation he sought and obtained from his Government instructions to vote for the proposal although he made it clear that Yugoslavia considers itself still at war with Italy.

In the formal debate on the proposal, the adoption of the resolution was moved by the US member and seconded by the member from France. The member from Greece also seconded the proposal while expressing doubts on the question of short supplies. The Yugoslav, who at this time had not received new instructions from his Government, reserved his position but subsequently modified it at the closing session. The Belgian delegate supported the proposal in a perfunctory fashion. The representative of Norway indicated strong opposition to the proposal and asked for specific information from the Di-

[36] Documentation on the Conference at Quebec is scheduled for publication in a subsequent volume of *Foreign Relations*.

rector General as to the effect which the supply program for Italy would have upon the ability to meet requirements of other European countries. This information was furnished to him on the following day when it was pointed out by the Director General that in general the items to be furnished to Italy by UNRRA were in long supply except for fats and sugar, as to which small quantities only would be furnished. The Norwegian delegate thereupon voted in favor of the proposal although with obvious reluctance. The Dutch, Polish, Czech and Soviet representatives at no point took part in the debate. The Dutch representatives, although voting in favor of the proposal, expressed serious concern in private conversations that UNRRA would be overextending itself by going into Italy, particularly from the point of view of personnel. This was similar to the line taken by the Soviet Delegation throughout the Session to the effect that UNRRA should concentrate on doing the jobs before it and should not extend itself into new fields.

Despite the lukewarm attitude of most of the European countries, the positive position taken by the French and Greeks at the very beginning, added to the desire of the Soviet Delegation not to oppose the US, broke up any possibility of a united European front against the proposal which was consequently unanimously adopted as introduced except for the addition on the motion of Norway of a provision to the effect that the operations in Italy shall not constitute a precedent for operations in other enemy or ex-enemy areas.

The following is a summary of the resolution as adopted:[37]

1. The operations of the Administration in Italy shall be confined to (*a*) the provision of medical and sanitary aid and supplies; (*b*) assistance in the care and return to their homes of displaced persons; and (*c*) care of, and welfare services for, children and nursing and expectant mothers. These operations in Italy are in addition to such operations as UNRRA may undertake under the authority given in another resolution adopted at the Second Session providing that UNRRA shall have authority to operate in any ex-enemy area in connection with the care and repatriation of displaced persons of United Nations nationality or other persons who have been obliged to leave their country or place of residence because of race, religion, or activities in favor of the United Nations, or for the control of epidemics.

2. All operations of UNRRA in Italy shall be agreed upon between the military command or the appropriate authority in Italy on the one hand and UNRRA on the other, and such operations shall be subject to such control as the military command or the appropriate authority may find necessary. The term "appropriate authority" was used to include either the Commission or the Italian Government in the event that the Commission should cease to exist.

[37] UNRRA Resolution No. 58 entitled "A Resolution Relating to Operations of the Administration in Italy"; for text, see *A Compilation of the Resolutions on Policy*, p. 78.

3. The resolution provides in effect that UNRRA shall receive whatever local currency proceeds may result from the sale in Italy of supplies furnished by UNRRA and that UNRRA shall use such local currency for relief and rehabilitation work, including the care and movement of displaced persons, and for such other purposes as may be agreed upon with the appropriate authority in Italy. Furthermore, it is recommended that so far as possible all expenses of UNRRA in Italy shall be borne by the Italian Government and shall be paid in local currency made available by the Italian Government or derived from the proceeds of the sale of supplies.

4. UNRRA is specifically authorized to charge against its general resources the equivalent of fifty million dollars net in foreign exchange to meet this program.

5. The Council recommended that to the extent consistent with military considerations, the Director General shall be kept informed of all relief and rehabilitation requirements for Italy in order to discharge his responsibility of endeavoring to bring about an equitable distribution of available supplies as between the liberated areas. This provision was inserted by the US Delegation primarily to obviate the theoretical criticism that the Italian Government, not being a party to the UNRRA Agreement, might be in a better position to obtain short supplies than allied governments such as those of Western Europe which are obliged to submit their programs to UNRRA for review even though they will pay for their own supplies.

HULL

512.4A1A1/10–444

The Secretary of State to the Director General of the United Nations Relief and Rehabilitation Administration (Lehman)

WASHINGTON, November 13, 1944.

SIR: I acknowledge the receipt of your note of October 4, 1944 in which you submitted to this Government for its comments the English texts of the draft Sanitary Conventions which were approved in principle by the Council at its Second Session in Montreal.

The appropriate officers of this Government have now completed their review of the English texts. I wish to advise you that the draft Conventions are, in general, acceptable to this Government.

There are numerous places in the drafts where in our opinion the wording or drafting style could be improved upon but we do not consider it necessary to insist that any changes of this nature be made. However, for your convenience I am attaching a memorandum [38] calling attention to certain instances in which, in our opinion, some such changes might be made. The Department will be pleased to put at your disposal an officer of the Treaty Section of the Division of Research and Publication to collaborate with your staff in the editorial work of preparing the Conventions in final form.

[38] Not printed.

The French texts submitted with your note of October 19, 1944[39] have been examined by the Central Translating Division of this Department and I am attaching a memorandum[39] containing certain suggestions of relatively minor importance for improving the wording of these texts.

As I advised you in my letter of August 26, 1944, it is the view of this Government that the proposed Conventions should be submitted to the United States Senate for its advice and consent before the Conventions are brought into force as to the United States. Accordingly, it may be necessary for the United States Government to delay its signature of the Conventions until after their consideration by the Senate.

Accept [etc.]

For the Secretary of State:
DEAN ACHESON

840.50 UNRRA/11-2144

The Assistant Secretary of State (Acheson) to Senator Robert A. Taft

WASHINGTON, November 28, 1944.

MY DEAR SENATOR TAFT: I have for reply your letter of November 21, 1944 to Mr. Stettinius[39] in which you raise a question as to the interpretation of Resolution 54 adopted by the Council of UNRRA at its Second Session.

Section 4 of Public Law 267 expresses the recommendation of Congress that "insofar as funds and facilities permit, any area (except within enemy territory and while occupied by the enemy) important to the military operations of the United Nations which is stricken by famine or disease may be included in the benefits to be made available through the United Nations Relief and Rehabilitation Administration". From the legislative history of Section 4, it is clear that it was designed primarily to cover the problem of areas which had not been the scene of military operations or directly affected by military operations but which were of importance to the military operations of the United Nations; an outstanding example of such an area is, of course, India and another in the same category would presumably be Iran. However, since the language of the Section as passed by the House was all inclusive, the Senate inserted the parenthetical restriction that the recommendation should not apply to enemy territory prior to its occupation by United Nations forces. As you point out in your letter, this wording at least carries the inference that the Congress wanted to permit operations in enemy or ex-enemy areas after their conquest by our forces.

[39] Not printed.

It was certainly our intention to put into effect in the UNRRA documents the recommendation of our Congress contained in Section 4 of Public Law 267. We, therefore, proceeded by an amendment of Resolution 1 adopted by the Council at its First Session in Atlantic City [41] which sets forth the scope of the activities of the Administration, and specifically of Part I thereof headed "Areas in Which the Administration Will Operate". You will note that Part I of Resolution 1, a copy of which is attached for your information, contains three sections prescribing certain conditions under which the Administration will operate in (1) liberated areas in which a government or recognized national authority does not yet exercise administrative authority; (2) liberated areas in which a government or recognized national authority does exercise administrative authority; and (3) enemy or ex-enemy areas. These three sections were followed in Resolution 1 as adopted at Atlantic City by a paragraph providing that:

"Nothing in the above should be taken as preventing the Administration from carrying on activities in *other areas* in order to perform the tasks laid upon it in the Agreement, provided that the government or authority (military or civil) exercising administrative authority in the area concerned agrees."

It was to this last paragraph that it seemed appropriate to add, by way of particularization, the recommendation of our Congress in Section 4 of Public Law 267 concerning operations in "other areas", i.e., areas other than areas covered by the three sections of Part I of Resolution 1.

In other words, the basic Agreement and Resolution 1 made provisions for operations in enemy or ex-enemy areas. The Resolution of the Congress appeared, and was in my opinion, directed to another problem, namely, that of authorizing the Administration to operate in areas outside of liberated or conquered countries. If it was the intention of our Congress to recommend the alteration of section 3, Part I of Resolution 1 (as to which no question was ever raised by either the House or the Senate during the detailed consideration of the UNRRA legislation), this was not clear to me; in any case, I am certain that we would have met with great opposition both within this country and from other member governments of UNRRA if we had proposed to the Second Session that UNRRA be authorized to operate in enemy or ex-enemy areas on the same basis as in liberated areas of the United Nations and without prior approval by the Council as provided in section 3, Part I of Resolution 1. The phrase

[41] For text of Resolution No. 1, "Relating to the Scope of the Activities of the Administration", see *First Session of the Council of the United Nations Relief and Rehabilitation Administration*, p. 27.

"United Nations area" was used in the amendment to make it clear that it did not relate to the problem of enemy or ex-enemy areas as to which provision had already been made in the same Resolution.

With respect to the specific question of operations by UNRRA in enemy or ex-enemy areas, the Council adopted other resolutions at its Second Session which clearly negate any blanket exclusion of ex-enemy areas from the purview of UNRRA's operations. The most important of these is, of course, the resolution authorizing the Director General to set aside up to $50,000,000 of the Administration's resources for certain operations in Italy. Under other resolutions, the Director General was authorized to operate in any enemy or ex-enemy area for the purpose of conducting epidemic control activities and in connection with the care and repatriation of displaced persons of United Nations nationality or persons of any nationality who have been displaced by reason of racial, religious or political oppression.[42] Any additional activities of UNRRA in specific enemy or ex-enemy areas will, of course, depend upon action by the Council under section 3, Part I of Resolution 1.

I assure you that it was our intention to give effect completely to the recommendation of the Congress in Section 4 of Public Law 267 and I believe that with the foregoing explanation before you, you will agree that we achieved our purpose.

Sincerely yours, DEAN ACHESON

800.796/12-2144

The Acting Director General of the United Nations Relief and Rehabilitation Administration (Hendrickson) to the Secretary of State

WASHINGTON, 21 December 1944.

SIR: With reference to this Administration's note of 4 October 1944, I am pleased to acknowledge the receipt of the Department's communication, dated 13 November 1944, conveying the comments of the Government of the United States with regard to the two draft Sanitary Conventions which were approved in principle by the Council at its Second Session.

[42] UNRRA Resolution No. 57 entitled "A Resolution Relating to Operations in Enemy and Ex-Enemy Areas with Respect to Displaced Persons and Epidemic Control", was adopted by the Council on the motion of the United Kingdom delegation; on the motion of the United States delegation, an amendment to that Resolution was adopted, based in part on a recommendation submitted by Jewish and other interested organizations, which gave UNRRA authority to assist persons, regardless of nationality, who had been obliged to leave their country or place of origin or former residence, or had been deported therefrom, by action of the enemy, because of race, religion, or activities in favor of the United Nations. The Council also authorized the Administration to assist such persons found in the liberated areas (Resolution No. 60).

The comments were given careful consideration on 5 December 1944 by a Subcommittee on Draft Conventions, which was appointed by the Standing Technical Committee on Health. On 9 December 1944 the Subcommittee presented revised drafts of the International Sanitary Convention, 1944, and the International Sanitary Convention for Aerial Navigation, 1944, before the Standing Technical Committee on Health. Final drafts of the Conventions were adopted by unanimous vote of that Committee. The English language texts of these Conventions were transmitted to the Department on 14 December 1944.[43]

Accept [etc.] ROY F. HENDRICKSON

[43] The two amendatory sanitary conventions were opened for signature in Washington on December 15 and were signed for the United States (with a reservation "subject to ratification") on January 5, 1945. The conventions remained open for signature until January 15, 1945, during which time they were signed by plenipotentiaries of 17 other countries; after that time they were open to accession by any government not a signatory. The conventions came into force January 15, 1945, and were ratified and proclaimed by President Truman on May 29, 1945; the Government of the United States was designated in each of the conventions as the depositary government. See Department of State *Bulletin*, June 3, 1945, p. 1038, and Treaty Series Nos. 991 and 992, or 59 Stat. (pt. 2) 955 and 991, respectively.

PRELIMINARY AND EXPLORATORY DISCUSSIONS REGARDING INTERNATIONAL CIVIL AVIATION; CONFERENCE HELD AT CHICAGO, NOVEMBER 1–DECEMBER 7, 1944

800.796/450

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] September 28, 1943.

Mr. Pearson [1] came in to see me, at his request.

He said that the British Government had invited the British Dominions to go to London sometime next week,[1a] there to discuss the policy of international air transport. The Canadian Government had not been particularly interested in any such conference but had finally determined that they would send representatives to the conference. Their instructions, however, were merely to explore the subject and to make no commitments. The Canadian Government was pretty clear that it did not wish to join an Imperial transport agreement at this time. Mr. Pearson's object in informing us was to make sure that we should not misunderstand the situation, and believe that the British Commonwealth of Nations were "ganging up" on the United States. On a personal basis, he handed me his memorandum, a copy of which is attached.

I thanked him for the information and said I was very clear that we would not misunderstand the situation.

A. A. B[ERLE], JR.

[Annex]

Memorandum by the Canadian Minister Counselor (Pearson)

1. On September 17th the United Kingdom Government issued invitations to the other governments of the British Commonwealth to attend an informal and exploratory meeting in London on the subject of international air transport policy. The United Kingdom Government hopes that this meeting may be held early in October, and it is likely that a statement will be made shortly in the United Kingdom Parliament regarding it. Canada has accepted.

[1] Lester B. Pearson, Minister Counselor of the Canadian Embassy.

[1a] The Empire air conversations in London were held October 10–13, 1943.

2. Before the United Kingdom Government issued this invitation, the proposed Commonwealth conference was discussed between the United Kingdom Government and the Canadian Government. Both Governments agreed that it was desirable to discuss the matter with the United States Government in order to avoid any misunderstanding of the purpose and scope of the Commonwealth conference. Accordingly, Mr. Churchill, when he was in Washington, discussed the matter with the President,[2] who said that he saw no objection to such an exploratory Commonwealth conference being held.

3. Mr. Churchill also discussed with the President the possibility of some kind of international conference on air policy being held after the Commonwealth conference. The President said that a decision regarding an international conference should wait until the matter has been discussed at the forthcoming Anglo-Soviet-United States meeting.[3]

4. The Commonwealth meeting in London will be of a preliminary and exploratory nature. It is not expected that the Canadian representatives will at this meeting support or reject any specific proposal on the organization of international air transport after the war.

5. Mr. Churchill has informed the Canadian Government that he understands preliminary United States views on post-war international air transport to be as follows:

"(1) There should be private ownership.

(2) Key points should be available for international use on reciprocal basis.

(3) International traffic should be reserved to international companies.

(4) Government support may be required on an international basis for certain non-paying routes."

800.796/453 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 18, 1943—11 p. m.
[Received October 19—3 : 12 a. m.]

7168. I have just received the following message from Lord Beaverbrook [4] for Mr. Harry Hopkins [5]:

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[2] This discussion presumably took place during Mr. Churchill's visit to Washington after the First Quebec Conference, August 17–24, 1943. Documentation on this Conference and on related discussions is scheduled for publication in a subsequent volume of *Foreign Relations*.

[3] For documentation on the Tripartite Conference in Moscow, October 18–November 1, 1943, see *Foreign Relations*, 1943, vol. I, pp. 513 ff.

[4] British Lord Privy Seal.

[5] Special Assistant to President Roosevelt.

"Secret and Personal. My Dear Harry: Conversations with Dominion representatives on civil aviation after the war have resulted in general agreement. We have not gone beyond exploratory and informative exchanges, and all decisions have been referred back to Dominion Governments. It is my hope that we may now enter into engagements with the United States Government at Washington and agree upon joint policy for international conference. After we get to know what USA and Great Britain will present, our Dominions will be asked to give approval. Do you think the time is now opportune and the situation favorable for swift agreement on broad lines relating only to international traffic and without going into any details of national operations? We would propose in such a conference to discuss operational agreements and also spheres of activity. I would be accompanied by Leathers,[6] and Howe[7] would join us to keep the Dominions in line with our decisions. The conference could be written down in public, if desired, to a conversational basis. Max."

WINANT

800.796/489

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] October 21, 1943.

M. Hoppenot[8] came in to see me at his request. He observed that La Tournelle,[9] last July, had extracted a promise from me to keep them generally informed about post-war civil aviation matters; that they had recently received reports about the probability of an Anglo-American Conference on Civil Aviation. In such case, the French Committee wanted to send an observer.

I said that I had told La Tournelle that I would keep him generally informed, but that the question, as raised, was premature. It was true that an imperial consultation was being held in Britain to discuss post-war aviation policy, and that we had been discussing the matter here. It was also true that mention had been made of a conference between our two countries; but that neither the fact, the form, nor the date had yet been decided. Undoubtedly discussions would take place sometime because of the many problems of mutual interest which had to be resolved, but I could not say whether it would be an Anglo-American conference, or a more general conference, or when it would take place. We would bear in mind the request.

A. A. B[ERLE], JR.

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[6] Lord Leathers, British Minister of War Transport.
[7] C. D. Howe, Canadian Minister of Munitions and Supply.
[8] Henri Hoppenot, Delegate of the French Committee of National Liberation.
[9] Guy le Roy la Tournelle, with the French Military Mission at Washington.

800.796/472

The Chargé in Canada (Clark) to the Secretary of State

No. 315 OTTAWA, November 5, 1943.
[Received November 9.]

SIR: As I have previously reported, the Canadians are determined to enter negotiations relating to post-war civil aviation as a sovereign state, speaking for themselves. Only as a last resort will they fall back upon an Empire agreement confronting the rest of the world as a unit.

I understand that it was with some trepidation that they agreed to attend the recent British Empire conference in London on post-war civil aviation, and that, when they did agree to attend, it was on the distinct understanding that the discussions would be exploratory only, and that no commitments would be asked or given.

They seem to have had their way and, so far as I have been able to ascertain, the only commitment resulting from the conference was an undertaking by each not to deal separately with foreign governments on post-war civil aviation without consultation with the other members of the Commonwealth.

When the Canadian delegation had returned from London, I asked Mr. Norman Robertson, Under Secretary of State for External Affairs, whether he could not arrange to give me information regarding the results of the London discussions. He sent me to Mr. Escott Reid, the officer in the Department of External Affairs principally charged with civil aviation matters, and I quote below from a memorandum of my conversation with Mr. Reid:

"Mr. Reid began by saying that a conference which had lasted such a short time could not, of course, have gone into any detailed discussion of post-war civil aviation. In summary, the discussions in London had resulted in agreement (1) that there should be an international convention setting up an international civil aviation authority closely associated with, or even subordinate to, an international security authority; (2) that the nature and extent of the operating rights which would be provided in such a convention would depend upon the composition of the air authority and other provisions of the convention—sentiment was for going a long way toward removing restrictions upon international air transport; (3) that inter-dominion civil aviation would be subject to regulation by the international authority, the same as any other international civil aviation; (4) that thought on detail could crystallize only in discussions of the scope of the convention and the powers to be given to the international aviation authority.

"The international civil aviation authority would be constituted along the lines of our domestic regulatory boards and would regulate

international traffic to the extent agreed upon, serving also as an arbitrator of disputes, or, at least, as a forum for the discussion of disputes. It was envisaged that the international authority would be constituted along lines similar to those of the United Nations Relief and Rehabilitation Administration. It is here that Mr. Reid anticipates difficulty with small countries as he believes that the executive of the international authority should be limited in number, and it is here, also, that the Canadian 'functional representation' comes into play, as Canada would expect to be included in the executive.

"Mr. Reid said that there had been a recognition in London of the paramount character of security. There had been agreement, therefore, that the international air authority should be closely associated with, or even made subordinate to, an international security authority which it was hoped would be constituted. Sentiment was that the enemy nations would not be allowed, for security reasons, to operate international air transport services, at least during the period of probation.

"Mr. Reid said that the extent of operating rights over or within foreign territory would depend upon the composition and the power of the international authority. The more advantages the members of the Commonwealth were able to obtain under the provisions of the convention, the greater the extent of the operating rights they would be willing to accord to other nations.

"Mr. Reid feels that the question of whether international services will be operated by government-controlled companies or by private enterprise is one for domestic determination, and he sees no difficulty in this regard. The discussions at London had indicated the possibility that unfair competition might be eliminated through the fixing of rates by the international authority. He hoped that the international authority would be given the right to arbitrate differences, but said that in the last analysis the planes of one country flying to the territory of another would, as heretofore, do so only under license of the latter, and the license could be withdrawn where any country refused to play ball with the international authority. He also felt that, if any country resorted to unfair competition through declaring certain zones prohibited areas, this matter could be dealt with through the close association of the international air authority with the security authority. These were details, however, upon which thought could not crystallize except during the progress of discussions when the time came to draw up the international convention which would establish the authority."

Respectfully yours, LEWIS CLARK

800.796/495

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] November 11, 1943.

Participants: The President; the Under Secretary of State,[10] Mr. A. A. Berle, Jr., Assistant Secretary of State; Mr. Robert A. Lovett, Assistant Secretary of War for Air; Mr. L. Welch Pogue, Chairman, Civil Aeronautics Board; Mr. Harry Hopkins.

The President requested the five men above-named to meet him at 2:00 o'clock yesterday.

He stated that he had begun to discuss aviation policy with Prime Minister Churchill at Quebec and he expected to go on doing so at their coming meeting.[11] He had considered the various problems of policy and wished to state the policy he wanted followed. Reading from a memorandum which he said he had himself prepared, though he took the points out of order, he gave us the following oral directives.

(1) Germany, Italy, and Japan were not to be permitted to have any aviation industry or any aviation lines, internal or external. This involved policing these countries.

Their external traffic would be handled by the lines of the other countries. Internal aviation could be handled by a company or companies to be formed by the United Nations. The participation of former enemy countries (Germany, Italy, and Japan) in aviation was to be limited to the maintenance of airfields, local servicing work, and detail of that kind.

As for flying, the President said that he did not want them to be in a position to "fly anything larger than one of these toy planes that you wind up with an elastic."

(2) As to aviation in other countries: The President felt that each country should have ownership and control of its own *internal* aviation services. He recognized there might be exceptions in backward countries unable to organize aviation themselves. But Brazil, which he took as an illustration, was quite competent to run its own internal aviation. He did not wish Americans to own or control their internal aviation; nor did he wish them to hire American or other foreign companies as managers of their internal aviation. He had no objection, indeed he hoped that they would hire American individuals, and of course he hoped they would buy American equipment. But he wanted the internal aviation to be the development of the country itself.

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[10] Edward R. Stettinius, Jr.

[11] Reference is to the Conferences at Cairo and Tehran, 1943; for documentation on these Conferences, see *Foreign Relations*, The Conferences at Cairo and Tehran, 1943.

(3) Regarding the handling of American aviation, he stated that he had decided that American overseas aviation should not be handled by a single line. The scope of international aviation was too great to be trusted to any one company or pool. He said that certain companies—to speak frankly, Pan American—wanted all of the business, and he disagreed with Trippe.[12] He was willing to agree that on their record, Pan American was entitled to the senior place, and perhaps the cream of the business; but he could not go along with the idea of their, or anyone's, having all of it. This meant a multi-company operation.

He said he still felt—though he was open to argument on the subject—that the plan he had outlined to Mr. Pogue and to myself two years ago, of various companies having "zones", still appealed to him; thus there might be a company for the western side of South America, another company having the eastern side, one company having the North Atlantic; another, the Mediterranean; and so forth. In answer to a question of Bob Lovett's, he said that there might be a shift of equipment from one group to another as seasons required this. I said I thought that Mr. Pogue's idea of competitive terminals by the competitors draining different fields of traffic probably could be harmonized with this general idea. The President said that he agreed that his idea would have to be applied flexibly.

(4) Regarding the possibility of Government participation in the lines, he said there remained open the question of ownership by the Government of an interest in the various lines contemplated under this policy. But he said he thought there was no need of such ownership under the proposed plan, except as the Government might have to own, initially, lines going to places in which the traffic could not support a company. This would be covered by his idea that the Government should run such lines until private enterprise was prepared to take over.

(5) The President then spoke of subsidies. He said in general he thought the traffic could be made to pay its own way except in connection with certain routes on which the traffic was not enough to make the line a paying proposition. Again using the illustration of the United States to South Africa, he said there would have to be a line to South Africa, but it probably would not be a paying proposition. He therefore wished that we would apply the same policy which he had worked out for shipping lines after the last war, namely: to have the United States Government use its planes and its men to run government lines—but always on the understanding that if ever a private line was prepared to bid for the route, the Government would promptly retire from the business.

(6) As to air and landing rights, the President said that he wanted a very free interchange. That is, he wanted arrangements by which planes of one country could enter any other country for the purpose of discharging traffic of foreign origin, and accepting foreign bound traffic. Thus, if Canada wanted a line from Canada to Jamaica, with

[12] Juan T. Trippe, President of Pan American Airways.

stops in the United States at Buffalo and Miami, they should be able to discharge traffic of Canadian origin at Buffalo, and take on traffic at Buffalo for Jamaica; but they should not be allowed to carry from Buffalo to Miami.

He considered that each country would have a number—in the United States a quite large number—of airports available for such foreign traffic.

In addition to that, he thought planes should have general right of free transit and right of technical stop—that is, the right to land at any field and get fuel and service, without, however, taking on or discharging traffic.

This, he pointed out, would dispose of any need for a United Nations authority to manage airfields.

The President said that there might, however, remain airfields in respect of which the traffic itself would not pay the cost of upkeep. Liberia, for instance, might have to maintain a field for the purpose of a line between the United States and South Africa; but there would not be business enough to make it a paying proposition. There, there might have to be United Nations contributions, or arrangements might have to be made for the lines which used the field to pay a part of the cost.

(7) In answer to a question from Lovett, the President said that he thought there should be no general party [*parley?*] or conference about aviation until the time was right to call a United Nations conference. Talks with Britain and other countries could be handled quietly as a part of the preparatory discussion.

(8) The President considered that there would have to be a United Nations Conference on aviation and probably a United Nations organization to handle such matters as safety standards, signals, communication, weather reporting, and the incidental services which went with airports; and also to handle the problem of competitive subsidies or rates.

The impending return of Secretary Hull from the Moscow Conference was then announced, and we broke up.

A. A. B[ERLE], JR.

800.796/492½

The Netherlands Minister (Boetzelaer) to the Assistant Secretary of State (Berle)

No. GA-4376 WASHINGTON, November 30, 1943.

MY DEAR MR. BERLE: When Mr. Kleijn Molekamp,[13] Mr. Aronstein[14] and myself had the pleasure of discussing with you the advisability of filing applications for postwar air-routes,[15] we promised to furnish you with a memorandum in which you would find a

[13] Minister Plenipotentiary, Netherlands Legation.

[14] F. C. Aronstein, member of the Netherlands Economic, Financial, and Shipping Mission.

[15] Memorandum of conversation of November 16, 1943, not printed.

general outline of our Government's desiderata with regard to postwar international aviation.

I am taking the liberty to enclose herewith this memorandum.

Believe me [etc.] W. VAN BOETZELAER

[Enclosure]

MEMORANDUM

The following is a general outline of the directives which the Netherlands Government intends to follow when discussing questions on postwar international aviation:

1. Distribution of international airlines to be established in international convention with observance of a principle of reciprocity whereby it is clearly ascertained what is understood by international air traffic, whereby cabotage is not allowed.
2. Institution of a permanent international organization for establishing general air regulations and directions for preparation of periodical revision of international airlines and for allotment of new international airlines.
3. All states to be obliged to give every facility to established international airlines and not to cause any obstruction. Freedom of peaceful passage only to be restricted for reasons of defense or safety.
4. International airports to be in principle designated, organized and managed by states in whose territory these airports are situated, which states agree to comply with international rules and to provide adequate landing grounds.
5. Airports exploited by foreign states on territory of a state proper as well as airports exploited by foreign air companies to be open to international air traffic.
6. Division of air traffic between air companies or government undertakings on established airlines to be settled in consultation between companies or states concerned with due regard to minimum frequency of each organization admitted on airlines concerned.
7. Sovereignty for each state on inland traffic.
8. Priority for a state for air connections between various, non adjacent territories of that state; apart from this these connections to be considered as international airlines.
9. Intermediate states to be obliged to give every facility for connections between the nonadjacent territories of a state.
10. Airmail to be regulated according to the principle of dispatch per quickest opportunity.
11. The Netherlands air connections in Europe as well as the connections Amsterdam–Batavia, Batavia–Australia and The Netherlands Indies–Singapore–Indo China to be restored and the following air connections to be established:

a. United States–Curaçao;
b. Netherlands West Indies–Europe;
c. Atlantic Coast of the United States–Europe;
d. Pacific Coast of the United States–Netherlands Indies;

e. Philippines–Netherlands Indies;
f. New Zealand–Netherlands Indies;
g. South America–Surinam;
h. Surinam–Africa–Batavia;
i. Amsterdam–Moscow;
j. Holland–South Africa;
k. China and Japan–Netherlands Indies.

800.796/545

Memorandum of Conversation, by the Under Secretary of State (Stettinius)

[WASHINGTON,] December 13, 1943.

Lord Halifax [15a] called to see me today. He referred to the conversation I had had with him about two weeks ago relative to post-war civil aviation. He said the British now feel the sooner his people and our people can have private conversations relative to this matter, the better. In this connection he mentioned having the conversations in London. I made no comment.

E[DWARD] S[TETTINIUS]

800.796/520a

Memorandum of Conversation, by the Secretary of State

[WASHINGTON,] January 19, 1944.

The British Ambassador called at his request. He said that he had had lunch with the President yesterday and that the question of early conferences between the two countries on aviation and on oil [16] were discussed. The President agreed with the British desire for early discussions and suggested that the Ambassador confer with me and perhaps one or two other Cabinet officers. I replied that we would be ready for informal discussions at an early date, adding that after I have conferred with some of my associates and bring matters up to date, I could speak to him more definitively. I remarked that Congress has an important function in dealing with these subjects since it enacted the first law establishing a policy; [17] that of course the Executive branch had exclusive authority to conduct negotiations, and that I felt satisfied it would be desirable to proceed as rapidly as may be practicable to the point of taking up conversations. I then added that it would facilitate these discussions very much if each side, especially the Government urging early conversations, would

[15a] British Ambassador in the United States.

[16] For documentation regarding Anglo-American petroleum discussions, see vol. III, pp. 94 ff.

[17] Act of June 23, 1938; 52 Stat. 973.

give to the other the principal points it may have in mind for discussion. I said that such a policy should be practiced by both Governments. The Ambassador said that he agreed that it would facilitate the conversations very much to pursue this course.

C[ORDELL] H[ULL]

800.796/552

Memorandum of Conversation, by the Adviser on Political Relations (Dunn)

[WASHINGTON,] January 21, 1944.

Mr. Michael Wright,[17a] during a call this morning, stated that while lunching a day or so ago at the White House, the President told Lord Halifax that he was very anxious to get along with discussions between the British and ourselves on the subjects of aviation and oil. Mr. Wright remarked that the oil matter was pretty well worked up and the Embassy was at present waiting for final authorization from London.

Mr. Wright also added that the British Government felt that it was extremely important to have some talks begin between the British and ourselves about aviation, and even if final positions were not arrived at, they hoped it would be possible to have preliminary talks, if not to reach agreements to at least exchange views in general on the subject. The British Government considered it extremely important to remove this subject from the list of possible irritants.

JAMES CLEMENT DUNN

800.796/523

The Department of State to the British Embassy

AIDE-MÉMOIRE

The British Embassy is informed that the Government of the United States has been approached recently by several other governments with a request for an exchange of views on the subject of postwar aviation, with particular reference to the development of international air transport.

The Department of State hopes that it will be possible in the first instance to discuss these matters with the British and Canadian Governments and believes that such discussions would be facilitated if an early indication could be received of the views of the British Government on this general subject.

[17a] First Secretary of the British Embassy.

A similar communication is being addressed to the Canadian Embassy.

WASHINGTON, January 26, 1944.

841.796/562 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, January 27, 1944—1 p. m.
[Received 6 : 19 p. m.]

755. The Embassy learns from a reliable source that an aviation meeting on the technical level only of the Dominions and some of the more important colonies is scheduled to take place under the auspices of the Air Ministry in London early in February. It is understood that the principal topic of discussion is the postwar use of facilities such as air ports, navigation aids, weather reporting, et cetera, developed in the Empire for war purposes. It is also understood that Canada at first refused to attend unless the United States was asked, but subsequently agreed to come.

WINANT

800.796/530

Memorandum of Conversation, by the Acting Chief of the Aviation Division (Walstrom)

[WASHINGTON,] January 28, 1944.

Mr. Gore-Booth [18] called at his request relative to our *aide-mémoire* of January 26 asking the British for an early indication of their views on post-war aviation.

He said that before transmitting this request to London he wanted to obtain any background information which we might give him. I said there wasn't much definite information that I could add at this time; that while we were also giving consideration to the problem, it appeared to us that the British views were a little more crystalized, or at least a definite attitude had been stated on certain points already. Therefore, any indication which the British might offer on the broader aspects of the matter would naturally be of considerable interest to us.

Mr. Gore-Booth referred to the fact that we had also approached the Canadians and frankly said that he did not know whether his Government would want to proceed without including the other Dominions as well. I said that our reference to the Canadians was

[18] Paul H. Gore-Booth, Second Secretary of the British Embassy.

probably due to the unconscious emphasis which we had placed on trans-Atlantic air services between Britain and the United States, in which Canada naturally would play an important role, but that what we actually had in mind was the British views on post-war aviation on a world-wide basis.

Mr. Gore-Booth asked if we had anything specific in mind in the way of their post-war objectives, and when I replied that we were merely interested in getting a summary of the British views in general, he agreed that very little more would be possible at this particular time, and that in any event he thought it well to keep both our views somewhat flexible.

Presumably we will hear from the British Embassy as soon as it gets London's reaction to our approach.

J. D. WALSTROM

841.796/576 : Airgram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, January 29, 1944—9 : 30 a. m.
[Received February 7—5 p. m.]

A–118. With reference to the Embassy's telegram No. 755, January 27, Hildred [19] emphasized today to a member of the Embassy staff the purely technical aspect of this meeting; its restriction to radio and other operational aids to flying, and said he hoped, when the discussion with the Dominions was completed, to send a mission to the United States to discuss these subjects with their opposite numbers. He said he hoped this could be done before Lord Beaverbrook's discussions (with the United States) started.

WINANT

800.796/526

The British Ambassador (Halifax) to the Secretary of State

Ref. 56/28/44 WASHINGTON, February 1, 1944.

DEAR MR. HULL: When we discussed on January 18 [*19?*] the question of civil aviation, you said it would be helpful to you to have some indication of the views of His Majesty's Government in the United Kingdom. I enclose a copy of an extract from a speech by Lord Beaverbrook in the House of Lords on January 19th,[20] which gives an outline of our views on certain important points. I should

[19] William P. Hildred, Director General of Civil Aviation, British Air Ministry.
[20] For complete text, see *Parliamentary Debates*, House of Lords, 5th series, vol. 130, cols. 459–467.

be glad to know whether Lord Beaverbrook's remarks give us, in your view, an adequate basis on which to start discussions. I was glad to learn from the Department of State's *aide-mémoire* of January 26th that the United States Government are now ready to exchange views on this subject, and I hope that Lord Beaverbrook's statement provides the material which the Department of State desires.

As you will see, Lord Beaverbrook said among other things, "As for the bases under our control, let me say at once that the Government have no desire to exclude aircraft of other nations. We demand no prescriptive right to the use of airfields for ourselves. Rather do we mean to use them for the purpose of steadily developing civil aviation throughout the world." This statement, of which I was unfortunately not informed in advance by London, has not been given any prominence in the press here, and I have little doubt you will agree that it would be useful that it should be widely known. I do not know whether you would think it worthwhile to draw special attention to it when next you are seeing the press, or possibly whether the President would consent to do so at his next press conference. I should much welcome your thought and advice on this.

HALIFAX

[Enclosure]

EXTRACT FROM SPEECH BY LORD BEAVERBROOK IN THE HOUSE OF LORDS, JANUARY 19, 1944

We are ready at any moment to enter into an international conference. I cannot tell you when it will take place. But in our view when the time comes our first concern will be to gain general acceptance of certain broad principles whereby civil aviation can be made into a benign influence for welding the nations of the world together into a closer co-operation. These principles must assure to all countries a free and fair share in this new means of transportation. No nation, great or small, except of course the guilty aggressor nations, must be debarred from taking a full and equitable part in the upsurging development of civil aviation that will follow the end of the war. It will be our aim to make civil aviation a guarantee of international solidarity, a mainstay of the world's peace. Of course, there are vital issues on which it will be necessary for the great Powers to reach preliminary agreement. We are ready for such discussions at any time. At present we are waiting on the Americans to complete their surveys.

In particular the question of bases has been widely canvassed. We have many bases at our disposal. They are scattered all over the

Empire, and in other lands too the needs of war have caused us to construct airfields suitable for peace as well as for war. I do not of course deal today with the bases in the Dominions. These are necessarily separately dealt with but they must and will be a subject for discussion between Great Britain and the Dominions. But as for the bases under our control, let me say at once that the Government have no desire to exclude aircraft of other nations. We demand no prescriptive right to the use of airfields for ourselves. Rather do we mean to use them for the purpose of steadily developing civil aviation throughout the world. Here it must be said that the bases are few in number at which any great volume of traffic can be collected. Just the same, it will be necessary to have international agreement on traffic regulations and arrangements. This is an essential condition of future developments. For my part I find myself on this subject in agreement with Mr. William Burden,[21] of the Department of Commerce in Washington. Mr. Burden, speaking in Washington on the 5th January, said: "Complete freedom of the air in the present state of the world might result in commercial anarchy."

I share Mr. Burden's view. For our part we are prepared and ready at any time to enter into negotiations with a view to disposing of all traffic problems and arrangements that will arise.

Now the President has recently made certain proposals for the future of international civil aviation. He has declared for the right of innocent passage for all nations throughout the world, and for the right to land anywhere for refuelling and other non-traffic purposes.[22] And I am now authorized by the Prime Minister to say that we join with the President to the fullest extent in subscribing to those principles. I repeat the principles: the right of innocent passage for all nations throughout the world, and the right to land anywhere for refuelling and other non-traffic purposes.

I am asked by some noble Lords to state what is the future policy of the Government, and I will state it here. It is our intention that the Government shall take a full measure of responsibility for the development of civil aviation when the war comes to an end. That will be our right and our duty, and to the performance of the task we shall bring the vast knowledge of the air and of the aeroplane which Great Britain has acquired.

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[21] Assistant Secretary of Commerce for Air.

[22] The President's remarks in this regard were made during the course of his press conference on October 1, 1943.

800.796/527 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, February 4, 1944—1 a. m.
[Received February 3—9:38 p. m.]

968. Embassy learns from reliable source that this morning Foreign Office received a telegram from the British Embassy in Washington reporting that the United States Government was now ready to begin discussions looking toward the conclusion of a general civil air agreement. The message stated that the Embassy had been requested in an *aide-mémoire* from the Department to suggest an agenda. This subject was discussed this afternoon in a meeting in Lord Beaverbrook's office, attended by his staff, Air Ministry, Foreign Office and service officials. It is understood that these officials believe they will be ready to begin discussions in 6 to 8 weeks (*id est*, prepare and secure approval of the agenda).

WINANT

800.796/564

The Canadian Embassy to the Department of State

MEMORANDUM

With reference to its *aide-mémoire* of January 26th [23] the Department of State is informed that the Canadian Government has been giving consideration to the intricate problems of postwar international air transport and has tentatively reached the conclusion that the most helpful solution of these problems lies in the adoption of a multilateral air transport convention. There are attached copies of a memorandum outlining the matters which in the view of the Canadian Government might fall within the scope of such a convention.

The Canadian Government would be grateful in return to receive at an early date the preliminary views of the United States Government on the general subject of postwar aviation.

Believing that a discussion of this subject with the Governments of the United States and the United Kingdom would be mutually profitable the Canadian Government is prepared to enter into such discussions whenever agreeable to the other two Governments.

WASHINGTON, February 7, 1944.

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[23] Not printed; but see similar *aide-mémoire* of the same date to the British Embassy, p. 365.

[Enclosure]

MEMORANDUM

INTERNATIONAL AIR TRANSPORT CONVENTION

1. Such a convention would establish an International Air Transport Authority, give it a constitution and endow it with powers. The Authority would have the normal structure of an international organization: an Assembly representing all the members states and a small executive committee which could be called a Board of Directors. In each region a Regional Council would be set up to deal with matters of regional concern.

2. The Authority might be charged with the duty of planning and fostering the organization of international air services so as

(*a*) To make the most effective contribution to the establishment and maintenance of a permanent system of general security,

(*b*) To meet the needs of the peoples of the world for efficient and economical air transport, and

(*c*) To ensure that, so far as possible, international air routes and services are divided fairly and equitably between the various member States.

3. Such a convention would be an agreement between States and would not be concerned with such domestic questions as whether the international air services of the various member States should be Government-owned or privately-owned or whether a State should have more than one Government-owned or privately-owned airline company engaged in international air transport. These are matters of domestic policy which each individual member State ought to decide for itself. They are, therefore, outside the scope of an international convention.

4. The number of votes which each member State could cast in the International Air Transport Assembly might vary from one to say six depending on its importance in international air transport. The Board, which might consist of twelve members and which would probably be elected by the Assembly, ought to include at least one national of each of the eight member States of chief importance in international air transport.

5. A company wishing to operate an international air service would make application first to its own Government. The Government, if it approved of the application, would forward it to the appropriate Regional Council. The Regional Council could then hold formal hearings on the application before deciding whether the applicant should receive a license and, if so, under what conditions.

6. The Regional Council should have power to issue a license entitling a company not only to

(*a*) Freedom of air transit over the airways of all the member States of the region but also to

(*b*) The right to land at airports in the region for refuelling, repairs and in emergency,

(*c*) The right to carry passengers, mails and cargo from the home State to any other member State, and

(*d*) The right to bring back passengers, mails and cargo to the home State from any other member States.

7. A State which considered that a decision by a Regional Council was unfair could be given the right to appeal to the Board of Directors and the Board could set aside or modify the decision.

8. It would probably be found desirable to provide that an application for a license from an airline wishing to operate a service passing over territory under the jurisdiction of two or more Regional Councils should go not to all the Regional Councils concerned but to the Board.

9. The Authority, acting through either the Board or a Regional Council, should be given power to determine frequencies of service on each route, to allocate quotas between the various member States and to determine rates of carriage for passengers and cargo.

10. On questions affecting world security the International Air Transport Authority should be made subject to the international security organization which is to be set up by the United Nations. That organization might, in the interests of world security, order the International Air Transport Board to withdraw, suspend or modify a license, take certain measures concerning technical services, operating facilities and bases, or set up one or more operating organizations to operate the air services on certain routes or in certain regions.

11. Two or more member States might decide that the best way of operating all or some of the air services between them was not by rival companies each carrying a national flag but by a joint organization. The member States should not be prevented from establishing such joint operating organizations. Indeed the Board or a Regional Council might recommend to the member States concerned that they pool the air services on certain routes or in certain regions or constitute joint operating organizations to perform certain air services. A State would have the right to participate in a joint operating organization either through its Government or through an airline company or companies designated by its Government. The companies could, at the sole discretion of the State concerned, be State-owned or partly State-owned or privately-owned.

12. Services between two contiguous States, such as Canada and the United States, should be excepted from the provisions of the convention and dealt with by agreements between the two States concerned. Contiguous States might, however, by mutual consent,

give the International Air Transport Authority jurisdiction over the services between them.

13. In order that the air regulations throughout the world should be as uniform as possible, an agreed set of regulations could be drawn up by the International Air Transport Assembly and brought into force by each member State. These regulations would cover such matters as air safety, rules of the air, competency of air crew, ground signals, meteorological procedure, navigational aids, communications, airworthiness, national registration and identification of aircraft, carriage of dangerous goods and salvage.

14. The aircraft licensed by the Board or the Regional Councils would be assured wherever they went in the world of being able to use adequate airports and other ground facilities on payment of reasonable fees and charges. Member States might elect to bear all or a portion of the costs of constructing and maintaining the necessary facilities. If a member State did not so elect, the costs could be advanced by the Board and borne by the Board or apportioned among States using the facilities. The Board might require, in return for advancement of costs, a reasonable share in the supervision of the construction work and in the control of the airports and other facilities. At the request of a member State the Board might itself provide, man and maintain any or all the airports and other facilities which it required on the territory of that State and might impose reasonable fees and charges for their use.

15. The expenses of the International Air Transport Authority would be borne by the member States in proportion to the number of votes at their disposal in the Assembly, provided that those expenses of a Regional Air Transport Council which were properly chargeable to the States participating in that Council should be borne by those States.

16. Some time would naturally be required after the coming into force of the convention before the International Air Transport Authority would be in full working order. An Assembly must meet, a Board must be elected, Regional Councils constituted, their rules of procedure agreed upon. Certain temporary arrangements ought therefore to be contemplated to cover the initial period of existence of the Authority. Thus the convention would not terminate the rights of companies now engaged in international air transport but would provide that these companies be given two years to secure licenses from the Authority. Furthermore, airline companies designated in a schedule to the convention would be deemed to possess licenses issued by the Authority to operate routes designated in the schedule and these licenses would remain valid until modified or withdrawn by the Board or the competent Regional Council.

WASHINGTON, February 7, 1944.

800.796/531 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, February 8, 1944—8 p. m.
[Received February 8—6:06 p. m.]

1084. Reference Department's instruction No. 3660 [24] and Embassy's telegram No. 968, February 4, 1 a. m., the Embassy learns that if proposed agenda for aviation discussions telegraphed to British Embassy in Washington is satisfactory to the United States Government, Beaverbrook and assistants will probably be ready to leave in about 2 weeks time. It is understood that Beaverbrook wishes to terminate these discussions prior to the general meeting of the Dominion Prime Ministers. It is also understood that he may officially express the Government's abandonment of monopoly theory (under certain conditions) in House of Lords before he leaves for Washington. See Embassy's telegram No. 970, February 4, 3 p. m.[25]

WINANT

841.796/597

The First Secretary of the British Embassy (Wright) to the Assistant Secretary of State (Berle)

Ref: 56/43/44 WASHINGTON, February 11, 1944.

MY DEAR MR. BERLE: In the course of your conversation on January 28th you asked Sir R. Campbell [26] whether he could give you any information on the report that there was to be a further British Commonwealth discussion of civil aviation in London, and in particular, if the report was correct, on what level the discussion would take place and what would be the terms of reference.

We have now been informed that a technical conference was called on the subject of radio for civil aviation of which the first meeting was held in London on February 1st. Expert representatives from the Nations of the Commonwealth and from the Commonwealth Empire were invited to attend. The purpose of the conference was to gather expert views in relation to common radio service for civil aircraft. These exploratory discussions, I am informed, are simply to be regarded as preliminary to an international conference.

The following quotation from the address to the conference by the Chairman, Sir Stafford Cripps, will give you an indication of the purpose and scope of the meeting:

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[24] Not printed; it transmitted, for the Embassy's information, a copy of the *aide-mémoire* of January 26 to the British Embassy, p. 365.

[25] Not printed.

[26] Sir Ronald I. Campbell, British Minister in the United States.

"We do not wish to do more than clarify our own ideas and pool our own knowledge so that when it comes to wider discussions, we may be in a position to put forward most useful suggestions. . . . What we seek to do is to find the best technical answers to questions posed so that we can recommend to each of our Governments a common line of action and collaboration. . . . It is suggested that when we have thus formulated the best technical advice that we can for our Governments, they will be in a position to enter upon informal discussions on this subject matter with the United States and the U.S.S.R. and eventually with all the United Nations."

I also note that according to the press there is at some future date to be a meeting of the Prime Ministers of the various Commonwealth countries and there have been unofficial reports that this conference will devote some discussion to civil aviation. The Ambassador has asked London for information about this.

Yours sincerely, MICHAEL WRIGHT

800.796/541 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, February 11, 1944—11 p. m.
[Received February 12—8:20 p. m.]

1207. See Embassy's 968, February 4, 1 a. m. and 1084, February 8, 8 p. m. A member of Lord Beaverbrook's office informed a member of the Embassy that they had this morning received a copy of a 20-odd page document containing Canada's proposed agenda for the aviation discussions to be held in Washington. He said that they considered it "impertinent" for Canada to present such a detailed plan particularly in view of the likelihood of offending the other Dominions and India. He said that they were particularly concerned with a suggestion in the Canadian document that international flying not be considered to include flying to contiguous territory (that is between Canada and the United States). It is obvious that Lord Beaverbrook's office would prefer to discuss civil aviation with the United States alone in the first instance, and have subsequent discussions (based on the general agreements arrived at between the United States and Great Britain) with Canada, the other Dominions and presumably other countries. There would be no objection to the United States dealing with Canada immediately following the general discussion between Great Britain and the United States.

With respect to the Embassy's telegram 970, February 4, 3 p. m.,[27] Beaverbrook may make an anti-monopoly and anti-subsidy statement in House of Lords very soon. In any case, it is expected that he will

[27] Not printed.

do so before he leaves for the United States. The Embassy assumes the Department has Canada's proposed agenda; if not, it can forward a copy.

WINANT

800.796/546a : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, February 12, 1944—7 p. m.

1097. For the Ambassador from Berle. Based on correspondence received here, it appears to me that Beaverbrook and his aides have expanded considerably on the state of the record in connection with the coming talks on aviation matters. You should have by now the text of the Department's *aide-mémoire* to the British asking their ideas on the point. Yet we understand it is being freely said in London that the British have been asked to prepare the agenda, whereas they are, of course, preparing their suggestions for it; and that they have been told that the carriers will not be represented. This is probably the way it will work out so far as the Government-to-Government negotiations are concerned, but no one has said anything on the subject thus far.

We will send you by air mail Monday copy of our agenda suggestions to the British.

We are likewise inquiring of the British whether it would be agreeable for them if we informed Moscow of the contemplated talks, with a view to finding out whether they would like to join at an appropriate stage.

The preliminary talks, when held, will develop whether there is foundation for a United Nations air conference later. Prevailing opinion here is that such a conference would be desirable.

After careful consideration, it is believed that Satterthwaite [28] had best remain in London for the time being. Walstrom is writing him on the subject. [Berle.]

STETTINIUS

800.796/591

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] February 14, 1944.

I today handed the attached memorandum of agenda [29] to Mr. Michael Wright of the British Embassy.

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[28] Livingston Satterthwaite, Civil Air Attaché, American Embassy, London.

[29] *Infra.*

I said that in my view it seemed desirable to call the Canadians into the discussions, with the general understanding that they would participate in all of the subjects in which they had an interest; naturally we and the Canadians or we and the British might have matters to discuss of no possible interest to the British or the Canadians, respectively.

I further stated that I thought it was of very great importance that we advise the Soviet Government that we proposed to have preliminary discussions and that, if the British saw no objection, we intended to inform Moscow of the conversations now planned, with a view to ascertaining whether they had any interest in joining such discussions. It was our urgent feeling that if the Soviet Government indicated that it wished to join such discussions, opportunity should be given for it to do so. We had no indication as yet that they were thus interested.

I asked Mr. Wright's view as to whether he thought the Chinese Government ought to be drawn in. Mr. Wright said that he thought their participation would be rather unreal. I said that though it would be unreal from the point of view of present contribution to aviation, it might be very real from the negative point of view—that is, if the Chinese Government were hostile to the principles we worked out, this might limit the benefit to be received from the principles agreed on. I said that we had not crystallized our ideas on this point, but merely wished to make the statement so that the British Government should be on notice that we might raise it later.

Mr. Wright inquired whether we had thought of these discussions as being on the ministerial level with Lords Beaverbrook and Leathers, or whether they would be on a lower level. I said that it seemed to us that the major questions involved were broad policy in respect of which purely technical discussions could not contribute much. We had hoped to keep them quiet and modest. Mr. Wright suggested that would be difficult in view of the personality of one of the negotiators, but he agreed that publicity was as likely to come from the other side of the water as from this, were the discussions on any other level.

He then inquired what kind of a team we planned to work out so that they might have a somewhat similar team. I said this was not altogether settled; I thought that four or five of us would be working together, of course drawing in such technical assistance as might be needed. Mr. Wright inquired what kind of people ought to come along with Beaverbrook and Leathers. I said I thought that they ought to have the equivalent of our Civil Aeronautics Board men.

Mr. Wright asked whether we had any desires as to the place. I said I thought that the discussions presently contemplated might be held in Washington. I then said that we felt that these discussions

should lead towards a United Nations conference later on, and that, although we had not yet consulted the Canadians, we were thinking of proposing Ottawa, assuming the Canadian Government was willing.

Mr. Wright concluded by saying that he would put up the whole matter to London and let us know. I said that we were going to inform the Soviets of what was going on, but following his reply we would see whether we should not go further in a definite attempt to draw the Soviets into the discussions. It was obvious that they would have aviation, and quite likely would want to project it beyond their own borders.

A. A. B[ERLE], JR.

800.796/591

The Department of State to the British Embassy

MEMORANDUM

PROPOSED AGENDA OF SUBJECTS RELATING TO INTERNATIONAL CIVIL AVIATION

I. *Air Navigation and Air Transport*

1. The right of transit and technical stop (stop for non-traffic reasons) for civil aircraft, subject to needed regulation for security.
2. The right of commercial air entry.
3. Granting of international operating rights on a non-exclusive basis.
4. Application of cabotage to air traffic.
5. Control of rates and competitive practices.
6. Curtailment of subsidies and exchange of subsidy data.
7. Uniform operating and safety standards.
8. Standardization or coordination of air navigation aids and communications facilities.

II. *Airports and Facilities*

1. Designation of commercial airports of entry.
2. Use of airports and facilities on a non-discriminatory basis.
3. Airports and facilities in isolated areas.

III. *International Collaboration*

1. Establishment of an international civil aviation commission, and definition of its functions.
2. Preparations and agenda for a United Nations conference.

WASHINGTON, February 14, 1944.

800.796/543 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, February 14, 1944—8 p. m.
[Received 9 p. m.]

1258. Reference Department's 1097, February 12, 7 p. m. and the Embassy's 1084, February 8, 8 p. m. We believe that Lord Beaverbrook's office is aware of the preliminary and exploratory nature of the conversations envisaged in the Department's *aide-mémoire* of January 26 to the British Embassy in Washington. The proposed agenda for these discussions which the British are preparing is of a general nature. We are told that among the subjects they wish to discuss are the scope and desirability of establishing an international aviation regulatory body having certain economic as well as technical powers and the best means of avoiding destructive competition while giving free scope to the development of aviation.

With reference to the Embassy's 1207, February 11, 11 p. m., we are informed by Beaverbrook's two assistants that the submission of the proposed British agenda for approval in Washington has been held up because of the references to Canada in the *aide-mémoire* and because of Canada's reported submission of a complete and detailed draft aviation agreement. They would like to know whether the United States has in mind that the proposed discussions will be three-cornered, that is, the United States, Great Britain and Canada. If so, they feel strongly that all of the Dominions should be included. They would much prefer to have the first preliminary discussions limited to the United States and Great Britain. (According to Stanton of Beaverbrook's office, a possible satisfactory arrangement might be to have the discussions in Ottawa but with Canadians present as observers only.) The British seem to hope that the preliminary discussions will lead to agreement between the United States and them on general principles and that subsequently these principles will be agreed to by other nations.

It would be helpful to receive by telegraph a copy of the Department's agenda suggested to the British since air mail usually takes 2 weeks.

Stanton and Masefield [30] say they now feel Beaverbrook will be ready to begin discussions in about 5 weeks depending on how the problem with respect to Canada's participation is solved.

WINANT

[30] P. G. Masefield, Personal Adviser on Civil Aviation to the Lord Privy Seal.

800.796/571

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] February 15, 1944.

Mr. Pearson came in to see me, at my request.

I referred to the request which had been made by the Canadian Government that conversations between Canada and the United States in respect of civil aviation matters should take place at an early date. I said we were prepared to enter such conversations, and handed him a copy of the suggestions for agenda previously handed the British. At the same time, I gave him the substance of the conversation I had had with Mr. Michael Wright of the British Embassy on February 14.

I added that these conversations should be considered as exploratory and looking towards a United Nations Conference later in the year. It was our desire, should this prove agreeable to the Canadian Government, to suggest that such a conference be held at Ottawa. I made note also of the fact that we were informing the Soviet Government that preliminary conversations were to be held, with a view to discovering whether they had interest in joining them; and added that we might wish likewise to inform the Chinese.

Mr. Pearson then inquired about other countries which had expressed an interest—for instance, the Netherlands. I said that, depending on the progress we made, I thought we could handle the conversations flexibly, drawing in such other countries as might be interested at an early stage. Plainly, the degree to which this would be practicable would turn in considerable measure on the progress we made.

This seemed quite satisfactory to Mr. Pearson, who said that he would inform his Government.

I concluded by saying that, as it seemed to me, we should probably be getting to conversations about the third week in March, with a view to having a United Nations conference in early summer, possibly June or thereabouts.

A. A. B[ERLE], JR.

800.796/549a : Telegram

The Acting Secretary of State to the Ambassador in the Soviet Union (Harriman)

WASHINGTON, February 15, 1944—8 p. m.

309. The British and Canadian Governments have requested us to open conversations with them on post-war civil aviation. In agreeing

to this, Department stated that it would inform the Soviet Government of this fact. The discussions will probably cover broad questions of policy such as freedom of transit for civil aircraft with right of stop for overhaul and refueling; the degree to which commercial entry shall be available, and similar questions, and, if sufficient basis appears, would look forward to the possible holding of a United Nations aviation meeting later this year, and possible United Nations organization for civil air matters.

The Department would favor asking the Soviet Government to join in such conversations at an early stage if the Soviet Government is interested in doing so.

Please inform the Soviet Foreign Office of the British and Canadian request, and of our agreement thereto, and advise the Department of the degree of interest which the Soviets may have in this matter. It is expected that conversations will begin in Washington in about 4 weeks.

STETTINIUS

800.796/546a

The Secretary of State to the Ambassador in the United Kingdom (Winant)

No. 3744 WASHINGTON, February 16, 1944.

SIR: The Department's telegram No. 1097 of February 12, 1944, promised to send forward by air mail a copy of our suggestions made to the British Embassy as possible agenda for the forthcoming conversations on aviation matters. A copy of these suggestions is attached hereto.[31]

For your information, it is apparent that there is some difference of opinion between the Foreign Office and Lord Beaverbrook in respect of having the Canadian Government join in the conferences. Lord Beaverbrook seems to have expressed himself informally to the effect that he did not want the Canadians present. The Canadian Government appears to have the impression that the British Government is expecting them to take part. We have been proceeding on the assumption that the Canadians would be represented in these talks, and propose to continue on that course.

Very truly yours, For the Secretary of State:
A. A. BERLE, JR.

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[31] *Ante*, p. 378.

800.796/543 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, February 17, 1944—11 p. m.

1208. On February 14 the Department informed First Secretary Wright of the British Embassy that we felt it desirable to include the Canadians in the aviation discussions referred to in Embassy's 1258, February 14, 8 p. m. Furthermore, it was suggested that the Soviet Government be invited to participate and that the Chinese might also be asked. It is possible that the other British Dominions as well as certain other countries may be gradually brought into informal discussions prior to any formal United Nations conference, but it is not now planned to include them at the beginning. Incidentally, Washington has been suggested for the first discussions, and Ottawa for the United Nations conference.

The Department feels that the Canadians should be included with the British not only on account of their strategic position, but also because both the British and the Canadians approached the Secretary on this subject at about the same time. Howe[32] also has said that he arranged to be present with Beaverbrook and Leathers at any conversations to be held in Washington. In short, for these and other reasons the Department feels there is ample justification for inviting the Canadians at this time.

With reference to the Embassy's 1207, February 11, 11 p. m., the Canadians have furnished a 5-page memorandum describing their proposal for an international authority which would develop and supervise international air transport, but the Department is not familiar with any 20-page Canadian agenda. Please forward a copy of this.[33]

The agenda which the Department handed to the British and Canadian representatives follows:

[Here follows text of agenda printed on page 378.]

The substance of the first paragraph of this telegram was communicated to the Minister Counselor of the Canadian Embassy February 15. We have also telegraphed Harriman to advise the Soviet Government of the impending talks with the British and Canadians and the possible United Nations Conference and of our desire to have the Soviet Government join the talks at an early stage should it wish to do so.

STETTINIUS

[32] C. D. Howe, Canadian Minister of Munitions and Supply.

[33] Copy transmitted to the Department in despatch 14058, February 23; received February 29. The 23-page "agenda" was actually a Canadian draft of an international air transport convention.

800.796/549 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, February 19, 1944—2 p. m.
[Received 5:20 p. m.]

1413. Reference Department's 1208, February 17, 11 p. m. A member of Beaverbrook's staff informed the Embassy this morning that the Foreign Office is instructing the British Embassy in Washington to inform the Department that it will not enter into discussions with the U.S. at which Canada is present unless the other Dominions are included. (Reference Embassy's 1258, February 14, 1207, February 11, 11 p. m.) We understand that the proposed British agenda was sent to the British Embassy in Washington early this week.

WINANT

800.796/592

The British Embassy to the Department of State

His Majesty's Government in the United Kingdom welcome the desire of the United States Government expressed in the State Department's *Aide-Mémoire* of January 26th, 1944, and in subsequent discussion with Mr. A. Berle Jr., Assistant Secretary of State, for discussions on post-war civil air transport and agree that these matters should be discussed in a preliminary way with a view to a full international conference at some convenient date.

2. His Majesty's Government in the United Kingdom understand the United States Government to be anxious that representatives of the Union of Soviet Socialist Republics should be given an opportunity to be present at the preliminary discussions and that the question whether an invitation should be sent to China is also under consideration. Both these ideas are welcomed by His Majesty's Government, who note also that the idea of the United States Government is that the talks should be at a high policy level.

3. His Majesty's Government in the United Kingdom feel that in view of the scope and level of the proposed discussions it would be appropriate that the Dominions other than Canada should also participate in them and assume that in the circumstances which have developed the United States Government will agree to extend an invitation to Australia, New Zealand and South Africa.

4. His Majesty's Government in the United Kingdom believe that at this stage discussions should be on broad principles of policy rather than on any cut and dried plan.

5. In response to the invitation transmitted to them by the United States Government, His Majesty's Government in the United Kingdom have prepared a statement in the form of a possible agenda including major items which appear to them to be suitable for discussions. The statement forms an enclosure to this memorandum.

6. In submitting this agenda for consideration, in the hope of early discussions, His Majesty's Government in the United Kingdom would be glad to receive the preliminary views of the United States Government on the principles outlined therein.

WASHINGTON, February 21, 1944.

[Enclosure]

DRAFT AGENDA

1. His Majesty's Government in the United Kingdom affirms its desire to achieve the maximum degree of international co-operation in the development, operation and regulation of air transport in the interests of mankind as a whole. His Majesty's Government therefore propose that an agenda for the suggested preliminary meeting with the United States should include:

Discussion and agreement upon:

(1) The establishment of an international convention to be administered by an international air transport authority;

(2) The elimination of uneconomic competition by regulation of:

a. Frequency and allocation of services;

b. Rates of air carriage in relation to speeds and standards of accommodation, and by

c. Control of subsidy.

(3) Responsibility for the provision of airports to agreed standards for international air services;

(4) The setting up of arbitration machinery to decide appeals on matters of air transport which may be in dispute between nations.

(5) The definition of the degree of freedom of the air which can be conceded.

(6) The feasibility of establishing international operating agencies on particular routes or in particular areas, especially for security reasons.

(7) A plan and procedure for a full International Conference on International Air Transport.

2. *International Air Transport Authority.*

His Majesty's Government in the United Kingdom would support the establishment of an International Air Transport authority to administer a convention which would:

(1) Prescribe safety regulations, such as rules of the air, airworthiness, licensing of personnel and aircraft, ground sig-

nals, meteorological procedure, prohibition of the carriage of dangerous goods, etc. and provide enforcement regulations;

(2) Provide elimination of uneconomic competition by regulation of the frequencies of service and rates in relation to speed, etc. and standards of passenger accommodation. Subsidies should then be kept within reasonable bounds;

(3) Provide standardisation so far as possible of radio equipment and technique, ground services and meteorological facilities;

(4) Deal with customs procedure, passenger formalities and sanitary regulations;

(5) Lay down conditions for exemption from taxation of fuel and oil;

(6) Provide licensing of international air operators on the basis that licences would be issued only to those operators who both undertook to observe the International Convention and agreed to abide by the rulings on the rates of carriage, frequencies, etc. The licence would be withdrawn from any operator who disregarded these obligations;

(7) Provide that States participating in the Convention would deny facilities to any unlicensed operator;

(8) Provide collective and requisite information about services maintained, operational costs, nature and extent of subsidies, rates of carriage, landing fees etc.;

(9) Establish the principle that all States should be responsible for the provision of ground facilities needed in their territories in accordance with the specifications laid down in the Convention. Should certain countries be unable or unwilling to provide the necessary facilities, special arrangements which might involve financial assistance would be necessary;

(10) Provide arbitration machinery;

(11) Define the routes of services to which the Convention should apply:

(12) Define whatever doctrine of freedom of the air is generally acceptable in the context of the Convention.

3. *Freedom of the Air.*

His Majesty's Government in the United Kingdom would welcome a greater measure of freedom of the air than existed before the war. But this question cannot be considered as a separate and self-contained issue and the extent to which freedom of the air can be realised must depend on the general acceptance of an enlightened international settlement.

4. *International Operating Agencies.*

His Majesty's Government in the United Kingdom would support the establishment of international operating agencies on particular routes or in particular areas to deal with services now operated by enemy air lines and routes passing over areas of vital security interest.

5. *Security.*

It would also be necessary to consider the relationship between the proposed International Air Transport authority and any organization which may establish a system for the purpose of maintaining future world security.

6. *International Conference.*

The plan and procedure of the proposed full international conference must be considered.

800.796/592

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] February 23, 1944.

Mr. Michael Wright came in to see me in connection with the method of handling the proposed air negotiations. I handed him a copy of the memorandum [34] as agreed upon yesterday, the principle of which was approved by the Policy Committee this morning.

I said that we had endeavored to meet, sympathetically, the British desire to have the Dominions join with them in the discussions. This seemed extremely difficult in view of the fact that other countries, both South American and European, would have an equal right to join; and that joint conversations with such a large group would be wholly unmanageable. Hence we had suggested the device of independent bilateral conversations, but held at the same time, conducted between the United States, the U.K., Canada, Soviet Russia (if she cared to join), Brazil, and China.

We would likewise invite the other three Dominions, and a list of other countries, which we hoped to make as small as possible; these would arrive and conversations be undertaken with them, substantially without a break, after the main conversations had reached a conclusion, or at least a point permitting further exploration.

Mr. Wright said he thought this was an ingenious solution and he personally hoped matters could go forward on this basis. He said he would endeavor to expedite a prompt reply from the Foreign Office.

I said that in dealing with the United Kingdom we assumed that the U.K. would represent all British interests other than those of the self-governing Dominions; Mr. Wright said that that was their understanding likewise.

Mr. Wright inquired what nations we thought of adding to the short select list. I said this was still under review; our tentative ideas ran along the line of the Netherlands, Belgium, the French National Committee (if a way could be found to handle it), and Mexico.

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[34] *Infra.*

I pointed out that we had assumed that the phrase "full international conference" used in their note meant a United Nations Conference; Mr. Wright said he so understood it. I added that if for any reason it should be necessary to add in certain selected neutrals—possibly Portugal—we could discuss that later.

I noted that the memorandum indicated that we were sending an invitation to Brazil. I said we did not actually plan to do this until we had heard from London, which we hoped would happen in the very near future.

A. A. B[ERLE], JR.

800.796/592

The Department of State to the British Embassy

MEMORANDUM

The Secretary of State was glad to receive the British Embassy's memorandum of February 21 setting forth certain views of the British Government in regard to discussions on post-war civil aviation and enclosing a statement in the form of the possible agenda for such discussions.

The United States Government notes that His Majesty's Government appears in agreement that there are obvious advantages to a United Nations Conference within the near future, and assumes that such a meeting was contemplated by the phrase "full international conference" in the memorandum under reference. It is therefore believed that steps should first be taken looking to exchanges of views between certain countries for the purpose of bringing about such a United Nations Civil Aviation Conference at an early date to formulate a program to which the United Nations would if possible agree. Later the adherence of neutral governments would also be invited, or arrangements made for a full international conference.

The United States Government, in inviting the British and the Canadian Governments to exchange views with it at an early date in Washington, had the foregoing procedure in mind. The Government of the U.S.S.R. was informed of the invitation which had been extended to the British and the Canadian Governments and was advised that the United States Government would be glad to engage in a similar exchange of views with representatives of the Soviet Government at the convenience of the latter. No reply has as yet been received from the Soviet Government, and it is proposed to send a further message to that Government in due course inquiring whether the Soviet authorities feel that they will be in a position at an early date to have such an exchange of views in Washington with representatives of the United States Government. While great importance

is attached to having such an exchange of views on civil aviation with the Soviet Government at an early date, the United States Government is not disposed unduly to press the Soviet Government to engage in such conversations at this time if for any reason that Government finds it inconvenient.

An invitation is also being extended to the Chinese Government to take part in an informal exchange of views on civil air transport in Washington with representatives of the Government of the United States.

The proposed exploratory conversations in Washington with representatives of the British and the Canadian Governments have therefore been visualized as part, probably the first, of a series of conversations with a number of other governments on civil air transport with the view to discussing this subject on broad principles of policy. It is hoped that understandings might be reached between these governments serving as a basis for future air relations, and paving the way to a United Nations Civil Aviation Conference later in the year, perhaps before the end of next summer.

The United States Government now proposes that the conversations with representatives of the United Kingdom Government and the Canadian Government in Washington take place as bilateral conversations between representatives of this Government on the one hand and representatives of the other two Governments, respectively, on the other. It is expected that the conversations will take place at approximately the same time. It is hoped that the Soviet and Chinese Governments will be agreeable to engaging in similar conversations with representatives of the United States Government at about the same time. An invitation is being extended to the Government of Brazil to engage in similar conversations in Washington. The United States Government will undertake to transmit a summary of the results of these talks to each of the other governments which have participated in such conversations.

The United States Government also proposes to extend invitations to a short list of other governments to engage in similar exchanges of views in Washington with representatives of the Government of the United States. In this list are included Australia, New Zealand and South Africa. Summaries of these bilateral conversations would be transmitted to other governments which have participated in similar talks.

The purpose of the foregoing bilateral exchanges of views would be to pave the way for the holding of a United Nations Civil Aviation Conference at the earliest moment at which it appeared that there existed a sufficiently broad area of common understanding among a sizeable nucleus of countries.

The proposed agenda transmitted with the British Embassy's memorandum of February 21 is receiving consideration and will be discussed with officers of the Embassy at an early date.

WASHINGTON, February 23, 1944.

800.796/559b : Telegram

The Acting Secretary of State to the Ambassador in the Soviet Union (Harriman)

WASHINGTON, February 23, 1944—9 p. m.

389. The following message has been sent to London.[35]

"On February 21 First Secretary Wright of the British Embassy presented a memorandum agreeing that post-war civil aviation matters should be discussed in a preliminary way with a view to a subsequent international conference at some convenient date. The memorandum welcomed our proposal that the Russians and the Chinese should be given an opportunity to be present at the preliminary discussions, but stated further that the British Government felt it appropriate that the Dominions other than Canada should also participate in the proposed discussions. The memorandum transmitted a draft agenda covering major items which appeared to the British to be suitable for discussions.

"On February 23 the Department replied to the British memorandum, stating that we had contemplated exchanges of views between certain countries which would presumably result in a United Nations conference. As a beginning we had planned independent bilateral conversations, to be held at approximately the same time, between this country and the United Kingdom and Canada, as well as Soviet Russia, China and Brazil if they care to participate. We would undertake to furnish a summary of these talks to each government joining in such conversations. It was stated that this Government also proposed to invite a few other governments, including Australia, New Zealand and South Africa, to participate in discussions probably immediately after, or as a continuation of the main conversations with the first-mentioned group.

"In handing the Department's memorandum to Wright, it was explained orally that while we were sympathetic with the British desire to have all the Dominions included in the first talk, this appeared very difficult due to the fact that other countries would also wish to participate and that joint discussions involving such a large group would be unmanageable.

"The Department assumes that you can obtain a copy of the British agenda. It would be very helpful if the Embassy could forward the Department as soon as possible (with a summary by telegraph, if feasible) background information of British views and objectives, and the arguments which will be advanced in support thereof, covering the specific points in the British draft agenda."

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[35] As telegram 1362, February 23, 10 p. m.

Reference Department's 309, February 15, 8 p. m. Without unduly pressing the matter, will you please endeavor to ascertain whether the Soviet Government is interested in joining in bilateral discussions as described above. While it is now contemplated that talks with the British and the Canadians will probably take place about the third week in March, any time after this which is convenient to the Soviet Government would be satisfactory with us.

STETTINIUS

800.796/555 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, February 25, 1944—5 p. m.
[Received 8:22 p. m.]

1551. A member of Beaverbrook's office took occasion today to comment on Foreign Office telegram to the British Embassy in Washington that in view of the United States Government's invitation to Russia and probable invitation to China to be present at preliminary aviation discussions, it expected the United States also to invite the Dominions. He wanted us to know that the British felt strongly about this.

WINANT

800.796/658

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] February 26, 1944.

Participants: M. Baudet and Gen. Chas. Luguet of the Fighting French;
Mr. A. A. Berle, Jr.

M. Baudet came in to introduce General Luguet as the officer of the French National Committee delegation with power to discuss aviation matters. He inquired about forthcoming discussions concerning civil aviation.

I told him that no present arrangements for such talks were concluded. I said we had proposed to the British the holding of bilateral conversations between the United States and Great Britain, and other conversations with Great Britain and other countries with a view to discovering whether there was a basis for holding an international conference later. This proposal was still being discussed.

M. Baudet asked whether such bilateral conversations would be secret, or whether other observers could sit in. I said that while they were not designed to be secret, plainly you could not have conversations with other people sitting in. M. Baudet likewise asked whether the bilateral conversations were to be simultaneous. I said that our idea was to try to make them as nearly so as could be done, but, of course, one had to begin somewhere. I could not as yet say whether this plan would go forward or not.

General Luguet then said that France had a great deal to offer in any general conversation. They had territories in Africa, and Madagascar and Indochina. These, he said, had great value from the point of view of weather and other safety information, and France could then bring a very great deal to the table of international collaboration. I said I was very sure they could and that I was very sure that French interests would, in due time, have an opportunity to state their views.

M. Baudet then said that they had contracts with Pan American Airways dating back to 1939, and he wondered whether they were to be superseded and a new basis reached, or whether we were to take up these particular agreements. I said I did not care to discuss the question at all piecemeal; in any event, I thought we had to arrive at some general principles before taking up specific cases.

A. A. B[ERLE], JR.

800.796/560 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, February 27, 1944—9 p. m.
[Received February 27—7:35 p. m.]

1596. The increased number of participants invited to the preliminary discussions in Washington has caused the preparations to be considered on higher levels here. Thus the proposed reply to the British Embassy's telegram to the Foreign Office apparently containing somewhat similar information to the Department's 1362, February 23, 6 [*10*] p. m.[36] is being considered in the Civil Air Transport Committee of the Cabinet which meets Thursday. We are told by Beaverbrooks' office that inclusion of Russia, China and particularly Brazil and "possibly other South American countries" may raise questions which will be difficult to settle here before the third week in March.

WINANT

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[36] See footnote 35, p. 389.

800.796/563 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State

Moscow, February 28, 1944—1 p. m.
[Received February 29—12:10 a. m.]

663. In reply to a note from the Embassy based on Department's 309, February 15, 7 [*8*] p. m., Mr. Molotov [37] tells me in a note dated February 26 that the Soviet Government agrees to take part in the preliminary negotiations on the subject of postwar civil aviation and would like to receive from the United States Government preliminary material and proposals on the questions which will come up for discussion during the negotiations.

Mr. Molotov's reply was evidently sent before receipt of my second letter to him based on the Department's 389, February 23, 9 p. m.

HARRIMAN

800.796/564

The Department of State to the Canadian Embassy

MEMORANDUM

The Department of State is grateful for the Canadian Embassy's memorandum of February 7, 1944,[38] transmitting copies of a memorandum outlining the views of the Canadian Government regarding international air transport, including a proposal for establishing an International Air Transport Authority, which has been read with great interest.

The United States Government hopes to be in a position to furnish the Canadian Government with a summary of its views on the development of international air transportation at an early date. In the meantime, it is believed that the suggested agenda regarding proposed preliminary conversations on this subject, which was given to Mr. Pearson on February 15, will furnish the Canadian Government with a general indication of the points which the United States Government believes might be suitable for exploratory discussions at this stage.

WASHINGTON, February 28, 1944.

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[37] Vyacheslav Mikhailovich Molotov, Soviet People's Commissar for Foreign Affairs.

[38] *Ante*, p. 370.

800.796/562 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, February 28, 1944—midnight.
[Received February 29—10: 15 p. m.]

1634. Reference Department's 1362, February 23, 10 p. m.[39] The Embassy has a copy of the British aviation agenda. The tone and emphasis of the agenda accurately and fully reflect the general British view of regarding their participation in the international aviation primarily as an adjunct of security rather than as a commercial enterprise. It also reflects the British apprehension that they may be swamped competitively by United States aviation and their consequent desire to guarantee themselves a percentage, even though small, of the available business. As the Embassy has reported, one of the apparent points in British policy is to bring their general weight, prestige, and probable strong position in whatever international security arrangements which may be made, to the support and protection of what they fear would otherwise be a second class aviation industry, both manufacturing and operational.

Specifically, they will probably want to endow the international authority with more economic power than opinion in the United States has given any indication of supporting. (Incidentally we learn that the air representatives of several of the smaller nations, such as the Netherlands and Sweden, do not look with favor on very much economic control being given to an international body, since their air aspirations exceed their relative political and economic weight.)

We are inclined to think (point (2) of the Agenda) that what the British chiefly mean by the regulation of uneconomic competition is an arrangement which might under certain conditions not permit the most efficient operators or manufacturers to translate their improved efficiency into lower passenger and freight costs, greater speed or improved service. This, of course, might mean that we might not always be able to take full advantage of our competitive position. We feel they will want to limit the allocation of routes on Empire services and perhaps restrict the operations of certain routes, such as the Atlantic, to a fewer number of countries than would normally wish to operate these routes. They may advance the principle that inter-Empire traffic be considered as cabotage. They interpret the United States Civil Aeronautics Act as preventing the opening up of traffic between the Canal Zone and the United States, etc., to non-United States flag operators. They believe that this is comparable to considering England–Newfoundland traffic, for example, as cabotage.

[39] See footnote 35, p. 389.

We repeat that we do not expect them to hold to this view, but they will probably use it as a bargaining point.

While as stated in the foregoing, the British seek guarantees, they will want the arrangements sufficiently flexible so that if their manufacturers should really come forth with a super airplane and their air lines fly it super efficiently, they would not be unable to take advantage of these facts.

On the subsidy question there is of course a great difference of opinion. Beaverbrook's office professes to be against subsidy. The Air Ministry is against it in principle but apparently for it in controlled form in specific cases. (Warner's [40] articles however have had a deep influence on Hildred.) The Foreign Office would probably exercise influence against too strict agreements against subsidy, but all are keenly aware of the dangers of subsidy races. The shipping companies which expect to engage in aviation say they are against subsidies of any kind, but this may be the result of their estimation that they have a better chance of having the subsidy taken away from BOAC [41] than they have of getting one for themselves. (If the United States follows vigorously the principle that subsidy not be permitted except in limited agreed to and specified circumstances including prohibition of operating air service is [*sic*] at a loss even though unsubsidized by the Government, we think there is a good chance that the British will be forced to limber up somewhat on their desire to control strictly the connected matters of frequency and rates.)

If Beaverbrook makes his expected statement in the House of Lords against monopoly and against the principles of subsidy, it will probably mean that in his opinion, and perhaps in the opinion of the Government as a whole, the plans of the shipping companies, railroads, et cetera, to engage in aviation, which he has been encouraging, look sufficiently promising to enable the Government to modify somewhat its defensive attitude.

Section (3). This is a subject which should present no difficulty. The British are willing to contribute to the construction, maintenance and operation of international airports not only in their own territory but in countries unable or unwilling to meet the standards required. (This is in addition to responsibility for airports needed for international security reasons.)

Section (4) should cause no difficulty. There is some disagreement here as to what level the arbitration machinery should be on. That is, whether entirely governmental, mixed government-operator, or entirely among operators. They seem to think the latter would be too close to a possible cartel to be acceptable. With respect

[40] Edward Warner, Vice Chairman, Civil Aeronautics Board.
[41] British Overseas Airways Corporation.

to section (5), that is freedom of the air, the comments on the entire agenda apply. For Empire reasons, the British are fully aware they must subscribe to a degree of freedom of the air sufficient to enable them to fly to and across the Colonies and Dominions for purpose of maintaining influence on the Continent. They realize they must also subscribe to a policy of sufficient freedom of the air to permit them to fly to and across the European countries, and to participate in developments there. Emotionally they link it to their traditional policy of freedom of the seas; furthermore, as a broad principle they are committed to it, even though their list of exceptions might be long and their fear of it great.

The question of international operating agencies is one to which the British have given much thought. As the Department is aware, a certain sector of British opinion would like to see all international aviation owned and operated by an international body. The British are fully aware, however, that even if such a doctrine would be acceptable here, which is improbable, it would not be acceptable to the United States. They do believe that for the Axis nations and probably for internal flying in Europe, at least for some years, an international operating agency is the only answer. (The air lines of the non-Axis European countries flying from Europe to points outside of Europe probably would not be included in the international operating agency. Thus Sabent, LKM,[42] et cetera would only be affected insofar as their European services are concerned).

Under point 2 (*International Air Transport Authority*) most of the points previously mentioned are restated. Paragraphs (2), (6), (7), (11), (12) echo the restrictive tone running through the statement of general principles.

The British believe that a failure to come to at least some agreement in the preliminary talks and in the full international conference would be disastrous. It is probable that overriding all specific points and doubts, is the considered view of the Government that there must be some sort of Anglo-American understanding on the air question.

The agenda is largely the work of Peter Masefield, who came back from his trip to the United States thoroughly frightened by the potentialities of United States international civil aviation.

Many of the above remarks may need reappraisal and change of emphasis during the next few weeks; as we note them we will report currently on such changes.

WINANT

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[42] Presumably Sabena and KLM airlines.

627-819—67——26

800.796/597

The First Secretary of the British Embassy (Wright) to the Assistant Secretary of State (Berle)

Ref. 56/82/44 WASHINGTON, February 29, 1944.

MY DEAR MR. BERLE: Following our conversation on February 23rd, I am enclosing an extract of a report sent to London by the Ambassador giving the substance of our conversation and of your memorandum of February 23rd. We agreed by telephone that in reporting to London, the Ambassador should substitute this record for the text of the memorandum, since the latter might give London the wrong impression that the United States Government were proceeding without waiting for a reply from London.

If on reading over the enclosed text there are any points you would like to raise, I hope you will let me know.

Yours sincerely, MICHAEL WRIGHT

[Enclosure]

Extract From Report Sent to London

If the three Dominion Governments were invited, it would be impossible for the United States Government not to ask Brazil and probably Mexico also. They had been considering for the past two days what they could suggest to meet our wishes, and now submitted the following proposals in an attempt to do so. Their idea is that instead of a joint discussion between the powers concerned, conversations between the United States Government and representatives of the United Kingdom Government and the Canadian Government should take place in Washington as bilateral conversations between representatives of the United States Government on the one hand and of the other two Governments respectively on the other. These would take place as far as possible simultaneously. The United States Government would ask the Soviet and Chinese Governments whether they would agree to engage in similar bilateral conversations with the United States Government in Washington at about the same time. The United States Government would extend similar invitations to the Australian, New Zealand and South African Government, and to the Brazilian and probably to the Mexican Government; and it would probably be necessary to do the same with the Netherlands Government and the French National Committee (if a suitable formula for inviting the latter could be found). The talks with the Governments other than the United Kingdom, Canada, Russia and China would, as far as physically possible, be simultaneous but might have to overlap or to be a few days or more later. The United States Government would keep each Government informed of the talks with the others.

The announced purpose of these bilateral exchanges of views would be to pave the way for the holding of a United Nations civil aviation conference at the earliest possible moment at which it appeared that there existed a sufficiently broad area of common understanding among a sizable nucleus of countries. It was still hoped that talks could begin about the third week in March, and the United Nations Conference before the end of the summer.

The United States Government hoped that they would at least be able to work out a basis for future air relations with the British Commonwealth, which could be put into force, even if, contrary to their wish and expectation, delay or difficulties should arise in the conclusion of a general United Nations agreement.

The United States Government presumed that in speaking of "a full international conference" we had in mind a United Nations conference, and were not thinking of including neutral governments. If, however, we wished to include any particular neutral governments, such as the Portuguese Government, they felt sure we could find some formula to bring them in without admitting all neutral governments.

The United States Government presumed that the United Kingdom Government would speak for all parts of the Empire, including India, other than the self-governing Dominions.

800.796/567 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 1, 1944—9 p. m.
[Received March 1—8:43 p. m.]

1689. Beaverbrook is considering a suggestion, which may be discussed Thursday at the meeting of the Air Transport Committee of the Cabinet, that the United States be requested to call a general United Nations air conference without any prior announced preliminary discussions among some of the nations. At the same time it would be suggested that Lord Beaverbrook exchange informal views with the United States only during a few days or a week before the opening of the general meeting. If some such arrangement cannot be worked out there is some feeling here that there are only three possibilities, (1) a reversion to the "original" plan of preliminary Anglo-United States talks only, (2) a full United Nations conference (perhaps with some neutrals) without any preliminary discussions or (3) a postponement of the discussions.

The British have received a communication from Canada protesting against the inclusion of the other Dominions in the preliminary talks.

With reference to the Department's instruction No. 3744, February 16, Beaverbrook's office has on numerous occasions pointed out that the British Government did not want or expect the Canadians to be present at the preliminary discussions.

WINANT

800.796/566 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 1, 1944—9 p. m.
[Received March 1—8:49 p. m.]

1691. In connection with the proposed agenda for aviation discussions with the British, it is suggested that consideration be given to including a provision on the terms of sale and licensing of aircraft exported. We understand the British are thinking about giving special inducements to foreign purchasers to buy British airplanes. For example, it has been reported in the press that KLM has ordered Tudors. While this is not generally believed, it may be that the inducements have been sufficient to cause them to order a type of airplane of which not even the prototype has been built.

WINANT

800.796/596

The First Secretary of the British Embassy (Wright) to the Assistant Secretary of State (Berle)

Ref. 56/83/44 WASHINGTON, March 2, 1944.

MY DEAR MR. BERLE: With reference to the second paragraph of my letter of February 25th,[43] about the reported proposed meeting of the Prime Ministers of the Commonwealth countries,[44] I write to tell you that we have now heard from London that the agenda of the meeting has not yet been settled and that, though it is likely that there will be a discussion on civil aviation, there is no foundation for the suggestion in the newspaper report that air policy will be a paramount consideration at the meeting.

Yours sincerely, MICHAEL WRIGHT

[43] Not printed.

[44] The conference of the Prime Ministers of the British Commonwealth was held May 1–16, 1944.

800.796/573 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 2, 1944—8 p. m.
[Received 8:37 p. m.]

1724. Result of long meeting of Air Transport Committee of the Cabinet today was decision to suggest that Government propose to Washington that a United Nations Civil Aviation Conference be called and held in North Africa as soon as possible. Preliminary discussions would not be held. We get the impression that they do not want neutrals because they do not want Spain present and that they most emphatically do not look with favor on Ottawa as a site. It is expected that if recommendation is accepted, the British Embassy in Washington will be notified of the foregoing over the weekend.

WINANT

800.796/574 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 3, 1944—3 p. m.
[Received March 3—12:13 p. m.]

1733. Consensus, with which we agree, is that Tuesday's [45] wordy debate on civil aviation in the House of Commons has little significance and will have little effect on British domestic or international air policy. Elements of the Labor Party as the Department is aware favor the internationalization of control and ownership of international aviation and the emphasis given to this aspect of the problem may cause the Government to try to give more weight than it otherwise intended to the international control mechanisms for civil aviation in agreements which it reaches with other countries.

Copies of the debate are being sent by air mail.[46]

WINANT

800.796/716

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] March 3, 1944.

Mr. Wright came in to see me at my request. I told him that I had nothing very definite in mind but that preliminary reports from

[45] February 29.
[46] In despatch 14214, March 2, 1944, not printed.

London seemed to indicate that our suggestion for bilateral conversations with a number of countries, following their suggestion to bring in Australia, New Zealand, and South Africa, had not been meeting with much favor in London, and that there was some sentiment for a fairly large conference to be held straight off the bat. I said that I hoped it was clear to the British Government that our suggestion in regard to the Canadians had been due to the plain functional necessity of having Canada in at the beginning, in view of the fact that she was the greatest single corridor through which American overseas aviation would have to fly. We had no other thought in mind in including her, than to deal on this common-sense basis. Since it seemed as though this had created some trouble in London, I wanted to explore whether there was any way of bringing this to a swift and successful result.

Mr. Wright said that he could only think alond on the subject. They had been worried about the fact that the minute a cabinet minister such as Lord Beaverbrook was displaced (by which he meant brought away from London) a number of other people wanted to joint the party. He felt that one of two possibilities might be explored—either the exchange of views through the diplomatic channel which raised no questions as to invitations or the like; or the alternative, someone from here might go on a quiet trip to London, possibly via Ottawa. He thought that as ideas ran we could get up a declaration which would embody a very large measure of agreement, and this could take matters quite a bit forward. I agreed that the matter was very much worth considering, saying that our interest was merely that of getting things started off on as favorable a basis as possible.

A. A. B[ERLE], JR.

800.796/563 : Telegram

The Acting Secretary of State to the Ambassador in the Soviet Union (Harriman)

WASHINGTON, March 3, 1944—midnight.

475. The following is the draft agenda proposed by this Government for the preliminary discussions on international civil aviation mentioned in the Department's 389, February 23, 9 p. m., also referred to in your 663, February 28, 1 p. m.

[Here follows text of draft agenda printed on page 378.]

It is believed that our proposed agenda will give the Soviet Government a general idea of the major subjects which we believe would merit consideration in these exploratory talks. You may wish to inquire whether the Soviet Government has any suggestions for ad-

ditional points to be considered. In any event, it would be very helpful if you could telegraph at an early opportunity a summary of any information obtainable on the Russian views and supporting arguments on each of the items mentioned above, as well as on any subjects they may wish to add. In our proposed bilateral discussions we anticipate that the British, Canadians and possibly others will support proposals for an international air transport authority to have certain regulatory powers, and Russian views on this subject also would be of decided interest.

STETTINIUS

800.796/716

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] March 4, 1944.

The Canadian Minister Counselor came in to see me at his request. He wished to speak about aviation. He inquired as to the general state of exchanges regarding exploratory conversations. He said that his Government had considered the plan proposed for bilateral conversations with the British, the Canadians, the Chinese, the Soviet Union, and others, and they were disposed to accept it. He said that, while he did not wish it to get back to the British Government, he hoped we would talk to them first or in any case simultaneously with the British.

I said that as yet we had no word from the British.

A. A. B[ERLE], JR.

800.796/577 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 4, 1944—11 a. m.
[Received March 4—8:15 a. m.]

1767. See Embassy's 1724, March 2, 8 p. m. We understand a telegram was sent last night to the British Embassy in Washington proposing that preliminary and exploratory conferences composed of British Commonwealth and India, Russia, China, Mexico, Brazil and the French National Committee be held as soon as possible at Marrakech. No preliminary discussions would be held in Washington. We understand that it is contemplated that this conference would be followed by a further meeting in which the other United Nations would be present.

WINANT

800.796/578 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 4, 1944—6 p. m.
[Received 9:54 p. m.]

1768. Reference Department's telegram No. 1208, February 17, 11 p. m. and Embassy's despatch No. 14058 of February 23.[47] We learn that the British Government has requested Canada to withdraw the provision contained in its proposed aviation agenda, providing that air traffic between contiguous territory not be considered international. We understand that Canada has agreed to do this. The Air Ministry does not like the Canadian proposal for an international authority and is working on a separate one.

WINANT

800.796/580 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 6, 1944—7 p. m.
[Received March 6—4:56 p. m.]

1823. Reference Embassy's telegrams 1724, March 2 and 1767, March 4. Foreign Office has a report from the British Embassy in Washington that Department informed member of British Embassy when latter discussed recent proposals for preliminary aviation conference that this Embassy had already reported this information to the Department. I greatly fear that our sources of information on aviation in the British Government will be jeopardized by this disclosure. I would like to point out that our purpose in sending telegrams 1724, March 2 and 1767 March 4 was to give the Department additional time to consider the questions raised prior to being notified thereof by the British Embassy, in the event the course mentioned was finally approved by the British Government.

WINANT

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[47] Latter not printed.

800.796/716

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] March 6, 1944.

The Soviet Ambassador [47a] came in to see me at my request. I said that I wished to give him, for his information, the present state of exchanges regarding exploratory conversations on aviation.

I said that late last year the British Government had proposed bilateral conversations between them and ourselves. At the same time the Canadians had indicated that they, too, wished to be heard in the matter.

In due time we had answered the British, saying that we should be glad to chat with them but that we likewise wished the Canadians to join. We also suggested that we should be glad to have representatives of the Soviet Union present if the Soviet Government were interested therein; and that, if there were no objections, we proposed to invite the Chinese. I said that, contrary to press reports, this was at the initiative of the United States, and of the Department, specifically myself, though this was merely because it was the Department's policy to bring the Soviet Union into any matter which related to United Nations activity. I said that we had made it clear that we hoped the result of the proposed exploratory conversations would be the holding of a United Nations aviation conference later in the year. I said that we thereupon had cabled the Soviet Government under date of February 15.

The Soviet Ambassador said that he was familiar with the exchanges between Mr. Harriman and Mr. Molotov.

I said thereafter the British Government had assented to the suggestion of exploratory conversations between us, the British, the Chinese if they care to join, and Canada, but had asked that in that case the other British Dominions should be present, namely, Australia, South Africa, and New Zealand. We had responded that, while we were glad to do that, if the Australians, South Africans, and New Zealanders were present, there was no legitimate argument why other countries, including South American countries, as well as the Netherlands, the French National Committee, and others, should not be present, since they had equal interest.

In consequence, we had proposed a series of bilateral conversations commencing with the British, the Soviet Union, the Chinese, and the Canadians, to be followed right up by conversations with the necessary South American countries and the necessary European countries, all preparatory to a United Nations conference to be held later in the year.

[47a] Andrey Andreyevich Gromyko.

This proposal was presently outstanding with the British Government, and we had not yet received a reply.

The Soviet Ambassador asked whether we had informed the Canadians of this, and whether they had accepted; and I told him they had been informed and had agreed. He then asked whether we had informed the Chinese. I said we had not but expected to do so on learning that there was no objection, and we assumed that there would be none.

I said that in view of the fact that there had been certain stories published in this regard, I thought it might be well for him to be fully informed on the state of the record.

The Ambassador asked if I had any idea of the possible date of a United Nations conference. I told him that I did not see how we could know that until the exploratory conversations had gone forward; we had rather hoped that it might be this summer.

The Ambassador thanked me for the information and said that it might be necessary for them to consider what men they would send. He asked who would handle it on our side. I told him that we had asked Ambassador Grew [48] to head up the group for the United States; he would be assisted by technicians and others. The Ambassador asked whether I expected to join, and I said that I probably would be on hand to be of whatever help I could.

I gathered that the Ambassador had likewise read the published reports and was glad to have the exact record.

A. A. B[ERLE], JR.

800.796/685

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] March 7, 1944.

Mr. Wright came in to see me at his request. He gave me the substance of a message that he had received from the Foreign Office in answer to our suggestion for a series of bilateral conversations on aviation.

He said that H.M.G. was agreeable to having discussions preparatory to a United Nations meeting; that it was agreed that these must cover a fairly wide range; and that, after discussion, they had felt that a considerable number of countries should be in the picture from the beginning. They therefore proposed that a conference in the nature of a preparatory conference should be held between Great Britain, the United States, Canada, Russia, China, Brazil, Mexico,

[48] Joseph C. Grew, Special Assistant to the Secretary of State; on May 1, 1944, Mr. Grew was appointed Director of the Office of Far Eastern Affairs, and on December 20, 1944, was named Under Secretary of State.

Australia, New Zealand, South Africa, the Netherlands, France, India, and probably Belgium. The said conference, it was thought, should not be in either England or North America; accordingly they suggested an appropriate place in North Africa.

I said I was glad to see that we were in agreement on the proposal to have a United Nations conference; that it was agreed that preparatory discussions had to cover a fairly wide range; and that the only question remaining seems to be one of method. I pointed out that to hold a preparatory conference of 13 nations—14, since they asked that India be separately represented—was almost as difficult as holding a United Nations conference to start out, and of course raised questions from other countries who were not invited. I wondered if this had been considered. Mr. Wright said somewhat ruefully that he had no other instructions than these, but he left no doubt that he was somewhat staggered by this proposition.

I said that we would study the proposal. Meanwhile, I hoped he would assure his Government that we were approaching the matter with the greatest desire to find a practicable method for getting things started—as indeed I was sure they were doing.

A. A. B[ERLE], JR.

800.796/716

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] March 8, 1944.

Mr. Michael Wright came to see me at my request. I told him that we had considered sympathetically the suggestion of H.M.G. that we have a 14-nation conference on aviation in North Africa. I told him that while we much appreciated the desire of H.M.G. to seek a workable method, we frankly could not see it. We thought that such a conference would have all the difficulties of a United Nations conference, and perhaps a few more besides.

I then reviewed the matter historically, namely:

That the U.K. had proposed bilateral conversations to us. We were very agreeable to that but felt that in order to make such a conversation productive, we should also have to consult the views of certain other powers: the Canadians, for geographic and functional reasons; the Russians and the Chinese for political and possibly also functional reasons.

When the British had accepted this idea but proposed adding the Commonwealth countries, we were forced to point out that a good many other countries had considerably better right to enter the conversations than, let us say, New Zealand or South Africa. Hence the present impasse. I said that we were a little surprised at the 180

degree shift in direction from the original proposal of quiet bilateral exchanges of views to the proposal for a 14-nation conference. Accordingly, I hoped that His Majesty's Government would reconsider our earlier proposal for bilateral conversations which might include Canada, the Soviet Union, and China, as well as the U.K.

Mr. Wright said he thought that merely proposing to go back to something already rejected would accomplish nothing. I said that I did not consider any later suggestion had come off Mount Sinai and that I felt that the earlier suggestion should be considered.

Mr. Wright then said he wanted to think aloud and wondered whether we could not cobble it up in some fashion so as to make it look more attractive. He said, could we start with the British in London and then follow up with conversations with the Canadians and so forth. I said it seemed to me this led to the same thing. We could not say anything very definite in London unless we and they knew the Canadian view. Conversations would, therefore, simply mean that we were pausing to ascertain the Canadian views through diplomatic channels, and almost by sheer force of gravity we would be in simultaneous bilateral conversations. Mr. Wright more or less agreed, but said he thought this might be a way of doing it. I said that I was not clear whether this method would suit the Russians, who were formal about these things, and who would probably want an exactly similar kind of exchange as that proceeding with the British.

Mr. Wright asked whether we would perhaps be agreeable to offering to hold the conversations in London, on the basis of the five powers originally suggested. I said I wanted to reserve judgment on that; my colleagues in the Department had not evinced any enthusiasm for any proposal other than that which we previously made.

Mr. Wright said he would cable this home, but he wanted to go on thinking to see if he could work out a way of getting the arrangements started. I told him that I thought he had best make it clear that we rather liked our original suggestion.

A. A. B[ERLE], JR.

800.796/593 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 9, 1944—5 p. m.
[Received 7:31 p. m.]

1914. It is suggested that the Department consider the following:

1. Agreement by the Department to British proposal for preliminary aviation conferences in North Africa and to their list of countries, if as we understand, the Dutch and Belgians were included in

the telegram which we hear went to the British Embassy in Washington on Monday.

2. That we suggest and announce that continuing exploratory conversations be held either on a bi-lateral or a multi-lateral basis, or both with other interested United Nations and possibly with some neutrals.

3. That the British agree to support whatever site we pick for the main conference, as a condition to our agreeing to the North African talks.

Yielding on minor points such as the locale and general participation of the preliminary conference, will undoubtedly put us in a better position to insist on essentials.

We are afraid if we do not agree to the exploratory conference in North Africa, decision on the civil air problem will be delayed; the United States will slowly lose the initiative and risk the possibility of being faced, when the general conference opens, with a bloc consisting of some of the Europeans and some of the Dominions, under British guidance. I think it is to our advantage to arrest a trend beginning to be discernible towards a more and more restricted and cautious outlook on civil aviation on the part of the British. They quite naturally wish to convert the Dominions and at least the smaller European countries to this view. I am quite sure that now our influence can be controlling, but that indecision on our part will progressively weaken our advantage.

WINANT

841.796/596 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 9, 1944—5 p. m.
[Received 11:19 p. m.]

1915. It is expected that the debate on civil aviation scheduled to take place next week in the House of Commons and directed by Ronald Tree [49] and his group will bring out into the open the bitter undercover fight which has been going on on the subject of monopoly versus competition and separation of civil aviation from the Air Ministry.

It is possible, we hear, that if as is likely this debate becomes violent the British Government, particularly the Foreign Office and the Air Ministry, may wish to delay the preliminary aviation discussions. Therefore if the Department wishes to have these discussions held promptly it might be prudent to reply before next Tuesday [50] to the

[49] Conservative Member of the British Parliament.
[50] March 14.

British proposal which we learn confidentially was sent to the British Embassy in Washington on March 6.

WINANT

800.796/603 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 9, 1944—10 p. m.
[Received March 10—6 : 35 a. m.]

1943. For Assistant Secretary Berle. Since sending our 1195 [*1915?*], March 9, this morning I had lunch with Beaverbrook. What he really wants is for you to come over here to have an informal conversation with him. I think both he and the Prime Minister believe that there are subjects of controversy between us that might easily be settled but if thrown into an international conference with some 16 other countries might be magnified and lead to misunderstandings. The question of an international authority and subsidies (he opposes subsidies beyond a fair mail rate), he understood to be matters for general discussion, but he also mentioned specifically items that he felt concerned the two countries particularly. They were (1) air bases built by American money but on British territory, (2) the Atlantic traffic, (3) South American traffic, (4) Middle Eastern traffic.

He told me in the course of our conversation that at the Dominions meeting, at which he presided, the other Dominions were not willing to have Canada have a preferred position in air conversations between the United States, Great Britain and Canada, with them left out. He told me that since we had decided to include 16 nations in the conference, without adequate preparation and any understanding between the United States and Great Britain in regard to the particular problems between them, it might be unproductive. At the same time he urged the need for prompt action. He was very frank in saying he preferred competition between three or four British companies as against the chosen instrument, but if Parliament should not be in agreement he did not propose to fight its decision.

He asked me if I had read his speech to the House of Lords. I told him I had. He said he had shown it to no one except the Prime Minister who after reading it had only made a single change, substituting for the phrase "all governments" the words "Allied Governments".

He told me he would show me a message from you which had come in last night, but he did not do so. I asked him if radio aid to avia-

tion, AFI communications were not a matter of concern in any country engaging in civil aviation after the war. He said, of course, that would be a subject of vital interest and particularly so in relation to stations in British territory.

I personally feel we cannot over emphasize the value of radio aids in post war civil aviation. I am sending you a summary of a speech by Sir Robert Watson-Watt [51] at the recently concluded Empire Technical Aviation Conference. I was the only person present outside the British and Dominions representatives.

WINANT

800.796/716

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] March 10, 1944.

Mr. Michael Wright came in to see me at his request. He expressed horror at the fact that the entire text of the British aviation agenda had appeared in this morning's *Aviation Daily*, along with a note that the Canadian agenda would be published in the *Aviation Daily* in a day or so.

I told him in confidence that my distinct impression was that Wayne Parrish [52] had a pipeline to Beaverbrook's office, and that I was pretty clear that the leak was in London.

A. A. B[ERLE], JR.

P.S.—This statement probably may deprive us of some information from London. But I should infinitely prefer to be less well informed about the mind of Lord Beaverbrook's office than to have the confidential files going to Beaverbrook (including our own) tossed out into the newspapers without advance knowledge.

P.S. (by Mr. Hickerson)—Mr. Hickerson told me after Mr. Wright departed that Pearson, Minister Counselor of the Canadian Embassy, had told him last night that Parrish had all of this material and would publish it in the next few days. Pearson added that Parrish also had a 23-page text of the Canadian draft international aviation agreement, and that for the present he proposed to publish a summary of it, and perhaps publish the text later on. Mr. Pearson volunteered the information that since no copies of this draft agreement had been sent to the American Government, since Parrish had recently

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[51] Vice Controller of Communications Equipment, British Ministry of Aircraft Production; also Scientific Adviser on Telecommunications, British Air Ministry. Text of the speech was transmitted in telegram 1975, March 10, from London; not printed.

[52] Editor of *Aviation Daily*.

returned from London where they had copies of the draft, and since Parrish had not been in touch with any Canadian officials who had access to the draft, this clearly meant to the Canadian Government that Parrish had obtained all of these texts in London.

800.796/617

Memorandum of Conversation, by the Secretary of State

[WASHINGTON,] March 10, 1944.

The British Ambassador came in at his request. He said he had proposed to Mr. Berle that aviation conversations be held in London instead of Washington and that Mr. Berle could drop over there quietly and have some informal conversations, that he might stop off at Ottawa en route and talk informally with Canadian officials, and that the Russian Government could be dealt with in a way satisfactory to all so far as conversations are concerned. I said to him that I would let him know soon—that the matter would have to go to the President.

C[ORDELL] H[ULL]

800.796/740

The Canadian Embassy to the Department of State

MEMORANDUM

With its memorandum of February 7th the Canadian Embassy enclosed copies of a memorandum outlining the matters which, in the view of the Canadian Government, might fall within the scope of a multilateral air transport convention.

Enclosed for the confidential information of the United States Government are eight copies of the draft of such a convention.[53] This draft is a tentative and provisional statement of the policy of the Canadian Government.

The Canadian Government is most anxious to receive at an early date the preliminary views of the United States Government on the general subject of postwar civil aviation.

WASHINGTON, March 11, 1944.

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[53] For text of the draft international air transport convention, see Canada, *House of Commons Debates*, vol. 82, No. 33, pp. 1626–1633.

800.796/606 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 11, 1944—11 p. m.
[Received March 11—6:10 a. m.]

2014. We hear that the Foreign Office, Beaverbrook's office and the Air Ministry are incensed by the articles said to have appeared in the *Aviation Daily* during the last few days publishing British and United States aviation agenda and promising to publish the Canadian agenda, et cetera. Reference Embassy's telegrams 1823, March 6, 7 p. m. and 1857, March 7, 8 p. m.[54] and also first paragraph top of page 2 of Satterthwaite's letter to Walstrom of February 22.[55]

Will you please cable me the facts in regard to the alleged publication.

WINANT

800.796/672

Memorandum of Telephone Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] March 13, 1944.

Mr. Wright telephoned me to ask whether there was any news in respect to aviation. In answering his call, I told him that the President and the Secretary had now okayed a quiet trip to London, presumably by myself and possibly with one man from the Civil Aeronautics Board, stopping to talk to the Canadians en route. I said, however, that we were instructed to keep the Soviets informed and generally be as receptive to their desires as might be necessary in the situation.

Mr. Wright said that he was entirely sure that this would be all right with his Government; he wished, however, to cable them about the Soviet angle and he hoped to have an answer in twenty-four hours. He did not expect that this would raise any difficulties. He did suggest, however, that we might await their answer before notifying the Soviet Government, which I said I would do.

A. A. B[ERLE], JR.

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[54] Latter not printed.
[55] Not found in Department files.

800.796/655

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] March 13, 1944.

The Australian Minister [55a] came in by direction of his Government to say that Dr. Evatt [56] had received reports that the United States proposed to have an air conference with Great Britain and Canada. He was surprised that Australia should be excluded from such a conference, particularly in view of the fact that Australia and New Zealand had already stated, publicly, their considered views on aviation. Dr. Evatt thought it obvious that if Canada were present, the Australians should likewise be present.

They were likewise disturbed about the leakages of news. I said that we, too, were disturbed about news leakages, the more so because they were generally not correct.

I told him that we were somewhat surprised that anyone had attributed to us, even by way of unofficial reports, any intent to "exclude" the Commonwealth of Australia. We were endeavoring to work out a procedure for the preparatory work for a United Nations conference on air matters. We had never thought of excluding Australia either from the United Nations conference or from the preparatory work. Obviously the preparatory work had to be started somewhere; we could not start everywhere at once. Actually, we had both hoped and planned as soon as arrangements could be worked out, to have exploratory talks with substantially all the people interested, of course including Australia.

I likewise said that I thought on consideration Dr. Evatt would realize that there was a special geographic relationship existing between Canada and the United States through the simple physical fact of proximity, and through her position as a great aerial corridor. I thought Dr. Evatt would recognize that it would be natural for us to try to understand the North American situation as a necessary part of discussion with anyone else.

I added that we had not felt aggrieved because the Commonwealth countries had recently held a conference on air matters in London to which the United States was not invited, since we recognized that they, too, had to start somewhere. Though the political relationships were quite different, geographic relationships existed for us.

I hoped, accordingly, that the Minister would succeed in allaying any worries which might exist in Dr. Evatt's mind.

[55a] Sir Owen Dixon.

[56] Herbert V. Evatt, Australian Minister for External Affairs.

The Minister said that the Prime Minister [57] was coming here on his way to London, leaving Australia about the tenth of April; he hoped to clear up here methods of procedure of protocol on dealing with United Nations matters; that Curtin was an eminently reasonable man and that he thought that the whole process of United Nations procedure might be helped by his visit. I said I was very sure this was so. The problem that we had—which was of course recurrent—was simply how to get the necessary preparatory work started so that everyone had a chance to be heard.

The Minister added that the Australian view was very strongly in favor of internationalized aviation service; and he thought that Australia's real interest was to present that view as cogently as it could to the United States at an early date. I said I was entirely sure that they would have every opportunity to do so.

A. A. B[ERLE], JR.

800.796/612 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 13, 1944—7 p. m.
[Received 9 : 12 p. m.]

2025. See Embassy's telegram 1943, March 9 and 755, January 27. There is summarized below an agenda of topics which British radio aviation technicians would like to discuss in Washington on an informal basis with the appropriate representatives of the Civil Aeronautics Administration.

1. Use of military radio equipment on international air routes in the immediate post war period, that is types technically desirable.
2. Civil aviation radio systems to be proposed for international standardization at the first international aeronautical conference after the war.
3. Program for the long term development of further radio aids of greater promise.
4. Standardization of regulations governing the compulsory carriage of radio equipment appropriate to categories of aircraft and operations in question.
5. Standardization of technical requirements for design approval and certification of civil aircraft radio equipment and its installation.
6. Adoption of preferred standards for physical characteristics governing the installational interchangeability of aircraft radio equipment.
7. Standardization of aircraft radio power supplies.
8. Impact of new aeronautical radio devices upon the necessary qualifications of operating and maintenance personnel.

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[57] John Curtin.

This agenda was prepared by Sir Robert Watson-Watt and Duncan,[58] Jeffcock[59] and was given to the Embassy informally with the request that it be presented to William Burden[60] for his information, comment and for the addition of any useful subjects not included which might be discussed between technical representatives of the two countries.

Jeffcock says they are ready to begin discussions as soon as the Cabinet here gives its formal permission which he expects will be forthcoming shortly. He and Watson-Watt are anxious to keep whatever discussions may be held on these subjects separate and distinct and at a different time from any general aviation discussions.

WINANT

800.796/613 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 14, 1944—5 p. m.
[Received 8:15 p. m.]

2051. For Assistant Secretary Berle. We are not certain of the wisdom of your coming here as Beaverbrook's asking you to London may be connected with a British effort to appear to separate Canada from us. I do believe that if you could let Beaverbrook know that you would have a private talk with him on those subjects which are primarily problems between the British and ourselves it would create much good will here and I should think be a helpful procedure. This could be done by pre-arrangement wherever the conference is held. In my 1943, March 9 I stated to you my own conviction that communication aids and air transport are inseparable problems. It may seem strange to you that the British have suggested, to precede the general conference, a separate informal meeting in Washington to discuss radio aids to aviation on a technical level. (Reference Embassy's 2025, March 13, 7 p. m.) I think this is due to the fact that the men in charge on the technical levels are completely non-political, and also because they are career Air Ministry or Ministry of Aircraft Production officials. There is very good cooperation between Sinclair[61] and Cripps,[62] while Beaverbrook is in a different camp. The latter is aware that there is little public interest in this matter, and has given no indication of opposing it.

I would like to stress the confidential nature of our 2025 of March 13.

WINANT

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[58] William Aver Duncan, an official of the British Air Ministry.
[59] Robin J. P. Jeffcock, an official of the British Ministry of Aircraft Production.
[60] U.S. Assistant Secretary of Commerce for Air.
[61] Sir Archibald Sinclair, British Secretary of State for Air.
[62] Sir Stafford Cripps, British Minister of Aircraft Production.

800.796/614 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 14, 1944—11 p. m.
[Received March 14—8:57 p. m.]

2084. For Assistant Secretary Berle. The first sentence in my 2051 March 14, was not written to dissuade you from coming here, but simply based on my assumption of reasons you might have for not coming. I wanted you to come. I hear you are coming. I hope you will come.

WINANT

800.796/624 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State

Moscow, March 14, 1944—midnight.
[Received March 16—2:30 p. m.]

858. Department's 475, March 3, midnight. In a note dated March 11 Molotov stated that the draft agenda for negotiations of postwar aviation as well as the questions regarding the authority of an international organization on air transport has been transmitted to the competent Soviet authorities for preliminary study. He states that at the same time he considers it necessary to call attention to the fact that in my note of February 17 (based on Department's 309, February 15, 7 [*8*] p. m.) I inquired whether the Soviet Government desired to participate in the initial stages of the negotiations mentioned therein whereas the text of the note left no doubt that it was a question of the participation of the Soviet Union in negotiations between the Governments of the United States, Great Britain and Canada. In accordance with such an understanding of our proposal he informed me of the consent of the Soviet Government to participate in these negotiations. He points out, however, that in my note of February 26 (based on Department's 389, February 23, 9 p. m.) and in my note of March 6 (based on Department's 475, March 3, midnight) I mentioned bilateral negotiations on the one part between the United States of America and the U.S.S.R. and on the other, bilateral negotiations between the United States of America, Great Britain and Canada. Molotov expressed the hope that in the near future I will be able to remove the lack of clearness and consistency which appear in this connection in the aforementioned notes.

The wording of the Embassy's first note to the Foreign Office on this subject closely followed Department's telegram No. 309, February 15, 7 [*8*] p. m. The pertinent sentence read as follows: "I have

been requested to ascertain the degree of interest of the Soviet Government in this matter and whether it would desire to join in discussions at an early stage."

In my note of February 26 based on Department's 389, I informed Molotov that the discussions with the British and Canadians would take place about the third week in March, that my Government would be prepared to begin similar bilateral discussions in Washington with the Soviet Government any time after that convenient to the Soviet Government and that it would be helpful to learn whether the Soviet Government was in principle interested in engaging in such conversations.

I suggest that the Department instruct me urgently on what reply to make. Molotov's reply obviously shows that he does not like the idea of the Soviets being excluded from the initial conversations with the British and the Canadians. I do not think we can take for granted that the Soviets will agree to bilateral conversations with us separate from those with the British.

HARRIMAN

800.796/716

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] March 16, 1944.

Mr. Wershof [62a] came in to say that they had heard from the Canadian Government regarding exploratory air conversations, as follows:

(1) The arrangement suggested was entirely acceptable to the Canadian Government;

(2) They suggested conversations be held in Ottawa but would be prepared to consider any other suggestion;

(3) They hoped we would give them very promptly our general ideas so that C. D. Howe, who would be doing the talking, could consider them;

(4) Mr. Howe is expected to make a full-dress speech in the Canadian Parliament tomorrow (March 17).[63] He had promised to do this earlier. In the course of the speech he expected to put on the table the draft convention which the Canadians had proposed to us as embodying their tentative conclusions.

Mr. Wershof explained that they had not wished to make this draft convention public, still less to be in the position of advancing a "Canadian plan". Unhappily, the fact that this document had leaked

[62a] Max Wershof, Second Secretary of the Canadian Embassy.

[63] See Canada, *House of Commons Debates*, vol. 82, No. 33, pp. 1616–1626.

through London to Mr. Wayne Parrish, and that he had published it, now made it necessary for them to state the facts. He pointed out that as to the "leak" they could absolve us. The document had actually been delivered to the State Department on Saturday, March 11, and it now developed that Mr. Wayne Parrish had had it a couple of weeks before that. I told him we had known from London that he had had it.

I said that our only desire was to keep matters on a wholly exploratory level and keep them as quiet as possible. We did not consider that we were settling anything at this point—merely opening exchanges of ideas on a subject which would probably take quite a bit of time—hence I hoped matters could be kept quiet lest people get the idea that commitments were being made, whereas, of course, they were not being made. Mr. Wershof said his Government understood that perfectly.

I told him I would try to get such material for him as we had to offer, as nearly as possible a week before talks actually started. Mr. Wershof said this would be of value: Mr. Howe could then consult his Government about them rather than give snap opinions.

A. A. B[ERLE], JR.

800.786/613 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, March 16, 1944—7 p. m.

1987. From Berle. I fully appreciate the reason for the first sentence in your 2051 of March 14. We think we have covered the Canadian angle by an understanding that in the event of such a trip, we would drop off en route and quietly discuss matters with the Canadians. The British are informed and have agreed to this. Do you have other reasons which we should consider?

We expect to be in a position shortly to answer the other suggestion in your 2051, namely, a separate informal meeting in Washington to discuss radio aids on a technical level. [Berle.]

HULL

800.796/606 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, March 16, 1944—midnight.

2013. *Aviation Daily* dated March 9 contained fairly accurate summary of United States agenda, mentioned in Embassy's 2014, March

11, 11 p. m. It quoted verbatim the first and second sections of the British agenda and summarized the remaining sections, adding that "it has been established that the British agenda was prepared prior to the submission of the U.S. agenda." The *Daily* said it would publish "a summary of the elaborate Canadian proposal" within a day or two.[64]

The Department also dislikes the publication of this material. When Wright of the British Embassy mentioned the matter to the Department he was told confidentially that there was reason to believe the leak had occurred in London. The Canadian Minister Counselor also volunteered the deduction that since Parrish had recently returned from London and had not been in touch with any Canadian officials who had access to the draft Canadian convention, it was clear to the Canadian Government that Parrish had obtained these texts in London. He seems to have had possession of the Canadian convention before it was delivered to the Department. Our hat is off to his enterprise, but the repercussions are inconvenient.

HULL

800.796/672

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] March 17, 1944.

The Soviet Ambassador called to see me at my request. I said I wished to bring him up to date in connection with the forthcoming air conversations, and proceeded to give him the substance of the Department's cablegram of today to Moscow.[65] I told him that so far as I could see the only change proposed was a shift from joint conversations to bilateral conversations, and that we were doing this merely as a matter of convenience. By doing so, we avoided hurting the feelings of a number of countries who would like to be present at the first conference.

I told him that, by a note dated March 11, Molotov had raised some question on this point with Ambassador Harriman, and that we were cabling the full situation to Harriman along with a statement of the facts which had led up to the change from the joint conversations to bilateral. I told the Ambassador that I hoped to inform the Chinese Government of the situation shortly.

I said that if the Soviet Government wished to discuss matters here, Mr. Grew would be available, and he would no doubt wish to associate with him the Chairman of the Civil Aeronautics Board.

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[64] See *Aviation Daily*, March 13, 1944.

[65] Telegram 607, March 17, 2 p. m., not printed.

I likewise told him that the Canadian Government had handed us last Saturday [66] a tentative draft of a convention establishing an international air authority. This had not received any consideration here; but owing to the fact that an enterprising newspaper man had obtained it, the Canadian Government was making it public in Parliament this afternoon.

I further told him that at present tentative arrangements called for my going to London via Canada, though a date had not been set. It could not be earlier than the end of next week and might be somewhat later.

The Ambassador thanked me for the information, which he said would be useful to him.

The Soviet Ambassador seems to think the outline of arrangements here quite all right since they involve a departure in form but not in principle from the one in which Moscow had said they were interested. He observed that there would be no necessary reason why the bilateral conversations, if held simultaneously, might not eventuate in a joint meeting at some time. I told him I saw no objection, though that would depend on whether there was a common point developed in the course of exploration. We could settle that when the time came.

A. A. B[ERLE], JR.

800.796/659

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] March 20, 1944.

Lord Halifax came in to see me at my request. Speaking on behalf of Michael Wright, Lord Halifax said that they had received a cable from the Foreign Office. The Foreign Office hoped:

(1) That my stop in Canada en route to London would not be highly publicized. I told him I cordially agreed.

(2) That the Foreign Office shared our hope that the visit might be kept very quiet, but that if our Government thought it necessary to say something, a statement might go out to the effect that the American representative was in London merely to exchange ideas looking forward to preliminary international negotiations later on, probably this summer.

Lord Halifax added that it was his personal feeling that a brief announcement of this kind ought to be made, since there was no such thing as a secret trip to London. I told him I wanted to consult the Secretary about that, but this was my view also.

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[66] March 11.

Lord Halifax added that he thought it would be well to work this out apart from Stettinius' mission,[67] which, of course, dealt with other matters.

I said that this was our feeling likewise, and I wanted to inquire about dates. Stettinius was leaving in a few days; he would be spending perhaps three weeks in London. There had been some discussion here of postponing my visit until he got through and came home. Lord Halifax said he thought that would be unfortunate; we have got the thing just up to a point where something could be done, and there was always danger of its bogging down either here or in London. Also, he hoped we could get going fairly soon. I told him that I had no views on that until I had talked further with Secretary Hull. We shared his desire to get on with the business.

A. A. B[ERLE], JR.

800.796/672

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] March 21, 1944.

The Soviet Ambassador came in to see me at his request. He said that he had word from Moscow that the Soviet Government would be glad to have conversations with the United States in respect of postwar civil aviation. They have named their delegation. He left with me the attached list.

I said I was gratified to see that he would be on the delegation and asked whether the others were already here. He said all were here except General Petrov and Colonel Berezin. These two would be coming along soon. They could not arrive earlier than ten days; he understood, however, that they were leaving Moscow shortly.

I said that I was not wholly clear whether I myself would be here or in London at that time; but that Ambassador Grew and Mr. Pogue of the Civil Aeronautics Board would of course be glad to talk to them whenever they wished. In other words, we would be ready whenever they were.

A. A. B[ERLE], JR.

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[67] Mission of Under Secretary of State Stettinius to London, April 7–29, 1944; see vol. III, pp. 1 ff.

[Annex]

MEMBERS OF THE SOVIET DELEGATION FOR NEGOTIATION WITH THE UNITED STATES GOVERNMENT ON POST-WAR CIVIL AVIATION

Ambassador Gromyko	Head of the Delegation
Lt. General L. G. Rudenko . . .	Member of the Delegation
(Aviation Engineering Service)	
Maj. General A. A. Avseevich . .	" " " "
(Engineering Corps)	
Maj. General N. I. Petrov	" " " "
(Aviation Engineering Service)	
Colonel P. F. Berezin	" " " "

800.796/665

The Delegation of the French Committee of National Liberation to the Department of State

[Translation]

No. 2134 [WASHINGTON,] March 21, 1944.

The Delegation from the French Committee of National Liberation presents its compliments to the Department of State and, referring to conversations which took place during recent months between itself and the Honorable Adolf A. Berle, Jr., has the honor to call attention again to the paramount importance which the Committee of Algiers attaches to being included in the work of any International Conference which might be held for the purpose of discussing post-war civil aviation matters.

Without wishing to revert to the leading role played by France in connection with questions of air transportation ever since the beginning of aviation, this Delegation deems it advisable to support this request with the following considerations:

1. After the first world war, France had organized an extended aerial network connecting the Metropolis with continental Africa, with Asia (Indo-China), with Madagascar and with South America. In that manner, it made a very important contribution to the world system of air transports.

2. During the present war, the French Authorities placed at the complete disposal of the Allied Authorities such parts of the French aerial networks as were located in free territories. The Allied countries made great use of this network, and particularly of the facilities existing in equatorial Africa, at a time when this route had very great strategic importance with reference to operations in Libya.

At the present time French military aviation, with what means are at its disposal, still operates services on the following routes: Algiers–Beirut, Cairo–Beirut, Beirut–Madagascar, Beirut–Fort-Lamy, Brazzaville–Pointe-Noire, Accra–Dakar, Accra–Fort-Lamy, Brazzaville, Algiers–Casablanca–Dakar, Dakar–Gao–Fort-Lamy, Beirut–Khartoum–Madagascar.

3. Once peace is restored, France will continue to offer, in matters of air transportation, the important contribution of its territories and of its technical resources in the same spirit of collaboration which it has consistently shown before and during the war.

The Delegation from the French Committee of National Liberation takes this occasion to confirm to the Department of State that Air Brigadier General Charles Luguet, Air Attaché, has been appointed to represent it in any Franco-American or inter-Allied conversations which might be held in the United States on the subject of civil aviation.[68]

800.796/656a

The Assistant Secretary of State (Berle) to the Canadian Minister Counselor (Pearson)

WASHINGTON, March 24, 1944.

DEAR MIKE: Enclosed herewith is a summary of the views of the technical group of this Government regarding post-war civil air transport.

Sincerely yours, A. A. BERLE, JR.

[Enclosure]

SUMMARY OF OBJECTIVES FAVORED BY THE UNITED STATES OF AMERICA WITH RESPECT TO POST-WAR CIVIL AIR TRANSPORT

I. AIR NAVIGATION AND AIR TRANSPORT

1. *Right of Transit and Non-Traffic Stop*

Civil aircraft of one nation should be free to fly in transit across the territory of another nation, and to land for non-traffic reasons. Freedom of air transit should include the right of non-stop passage for scheduled airline services. Such rights would be subject to reasonable regulations, including those essential to national security, and would not affect the sovereignty of any nation.

[68] In replying on March 28, the Secretary of State informed the Delegation that no plans had as yet been made for an aviation conference but that when such a conference should be convened the interest of the French Committee would be given sympathetic consideration.

2. *Right of Commercial Air Entry*

The establishment and operation of air carrier services including the right of commercial entry for transportation of passengers and property between points in two or more nations should be arranged by inter-governmental agreement, except where a government may permit its carriers to negotiate directly with a foreign government.

Each nation obtaining rights of commercial air entry from another nation should be free to assign them to its air carriers without obtaining prior approval of the other nation. However, one nation obtaining rights of commercial air entry in another nation should assign them only to a company or companies which are and continue to be substantially owned and fully controlled by nationals of either or both of the two countries.

Specific points of entry and routes to be operated in connection with the rights of commercial air entry should be established by arrangements between the civil aeronautical authorities of the countries concerned.

3. *Non-exclusivity of International Operating Rights*

Each nation should agree not to grant exclusive commercial operating rights to air carriers of any single nation, or to seek such rights.

4. *Application of Cabotage to Air Traffic*

Each country reserves the right to limit the carriage of commercial air traffic between two points both of which are under its jurisdiction to aircraft of its own nationality.

5. *Control of Rates and Competitive Practices*

There should be an international arrangement under which aeronautical authorities of the countries concerned should consult with each other for the purpose of reaching mutual understandings with respect to problems or controversies arising in connection with rates and other competitive practices. For the time being, however, each country should preserve freedom of action.

Under the above procedure the countries concerned would also consult with each other regarding the frequency of operation over particular routes, with a view to avoiding wasteful competition. However, in principle every carrier authorized to serve a particular route should be permitted to operate as many schedules as may be justified to take care of existing traffic at economically sound tariff charges. If it is deemed necessary to limit frequencies, due consideration should also be given to the proportionate share of traffic originated by nationals of each country.

6. *Curtailment of Subsidies and Exchange of Subsidy Data*

For the purpose of making international aviation as self-supporting as possible, there should be a frank exchange of information be-

tween nations, on the basis of uniform reporting, as to the amounts of subsidies and other assistance extended by the respective governments to their air carriers. The exchange of this information should be followed, wherever possible, by adjustment or regulation of rates, services, and competitive practices in an effort to develop efficient and non-subsidized operations. At the same time, it should be recognized that there will be certain routes where, for reasons of national policy, nations might be justified in subsidizing limited services.

7. *Uniform Operating and Safety Standards*

Steps should be taken by all nations to establish minimum and adequate standards for aircraft airworthiness, operation, and safety equipment. Air traffic rules, air traffic control procedures, and similar operating and safety regulations should be as uniform as possible, but each nation should be permitted to reserve the privilege of prescribing, on a non-discriminatory basis, special operating rules and procedures of local effect to be observed in the interest of safety by aircraft engaged in air transport operations in its territory.

8. *Standardization or Coordination of Air Navigation Aids and Communications Facilities*

Air navigation and communications procedures (applicable to both air and ground) should be standardized or coordinated as much as possible; this would not necessarily require complete standardization of the equipment used. This whole subject would be suitable for study and recommendation by any appropriate international body, but in the meantime the various international technical groups which have been discussing these matters should continue with their work in this field.

II. AIRPORTS AND FACILITIES

1. *Designation of Commercial Airports of Entry*

Each country should designate such commercial airports of entry as may be necessary for the effective and efficient operation of international air services by such other countries as may have been granted rights of commercial entry or transit.

2. *Use of Airports and Facilities on a Non-discriminatory Basis*

Each country should agree that the use of public airports, accessory facilities and technical assistance such as navigational aids, weather reporting and telecommunications are to be made available to civil aircraft of another country on the basis of national and most-favored-nation treatment.

Commercial aircraft of another country which have been granted rights of commercial air entry or transit should have equality of

opportunity to obtain or provide necessary facilities for fueling, repair and maintenance.

3. *Airports and Facilities in Isolated Areas*

The interested countries should endeavor to conclude arrangements for the development and maintenance of necessary landing areas and facilities in areas whose governments are unwilling or unable to perform these functions.

III. INTERNATIONAL COLLABORATION

1. *Establishment of an International Civil Aviation Commission and Definition of Its Functions*

There should be established an International Aviation Commission. The composition of this body, and the manner in which the various countries should be represented thereon, could be determined by an international conference or by an interim study committee. At the beginning, at least, the powers of this commission might be limited to the following:

(*a*) The study of procedures, and practices relating to safety regulations, operating methods, airline accounting, dissemination of meteorological information, customs procedure, standardization of communications equipment and facilities and air navigation aids, use and availability of airports, etc.

(*b*) To collect complete information and make studies with respect to the operating statistics of all international air carriers, subsidies paid directly or indirectly by governments to air carriers, rates charged by carriers, competitive practices, contracts and agreements entered into between carriers and between carriers and governments, international regulations with respect to licensing of aircraft and aircraft operators, and in general all information of value or of interest to the various governments concerned.

The results of the above-mentioned studies and information collected should be made freely and completely available to the governments of all countries which are members of the International body. The following additional powers might be delegated to this Commission if the consensus of opinion among the interested nations is in favor thereof:

(*a*) To recommend uniform simplified regulations where uniformity is practicable and unilateral action in other cases to correct abuses or unsatisfactory conditions which have been disclosed to the Commission in the exercise of its functions as proposed above.

(*b*) To consider and decide questions affecting two or more nations when certified to the Commission by the parties concerned.

It is suggested that no further major powers be delegated to the Commission until after study and agreement by the nations primarily concerned.

800.796/677

The Department of State to the Chinese Embassy

AIDE-MÉMOIRE

The Chinese Embassy is informed that the United States Government has been approached by the British and Canadian Governments with the suggestion that exploratory conversations be held in order to exchange views on the subject of post-war aviation, with particular reference to the development of international air transportation. This Government has agreed to participate in such preliminary discussions, which are expected to take place shortly.

It is thought that the Chinese Government might also be interested in entering into such discussions with the United States Government, and there is enclosed a proposed agenda [69] covering basic points which this Government feels would offer a suitable basis for these conversations. The Government of the Union of Soviet Socialist Republics has also been invited to enter into such discussions and has indicated its desire to do so. It is possible that invitations will likewise be extended to a few other governments shortly after the exploratory discussions have been completed or are under way, and that a United Nations civil aviation conference might be held later in the year as the result of basic understandings arrived at between the countries participating in the preliminary talks.

The United States Government contemplates that the first talks will be in the nature of bilateral exchanges of views between this Government and the other participating governments, respectively, with a summary of the results of these talks furnished to each of the other governments participating in such bilateral conversations.

The United States Government will be pleased to learn whether or not the Chinese Government would be interested in joining in such discussions in Washington, and the approximate date which it would find convenient to begin the talks.

WASHINGTON, March 25, 1944.

800.796/656a : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, March 25, 1944—3 p. m.

2286. From Berle. Present plans are to leave for England for exploratory aviation conferences on March 31, arriving England April 1. Edward Warner, Vice Chairman, Civil Aeronautics Board,

[69] See agenda transmitted to the British Embassy on February 14, p. 378.

will come along as technical adviser. We hope Satterthwaite may be attached to us on arrival.

The Department, and we gather also the British Government, prefers that this trip shall not overlap with Stettinius' visit, and we therefore hope to be able to take a plane home on April 7. This should give ample time to take the subject as far as it can be taken now. The Soviet Government has indicated that it wishes to hold conversations here and has named a group headed by Ambassador Gromyko. They will probably not be ready to begin much before April 10, but Ambassador Grew and Mr. Welch Pogue will be available should they desire to start earlier. We understand the British Government has indicated its willingness likewise to talk to the Soviet representatives.

For your confidential information, we expect to spend two days in Canada getting the Canadian viewpoint.

The Department contemplates a brief statement to appear April 1 that Mr. Berle and Mr. Warner have gone to London for the purpose of exchanging views on civil aviation with the British Government looking towards international negotiations later in the summer. No announcement of Canadian talks is contemplated, except that the Canadians will, if questioned, state that the two men named paused in Canada en route to London to exchange ideas. [Berle.]

HULL

800.796/649 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, March 26, 1944—3 p. m.
[Received 4 p. m.]

2459. For Assistant Secretary Berle. Department's 2286, March 25. Thank you for forwarding me your schedule. I believe it is well thought out and the time allotted ample to carry out your program.

I think your stopover in Canada was a wise and constructive method of handling a difficult situation.

I have already explained to Satterthwaite that he is to be attached to you on your arrival.

. . . . . .

WINANT

800.796/741

Memorandum of Conversation, by Mr. Joseph C. Grew, Special Assistant to the Secretary of State

[WASHINGTON,] March 29, 1944.

The Soviet Ambassador, Mr. Gromyko, called at my request this morning and I said that I was very glad that we were going to be associated in the proposed exploratory conversations relating to post-war civil air transport. I asked him whether he yet knew on what date the members of his group, who are coming from Moscow, would arrive in Washington. The Ambassador said that these two members, Major General N. I. Petrov and Colonel P. F. Berezin, are coming by way of Siberia and Alaska and that owing to bad weather at this time of year the flight would probably take about eight days. He therefore, did not expect them much before the middle of April although they might arrive at any time after April 10. I said that I would like to arrange a little gathering after their arrival and before the conversations so that our two groups might get to know each other. He said that they would be very glad to come to such a party and he would let me know when the officers arrived in Fairbanks.

I then gave the Ambassador a copy of our proposed agenda and also a copy of our summary of objectives,[69a] making it clear that this summary had been prepared by our technical group and should be regarded as on a technical level and merely as a basis for discussion. I asked that the summary be regarded as confidential but said that it was being given also to the British and the Canadians.

The Ambassador inquired whether the British and Canadians had also drawn up agenda. I said that they had done so and that we had seen them and they also had our agenda; as yet, however, there had been no definite discussions concerning our respective agenda and I thought that all this would have to be ironed out in the conversations themselves. Mr. Gromyko read our agenda and I asked him if he found it satisfactory. He replied in the affirmative and indicated that the Russian group would not submit an agenda of their own.

The Ambassador asked me what we thought of the Canadian proposals with regard to an international convention. I replied that we hoped that these exploratory conversations would create a bridge by which we could eventually move to an international conference, but that it seemed to us premature at this stage to consider the drawing up of a convention. First of all, we must explore each others' views and see if we can find a common ground which would justify the eventual formulation of a multilateral agreement. The Ambassador indicated that he agreed with this attitude.

[69a] *Ante*, pp. 378 and 422, respectively.

Mr. Gromyko asked me to explain the item on our agenda II. 3. on airports and facilities in isolated areas. I explained this point to him along the lines of the paragraph under this heading in our summary of objectives.

With regard to the question of interpreters at the conversations, I said that Mr. Bohlen [70] would probably sit in with us and I asked the Ambassador whether they would bring an interpreter with them. He replied that he thought that he and Colonel Berezin, who speaks English, would be able to carry on the interpretation except possibly in technical matters but he would consider the question of an interpreter later. He asked me who would constitute our delegation. I replied that we had not yet determined the members but that in all probability our group, besides Mr. Berle who would then have returned from London and myself, would be composed of Mr. Pogue, Chairman of the Civil Aeronautics Board, and Mr. Burden, Assistant Secretary of Commerce for Air. Mr. Stokeley Morgan, Chief of our Aviation Division, and Mr. Bohlen would also probably take part. I said that I would later let the Ambassador know the definite membership of our group.

JOSEPH C. GREW

800.796/612 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, March 30, 1944—midnight.

2482. Department of Commerce has been consulted in connection with your telegram 2025 of March 13, 1944, 7 p. m., and indicates that it agrees such a meeting would be desirable. It has no suggestions to make regarding agenda. Suggests week of May 15 as tentative date of meeting. You are requested to inform appropriate persons of the above.

HULL

800.796/640 : Telegram

The Secretary of State to the Ambassador in the Soviet Union (Harriman)

WASHINGTON, March 31, 1944—1 p. m.

754. 1. The news of our forthcoming exploratory talks with the British concerning postwar civil aviation has leaked to the press and is published in today's issue of the *New York Times* whose article

[70] Charles E. Bohlen, Chief, Division of Eastern European Affairs.

contains the following paragraph: "It is understood that the conversations do not include Russia but the hope is voiced that others with Russia will follow. So far the U.S.S.R. has given no hint of her attitude toward participation in a reciprocal world air agreement."

2. In view of this publicity and in order to avoid speculation the Department is issuing the following statement for release morning papers April 1.

"Mr. Adolf A. Berle, Jr., Assistant Secretary of State, and Mr. Edward Warner, Civil Aeronautics Board, are going to London for an exploratory exchange of views with His Majesty's Government in the United Kingdom on civil aviation as a first step towards preliminary international discussion this summer.

It is expected that a group composed of Mr. Joseph C. Grew, Special Assistant to the Secretary of State, Mr. L. Welch Pogue, Chairman of the Civil Aeronautics Board, Mr. W. A. M. Burden, Assistant Secretary of Commerce for Air, and others will conduct similar exploratory conversations with representatives of the U.S.S.R. in Washington within the next fortnight."

3. The Soviet Ambassador informs us that Major General Petrov and Colonel Berezin expect to arrive in Washington about the middle of April and we expect to hold the exploratory conversations shortly thereafter.

HULL

800.796/684

Memorandum of Telephone Conversation, by the Chief of the Division of British Commonwealth Affairs (Hickerson)

[WASHINGTON,] April 1, 1944.

I talked to Mr. Atherton [70a] at 5:30 last night on the telephone. He and Mr. Clark [71] had just come from a conversation with Norman Robertson.[72] Mr. Robertson had talked at some length about the civil aviation conversations Wednesday and Thursday [73] in Montreal.

Robertson said that C. D. Howe, the Canadian Minister of Transport, had remarked that this was the first time that he had ever participated in such conversations where they "got anywhere". It had been agreed that there would be no agreements and that nothing would be reduced to writing. The Canadians did not even desire to have agreed minutes which might be taken to London by Messrs. Berle and Warner. Mr. Robertson said that he was confident that progress had been made in the conversations in Montreal and that he was hopeful

[70a] Ray Atherton, Ambassador in Canada.
[71] Lewis Clark, First Secretary of Embassy in Canada.
[72] Canadian Under Secretary of State for External Affairs.
[73] March 29 and 30.

that an agreement might be reached. He said that he was hopeful despite the fact that Canada wants the maximum regulation of international aviation and the United States the minimum.

Mr. Robertson referred to the possibility of an arrangement on civil aviation to be agreed to in principle by a number of important countries and to be placed into *de facto* effect before the signature of an agreement. This would enable a number of countries to avoid to some extent domestic political difficulties.

Mr. Robertson was fulsome in his praise of Ed Warner and stated that in his opinion Mr. Warner would be an ideal head of an international organization to deal with civil aviation.

JOHN HICKERSON

800.796/4-144

Memorandum by the Assistant Chief of the Aviation Division (Walstrom)[73a]

[WASHINGTON,] April 1, 1944.

Subject: U.S.-Canadian exploratory discussions on post-war air transport.

Mr. A. A. Berle, Jr., Assistant Secretary of State, and Mr. Edward P. Warner, Vice Chairman of the Civil Aeronautics Board, accompanied by the undersigned, conferred in Montreal on March 29 and 30 with the following Canadian representatives: Mr. C. D. Howe, Minister of Munitions and Supply; Mr. Norman Robertson, Under Secretary of State for External Affairs; Mr. H. J. Symington, President of Trans-Canada Airways; and Mr. John Baldwin, Secretary in the Privy Council's Office. The discussions were exploratory in character, and centered around the Canadian draft proposal for an international air transport convention [73b] and the United States summary of objectives [73c] desired with respect to post-war commercial aviation.

The American representatives pointed out that while the Canadian draft proposal was an excellent model for an international convention, it was doubtful whether this could be adopted in full measure within the immediate future, and that it would probably be more desirable to have a transition period during which time experience would be gained which would be of great benefit to the eventual international body. The Canadians appeared to recognize the validity of

[73a] Addressed to Mr. Stokeley W. Morgan, Chief of the Aviation Division, and Mr. Joseph C. Grew, Special Assistant to the Secretary of State.

[73b] For text of the draft convention, see Canada, *House of Commons Debates*, vol. 82, No. 33, pp. 1626–1633.

[73c] *Ante*, p. 422.

this point, and after a day and a half's discussion on various points of common interest, the attached statement was drafted by the American representatives (with the main wording of the first paragraph suggested by Mr. Baldwin).

The statement is meant to be a summary of the U.S. general suggestions for setting up the transitional procedure, but it was not intended to be a formal joint statement of conclusions reached. In other words, while the Canadians were given a rough draft copy on an unofficial basis, and they expressed no disapproval thereof, the statement would not be suitable for transmittal to other governments as a formal statement of U.S.-Canadian views. It was agreed that further discussions between our two countries might be in order after Messrs. Berle and Warner had returned from London.

The following is a more detailed chronological account of some of the points covered in the discussions, leading up to the drafting of the statement referred to above.

In reference to the difference of opinion in each of several countries as to whether or not there should be a "chosen instrument", Mr. Howe said the Canadian position was a little simpler in that their views were "spread on the record." He added parenthetically that C.P.R.[73d] had worked themselves into an impossible position, but no great difficulty was anticipated in correcting it.

Mr. Howe said that as a beginning they had very little to add to the document they had already submitted. Since our own document was "rather sketchy", he suggested we proceed by discussing it further.

Mr. Berle said we agreed there would have to be a world aviation organization, which would have to be geared to whatever world organization was evolved. However, it may take some time to work out the world organization, and in the meantime there will be other subjects which cannot wait. One difficulty with the Canadian proposal is that it ties in more with the world organization; also, its "double-layer" mechanism setting up an international mechanism in each area. We had felt it premature to commit on a definite form of organization until the other world organization is worked out. In the meantime the aviation set-up should stand on its own feet.

Mr. Robertson admitted that the Canadian scheme was long-range, and was meant to be self-contained. Mr. Howe thought some central organization would be needed to apply sanctions on the "freedoms."

Mr. Symington asked if the ultimate world authority should set up the air authority. Mr. Berle said the procedure we had contemplated was a United Nations convention, to be presented generally. Mr. Symington said it might be putting the cart before the horse, but thought that if we could offer something (we might call it a trial bal-

[73d] Presumably the Canadian Pacific Railway Company.

loon) beforehand it would remove the danger of difference of opinion at a United Nations conference. If the leading nations were satisfied with this (Canadian) convention, which is only for five years, it would be a big step forward.

Mr. Berle said we had already had a protest from the Australians, who felt they were being left out of things, and other countries might also protest if they did not have a chance to express their views.

Mr. Symington said he didn't mean that we should actually sign the convention at this time, but our general adherence would be an indication to other countries that a forward step had been taken. He naturally assumed that any arrangement offered would be acceptable and fair to the other countries. For instance, there would be no thought of shutting out the smaller nations from the North Atlantic operation.

Mr. Robertson suggested the UNRRA procedure might serve as a precedent, up to a point. However, whereas the UNRRA ratification meeting was held first and the details worked out later, this procedure probably should be reversed, with each country feeling it had had a fair opportunity.

In discussing item 2 (right of commercial entry) of the U.S. summary, Mr. Berle said there were a number of economic aspects involved. Some people have argued that 80% of the pre-war trans-Atlantic traffic was originated by the U.S. On the other hand, some countries are looking forward to "internationalization" to help them get a part of this business. We feel that all sides to this problem are not yet apparent. Any economic arrangements would have to be temporary, and would need consistent re-examination. Any international body should begin by collecting traffic facts, and determining how much this traffic stands on its own feet. These should be continuous exchange of data relating to this subject.

Mr. Symington thought that unless some formula were adopted, and if free competition lacked some sort of control, the result might be too many frequencies which in turn would mean empty seats. Under the Canadian plan, and in such a situation, the body would tell Canada, for instance, to reduce one frequency and would give another one to the U. S. provided traffic originating in the U. S. justified it.

Mr. Berle observed that the Canadian proposal perhaps was at fault in not spelling out that origin of traffic would be a criterion in assigning frequencies.

Mr. Robertson observed that placing it on the basis of "traffic origin" would remove one means of balancing international payments, but Mr. Berle thought it would be difficult to sell this thought to the American people.

Mr. Symington said the problem was whether each country was to say how many frequencies it would run, or whether this would be determined by an international body. "If you leave it to each nation you are in for a very difficult time." Mr. Berle said the heart of the problem is what principles will determine the assignment of frequencies.

Mr. Warner said our thought was not to restrict frequencies, but to establish them under certain broad principles. He questioned whether there would actually be "chaotic consequences" under such an arrangement. He also raised the question whether Canadian "freedoms" 1 and 2 (innocent passage and non-traffic landings—Article II, 2) should be "licensed" by the international body or whether they should not be provided for multilaterally. Freedoms 3 and 4 (right to carry traffic from the home state to any other member state, and the right to bring back traffic to the home state from any other member state) might also be made a general right if it proves possible to define the origin of traffic, together with provision for traffic "originating" in smaller countries.

Hr. Howe said that freedoms 1 and 2 were basic rights which would be automatic and not contingent on licensing by the international body. Mr. Symington said that everyone would have freedoms 3 and 4 as minimum rights, and any amplification of these could be done bilaterally. [Discussions revealed that the Canadian proposal made inadequate provision for intermediate traffic; their freedoms 3 and 4 refer to traffic only when it originates or terminates in the home country.] [74]

Again referring to Canadian freedoms 3 and 4, Mr. Warner said we did not necessarily hold that every nation had the inherent right to fly into the U. S.

The Canadians said the idea of "weighting" the board of directors was to prevent each and every nation from endeavoring to divide things up on an equal basis, to the detriment of those primarily interested.

It was generally agreed that each country should have the right to designate its own international airports, subject to reasonable conditions. The Canada–U.S. situation, however, would indicate that such designation should not be on a most-favored-nation basis. That was one reason the Canadian draft provided for special arrangements for contiguous countries.

Mr. Robertson said the origin of traffic idea might be carried so far as to become quite restrictive. Mr. Symington said, assuming there was a Canadian line to Latin America, it would be difficult for them to try to prevent a Canadian national from buying a ticket

[74] Brackets appear in the original.

from Montreal to New York, and then buying a ticket on an American line for the rest of the way.

It was agreed that the problem of a Canadian airline picking up an American passenger in the U.S. for South America would be a matter for bilateral arrangement, and could not be covered in a convention.

Mr. Howe asked if there would have to be rate differentials depending on types of services. Mr. Warner said we had not solved this problem in the U.S., where the tradition favored uniformity. The tendency will be to compete on the basis of speed, and this will raise the question as to whether rates on a slower service should be reduced. Rate reductions should be particularly justified if there is an accompanying economy in operation.

The Canadians expressed agreement with item 3 (non-exclusivity) of our summary.

As to our point 4 (cabotage), the Canadians said they would like to see this restricted as much as possible. Mr. Howe said that at the Dominion Air Conference in London no claim had been set up for cabotage between members of the Commonwealth. He added parenthetically that the Indian delegates demonstrated a very nationalistic attitude with respect to international airlines transiting their country.

Our point 5 (control of rates and competitive practices) was covered in the earlier part of the discussion.

Regarding subsidies, our point 6, Mr. Berle said there would probably be routes which we might have to subsidize, e.g., in the Pacific. Mr. Howe ventured the suggestion that a subsidized service should be a continuous service from the home country. In a discussion proceeding from this point, Mr. Warner suggested some device be set up to protect against sale of end-to-end tickets. (Example: Ostensible sale of two tickets, one for a route sector which was an extension of the other route sector, but actually amounting to one through ticket.)

With regard to our point 7, uniform operating and safety standards, it was agreed that the need for uniformity was generally recognized.

It was decided that the question of surplus aircraft would merit further investigation, looking to a possible understanding between the U.S., Britain and Canada on this subject.

In a discussion on isolated airports, it was agreed that there would not be much interest in Greenland, although we might want one or two fields there for standby use. Iceland, however, will be important, particularly from a communications standpoint. It is likely that some isolated bases may have great military importance, and may be kept up primarily on that basis, but available for commercial use.

On the second day's discussion with the Canadians, Mr. Berle reiterated that we would come a cropper if we endeavored to adopt the Canadian proposal in full measure. There would have to be something worked out as to frequencies, etc., to fill in until something more definite could be arranged. To this end an informal committee could be constituted (perhaps in Washington) for the purpose of establishing the preliminary set-up.

Mr. Howe said a possible danger to this plan was that there might be "deals outside the orbit." Mr. Berle thought that anyone who challenged the recommendations of the preliminary or transitional body would thereby probably prejudice themselves when the formal body was set up.

Mr. Robertson asked if the U.S. would not have control of most of the available aircraft during the first eighteen months. Mr. Warner said that everyone would have difficulty obtaining commercial planes during a period of, say, six months required for conversion, but thereafter planes should be quite plentiful. Mr. Warner also suggested that for an initial six-months period it might be provided that carriers should not be allowed to increase their frequencies.

In a discussion of possible international services, Mr. Howe said they planned a route to England, which they did not plan at present to extend to the Continent; also a Pacific route via the north, down the China coast, and to Australia, an operation in which they might ask Australia to participate [Hawaii as a staging point was not mentioned],[75] and a third route to the West Indies, probably via Bermuda, and possibly extending to South America as far as Rio.

In connection with the conversation on routes, Mr. Symington admitted that Canada's importance from a strategic geographic standpoint had been exaggerated.

In summing up the conversations, Mr. Howe said: "What you have in mind is to let the international authority develop gradually, and I see nothing wrong with that." Mr. Symington again remarked that the basic difficulty was whether assignment of routes and frequencies was to be done by an impartial body or by the several interested countries.

Mr. Robertson thought they should recognize the advantage of a transitional period. He raised the question, however, as to whether blocs would not develop during the 18-month interim period. An empire bloc would be a definite possibility, even though Canada would not welcome it.

Mr. Berle asked if this danger could not be minimized by agreeing not to enter into discriminatory arrangements.

The problem of differentiating between military and commercial services (particularly as refers to BOAC) was also discussed. In de-

[75] Brackets appear in the original.

ciding the number of frequencies over the North Atlantic, for instance, it was assumed that air transport command services would not necessarily close down immediately at termination of hostilities; that such services would probably continue to carry traffic for military and relief purposes; and that allocation of frequencies mentioned above would apply solely to commercial traffic.

Mr. Symington finally suggested an informal statement of principles (which is attached) to cover the transitional period.

J. D. WALSTROM

[Annex]

American Statement of Principles, Montreal, Canada, March 30, 1944

After discussion between the United States and Canadian representatives of the proposals contained in the Canadian draft convention, the United States representatives put forward the following suggestions for arriving at the general objectives of the Canadian convention. The Canadian representatives recognized that these proposals represented a possible method of attempting to achieve the objectives in question and as such should be the object of further study.

1. The United States point No. 1 is virtually equivalent to Canadian "freedoms" 1 and 2, and there would appear to be agreement in principle on the desirability of establishing these freedoms.

2. There should be established a preliminary committee which will endeavor to arrange for provisional routes, frequencies and commercial outlets, to take effect when the military situation permits. There will be an endeavor to obtain general agreement on this as a starting point within the next few months.

3. There shall be proposed to an air conference the plan for provisional commercial services to remain in effect for a transitional period to be agreed upon, but presently conceived to be eighteen months or possibly two years.

4. There shall be proposed to the air conference the establishment of a commission, which, during the transitional period, shall have the following duties:

(*a*) to receive and collect reports, data, et cetera;
(*b*) to observe the operation of the provisional plan for commercial services and to report thereon at frequent intervals;
(*c*) to stimulate remedial action by the governments concerned when friction or controversy or failure of service may appear or may be threatened.

5. The following general principles shall be proposed to the air conference, for adoption and inclusion in a draft convention:

(*a*) non-exclusivity;
(*b*) reservation of cabotage;
(*c*) curtailment of subsidies;
(*d*) right of countries to pool operations;

(*e*) use of airports and facilities on a non-discriminatory basis;
(*f*) cooperative handling of isolated airports;
(*g*) non-discriminatory handling of prohibited areas, customs regulations, et cetera.

6. The conference would assign to the commission duties in respect to navigational aids, safety regulations and other technical matters which at present appear to be of common interest.

7. There will be a review of the entire situation by a further air conference at the close of the transitional period contemplated. On the basis of experience and data then at hand, the problem of increasing the functions allocated to the commission can be considered in the light of the circumstances and experience then prevailing.

8. The foregoing is to be embodied in a suitable convention which it is hoped the air conference would accept. The convention should by its terms come up for review, along with the powers and duties of the commission, at the close of the transitional period; perhaps power to withdraw at that time may be given if full agreement is not yet reached.

800.796/673 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 4, 1944.
[Received April 4—9 : 45 a. m.]

2717. From Berle. Civil Aviation Conference started yesterday morning under the auspices of Lord Beaverbrook. The following were present from the British Government: Lord Beaverbrook, Captain Harold Balfour, Cribbett, Deputy Director General of Civil Aviation, Richard Law and Le Rougetel of the Foreign Office, Masefield and Baring of Lord Beaverbrook's staff. Dr. Warner and Satterthwaite accompanied me.

Lord Beaverbrook requested I summarize the steps that led up to the present discussions and outline briefly our talks in Montreal with the Canadians. I said that we had discussed future application of the doctrine of sovereignty of the air, the use of American built airplanes, and the bases of airfields built abroad with United States money. We outlined our idea that a transition period was necessary during which data might be collected on which future controls could be predicated if they proved necessary.

After these general remarks we proceeded with the discussion of the first items on the agenda which for working purposes is a synthesis of the two statements exchanged by our two Governments last February.

It was tentatively agreed that the two countries must standardize technical aviation procedures (radio, meteorology, ground services,

air worthiness, licensing of personnel, sanitary regulations, customs treatment and taxes on fuels). It was agreed to recommend that the requisite number of technical discussions be held between the two countries as soon as convenient on these subjects with a view to accomplishing the standardization agreed to be desirable.

Subject of cabotage and its definition was then discussed. I defined the United States position that we considered traffic between the United States, Puerto Rico, Alaska, Hawaii, Canal Zone, and other possessions as reserved to American flag carriers and that we expected that the British would consider as reserved to their flag carriers traffic between Great Britain and all parts of the Empire except the Dominions and India as cabotage. Specifically this would include traffic between Great Britain and Newfoundland. The British said they shared this definition of cabotage.

Discussion on the question of control of uneconomic competition was begun but it was necessary to adjourn the meeting before very much was developed. The British felt that for the time being at least they should be guaranteed 50 percent of traffic on important routes such as the North Atlantic. I indicated that this position would be difficult to maintain.

We resume discussions this morning. [Berle.]

WINANT

800.796/679 : Telegram

The Ambassador in China (Gauss) to the Secretary of State

CHUNKING, April 5, 1944—9 a. m.
[Received 10:12 a. m.]

600. Your 380, March 25, 2 p. m.[76] On subject postwar civil aviation. While I learn that China is indicating interest in discussions at Washington and inquiring as to suitable date, there has been no indication of Chinese views on various aspects of postwar aviation. Minister of Communications, whose Ministry is concerned with aviation, tells me he has not been consulted. From what little I can gather, I am of opinion that Chinese will be inclined to favor an international aviation authority, and being suspicious of both their British and Soviet neighbors will be very cautious in their approach on the general subject.

GAUSS

[76] Not printed; it informed the Ambassador of the *aide-mémoire* delivered to the Chinese Embassy on March 25 and expressed the Department's belief that any information on the Chinese viewpoint regarding various aspects of postwar aviation would be helpful (800.796/656b).

800.796/705

Memorandum of Conversation, by Mr. J. Graham Parsons, of the Division of British Commonwealth Affairs

[WASHINGTON,] April 6, 1944.

Mr. Reid [76a] said that the Embassy had received a very full digest of the recent air talks at Montreal, prepared by John Baldwin. In reply to my query as to how he viewed the results of the talks, he evinced no little discouragement (Mr. Reid is probably the principal author of the Canadian draft convention).

Mr. Reid said that at least the talks had cleared the air and had removed some misconceptions as to the Canadian draft convention. He was disappointed to see so great a gulf between the Canadian and American position however, and characterized the American memorandum of views on civil aviation as "meager". He said that our memorandum virtually went back to the 1929 position.[77] The US apparently had little more to suggest than the adoption of the principle of freedom of air transit. As it seemed to him, this principle, tied to so little else in the way of an international frame-work, offered nothing to anyone else. He doubted if we would get more support now than the same position obtained in 1929. If for domestic reasons the US had to accept international air organization through evolutionary process, Canada, he felt, would have to throw up its hands and abandon hope. It was now or after the next war; a half-way decision on international air aviation organization would be no good.

Mr. Reid closed by saying that he hoped that the London talks developed something constructive.

800.796/716

Memorandum of Conversation, by Mr. Joseph C. Grew, Special Assistant to the Secretary of State

[WASHINGTON,] April 7, 1944.

Mr. Liu Chieh, the Chinese Chargé d'Affaires, called this morning at his request. He referred to the proposal communicated by Mr. Berle that the Chinese Government participate in bi-lateral exploratory talks with us on the subject of postwar civil aviation and said that his Government was now glad to accept this proposal.

Mr. Chieh asked how soon we felt the meeting should take place. In reply I told him of our talks with the Canadians and the British and the plans for our forthcoming talks with the Soviet Russians

[76a] Escott Reid, First Secretary of the Canadian Embassy.

[77] For documentation on American participation in the extraordinary session of the International Commission for Air Navigation at Paris, June 10–15, 1929, to revise the convention of October 13, 1919, see *Foreign Relations*, 1929, vol. I, pp. 489 ff.

which would probably occur within the next ten days. I said that we would be glad to meet the Chinese group at any time they wished, but suggested that a mutually convenient date might be set after the completion of our talks with the Russians. Mr. Chieh indicated that he thought this would be entirely satisfactory to them and that we might perhaps meet sometime in early May. He said that while China had certain aviation experts in Washington, he thought that his Government might wish to send others from Chungking. I told him that our group would be small and probably not composed of more than five persons.

Mr. Chieh said that Mr. Berle had given him a copy of our agenda but that it would be helpful if we could give him some further information with regard to the subjects to be explored so that his Government could be in a better position to prepare for the talks. I replied that we would be glad to do so and I thereupon handed him a copy of our summary of objectives, indicating that this summary should be regarded as strictly confidential and as prepared on a technical level and to be used as a basis for discussion in the coming conversations. I also pointed out that our talks were to be informal and exploratory and merely an exchange of views to see if the various interested nations could find a common basis of agreement which would justify the holding of an eventual multi-lateral conference. I said that in the bi-lateral conversations we wished to include China in the first flight.

Mr. Chieh said that he would let me know as soon as he was in a position to suggest a date for the meeting.

JOSEPH C. GREW

800.796/695 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 7, 1944—4 p. m.
[Received 8:45 p. m.]

2839. From Berle. A crisis developed in our aviation discussions because of insistence of the British on iron-clad international economic as well as technical control of international aviation. They at first insisted on the Canadian draft (with slight modifications) and after it was clear that from our point of view this granted too wide undefined powers they presented a document which had been drawn up for the Empire Aviation Conference of October 1943.[78] This document we agreed could form a basis of discussion and have in it sufficient latitude to permit agreement by the British and the Americans at a subsequent civil aviation conference provided the British

[78] See Annex B, *post*, p. 457.

did not give to it an extreme rigid interpretation. In dealing with the document Beaverbrook first proposed to interpret it rigidly in the sense of their previous contentions.

At this stage in the conversations (noon April 6) Beaverbrook and I went over to lunch with the Prime Minister. Beaverbrook reported on the general situation and our divergence over the British desire for international control. I pointed out our constitutional and political difficulties. The Prime Minister dealt rather lightly with the whole internationalized thesis saying that he considered the heart of any agreement finally reached would have to be understanding between the British and the United States and he then and there instructed Lord Beaverbrook not to press the extreme position and in any event to arrive at an agreement. My private opinion is that the British never really intended to press for complete international control of aviation but made the contention for the benefit of certain members of the British Cabinet who have taken advanced public positions in favor of internationalism not only in aviation but in general. The Prime Minister added that while he hoped we should find our positions in substantial accord prior to any general civil aviation conference he did not feel that it was necessary or desirable to reach or announce a complete agreement until after the Soviet Union and other countries have made their views known. With this I fully agreed. He said that even if there were complete agreement he would wish not to announce it lest other countries become suspicious.

Actually we then finished our conversations without difficulty and discovered as might have been expected that while the British had asked for a good deal in the way of commercial concessions at our expense they did not press for them; and we thereupon issued to the press a brief statement not repeated here since it has presumably appeared in the American press to the effect that we had agreed to discuss technical subjects informally immediately; that we would welcome Russia and other countries joining us in these discussions; and that there was sufficient general agreement between the two countries to justify the expectation that definitive arrangements would be reached at the international aviation conference. We plan to have a joint press conference Saturday.[79] This is at Beaverbrook's insistence rather than our desire.

I plan to leave England by plane on Sunday, arriving in Washington Monday or Tuesday. [Berle.]

WINANT

[79] April 8.

800.796/746

Memorandum of Conversation, by the Assistant Chief of the Aviation Division (Walstrom)[80]

[WASHINGTON,] April 8, 1944.

Mr. Gore-Booth [81] came in this afternoon and left a copy of a paraphrase of a telegram dated April 6, 1944, from the British Foreign Office to the British Ambassador in Moscow, reading as follows:

"We should welcome an exchange of views with the Soviet Government on Civil Aviation at the earliest possible moment. Please enquire of the Soviet Government if, for this purpose, they would care to arrange for their representatives at United States-Russian talks in Washington to come straight on here after these talks are concluded."

Mr. Gore-Booth said that the substance of the above message had also been conveyed to the Russian Ambassador here.

J. D. WALSTROM

800.796/702 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 12, 1944—5 p. m.
[Received 6:05 p. m.]

2960. The Soviet Ambassador [82] asked me about the meetings with the British on civil aviation, and after talking it over with Mr. Berle it was agreed that I should give him this information. In the course of a call which I made on Gousev on Saturday [83] I therefore informed him of the background and the results of the preliminary discussions with the British and let him know that Mr. Berle had told me he was going to have similar discussions with the Russian aviation expert in Washington. I stressed the fact that the talks here were an exchange of views only, and that no commitments or agreements would be made until a full international conference. I said that the Canadians, the British and we were in agreement that such a conference would serve a useful purpose, and we hoped that it could be held during this year.

Please telegraph Embassy summary of results of the discussions with Russians in Washington.

WINANT

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[80] Undated marginal notation on this document reads: "I was informed of this in London—and said we of course had no objection but welcomed it. A. A. B[erle]."

[81] Paul H. Gore-Booth, First Secretary of the British Embassy.

[82] Fedor Tarasovitch Gousev.

[83] April 8.

800.796/703 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 12, 1944—7 p. m.
[Received April 12—6 : 57 p. m.]

2963. It is the opinion of many aviation people that Lord Beaverbrook has weakened his position by saying at the press conference on April 8 that the British Government had made many aviation concessions to the United States during the talks.

WINANT

800.796/753

The Counselor of the British Embassy (Wright) to the Assistant Secretary of State (Berle)

WASHINGTON, April 17, 1944.

DEAR MR. BERLE: We have received a telegram containing the following message for you from Lord Beaverbrook:—

"There has been much material in the newspapers since you left us, practically all in support of International Conference. The only dissenting newspaper was the *Sunday Dispatch*. A most helpful leader appeared in the *Times* of April 10th; I quote from the opening sentence: 'Mr. Berle and Lord Beaverbrook made it clear that their discussions on civil aviation last week were preparatory. The talks are intended to pave the way—or by a more apposite metaphor to clear the air—for an international conference which Mr. Berle hopes to see assembled this year. Last week's talks have greatly improved the prospects of full international agreement.'

I met the Air Correspondents at a private lunch on Wednesday [84] and without exception they praised the work.

You will always be remembered here and we hope you will not forget us. Come back soon and do still more and bigger work."

If there is anything you wish to say in reply we will be very happy to transmit it.

Yours sincerely, MICHAEL WRIGHT

800.796/4-1944

Report by the Assistant Secretary of State (Berle) on Air Conversations Held at London

[WASHINGTON,] April 19, 1944.

Pursuant to arrangement with the British Government, Mr. A. A. Berle, Jr., Assistant Secretary of State, and Dr. Edward Warner,

[84] April 12.

Vice Chairman of the Civil Aeronautics Board, proceeded to London to hold informal discussions with representatives of the British Government on the subject of civil air transport.

Prior to their departure, the Governments of the United States and Great Britain had exchanged ideas as to the scope of matters for discussion.

The British discussion group consisted of The Lord Beaverbrook, Lord Privy Seal; Captain The Right Honorable H. H. Balfour, Air Minister; Mr. W. C. G. Cribbett of the Air Ministry, and Mr. J. H. Le Rougetel of the Foreign Office. Mr. Richard Law, Minister of State, and Mr. Peter Masefield, Honorary Secretary of the Lamplugh Committee on Civil Aviation, although not formally designated as negotiators, also attended the discussions on the British side. The American group consisted of Mr. A. A. Berle, Jr., Assistant Secretary of State; Dr. Edward Warner, Vice Chairman of the Civil Aeronautics Board; and Mr. Livingston Satterthwaite.

The meetings opened at 11:00 a. m., April 10, 1944, at Gwydyr House, London, and continued until Thursday afternoon, April 13.[85] Lord Beaverbrook presided.

The British group proposed an informal statement of matters for discussion, attached hereto, marked "Annex A". This was accepted subject to such changes in order as might be found convenient. All discussions were carried on upon the assumption that enemy nations would not, after the war, be allowed to engage in international aviation.

Standards of Technical Operation

Informal agreement was reached that the first four points and point seven might be discussed together. After full discussion, it was agreed that the greatest possible uniformity of practice on the technical subjects comprehended within these five items should be reached, in any event between the United States and Great Britain, and preferably on a world-wide international basis. The discussions were carried on by Dr. Warner as expert for the American group, and by Mr. Cribbett and Captain Balfour for the British group. In view of the fact that all of the subjects involved were highly technical in nature, after an understanding in principle had been reached, it was agreed:

That as soon as convenient conversations should be held between the technical representatives of the two countries with a view to agreeing on the uniformity and in respect of:

(*a*) Communications systems and air navigation aids.
(*b*) A collection of exchange of meteorological information.

[85] The dates are incorrect. According to the official minutes, which were transmitted to the Department in despatch 15217, April 25, 1944, from London, the discussions opened on Monday, April 3, and closed on Thursday, April 6 (800.796/826).

(*c*) Rules of the air and traffic control practices.
(*d*) Customs and immigration requirements.
(*e*) Rules relating to the exemption from taxation of fuel, oil and other supplies and spare parts intended for use in transport aircraft in international service.
(*f*) Regulations relating to the prevention of any transmission of communicable disease by aircraft.
(*g*) Standards governing the licensing of operating and mechanical personnel.
(*h*) Requirements relative to the certification of aircraft and their equipment as airworthy.

That technicians of other members of the United Nations should meet with the representatives of Great Britain and the United States to exchange views on the subjects mentioned above.

Understanding was accordingly reached that experts in each of these fields attached to the appropriate authorities in Great Britain and in the United States would be put in touch with each other for the purpose of giving detailed application to the principle of standardization and uniformity within these fields of practice.

Air Transit Rights and Commercial Use of Ports; Cabotage

The groups then proceeded to the discussion of point twelve designed to introduce the subject frequently referred to as "freedom of the air". The American group suggested that this phrase be not used in view of the fact that it had been so loosely used as to have become meaningless; this suggestion was agreed to. The subject accordingly was divided into three sub-heads:

(*a*) Sovereignty of the air;
(*b*) The right of innocent passage and non-traffic stop;
(*c*) The right of commercial outlet.

The American group stated that the United States was unable to qualify the doctrine of sovereignty of the air over its national territories and territorial waters. Maintenance of this sovereignty did not, however, preclude the possibility of agreement on passage through such air, always subject to the sovereignty of the country, to its reasonable laws and regulations, and the need for protecting its security; an analogy being agreements under which merchant vessels of other countries are permitted to enter coastal waters, railway trains and automobiles are permitted to enter tracks and roads in other jurisdictions. Such agreements, the American group believed, were not in derogation of sovereignty if suitably drafted. The British group held substantially the same views; and note was taken of this agreement. The two Governments appeared to hold similar views with respect to the continued maintenance of the doctrine of sovereignty of the air over national territories and coastal waters.

Discussion was then opened on the right of innocent passage and technical stop. The American group took the view that this could not be separated from the right of commercial entry; that is, that the working out of agreements in respect of innocent passage and non-traffic stop must necessarily be dependent on the working out of reasonable arrangements for airport use and commercial outlet. The discussion thereupon turned to arrangements for use of airports and commercial outlet.

It was pointed out that this involved discussion of point eleven, viz: cabotage. The British group inquired the definition of the American group of "cabotage". The reply was made that in the view of the Government of the United States cabotage consisted of traffic between any political entity and its colonies and possessions, but not between a political entity and self-governing nations affiliated with it. In respect of the United States, this would mean that cabotage included traffic between the United States and Puerto Rico and Hawaii, just as, in respect of Great Britain, it would presumably include traffic not only within Great Britain but between Great Britain and its colonies, such as Newfoundland, Jamaica, Malta, et cetera; but not traffic between Great Britain and Canada, Australia, New Zealand, South Africa, and India. The British representatives indicated that their own view corresponded to this.

Lord Beaverbrook, on behalf of the British Government, reaffirmed the position taken by the British Government and stated by him in a speech before the House of Lords on January 19, 1944. The applicable paragraph of this speech is as follows:

"In particular the question of bases has been widely canvassed. We have many bases at our disposal. They are scattered all over the Empire, and in other lands too the needs of war have caused us to construct airfields suitable for peace as well as for war. I do not of course deal today with the bases in the Dominions. These are necessarily separately dealt with, but they must and will be a subject for discussion between Great Britain and the Dominions. But as for the bases under our control, let me say at once that the Government have no desire to exclude aircraft of other nations. We demand no prescriptive right to the use of airfields for ourselves. Rather do we mean to use them for the purpose of steadily developing civil aviation throughout the world. Here it must be said that the bases are few in number at which any great volume of traffic can be collected. Just the same, it will be necessary to have international agreement on traffic regulations and arrangements. This is an essential condition of future developments. For my part I find myself on this subject in agreement with Mr. William Burden, of the Department of Commerce in Washington. Mr. Burden, speaking in Washington on the 5th January, said:

'Complete freedom of the air in the present state of the world might result in commercial anarchy.'

"I share Mr. Burden's view. For our part we are prepared and ready at any time to enter into negotiations with a view to disposing of all traffic problems and arrangements that will arise."

He indicated that he assumed like consideration would be given to adequate airports available for commercial entry in the United States.

The American group stated that the present view of the Government of the United States was that not only the United States but all other countries should be requested to designate reasonable and adequate ports at which commercial entry—that is, the discharge of passengers, freight, and mail, and the taking on of passengers, freight, and mail—might be carried out. The British Government agreed to this view.

Both groups recognized that further discussions would have to be held in relation to the designation of such ports; but these might await a later stage.

Lord Beaverbrook noted, and Mr. Berle agreed, that, under this arrangement any question of the so-called air bases, which more properly should be called airfields, built by the cooperative effort of two or more nations, would disappear. Those that were reasonably useful for commercial outlet would thus become available for use by the craft of both countries. The technical "ownership" or legal title to the base then ceased to be important. At this stage, discussion on point eight, namely, the principle that each state should be responsible for the provision and maintenance of ground facilities needed in its territories, became appropriate. The principle was expressed by both groups as corresponding with the present views of their respective Governments.

Frequencies and Traffic

In turning to the economic characteristics of air transport services the British delegation suggested that the objectives should be:

(1) To set up effective machinery to insure the maintenance of broad equilibrium between the world's air transport capacity and the traffic offering.
(2) To provide for equitable participation by the various countries participating in international air transport.
(3) To control subsidies with a view to making air transport self-supporting wherever practicable.

The American group said that the first objective seemed wholly appropriate; that the second implied a degree of control which seemed undesirable; and that the third, although certainly acceptable in principle, presented great difficulties because of the manifold forms that subsidies might assume. In this connection, the American group believed that it would be easier to control any evil consequences of

subsidies than to apply a general rule with respect to the subsidies themselves. Giving specific form to the second of their three objectives, the British group then advanced the proposal that frequencies should be apportioned by international authority on the principle that each country should have the right to carry traffic originated by it, and should thus be entitled to receive routings and frequencies sufficient for that purpose. Being asked for a definition of traffic originated by it, the suggestion was advanced that this should be determined by the place at which a passenger bought his ticket, or from which mail or freight was shipped. The American group pointed out that this in substance amounted to an equal division of traffic irrespective of the circumstances of its movement; thus, since most air travelers commonly returned to their point of origin, the result would be that one half the traffic would have been originated where they started and another half would have originated where they purchased their tickets for return.

The American group believed that if there were to be any classification of traffic by national origin the place of origin of passengers should be considered as their place of citizenship or of residence. This should not be rigid, in the sense of confining nationals to their own planes. But a British or American traveler leaving his country on a British or American plane should be able, if he wished, to return by British or American plane; and the respective countries should in each case be in a position to offer requisite service by its own planes to its own nationals. The British group conceded that there was substantial force in the American position with respect to the significance of a passenger's nationality, as contrasted with his mere place of embarkation, but the point was not developed in detail.

Uneconomic Competition

The meeting thereupon proceeded to discussion of point five, having to do with the elimination of uneconomic competition by control of rates.

The first point raised was that of control of subsidies. The British group took the position that subsidies should be controlled in some measure, lest competition in air traffic should become simply a competition in government subsidy. They expressed the view that, so far as possible, air traffic should be made to pay its own way as rapidly as situations permitted. The American group agreed with this general point of view, but pointed out the extreme difficulty of ascertaining whether subsidies had or had not been granted; and the necessity of subsidies in respect of certain services where there might be necessity for communication without passenger and freight traffic sufficient to pay the cost of the service. They surmised that the British Government might find that it needed similar service; to which the

British group agreed. The British group cogently pointed out that if routes and frequencies were handled so as to correspond to national traffic, the countries which might have only a limited amount of traffic but nevertheless wished to run a service, possibly at infrequent intervals, might find it necessary to subsidize for the purpose of keeping their planes in the air at all.

After very lengthy discussion, the suggestion was finally made that in principle subsidies were legitimate for the purpose of keeping planes in the air; but that they could not be legitimately used for the purpose of forcing competing planes out of the air. Note was taken of the fact that acceptance of the principle, by itself, was by no means self-enforcing; and the meeting thereupon proceeded to discuss certain definite practices.

The British group presented the suggestion that there should be agreement upon minimum rates. The American group agreed to this view, suggesting that such agreement be had through mutual consultation between the relevant authorities of the interested Governments in respect of each route. Note was taken of the British preference for an international rate fixation body. It was pointed out that the alternative was private agreement between the airlines involved without benefit of Government authority; so that in fact some sort of rate regulation, public or private, appeared inevitable. The British representatives stated that in this respect they likewise wished to make a reservation that any understandings reached should be conditional on international control. The American group stated that they believed this was a matter for bilateral or possibly multilateral action through consultation between the interested governments based on experience; and the point was reserved.

The British representatives then observed that, in their view, minimum rates should be differential, based on the type and speed of service, so that a fast service should not be permitted to charge the same rate as a slow service, et cetera. The United States representatives stated that in their view the encouragement of continuous development in aircraft was essential both for the good of the industry and for the security of the United States, and they would not care to agree to a principle which penalized the better planes in favor of the worse, or to make it advantageous to a line to have the less developed aircraft. Accordingly, they proposed that the differential in rate be based on differential in operating cost, so that, if either country were able to develop a plane which could operate at higher speed but at the same cost, it might secure the legitimate advantage due thereto. This principle appeared to be satisfactory likewise to the British representatives; the reservation made by the British representatives regarding international control, however, applying to this

point also. As further clarification, it was the view of both groups that reasonable differentials should be accepted in respect of more expensive service, where the additional expense arose chiefly from greater luxury, accommodations, or the like, occasioning a greater cost. It was agreed that this might be the subject of further technical discussions at a later stage.

Proposals for International Control

Lord Beaverbrook then discussed in general terms the subject of an international agreement governing the control of international air transport. He emphasized the necessity from the British point of view of some kind of international control to direct and govern the growth and conduct of international civil aviation.

The American group presented the difficulty which the United States would have in accepting it, adding that it was by no means clear that under our constitutional practice the American Government could delegate regulatory powers to an international commission. Unlike the monarchical tradition of Great Britain, which proceeds on the theory of powers delegated by the Sovereign, our own Government was itself a government of delegated powers, deriving its authority from the Constitution. The authority of the United States Government was thus limited to making understandings with respect to the use of its sovereign powers by recognized international procedure.

Further, it seemed to the American group that the emphasis on international control was largely derived from considerations of international security. This was a separate subject, which, it was understood, was to be separately dealt with by the representatives of the Governments in respect of international security. It was understood that exchanges between our respective Governments on that subject were to take place within the next few months; and the operative points in the British contention would more properly be handled there.

The American representatives also pointed out that a newly created international commission would in any case be confronted in its initial stages with such complex problems of procedure and of developing its own practices suitable to an entirely new field of work, that it would be impossible to hope that it could competently assume large executive responsibilities, or broad responsibilities of final judicial determination, in the very first stages of its functioning. An international commission, the Americans urged, would have a far better chance of success if it started with its functions limited to study and recommendation, with its future role to be determined by actual experience and by the commission's success in building for itself

a reputation for genuine competence, impartiality, and freedom from the influences of political intrigue.

Lord Beaverbrook then proposed, on behalf of the British Government, the acceptance, in principle, of the draft convention suggested by the Canadian Government.

The British Government, he stated, considered international control essential, and thought that other commercial arrangements proposed would be difficult or perhaps wholly impractical if this were not worked out along the lines of the Canadian agreement.

The American group pointed out that in certain essential respects the United States would find difficulty in accepting all of the Canadian proposals.

The meeting thereupon proceeded to an analysis of the Canadian agreement point by point. The American group pointed out that under the Canadian scheme, an international regulatory body was given extremely broad powers, and that no principles governing the use of those powers were set forth in the document. Further, the constitution of the control machinery was still indefinite; and the only certainty was that the powers who had contributed most to the development of air traffic were certain to be in the minority. So far as the United States was concerned, this would in effect subject twenty-five years of American development of international aviation, which had been invented, pioneered, developed, established, and defended by the United States, to the unrestricted rule of an as yet undetermined international body, upon unstated standards.

Further, even the facts as to international traffic were unknown. Prior to the war the United States had originated eighty percent of all of the interoceanic traffic, and had carried an even larger percent. While this ratio could hardly be expected to continue, the war had distorted further air traffic development so that the actual necessities and development of the situation were wholly speculative. Estimates varied from that of Mr. Juan Trippe,[86] who said all trans-Atlantic traffic could be carried by nine planes, to estimates of greater optimists forecasting an immense interoceanic traffic.

The view of the United States, accordingly, was that international control at this time should be limited to those technical matters in respect of which standardization and uniformity were essential. In economic aspect, the economic body should be vested with power to receive and collect data on all of the phases discussed; to report regularly and at frequent intervals, and, if an unhealthy situation appeared to be developing, to call attention of the respective governments to the situation and stimulate their getting together through their respective aeronautical authorities to take necessary remedial meas-

[86] President of Pan American Airways.

ures. If the governments concerned felt that they wished to do so, the international body might be used as arbitrator, though this should rest in the discretion of each government.

As the close of a suitable transition period during which time the actual facts of the case had been adequately developed, further conference might take place to determine what, if any, further action should properly be taken. Particularly if understandings had been reached on the underlying principles by the governments concerned, it was thought that the international body could function usefully, without endowing it with super-sovereign powers which it would find extreme difficulty in using and enforcing.

The British representatives pointed out with great earnestness that we were now entering a new and unchartered field. Transportation was entering a third dimension. None had suffered more than the British from the abuse of aviation; that civil air transport had been used by Germany to develop within herself the material for the *Luftwaffe*; planes had been used for combined military and political as well as commercial reasons; the handling of civil aviation throughout the world had been as much a matter of politics as of economics; and the possibility of leaving this potentially dangerous instrument to unregulated competition was a point which the British Government would find extreme difficulty in accepting. Thus, the various views which they had accepted in respect of economic matters must be subject to the existence of overriding controls adequate to prevent them from becoming dangerous.

For this reason they urged the creation of a body with powers substantially similar to those set out in the Canadian document.

Matters having reached an impasse, the discussion was carried forward at a meeting with the British Civil Air Transport Committee especially convened for that purpose.

At this meeting the British view in favor of internationalism was forcibly presented by several members, and the whole subject was reviewed in approximately the terms indicated above.

After adjournment, the British representatives announced that they wished to withdraw the Canadian document and to propose in lieu thereof a new document, a copy of the so-called "Balfour Report" (attached hereto, marked "Annex B"). This document had proceeded from the conference between the British Commonwealth Nations, held in October 1943. The American group requested time for examination of this document.

Having completed their examination, the American representatives stated that, in the light of the views previously expressed and on which a wide measure of agreement had been had, the American representatives felt that the document did in fact constitute an ade-

quate basis of discussion affording the possibility of agreement between our respective Governments. They pointed out that such agreement would probably not be possible if the interpretations of principles enunciated in the Balfour document were the same as those set out in the Canadian draft convention. But within the scope of the wording of the Balfour document, an international body could be set up and might be assigned functions similar to those which corresponded to the present views of the Government of the United States.

In particular, the American group referred to the following provisions: Paragraph 2 (IV), "Schedule of international air routes subject to international control. Such routes to be reviewed as necessary"; Paragraph 2 (V), "Establishment of machinery to determine frequencies on international routes; the allocation of quotas to countries operating international services; rates of carriage in relation to standards of speed and accommodation"; Paragraph A (*a*) "Voting powers should be determined on an equitable basis to be worked out"; and related paragraphs, as being ambiguous, and noted the necessity of an acceptable interpretation in order that the Balfour report might in fact be able to cover a result which could be accepted as satisfactory. Especial note was made of the fact that the Balfour report did not, as did the Canadian document, assign by its terms power to the international body.

The British group indicated that they felt that on this basis agreement could be had within the scope of the reasonable negotiations which might take place prior to an international civil air transport conference; and that it would be possible, accordingly, to harmonize the views of the British Government with those of the Government of the United States.

Arrangements for A Civil Air Transport Conference

The possibility of arrangements for a civil air transport conference was then discussed. The United States expected to have discussions with a Soviet delegation in the near future; the British representatives stated that they had requested that this delegation, after discussing matters in Washington, might proceed to London. The American representatives said that they would welcome such a step.

The American representatives felt that it was opportune now to engage in further bilateral discussions with the other powers who wished to enter the air, setting out the views which have been expressed in these discussions. It was agreed that this method might be profitably employed by both Governments, each keeping the other informed as to the progress of discussions. When it appeared that there might be ground for general agreement, an exchange of views

would take place as to the desirability of calling a United Nations civil air transport conference.

It was further agreed that the conversations thus begun might be continued very informally through the diplomatic channel or by the sending of representatives from either Government to the other to continue to engage in conversations as the bilateral conversations progressed.

The Halifax Agreement on Non-Discrimination [87]

The American group then brought up the fact that the American and British Governments were both proceeding under the terms of an understanding embodied in the so-called Halifax note, by which each Government agreed that it would not enter into understandings with other governments exclusive of or discriminatory against each other. The American group pointed out that this understanding was to exist until such time as conversations were had between the two Governments. Since these conversations were now in process of being accomplished, they hoped that the understanding might be continued, in any event until the meeting of a civil aviation conference. Mr. Le Rougetel explained that in the view of the British Foreign Office, the Halifax note should be completed by a further exchange of documents and that it would be desirable to put the matter into somewhat better form. It was understood that such an exchange would take place through diplomatic channels.[88]

The United States group then expressed their hope that as a part of the general settlement it might be understood that no government would enter into arrangements exclusive of the other, nor permit such arrangements by private treaty. It appeared that, in the contingency that suitable agreement could be had on international arrangements, the British delegates held much the same view. The suggestion was made that in any convention accepted by the proposed civil aviation conference, such clause might appear.

Just prior to closing the sessions, Beaverbrook noted that the BOAC proposed to use three of its Boeings for limited service across the South Atlantic to Rio to carry non-fare paying traffic. Their real objective was to establish communications with Argentina, but considered that this could not be done until the political situation with Argentina was better than at present.

Closing Remarks

As the sessions closed, Mr. Berle expressed, on behalf of the American group, their very deep appreciation of the many courtesies and kindnesses shown them by their British colleagues, and their gratitude

[87] See *Foreign Relations*, 1942, vol. IV, pp. 18 ff.
[88] See vol. III, pp. 162 ff.

for the frankness and directness with which views had been exchanged, and for the reasonableness which the British representatives had shown in meeting the various matters in respect of which difference might ensue. A final communiqué (attached, marked "Annex C") [89] was drawn up and agreed to by both groups, and thereupon was released.

Lord Beaverbrook very graciously expressed the kindly feeling which the British Government had had in entertaining the American representative, and expressed the belief that these conversations would be the foreruner of closer contacts as time went on. The meetings were then adjourned.

A. A. BERLE, JR.

[Annex A]

British Informal Statement of Matters for Discussion

(1) Safety regulations, such as rules of the air, airworthiness, licensing of personnel and aircraft, ground signals, meteorological procedure, prohibition of carriage of dangerous goods, etc.

(2) Standardisation, so far as possible, of radio equipment and technique, ground services and meteorological facilities.

(3) Customs procedure, passenger formalities and sanitary regulations.

(4) Conditions for the exemption from taxation of fuel and oil.

(5) Elimination of uneconomic competition by control of rates and competitive practices, e.g., by the regulation and adjustment of frequencies of service and rates in relation to speeds and standards of passenger accommodation.

(6) Control of subsidies: collection, review and exchange of information about services maintained, operational costs, nature and extent of subsidies, rates of carriage, landing fees, etc.

(7) Arrangements for licensing of international air operators: denial of facilities to any unlicensed operator.

(8) Establishment of the principle that all States should be responsible for the provision of the ground facilities needed in their territories in accordance with prescribed international standards. Financial arrangements to deal with countries unable or unwilling to provide the necessary facilities.

(9) Provision for arbitration machinery.

(10) Designation of routes or services and airports of entry.

(11) Reservation of cabotage and definition of territory of a State.

(12) Definition of whatever doctrine of freedom of the air is generally acceptable in the context of a satisfactory International Agreement governing the control of international air transport.

[89] Not attached to file copy.

(13) International Operating Agencies.
(14) Security.
(15) Arrangements for International Conference.

[Annex B]

Draft Outline of an International Convention and International Authority For Its Administration[90]

1. An International Convention must provide for international co-operation in air transport on international trunk routes. Equitable participation for all nations concerned is thus secured. Unfettered competition, rate warfare and other devices must be checked.

2. States should subscribe to an all-embracing Convention, which would include provisions covering:

(i) Regulations governing safety standards, aircraft and ground organisation, health, etc. Internal national services do not come within the Convention. It is hoped that States would voluntarily adopt international standards for their internal systems.

(ii) Definition of State territories. The reaffirmation of National Sovereignty of the Air.

(iii) Obligation to provide, or to permit provision by the International Authority referred to below, of the airfields and ground organisation necessary for international services. The location of such facilities would be decided by the State concerned.

(iv) Schedule of international air routes subject to international control. Such routes to be reviewed as necessary.

(v) Establishment of machinery to determine frequencies on international routes; the allocation of quotas to countries operating international services; rates of carriage in relation to standards of speed and accommodation.

(vi) Provision of machinery for arbitration on matters in dispute and for sanctions for offences.

(vii) Definition of "Freedom of the Air", to be granted subject to acceptance of other provisions of Convention:

(*a*) the right of innocent passage;
(*b*) the right to land for emergency, refuelling, etc.
(*c*) the right to disembark passengers, etc. from the aircraft's own country of origin;
(*d*) the right to embark passengers, etc. for the aircraft's own country of origin.

3. An International Air Transport Authority will be established to administer the Conventions.

A. International Air Transport Authority

(*a*) *Constitution*

To consist of Government representatives of all the States subscribing to the Convention.

[90] Drawn up at the conference between the British Commonwealth Nations in October 1943, and known as the Balfour report.

Voting powers should be determined on an equitable basis to be worked out. (Traffic interest might be the test or one of the tests, in which case periodic review would be required.)

(*b*) *Functions and Powers*

(i) To administer the regulatory provisions of para. 2(i) above,

(ii) To prescribe standard requirements for international aerodromes and ancillary facilities to be provided by contracting states;

(iii) To ensure provision of areodromes and ancillary facilities for international services in cases where the States concerned are unable to do so.

B. Operational Executive of I.A.T.A.

An Operational Executive of the I.A.T.A. will be set up:

(*a*) *Constitution*

Its constitution is a matter of policy. Possible alternative methods are:

(*a*) members to be nominated in the Convention
(*b*) election of members by the I.A.T.A.
(*c*) nomination of members by the major air powers.

(*b*) *Functions and Powers*

(i) To exercise, subject to delegation to Regional Panels, the functions in para. 2 (iv) and (1), viz., matters arising from:

(*a*) schedule of international air routes subject to international control.
(*b*) determination of frequencies on international routes; the allocation of quotas to countries operating international services; rates of carriage in relation to standards of speed and accommodation.

(ii) To review and, after hearing interested parties, to modify, if necessary, the decisions of the Regional Panels.

In the light of fluid post-war conditions the proposals in this paragraph should be for a limited period, say five years, and subject to review during this period.

C. Regional Panels

(*a*) *Constitution*

Membership would be confined to Governmental representatives of the States agreed by the Operational Executive as having an interest in international routes in the areas concerned.

(*b*) *Functions and Powers*

The functions to be exercised in relation to operating zones to be defined in the Convention would be:

(i) To consider the needs of air transport within the zone; to determine frequencies and quotas for services within the zone.

(ii) To determine tariff rates, having regard to standards of speed and accommodation.

(iii) To collect information and cost statistics relating to external operations. External operating costs should be segregated, so far as practicable, from internal operating costs.

NOTE: International Routes would be defined in a schedule to the Convention and would be subject to review as necessary. The definition of "internal" services is difficult. It is necessary to consider the wishes of certain countries to make regional arrangements. In considering this problem it should be noted that Article I of the 1919 Convention defined the territory of a State as "including the national territory, both that of the Mother country and of the Colonies and the territorial waters adjacent thereto."

800.796/719: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 19, 1944.
[Received April 19—8:56 p. m.]

3208. In the House of Commons yesterday, Simmonds [91] and Shinwell [92] asked the Prime Minister for a statement regarding the recent Anglo-American discussions on civil aviation. The Prime Minister said that he was glad that sufficient agreement was reached for both countries to support the holding of a conference with the expectation that an agreement could then be achieved. Concessions were made by both the United Kingdom and the United States, and they related only to the basis on which discussions would be launched at the international conference. In reply for [*sic*] to further urging for a statement, the Prime Minister said: "I do not think myself we are in a position to advocate a particular policy at a particular moment. We must give the negotiators a chance and it is better for us to see what other countries will put forward before we unfold it all. On the other hand, I can also imagine there might be an occasion to debate the matter in a general way without pinning the delegates down to any particular action." The Prime Minister added that the Russian Government was being kept informed.

WINANT

[91] Sir Oliver E. Simmonds, Conservative Member of Parliament.
[92] Emanuel Shinwell, Labor Member of Parliament.

800.796/747 : Airgram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 20, 1944.
[Received April 29—3 p. m.]

A-480. Reference Embassy's 2025, March 13, 7 p. m. Jeffcock [94] and Duncan [95] left last night by sea for the United States for talks on aviation radio with members of the Civil Aeronautics Administration. They expect to arrive in Washington about May 1.

WINANT

800.796/739

The Chinese Chargé (Liu) to the Secretary of State

WASHINGTON, April 21, 1944.

SIR: I have the honor to refer to the Department's *Aide-Mémoire* of March 25, 1944, inquiring whether the Chinese Government would be interested in joining in exploratory discussions on the subject of post-war aviation with particular reference to the development of international air transportation, and enclosing the proposed agenda of subjects relating to international civil aviation.

Under the instructions of the Minister for Foreign Affairs, I beg to inform you that the Chinese Government has appointed Mr. Chang Kia-Ngau, Adviser to the Executive Yuan and formerly Minister of Communications, and Major-General P. T. Mow, Deputy-Director of the Commission on Aeronautical Affairs, as delegates to participate in the preliminary discussions in Washington. Mr. Chang and Major-General Mow are now in the United States and will be ready to begin the talks at any time suitable to the delegates of the United States Government.

Accept [etc.] LIU CHIEH

800.796/733 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 25, 1944—4 p. m.
[Received April 25—11:13 a. m.]

3384. Masefield of Lord Beaverbrook's office says that the British decision on whether to discuss aviation matters informally with the Russians prior to a general conference will depend on the result of the United States-Russian talks.

WINANT

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[94] Robin J. P. Jeffcock, an official of the British Ministry of Aircraft Production.
[95] William Aver Duncan, an official of the British Air Ministry.

800.796/754

The First Secretary of the British Embassy (Barclay) to the Assistant Secretary of State (Berle)

Ref: 56/176/44 WASHINGTON, [undated.]

DEAR MR. BERLE: In the temporary absence of Mr. Wright, I send you herewith a copy of a telegram, sent to us by the Foreign Office on behalf of Lord Beaverbrook. This telegram is in reply to the message we sent to London, containing the amendments you had suggested to the answer which Lord Beaverbrook proposed to make to the question in the House of Lords regarding your recent conversations about civil aviation, a copy of which was enclosed in Mr. Wright's letter of April 19th to you.[96]

We will, of course, be very glad to forward to Lord Beaverbrook any reply you may wish to make to the question he puts in the last paragraph of the enclosed message.

Yours very sincerely, R. E. BARCLAY

[Enclosure]

Telegram From Lord Beaverbrook for the Assistant Secretary of State (Berle), Dated April 24, 1944

Many thanks for your telegram.

I accept all your amendments.

I will let you know when the statement is to be made. You will have seen that the Prime Minister dealt with a number of questions on the Conference in the House of Commons last week.

There is still great interest on the subject. What news have you of the Russians? We await your discussions with them which may make clearer many issues.

800.796/612: Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, April 25, 1944—4 p. m.

3295. The following from Assistant Secretary of Commerce, Burden.

In regard to London Embassy cablegram #2025, March 13, would appreciate Embassy informing Hildred [97] as follows:

"In regard to forthcoming trip of Jeffcock and radio aviation technicians to U.S., Joint Chiefs of Staff have recently issued ruling that

[96] Not found in Department files.

[97] William P. Hildred, Director General of Civil Aviation, British Air Ministry.

postwar planning involving electronic matters classified U.S. confidential or higher should be postponed. However, there is a possibility that this ruling may be amended and both Warner and I feel that even if it is not much useful ground can be covered. We therefore suggest that the mission proceed as planned arriving as I understand about May First."

[Burden]
HULL

800.796/754

The Assistant Secretary of State (Berle) to the First Secretary of the British Embassy (Barclay)

WASHINGTON, April 29, 1944.

MY DEAR MR. BARCLAY: Please transmit the following to Lord Beaverbrook:

"Thank you for your messages of April 17 and 24. I very much hope we shall have the privilege of continuing to work on this matter and of working together on other matters, and that we shall have the opportunity of returning your hospitality here, though we can do it less royally than you do.

"The Russians state they are on the way, but they have not got here and I have no knowledge what is holding them up. The Chinese representatives have been designated and we propose to begin any time. We shall, of course, keep you advised in both cases.

"We have likewise reported fully to the respective Committees of the United States Senate on our conversations, and my impression is that they feel that very satisfactory progress was made in London. They were especially appreciative of your statement about air bases, and cordially endorsed my statement about planes being made available on a nondiscriminatory basis to Britain in the interim before British production gets going. The Canadians seem happy, and all we need to make some real progress is the arrival of the two Moscow delegates.

"We have withheld public statement, but there is generally a favorable climate here, and I think there will be no misunderstandings over air to complicate the very great problems our two Governments must tackle jointly. Regards. Berle."

Sincerely yours, ADOLF A. BERLE, JR.

800.796/813

Memorandum of Telephone Conversation, by Mr. Joseph C. Grew, Special Assistant to the Secretary of State

[WASHINGTON,] April 29, 1944.

I called the Russian Ambassador on the telephone this afternoon and asked him if he yet knew when the two officers coming from Moscow

to take part in the post-war civil aviation exploratory talks would arrive in Washington. He had previously told me that they were expected between April 10 and 15. The Ambassador replied that he expects the two officers "within a week or ten days", but he appears to have no specific information on this point and he made no excuses for or any explanation of the delay.

The Ambassador said that it would be possible to commence the conversations with the group already present in Washington if the matter were regarded as urgent but that he would prefer to await the arrival of the officers from Moscow. I said that if this was his wish, I saw no reason for not awaiting their arrival but that in the meantime we might feel obliged to commence conversations with certain other countries. The Ambassador raised no objection to such procedure.

JOSEPH C. GREW

800.796/829

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] May 1, 1944.

The Brazilian Ambassador [99] came in to see me at his request. He wished to inquire what he could be told about the air conversations held in London.

I told him I was glad that I could be quite frank about them. We had an understanding with the British that we might inform the representatives of other countries with whom we might wish to have air conversations, the results of the conferences. We hoped to have conversations in the not-distant future with Brazil on this subject.

I then reviewed orally the general outlines of the discussions we had had. These are embodied in a memorandum, a copy of which is attached.[1] I told the Ambassador that I would give him such a memorandum on a wholly personal and entirely non-committal basis merely to serve as foundation for the telegraphic report he wished to make to his Government.

I further said to him that we would be glad to enter into conversations with representatives of Brazil when they were ready, but that we expected first to talk to the Chinese Government and to the Soviet Government when their representatives arrived.

A. A. B[ERLE], JR.

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[99] Carlos Martins.

[1] See memorandum to the Brazilian Embassy, p. 466.

800.796/752 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, May 1, 1944—10 p. m.
[Received May 1—9:15 p. m.]

3573. Please notify Burden and Warner that Hildred, Director General of Civil Aviation, wishes to come to the United States for about a week during May to make arrangements for technical discussions contemplated in Berle–Warner London talks. Formal request will probably come to the Department from Foreign Office in about a week. If there is any objection to his coming at this time, or if some specific period of one week would be particularly convenient, please telegraph the Embassy. It would be appreciated if the British Embassy were not notified until it approaches the Department.

We believe it would be most useful for Hildred to go to the United States at this time, not only for the contribution he will make to the eventual success of the technical discussions to be held, but also because he has become increasingly disposed to the United States point of view on degree and type of international economic control of civil aviation, and will be in a better position to interpret this view after a trip to the United States. This paragraph is, of course, most secret.

WINANT

800.796/799a : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, May 3, 1944—11 p. m.

3548. Please inquire whether the Prime Ministers of Australia and New Zealand would be disposed to have exploratory conversations on post-war international aviation when they pass through Washington on their way home. If so we should be delighted to take this opportunity for such talks and would like to know when they will arrive and who would participate for Australia and New Zealand. You may give each of the Prime Ministers a copy of the agenda which we prepared for our talks with the Canadians and British.

HULL

800.796/851

The Egyptian Minister (Hassan) to the Secretary of State

WASHINGTON, May 4, 1944.

SIR: Acting upon instructions of my Government, I have the honour to transmit to you the following note:

"The Egyptian Government has been following with keen interest the development of study and exchange of views taking place between the American and the British Governments pertaining to the plans of future civil aviation. This question which is so important to the future of the world, is doubly so for Egypt because of her geographical position and the presence on her soil of important aerodromes. The Egyptian Government, is therefore confident that nothing touching upon its direct or indirect interests and rights will be decided upon without its concurrence and that Egypt will be invited to take part in the deliberations of any future conference that might be held for the discussion of this question in so far as it would affect, in any way, the interests of Egypt."

Please accept [etc.] HASSAN

800.796/783 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, May 5, 1944—8 p. m.
[Received May 5—8 p. m.]

3691. For Assistant Secretary Berle and Burden. Yesterday Sir Stafford Cripps took up with me the Department's message 3295 of April 25, 4 p. m. He hoped very much that the decision of the Joint Chiefs of Staff could be amended to permit the conference to proceed as agreed. He is sending Sir Robert Watson-Watt to see me on this subject and plans to have him go on to the United States.

I am very certain that without the background of technical exchange which could be accomplished by these discussions, any effort to convene an international civil aviation conference as planned would be seriously handicapped.

I wish you would discuss this matter with Edward L. Bowles who is assistant to Secretary Stimson [2] in charge of these matters as well as acting as advisor to General Arnold.[3] I explained the situation to him when he was in London recently and he told me he would gladly cooperate.

I believe it would help to get Theodore Wright's [4] judgement as he is also fully informed.

WINANT

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[2] Henry L. Stimson, Secretary of War.
[3] Gen. Henry H. Arnold, Commanding General, U.S. Army Air Forces.
[4] Theodore P. Wright, member of the National Advisory Committee for Aeronautics.

800.796/783 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, May 6, 1944—3 p. m.

3623. From Berle. Even before your telegram we had already taken up with the Joint Chiefs of Staff the subject matter of your 3691 of May 5, 8 p. m. In my judgment there is good prospect of getting a sufficient amendment of the decision to permit useful exchanges, and we are proceeding on that basis. We will take the matter up further through Bowles as you suggest. I agree that a considerable exchange of technical information will be necessary to have a satisfactory conference. [Berle.]

HULL

800.796/796

The Department of State to the Brazilian Embassy [5]

MEMORANDUM

Representatives of the Department of State and the Civil Aeronautics Board recently exchanged views on international civil aviation with representatives of the British Cabinet Committee on Civil Air Transport in London. The specific purpose of the conversations was to prepare the way for a possible international conference on civil aviation to be held later.

Three general fields were covered: namely, (1) Technical aspects of international aviation; (2) Policies with respect to economic aspects of international aviation; (3) An international organization as a permanent feature of international aviation.

With respect to the first subject, there was little divergence of view since all parties recognized the necessity for standardization of technical arrangements wherever possible. Accordingly, arrangements were made for continuing conversations by technical experts of the two Governments in the following fields:

(*a*) Communications systems and air navigation aids;
(*b*) A collection of exchange of meteorological information;
(*c*) Rules of the air and traffic control practices;
(*d*) Customs and immigration requirements;

[5] Marginal notation reads: "Mailed to Brazilian Embassy unsigned and undated in an entirely unofficial manner on May 6, 1944. A. A. B[erle]." Identical memoranda were handed to the Soviet Ambassador on May 6 and to the chief Chinese delegate, Mr. Chang Kia-Ngau, on May 9; each was informed that the document was given him confidentially, unofficially and for his personal use. An identical memorandum was also transmitted to the Canadian Embassy on May 11. (800.796/825, 833d, and 883a)

(*e*) Rules relating to the exemption from taxation of fuel, oil and other supplies and spare parts intended for use in transport aircraft in international service;

(*f*) Regulations relating to the prevention of any transmission of communicable disease by aircraft;

(*g*) Standards governing the licensing of operating and mechanical personnel;

(*h*) Requirements relative to the certification of aircraft and their equipment as airworthy.

Experts in each of these fields to be designated by the appropriate authorities in Great Britain and in the United States are expected to enter into these discussions shortly.

With respect to the economic aspects of international aviation, it is understood that the present British views depend in some measure on further exploration of the subject of a permanent international aviation organization. Subject to this understanding, however, a number of subjects were discussed.

It was agreed that each nation must maintain sovereignty of the air over its national territory and coastal waters. However, it was also agreed that the interests of most nations are best served by permitting freedom of transit with rights of technical stop, and with rights of commercial entry at numerous suitable airports designated for that purpose. Arrangements should therefore be made for transit of aircraft analogous to existing arrangements which provide for transit by foreign ships, foreign automobiles, and foreign railroad trains. Understandings relating to the right of free transit would be contingent upon the reaching of mutually satisfactory understandings by bilateral agreement with respect to the right of commercial entry.

It was noted that the policy of the British Government has in part already been announced as follows in a speech made by Lord Beaverbrook in the House of Lords: "As for the bases under our control . . .[5a] the Government have no desire to exclude aircraft of other nations. We demand no prescriptive right to the use of airfields for ourselves. Rather do we mean to use them for the purpose of steadily developing civil aviation throughout the world." And again: "Complete freedom of the air in the present state of the world might result in commercial anarchy." This policy, if generally adopted, would appear to eliminate any doubt as to the use of the airports constructed by any of the United Nations in territories of others for war purposes, since under this policy such of these airports as are useful for commercial purposes will become available for international air traffic.

It was agreed that on established international air routes the number and frequencies of schedules should be those needed to carry the

[5a] Omission indicated in the original memorandum.

available traffic. Adequate facilities should at all times be available for the traffic desiring transportation.

Cabotage would in all probability be reserved but should be considered as including only traffic within a country and between that country and its colonies or dependents, but not between self-governing affiliated countries, such as Great Britain and the British Dominions.

It was agreed that wherever possible civil aviation should be established on a sound commercial basis and be self-supporting without government subsidy; nevertheless it was recognized that such a result could probably only be attained gradually. The principle was expressed that subsidies were legitimate to keep aircraft in the air but were not legitimate for the purpose of creating conditions which would force other aircraft out of the air.

Nothing should be done to discourage the development of new types of aircraft performing better service than older types at a comparable operating cost.

It was agreed that international control in the technical field is desirable and in many cases is essential. However, in the economic field the view of the United States has been that since pre-war experience is not adequate as a guide and post-war conditions are still speculative, the facts of the case cannot yet be fully developed. Therefore the degree of international control which would be desirable cannot yet be determined.

An international fact-finding body during a transition period might be extremely useful and if it functioned in a manner to command the confidence of all governments such a body might gradually undertake certain economic functions. In the meantime, mutual and frequent consultations between the aeronautical authorities of the various governments concerned would serve to deal with the various economic problems as they arise. Furthermore, occasional international air conferences would furnish a suitable medium for examining problems of general interest for which solutions might be found which could be adopted by general consent.

800.796/5-644

The Counselor of the British Embassy (Wright) to the Assistant Secretary of State (Berle)

Ref. 56/187/44 WASHINGTON, 6 May, 1944.

DEAR MR. BERLE: With reference to my letter of May 2nd,[6] I now enclose a copy of a further telegram from Lord Beaverbrook which has just reached us.

[6] Not printed; it was an acknowledgment of Mr. Berle's letter of April 29, p. 462.

For convenience of reference I also enclose herewith a copy of that part of Lord Beaverbrook's declaration of January 19th,[7] to which he refers in the fourth paragraph of his telegram attached.

Yours sincerely, MICHAEL WRIGHT

[Enclosure]

Message From Lord Beaverbrook for the Assistant Secretary of State (Berle)

Thank you for your messages. I am gratified at the way Senate Committee have understood our point of view. We are moving in the direction of a united front which will enable us to dispose of all issues, not only for ourselves but for the other nations concerned.

In replying to the impending debate in the House of Lords I propose, subject to your consent, to refer to your generous statement about the supply of aircraft in the following terms:

"As to the supply of transport aircraft in the period immediately following the end of the war, Mr. Berle brought us assurances of a most generous character. As your Lordships know, a pooling arrangement in manufacture was made early in the war whereby the United States agreed to construct long-range heavy air planes while the United Kingdom was encouraged to build fighters. This was a most admirable and sensible division of responsibilities for war purposes but it plainly conferred on the United States advantages in relation to post war manufacture for civil aviation markets. You can understand therefore with what pleasure I heard from Mr. Berle that the United States was prepared to make transport aircraft available to Britain on a non-discriminatory basis in the interim period before British production of these types gets going."

On the subject of air bases and the issues concerning them, I propose to speak in terms identical with those of my declaration in the House of Lords on January 19th published in official report (Hansard) column 462.

Do you approve?

I take this opportunity of expressing the confidence which I share with you that we shall reach a reconciliation of view points between our two Governments on all these difficult aviation questions.

You may be sure in your leadership of this movement for organisation of civil aviation that we will cooperate. It is our intention to help you throughout to realization of this purpose.

[7] For text of this enclosure, see second and third paragraphs of extract from the January 19 speech by Lord Beaverbrook, pp. 368–369.

800.796/5-644

The Assistant Secretary of State (Berle) to the Counselor of the British Embassy (Wright)

WASHINGTON, May 8, 1944.

MY DEAR MR. WRIGHT: Thank you for your letter of May 6, 1944 enclosing copy of a telegram from Lord Beaverbrook. Will you be kind enough to telegraph him as follows:

"I appreciate your kindness in telegraphing texts of proposed statement on May 10. Both the repetition of your statement concerning airfields and your quite accurate paragraph regarding the supply of transport aircraft after the war will, I think, be very useful.

"The Soviet representatives not yet having turned up, we are beginning conversations with the Chinese tomorrow, and will begin other conversations as rapidly as may be.

"Does the subject of telecommunications fall within your field? Berle."

Very truly yours, ADOLF A. BERLE, JR.

800.796/821a: Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, May 9, 1944—midnight.

3725. From Berle. Reference is made to my 3623 of May 6, 3 p. m. The ruling of the Joint Chiefs of Staff has been modified to allow the conference to proceed under certain restrictions which Burden and I believe would not be serious enough to preclude very considerable progress. We are quite pleased that Sir Robert Watson-Watt plans to come here.[8] [Berle.]

HULL

800.796/849

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] May 10, 1944.

The Belgian Ambassador [8a] came in to see me today at his request. The Ambassador referred to the conversations on civil aviation and to a report that the United States had been engaged in conversations

[8] In telegram 3827, May 11, 8 p. m., the Ambassador in the United Kingdom reported: "Please inform Burden that Sir Robert Watson-Watt expects to arrive in Washington May 14" (800.796/797). The discussions regarding international standardization of radio for civil aviation were held May 19–June 5, 1944.

[8a] Count Robert van der Straten-Ponthoz.

between the great powers and also with the Netherlands. He did not think this was true, but asked the general state of affairs.

I told him that we had only discussed matters with the British and, for local geographical reasons, with the Canadians; that we were beginning Chinese conversations this week, and expected to begin with the Russians on or shortly after May 15. Thereafter we proposed to discuss with other interested powers. I surmised that by the end of the month, if all went well, we might be ready to talk to other nations, including Belgium.

The Ambassador alluded to the difficulty of getting personnel here from London; but said that he would telephone me about the 22nd of May to find out how things stood and whether they should then press for permission for their expert to come here. He said the only aviation expert they had in the country was Perrier, of the Sabena (Africa) Line.

He also bespoke support for a note he had just sent asking three additional Boeings for the Sabena Line. I told him we were sympathetic but that the Army was very tough about transport planes.

A. A. B[ERLE], JR.

800.796/5-1344

The Counselor of the British Embassy (Wright) to the Assistant Secretary of State (Berle)

WASHINGTON, 13 May, 1944.

DEAR MR. BERLE: You may care to have the following extracts, which have been telegraphed to us, from the statement on Civil Aviation made by Lord Beaverbrook in the House of Lords on May 10th.

Yours sincerely, MICHAEL WRIGHT

[Enclosure]

Extract From Telegram Received From the Foreign Office, London, on May 12, 1944

1. *Anglo-American Talks.*

"We have taken another step forward since my last account to the House. We have had a conference with Mr. Berle and his colleagues representing the Government of the United States. It was a most excellent meeting. The deliberations have taken us very far along the road to agreement between the two governments. The United States Delegation proposed that we should go forward to an International Conference on the following lines: There should be an International Authority to lay down standards for technical requirements and for

rights of air carriage and to interchange information according to the American plan. The proposed authority would start on a non-executive basis with no power or means of enforcing its regulations at least during the interim period.

The United Kingdom Delegation presented for consideration the Canadian Draft Convention. This Convention lays down a detailed plan for an International Regulatory Authority with *powers of enforcement.* Its provisions include the allocation of frequencies of air services and national quotas for international air traffic.

This Canadian proposal was considered by the Americans to be too rigid as a basis for talks at the proposed International Conference. After discussion it was agreed therefore that we should go forward to the conference on the basis of proposals for international handling of Civil Aviation agreed at the Commonwealth conversations. These proposals are in some respects open to varying interpretations and were considered by the Americans to be flexible enough to provide a more satisfactory basis for an International Conference. The broad purpose would be to draw up an International Convention on Air Navigation to be implemented by an International Transport Organisation which would evolve standards, seek to eliminate uneconomic competition, work out for each nation an equitable participation in world air transport and maintain a broad equilibrium between air transport capacity and traffic on these general principles. The United States and Great Britain are in agreement that the powers of enforcement of the provisions are open to further discussion."

2. *Bases.*

"Our government has no desire to exclude aircraft of other nations. We demand no prescriptive right to the use of airfields for ourselves, rather do we mean to use them for the purpose of steadily developing Civil Aviation throughout the world. Here it must be said that the bases are few in number at which any great volume of traffic can be collected. Just the same, it will be necessary to have international agreement on traffic regulations and arrangements. This is an essential condition of future developments."

3. *Supply of Transport Aircraft.*

"Mr. Berle has assured us most generously as to the supply of transport aircraft in the period immediately following the end of the war. You can understand with what pleasure I heard from him that the United States were prepared to make transport aircraft available to Britain on a nondiscriminatory basis in the interim period before British production of these types get going."

800.796/814

The Chairman of the Senate Subcommittee on Aviation (Clark) and the Chairman of the Senate Committee on Commerce (Bailey), to the Secretary of State

[WASHINGTON,] May 13, 1944.

MY DEAR MR. SECRETARY: You will find herein attached a clipping from the *New York Times* for Thursday, May 11th,[9] being an Associated Press dispatch from London which has been reprinted in the *Congressional Record*. The contents of this dispatch have given considerable concern to many Senators and especially those who constitute the Subcommittee on Aviation, being a Subcommittee of the Committee on Commerce.

It is not necessary to repeat the contents of the press report, but your attention is called to the fact that Lord Beaverbrook, speaking in an official capacity and with reference to the conference attended by your Assistant Secretary, the Honorable Adolf A. Berle, Jr., stated that he was favorable to what he referred to as the "American Plan" respecting post-war international aviation. He went on to describe the "American Plan" as one "to curtail competition, based more along the lines of the Four Freedoms of the air—the right to fly, to land, to set down passengers, mail and cargo, and to pick them up anywhere in the world."

We have been in frequent conference with Mr. Berle and we did not gather that an American Plan had been determined, and certainly we did not gather that the plan would include any right of air transportation organizations of nations to set down passengers, mail and cargo anywhere in the world.

In view of the impression created by Lord Beaverbrook's statement, the Subcommittee feels it should have more information. We desire a full report of Lord Beaverbrook's statement, and if the State Department is prepared to give us a statement of its views in the premises we would greatly appreciate it.

I may say to you that the Subcommittee of the Committee on Commerce has been working with great diligence upon studies with a view to framing or making a contribution to framing an air policy from the standpoint of Congress. We hope to prepare a report in due time and we will be glad to submit at any time the data we have gathered and copy of the hearings. We wish to cooperate with the State Department and we are happy to say that so far we have had

[9] Not reprinted; it reported the substance of Lord Beaverbrook's speech in the House of Lords on May 10.

no reason to complain in this matter. Mr. Berle has been quite considerate and our conferences with him have been of a character tending to make for the best relations.

With every good wish and with great respect,

Very truly yours, BENNETT CHAMP CLARK
JOSIAH W. BAILEY

800.796/816 : Telegram

The Chargé in the United Kingdom (Bucknell) to the Secretary of State

LONDON, May 15, 1944—5 p. m.
[Received 10:42 p. m.]

3929. With reference to the Embassy's telegram No. 3922 of May 15,[10] we believe it advisable to telegraph a summary and extension of Embassy's despatch No. 15611 of May 12, 1944,[11] commenting on recent debates in the House of Lords on British civil aviation, and enclosing the full text of them.

Informed aviation circles here have expressed privately doubts as to the complete accuracy of Beaverbrook's statements with respect to the conversations with the United States. They simply do not believe that the United States would agree to make available transport aircraft to Great Britain and still permit Great Britain to exclude United States air traffic from British territory—whether on an innocent passage or commercial traffic basis, through the operation of an international control authority. In other words, they do not believe that the United States would ever make an arrangement at an international conference or at private talks with any nation whereby it permitted Britain to overcome its very important weakness in transport aircraft without pretty definite assurances that the United States could fly with traffic, to, through and over Great Britain (except cabotage). Some of these persons have asked the Embassy whether we thought Beaverbrook's statement would cause an unfavorable impression in the United States, particularly in the Senate. We said that we did think so. Some of the persons concerned with aviation here have expressed the fear that this impression if uncorrected would be so unfavorable that the possibility of coming to a satisfactory arrangement with the United States might be hurt.

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[10] Not printed; it quoted a despatch from a Washington correspondent printed in the London *Times* of May 15 (800.796/815).

[11] Not printed.

We wish to put every possible emphasis on the importance of our air transport equipment position not only with respect to Great Britain but with respect to the occupied countries and the neutrals. While it might be possible for the British to operate passenger services for a while after the war with converted bombers such as the York, they could not do so on any sort of competitive basis. The occupied countries and the neutrals who have no reasons whatever except absolute necessity for using British makeshift airplanes, look to the United States as the only possible source. As we have reported, the rumors of the Dutch and others ordering British airplanes are completely untrue. The Dutch at least and also the Swedes have asked us whether it is true that we will make aircraft available to the British on the terms indicated in Lord Beaverbrook's statement. It should be remembered that if the occupied countries and neutrals are allowed to believe that the United States will furnish transport aircraft to the British regardless of what the British do, or specifically under the conditions laid down in Beaverbrook's statement, they will feel that they too can obtain aircraft from us on the same basis without in any way contributing to the type of air world the United States wants. The more they believe this and the longer they believe this the easier it is for the British Government to influence their thinking; the more difficult it is for us to do so. From here, therefore, it would seem advisable for a spokesman of the Department to make it clear that obviously our supplying of transport aircraft, which we have every reason of doing for a multiplicity of reasons, assumes that Great Britain and the other nations as well, will make completely effective Beaverbrook's twice repeated, and originally unqualified, statement that Britain has no intention whatever of excluding anyone from British bases regardless of who paid for their construction.

It is for these reasons that from our point of view in London we think it would be a mistake to turn over through Lend-Lease or otherwise, under any circumstances, any civil aircraft newer and larger than DC–3's, prior to the international conference. It is also for these reasons we were disturbed by the possible implications of Lord Beaverbrook's letter to Howe referred to in our despatch No. 15627 of May 13.[12]

BUCKNELL

[12] Despatch 15627 not printed; it transmitted a clipping from the *Manchester Guardian* of May 13, 1944, quoting part of a letter from Lord Beaverbrook which Mr. Howe had read to the Canadian Parliament on May 11 (800.796/827). For text of the letter, dated April 26, 1944, see Canada, *House of Commons Debates*, vol. 82, No. 57, p. 2879.

800.796/811 : Telegram

The Chargé in the United Kingdom (Bucknell) to the Secretary of State

LONDON, May 15, 1944.
[Received May 15—5 : 03 p. m.]

3934. The Prime Minister of Australia has replied as follows to our invitation to discuss aviation matters informally in Washington on his way home:

"I am in receipt of your letter of 4th May, together with enclosure,[13] relative to the inquiry of your Department of State whether I would be disposed to hold exploratory talks on post-war international aviation in Washington when I return there after the conclusion of my present visit to London.

It is essential that I should arrive back in Australia at the earliest possible date after the termination of the present conference and, having regard to the time needed to deal with important subjects requiring my attention in the United States and in Canada, I regret that it will not be practicable for me personally to engage in detailed discussions of the nature proposed.

My preliminary consideration of this matter indicates that great difficulty would confront my Government in arranging suitable representation at the proposed talks at the present. I am, however, having your suggestion further examined and advice will be furnished to you as early as possible. Signed: John Curtin."

BUCKNELL

800.796/5-1844

The Counselor of the British Embassy (Wright) to the Assistant Secretary of State (Berle)

WASHINGTON, 18 May, 1944.

DEAR MR. BERLE: I enclose herewith a copy of a message just received from Lord Beaverbrook, in reply to your telegram of May 9th.[14]

A copy of the despatch which appeared in the London *Times* on May 16th [*15th*], referred to in the third paragraph of Lord Beaverbrook's telegram, is also enclosed.[15]

Yours sincerely, MICHAEL WRIGHT

[13] Neither printed.

[14] See letter of May 8 from Assistant Secretary Berle to the Counselor of the British Embassy, p. 470.

[15] Despatch not reprinted.

[Enclosure]

Telegram Received From the Foreign Office, London, dated May 16, 1944

Following for Mr. Berle from Lord Beaverbrook.

Many thanks for your telegram of May 9th. I am glad to hear that your talks are going ahead well, and I am certain that you will bring them to a valuable conclusion.

2. The subject of telecommunications so far as it is concerned with civil aviation comes under the Civil Air Transport Committee of which I am Chairman. The arrangements are directed by Sir Stafford Cripps, and his authority is acknowledged by me.

3. I have seen a despatch in the *Times* newspaper today on the subject of reactions in Washington to my speech in the debate in the House of Lords last week. Text of the despatch follows immediately. Reactions seem to be founded on an entirely incorrect and misleading report. I have been all over both speeches in Hansard and can make absolute denials. The first speech was word perfect. The second was chiefly in answer to enquiries and interpolations on domestic issues and fortunately for me there was not a word wrong.

4. Thus I hasten to make a correction on the four points raised.

5. The *Times* reported, firstly, that I had asserted "that the United States is committed to grant the four freedoms of the air to the airlines of any other country". On the contrary I stated: "one of the proposals for the international conference is of course innocent passage. There are four freedoms, and innocent passage is one of the four freedoms. But I do not want to go into the four freedoms today. If I digress any further we may be here all night. I want to answer the question addressed to me. I say cabotage has nothing to do with innocent passage, cabotage has nothing to do with freedom of the air." I said further: "Flying over territory of another nation will necessarily involve the authority of such nation for such a flight."

"The right of innocent passage depends upon the decisions of an international conference."

6. *On cabotage* I stated: "Another question is whether cabotage extends to the Dominions. No, because the Dominions are self-governing. Cabotage in India is also the affair of India."

7. We know nothing here of any exhibition of British model transport aircraft in South America or soliciting of orders. Senator Brewster is quoted by the *Times* as having mentioned this subject.

8. On British transport aircraft I stated "I will not be optimistic about the preparation of civil aircraft during the war. I see no hope of civil aircraft until the crisis of our strategy in this war has been brought to a conclusion."

9. I am sure that I will have no difficulty in refuting any misleading reports which are spread as a result of garbled accounts of my speech. I am sending Hansard by bag.

10. Let me know if I can do anything or make any declaration for the purpose of refuting mis-statements.

With good wishes and renewed expressions of collaboration.

800.796/5–1844

The Assistant Secretary of State (Berle) to the Counselor of the British Embassy (Wright)

WASHINGTON, May 18, 1944.

MY DEAR MR. WRIGHT: Will you be good enough to send the attached to Lord Beaverbrook in answer to his telegram of May 16?

Sincerely yours, ADOLF A. BERLE, JR.

[Enclosure]

Message To Be Sent to Lord Beaverbrook From the Assistant Secretary of State (Berle), Dated May 18, 1944

Many thanks for your telegram of May 16. While I have not yet seen the Hansard text of your speech, I am very clear that the press reports here gave a totally false impression of what you said, and that your statement to the House of Lords substantially agrees with my statement to the Senate Committee, making allowances, of course, for reasonable differences of emphasis. I expect to have the record in a few hours and am quite sure that when this is handed over to the Senate Committee the entire controversy will promptly dissolve. The animus behind it, of course, is that there are certain interests here to whom the phrase "freedom of the air" is anathema; and probably there are also some mischief makers who would be glad to provoke a quarrel between the Administration and the Senate, or between you and us, and both on general principles and particularly on the eve of the greatest cooperative military effort in history, I do not see any reason for giving any satisfaction to these people along those lines.

On the documents now before me there is not the slightest basis for any charge that anyone misled anyone else, or that the case was not fairly and fully stated.

The record on cabotage is perfectly clear: so far as Britain is concerned, cabotage was defined both by you and me to mean traffic between Britain and her Crown Colonies.

The other points mentioned in the press seem not to have any substance to them.

Best wishes. I will send you a copy of the statement to the Senate as soon as it is ready.

800.796/5-2244

The Counselor of the British Embassy (Wright) to the Assistant Secretary of State (Berle)

Ref: 56/ /44 WASHINGTON, May 22, 1944.

DEAR MR. BERLE: I transmitted to Lord Beaverbrook the message which you sent me with your letter of May 18th.

I now enclose a message for you of May 21st from Lord Beaverbrook in reply.

Yours sincerely, MICHAEL WRIGHT

[Enclosure]

Message From Lord Beaverbrook for the Assistant Secretary of State (Berle), Dated May 21, 1944

Very many thanks for your message of May 18th, and for the welcome reassurance you give me.

You will have seen that in my speech in the House of Lords I defined cabotage as follows:

"Cabotage means the reservation to a nation of all traffic within its territory. The question at once arises: does reservation apply to traffic between the United States of America and Hawaii and the United States of America and Puerto Rico? Yes, it does. Does it apply to traffic between the United Kingdom and our Crown Colonies? Yes, it applies to traffic between the United Kingdom and our Crown Colonies. It is a right which we can clearly concede to other colonial powers. There is no intention in any direction so far as I can see to resist it. It is generally accepted."

There is thus complete identity of interpretation on this question as on other issues raised between us when you were here.

With all good wishes.

800.796/891

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] May 23, 1944.

The Egyptian Minister said that his Government had been following the London air conversations with great interest, and had presented a note saying that they hoped no decisions would be taken directly or indirectly affecting Egypt without giving Egypt a chance to be heard. I told him there was no such intention; these were merely preparatory to an air conference.

The Minister likewise said that he was not sure the same view would obtain in other quarters. He obviously referred to the British though he did not say so. He said that at a previous conference President Wilson had recognized the British protectorate even before hearing the Egyptian delegation.[17] I told him I knew that, but that of course the situation was different now. The Minister said that he hoped that full weight would be given to the national voice of all the countries. I said that the only answer I could make to that was to call his attention to the phrasing in the Moscow Declaration [18] which contemplated a world organization based on recognition of the juridical equality of all nations. Then the Minister said he hoped nothing had occurred to modify that part of the Declaration. I said I had not heard of anything.

A. A. B[ERLE], JR.

800.796/814

The Secretary of State to the Chairman of the Senate Subcommittee on Aviation (Clark) and the Chairman of the Senate Committee on Commerce (Bailey)

WASHINGTON, May 24, 1944.

MY DEAR SENATORS: With your letter of May 13, 1944, you attached a clipping from the *New York Times* for Thursday, May 11, purporting to report the substance of a speech by Lord Beaverbrook in the House of Lords on May 10, 1944. This referred to the conversations regarding civil aviation recently had in London by Assistant Secretary Adolf A. Berle, Jr., and by Dr. Edward Warner, Vice Chairman of the Civil Aeronautics Board, with Lord Beaverbrook. The Department has now received and encloses herewith the official text of the speech in question.[19] You are right in understand-

[17] For documentation regarding recognition of the British protectorate over Egypt, see *Foreign Relations*, 1919, vol. II, pp. 201 ff.

[18] For text of the Declaration of Four Nations on General Security, November 1, 1943, see *ibid.*, 1943, vol. I, p. 755.

[19] Not attached to file copy.

ing that a so-called "American plan" has not been determined, and certainly none which includes "the right of air transportation organizations of nations to set down passengers, mail and cargo and to pick them up anywhere in the world." Further, it appears that Lord Beaverbrook made no such assertion.

The account in the *New York Times* of May 11, enclosed with your letter, refers in its first paragraph to "the American-sponsored idea of a 'Four Freedoms of the Air' ". This is plainly an error. The so-called "Four Freedoms of the Air" appeared in a draft convention proposed by Canada, not by the United States. This convention was first put forward by the British group; but the British group, on encountering opposition from the United States group, withdrew it. The Associated Press reporter apparently confused the Canadian-sponsored plan with the views of the United States.

Actually, in discussing the Canadian plan, the United States group made it clear that the handling of the principle of innocent passage (which does not include the right to discharge or pick up passengers, mail and cargo) must be at all times subject to full sovereignty and laws of the air of the nation over whose territory the plane might fly, and must also be contingent upon the working out of appropriate air-commerce agreements between the countries involved. While Lord Beaverbrook did not elaborate this, what he said was substantially consistent with it, and it was presumably to that which he referred in stating that "the right of innocent passage must depend on the decisions of an international conference."

As is not unnatural in extemporaneous debate, the representative of the British Government emphasized points of interest to him and to his Government, and did not attempt to cover all aspects of the matter in the limited time at his disposal. Though Lord Beaverbrook, at various points in his statement, used the word "agreement", it is sufficiently plain from the context that he used the word in the sense of concurrence in point of view. The conversations were exploratory, without commitment on either side, and merely looked forward to agreements which might later be consummated as a result of further negotiation and international conference.

In conclusion, let me say that I do not believe Lord Beaverbrook's statement, read in the context of the entire discussion, warranted the conclusions drawn from it by the press which gave concern to your Committees.

I thoroughly appreciate the courteous cooperation of your Committee with the Department, and am especially gratified at your statement that your conferences with Mr. Berle have been of a character tending to make for the best relations between your Committee and the Department of State.

Sincerely yours, CORDELL HULL

800.796/851

The Secretary of State to the Egyptian Minister (Hassan)

WASHINGTON, May 24, 1944.

SIR: I have the honor to acknowledge the receipt of your note dated May 4, 1944 with respect to the desire of the Egyptian Government to participate in any international conference which may take place for the discussion of questions relating to civil aviation after the war.

In reply, I am pleased to inform you that no definite plans for an international conference on this subject have as yet been made but that when and if such a conference is convened the interest of the Egyptian Government will be given sympathetic consideration.

As you are aware, preliminary exploratory talks are now taking place between this Government and certain other governments pertaining to policies which may be found mutually acceptable with respect to post-war civil aviation. I wish to assure you that, should any matters affecting the interests of the Egyptian Government be dealt with in these discussions, this Government will inform the Egyptian Government with respect thereto and that nothing touching upon the rights and interests of the Egyptian Government will be decided upon without its concurrence.

Should this Government participate in any international aviation conference at which the rights and interests of the Egyptian Government might be affected, it would favor granting to the Egyptian Government the fullest opportunity to express its views.

Accept [etc.] For the Secretary of State:
A. A. BERLE, JR.

800.796/888

The Belgian Ambassador (Straten) to the Assistant Secretary of State (Berle)

D. 8443/8 WASHINGTON, May 26, 1944.
No. 2583

DEAR MR. BERLE: With reference to our conversation of May 12 [*10?*] regarding the probability of commencing in the near future, exploratory talks between the United States and Belgium on the subject of post-war commercial aviation, I hasten to inform you that I have just received a cable from my Government emphasizing their major interest in the subject but expressing the desire that these talks be postponed until a later date; that is, until such time as my Government could send its delegates to Washington and when normal communications will be re-established between the Ministry for Foreign Affairs at London and the Belgian Embassy in Washington.

If, however, discussions of a general nature among representatives of various countries are envisaged, my Government would wish that Belgium be represented by an observer at such discussions.

I should appreciate your letting me know what consideration may be given to Mr. Spaak's [20] request.

Sincerely yours, R. VAN DER STRATEN

800.796/5-2744

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] May 27, 1944.

Mr. Chang Kia-Ngau [20a] came in to see me at his request, informally, to talk about some aviation points which were bothering him. He had with him the draft of a cable he proposed to send to Chungking. I inferred this was in answer to an inquiry from Chungking asking his recommendations as to the positions China should take in the current air conversations. The principal points he raised were these:

(1) Our plan envisaged making the right of freedom of transit subject to national sovereignty, and dependent on the conclusion of satisfactory arrangements for commercial outlet. China, said Chang, probably would not be asking commercial outlets to any great extent, and in one case, the Soviet Union, she feared she would not get them. Particularly in the Soviet case, if the Soviets asked freedom of transit it would embitter relations if China were to refuse them. Therefore, said Chang, he thought of recommending to his Government that they agree *pro forma* to the second condition, namely commercial outlet agreements, but stress heavily the fact that free transit was subject to sovereignty, and therefore to reasonable regulations. He then developed the reasonable regulation idea. He said he thought this might mean marking out security areas, and asked what I thought of that. I told him that it all depended on whether the regulations were reasonable. We did not mean by that blacking out great geographic areas. Further, we thought these regulations ought to be non-discriminatory, applying to everyone alike, including the nationals of the regulating country.

Then he said that he thought that the regulations ought to include the power to prescribe routes over which the planes could fly. In fact, he thought, even the right of innocent transit could exist only if there had been bilateral arrangements fixing the routes which planes would be allowed to fly. I told him I thought this smashed up the

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[20] Paul-Henri Spaak, Minister for Foreign Affairs of the Belgian Government-in-Exile, at London.

[20a] Chinese aviation representative.

whole principle. We had to think in terms of European countries; if there had to be bilateral agreements, even on the right of innocent passage, it would imply that any country could withhold permission, and then the principle had disappeared. I told him I thought in practice planes seeking innocent passage would not want to wander about, but would either proceed by direct line to their destinations or would follow some established commercial route.

Chang seemed to think that something might be done along that line. I told him I hoped we could adopt a generalized principle which did not mean that we were back to the pre-war task of negotiating route agreements with every country in the world irrespective of whether anyone wanted to land in those countries.

(2) He asked what our views were as to private planes, other than the general commercial airlines, who might wish to seek the right of innocent passage. I told him this was a specialized subject about which there was a lot of material, and that we would have an afternoon on that in the course of the discussions and that I thought that question might be left over for that time.

(3) He asked whether the routes we had proposed on the map presented at our first meeting were alternative or supplementary. I said that for the moment they were supplementary; none of us, of course, knew whether all of them would be practicable since some of them depended on the assent of other countries, nor did we know yet whether the traffic would justify all three routes. Mr. Pogue had observed that we would not necessarily wish to put them all into effect at once, but hoped to have the right to do so. He likewise asked whether we wanted a route to the capital of China—pointing out that it might not be economical to have a line running to Nanking as well as Shanghai. I said that I found it difficult to think of a situation in which direct communication with the Chinese capital would not be of great interest to us.

(4) He said that while it was not strictly a point of these conversations, he hoped to bring up the point of aid to the development of Chinese internal aviation. I told him we should be glad to consider sympathetically any suggestion he wished to make on that point.

A. A. B[ERLE], JR.

800.796/885a : Telegram

The Secretary of State to the Ambassador in China (Gauss)

WASHINGTON, May 30, 1944—8 p. m.

746. The first meeting with the Chinese group to discuss post-war aviation matters took place on May 22. It was emphasized at the outset that in these bilateral talks, we aim at an informal and ex-

ploratory exchange of views which we hope will indicate what sort of international practices and commitments we might expect would eventually become possible. It was also indicated that it was our thought that through an informal exchange of ideas, a groundwork of agreement on matters of general principle might be created which can be further discussed and elaborated at a United Nations conference.

The first two items on the prepared agenda (see Department's no. 578 of March 31)[21] were presented for discussion, namely the general principle of free transit with the right of technical stop and the general principle of the right of commercial entry. Our attitude on these two questions was further elaborated on as set forth in the summary of objectives supplied to the Embassy under cover of the Department's no. 598 of April 10 [*18*], 1944.[22]

Following out the thought as set forth in the summary that specific arrangements with regard to commercial entry might be made by bilateral intergovernmental agreement, there was laid before the Chinese group the specific air routes between the United States and China which we would be glad to have considered, in the hope that these routes may eventually be opened on a mutually satisfactory basis, to American commercial lines. It was indicated at the same time that we would be glad to learn of any proposals which the Chinese group may desire to put forward.

Mr. Chang Kia-Ngau received the proposals on behalf of the Chinese group and stated that they would be referred to Chungking for the views of his government, which he hoped would be forthcoming shortly. It is then expected that another meeting will be held.

Additional supplementary material being transmitted by air mail.[23]

HULL

800.796/879 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, May 31, 1944—10 p. m.
[Received 11:33 p. m.]

4371. Hildred says that his proposed trip to the United States to discuss technical matters mentioned in Embassy's telegram No. 3573, May 1, 10 p. m., although approved by the Air Minister, has been held up by Beaverbrook who does not wish to let the technical phases of aviation discussions pass completely out of his hands. Hildred has

[21] Instruction 578 not printed.
[22] Instruction 598 not printed.
[23] Instruction 681, June 6, not printed.

written a long letter to Warner [24] outlining the subjects he wishes to discuss or have discussed in Washington and believes that if Warner replies favorably, expressing the hope that Hildred can come to Washington, approval will be secured for his trip. We feel that the comments contained in our 3573 of May 1 still hold good.

This message is most secret.

WINANT

800.796/888

The Assistant Secretary of State (Berle) to the Belgian Ambassador (Straten)

WASHINGTON, June 3, 1944.

MY DEAR MR. AMBASSADOR: This will refer to your letter of May 26, 1944 (D.8443/8 No. 2583) stating that your Government has a major interest in the proposed exploratory talks between our two countries on the subject of post-war commercial aviation, but desires that they be postponed until a later date.

Up to the present this Government has held exploratory discussions on post-war commercial aviation with a few countries only. It hopes to discuss the matter with additional countries, including Belgium, but no fixed schedule has been established. Consequently, the postponement of these talks between our two Governments until a later date would be quite satisfactory.

Should it develop that a general conference among representatives of the various countries will take place in the meantime, I shall be pleased to inform you in advance so that you may discuss the matter further with your Government.

Sincerely yours, A. A. BERLE, JR.

800.796/897

The Australian Prime Minister (Curtin) to the Secretary of State [25]

WASHINGTON, 5 June, 1944.

DEAR MR. CORDELL HULL: I refer to Mr. Winant's letter to me of 4th May,[26] in which he enquired whether I would be disposed to hold exploratory talks on postwar international aviation in Washington on my return from London.

Under date 13th May I sent an interim reply.[27] I now desire to confirm that it would not be practicable for me to arrange for Australia to be represented at the suggested talks at the present time.

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[24] Not printed.
[25] Written at the Australian Legation.
[26] See telegram 3548, May 3, 11 p. m., to London, p. 464.
[27] See telegram 3934. May 15, from London, p. 476.

I shall however examine the matter immediately on my arrival in Australia and will advise you further as soon as I am able.

Yours faithfully, JOHN CURTIN

800.796/904

Memorandum of Conversation, by the Director of the Office of Far Eastern Affairs (Grew)

[WASHINGTON,] June 6, 1944.

The Chinese Minister, Mr. Liu Chieh, called on me this morning to say that Mr. Chang Kia-Ngau, head of the Chinese aviation group, had now returned to Washington, but the group was still not ready to continue the conversations since replies had not yet been received from Chungking in response to inquiries cabled by Mr. Chang both before and after his recent talk with Mr. Berle. The Minister said he assumed that there was no great urgency in proceeding with the conversations, but I replied that we desired to get along with them as rapidly as possible and hoped that there would not be too long a delay before our next meeting.

The Minister then inquired whether we had reached an agreement with the Russians, to which I replied that up to the present our talks had been of a purely exploratory nature in an effort to clarify the various points on our agenda. I said that we expected to meet with the Russians again this week and that, of course, we would be glad eventually to inform the Chinese group of the results of our talks.

JOSEPH C. GREW

800.796/6-1044

Memorandum by the Chief of the Aviation Division (Morgan) to the Assistant Secretary of State (Berle)

[WASHINGTON,] June 10, 1944.

MR. BERLE: Mr. H. Trevelyan, First Secretary of the Agency for India, telephoned to say he understood that the Department desired to have exploratory talks with the Indian Government on the subject of post-war civil aviation, and if this was the case they would like to know as soon as possible what date the Department would like to set for the opening of these talks as some time would be required to permit the members of their group to reach Washington. He suggested that a date some two months hence would be satisfactory to them, but asked if he could be definitely informed as soon as possible.

I told Mr. Trevelyan that I would transmit this message to you and get in touch with him in due course.[28]

S. W. MORGAN

800.796/6-1044

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] June 10, 1944.

Participants: The President
Senator Bennett Champ Clark
Mr. L. Welch Pogue, Chairman, Civil Aeronautics Board
Mr. A. A. Berle, Jr.

The President asked Senator Clark, Mr. Pogue, and myself to meet him at the White House at 12:30 on June 9, which we did. After some general conversation largely relating to political conditions, the President raised the question of aviation policy. He said that, while he had to go on the theory that the war would go on for some time, there was always the possibility that Germany might collapse, though there were no present signs of that. In such case, we should need to have our aviation policy not only fixed but in such shape that we could move out at once. The Senate Committee had been working on it now for some time, and the President wanted to know what the prospects were of getting an agreement.

Senator Clark said that the Subcommittee was pretty well divided. They had been held up in their work largely because Senator McCarran had wished to be present but had had to go to Nevada to take care of various matters; had stayed in Nevada a month; had then not attended the Committee hearings when he got back. Meanwhile, he had thrown in his own bill, in advance of any determination by the Senate Committee. Senator Clark said that the first question they had to solve was whether we would proceed on a chosen instrument monopoly theory, or whether we would have the more traditional form of regulated competition. The active members of the Committee, he thought, were favorable to the chosen instrument theory, though Brewster only had committed himself. The other members, Mead, Caraway, and Burton, had not indicated a position. Bailey, he thought, favored the chosen instrument, though Bailey had been very judicial throughout. Senator Clark said that he himself wanted to follow whatever policy the President decided. Generally speaking, he did not favor the chosen instrument.

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[28] In telephone conversations with Mr. Trevelyan on June 12, the tentative date of August 1 was suggested.

The President said that he himself had rather felt that the best policy was to have chosen instruments in particular fields; while he knew that Trippe was not favorable to this, he did not think that anyone other than Trippe could possibly be successful in running a worldwide system. For that and other reasons, the President favored different lines assigned to different routes and zones. Senator Clark seemed generally to agree.

Senator Clark likewise brought up the question as to whether steamship lines should have the right to own aviation lines. He personally did not like the idea. The President did not take a clear line on this point. Senator Clark reviewed the arguments pro and con on both the chosen instrument and the railroad and steamship ownership points.

The President said that unhappily he might be in the position of not being able to let the matter rock along but would have to move out—depending on military considerations. I said that this was not merely a question of the collapse of Germany. Areas were opening up now—for instance, Africa—in which other countries were moving out, and where we would have to do the same.

Senator Clark indicated pretty clearly that he did not think there would be any really clear-cut statement of view for some time, since he thought the various interests involved would make a controversy whichever way it was settled. I asked whether it could be understood that if we did have to move by reason of circumstances, this would not be regarded as an infringement on the prerogatives of the Senate. Senator Clark said that he thought obviously we would have to protect the interests of the country in the meantime.

From the discussion the following facts became clear:

(1) Senator Clark personally will follow the President's line; he does not know whether he can carry the Subcommittee, though he will have a substantial group in it.

(2) He recognizes the necessity of getting into action during the summer; believes that Brewster and the Pan American interests will raise a row in any event unless they get what they want.

The President said that he had discussed this matter a little with Stalin at Tehran in the general sense that Soviet planes desiring to fly over American territory ought to have the right to land and refuel, though not to take on and discharge passengers or cargo; we would want equivalent rights in the Soviet Union. Stalin thought something could be worked out.[29]

In respect of Hawaii, the President said that the right to land and refuel ought not to be had at Honolulu. There were plenty of other

[29] There appears to be no direct reference to such a discussion in the available records of the Tehran Conference. See *Foreign Relations*, The Conferences at Cairo and Tehran, 1943, p. 880.

points, especially on the Island of Hawaii itself, which could be made available for these landings. He noted that General Arnold thought there should be at least three lines across the Pacific Ocean for safety reasons.

A. A. B[ERLE], JR.

800.796/6-1044

Memorandum of Conversation, by the Director of the Office of Far Eastern Affairs (Grew)

[WASHINGTON,] June 10, 1944.

Mr. Chang called this morning at his request and said that he had reported to Chungking the points brought up in our talks on post-war civil aviation, but that there had been a certain delay in receiving replies owing to the necessity of consulting several different departments of his Government. Now, however, replies to some of these points had been received and he found them in general of a favorable nature.

His Government takes the position that it must first build up its domestic aviation before profiting by reciprocity in international aviation and for that purpose China would welcome American assistance in the way of planes and equipment. He said that he had mentioned this in his recent talk with Mr. Berle, and that Mr. Berle had said that it would be proper for him to set forth in our group meeting this desire of his Government.

I said that I fully understood the desire of China to build up its domestic aviation before moving into the foreign field, but I assumed that even though China did not yet feel in a position to profit through reciprocity in international aviation, nevertheless, in view of the great advantages which would accrue to China through admitting foreign carriers, his Government would view with favor the proposals we had made for the establishment of airlines from the United States to his country. Mr. Chang replied that political as well as transportation problems were here involved and that while China would be glad to admit American carriers, his Government would feel differently about admitting the carriers of certain other countries.

Mr. Chang then said that the Soviet Ambassador had told him that we had already held three meetings with the Soviet aviation group and he asked me if I could tell him what progress had been made in our discussions. I replied that our initial talks had been chiefly concerned with clarifying the various points on our agenda, and that while the Russian group had indicated a generally favorable attitude towards some of these points no concrete agreements had yet been reached because, of course, the Russian group had found it necessary to consult the Government in Moscow.

Mr. Chang said that he was leaving for New York tomorrow to be absent most of next week, but that he would be glad to have a further meeting of our respective groups at any time during the following week, in order to tell us of his replies from Chungking. I said that I would consult my associates and would let him know in due course on what date a meeting could be arranged.

JOSEPH C. GREW

811.79600/99 : Circular telegram

The Secretary of State to Certain Diplomatic Representatives [30]

WASHINGTON, June 12, 1944.

The Civil Aeronautics Board is releasing a press statement for morning papers of June 14 [31] giving a tentative list of proposed international air routes which the CAB believes may be desirable for postwar operation by United States air carriers. The Department is transmitting a copy of this press statement to each of the appropriate foreign missions in Washington,[32] emphasizing that the proposed routes are of course subject to concurrence of and necessary arrangements with the foreign governments concerned.

A copy of the CAB statement is being forwarded to you by air mail.[33]

HULL

800.796/6–1744

Memorandum by the Chief of the Aviation Division (Morgan) to the Assistant Secretary of State (Berle) [34]

[WASHINGTON,] June 17, 1944.

MR. BERLE: While our British friends might not soon learn that we have submitted a draft commercial air transport agreement to the Russians, they might learn of it and feel somewhat aggrieved or at least suspect that we were trying to steal a march on them.

Since mutual frankness is supposed to be the rule as between the various participants in these bilateral talks, I would suggest that we immediately inform the British of our action and submit to them a similar draft with a statement that we would be very glad to enter into the same agreement with the British.

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[30] Sent to all diplomatic missions except those in Argentina and Bolivia.

[31] For text, see *The United Nations Review*, vol. IV, 1944, No. 5, p. 212.

[32] Notes to the missions, dated June 14, and to the French delegate, dated June 15, not printed.

[33] Circular instruction dated June 14, not printed.

[34] Marginal notation: "Agree: Please draft an *aide-mémoire* to be handed to British. A. A. B[erle]"

Now that publicity has been given to the proposed international routes and commercial ports of entry, we can fill out our annexes just as we did in the case of the Russians. It should, of course, be emphasized to the British that this is strictly a commercial air transport agreement and that the many problems relating to air navigation, which includes most of the items discussed at the bilateral conferences in London are being reserved for the multilateral agreement which we hope will be worked out at the proposed international conference.

It seems to me that at the present time we have the initiative with respect to these questions of post-war aviation policy and that we should try to keep it. In respect to the practical problems of the immediate future, we do not have the initiative.

S. W. MORGAN

800.796/919 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State

MOSCOW, June 20, 1944—3 p. m.
[Received 9:43 p. m.]

2195. The British Ambassador has furnished me a copy of his note to the Foreign Office of June 15 transmitting a "draft outline of an international convention and international authority for its administration." This document relates international cooperation in air transport and the note states that it was agreed during Lord Beaverbrook's discussions with Dr. Berle that it represented the principles which the Governments of the United Kingdom and the United States consider would constitute a suitable basis for discussion at an international conference on civil aviation. The note concludes by stating that the British Government would welcome any comments which the Soviet Government may wish to offer in this paper.

HARRIMAN

800.796/6-2044

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] June 20, 1944.

Dr. Chang came in to see me at his request. Anticipating the next session of the Chinese air conversations, he said that he had exchanged

cables with Chungking. The Chinese Government was prepared to grant the aviation routes and landing rights we were asking in China. But since they were not prepared to ask reciprocal rights in the United States—not planning Chinese international aviation lines—the Generalissimo had asked instead American assistance in helping China build up her international [*internal?*] aviation system. On questioning, he told us their ideas of assistance. The Generalissimo wanted 300 DC-3's and 200 DC-4 planes, to be delivered over a period of three years; and also wanted assistance in training Chinese technicians and operating personnel. I pointed out that the entire American internal aviation system before the war had required only about 340 planes. Dr. Chang said he understood that but thought there would be more use for planes after the war. He said that he was giving these figures to me personally since he did not wish to make them a matter of official representation. I gathered that he knew, just as well as I did, that they were fantastic in size.

I then said that I hoped that an attempt would not be made to tie together assistance to Chinese aviation lines as a *quid pro quo* for routes and landing rights. Clearly, we did not wish to be in the position of buying landing rights and routes all over the world. We thought of transportation as itself a world service.

I said that we were, of course, sympathetic to the idea of Chinese transport development, as he knew very well, and I would consult with my colleagues with a view to finding out the extent to which we could be of use.

Mr. Chang said that, to make things concrete, he had thought that we might turn over to China the surplus transport planes which might be in China at the close of the war—reconditioning them for Chinese use. He thought of this as a lend-lease transaction. The other planes might be turned over on a long-term credit basis. I said all this would have to await further examination. Meantime, I thought we should need the technical information as to the precise Chinese plans for developing their aviation before we could deal with the subject intelligently.

Dr. Chang pressed for an agreement in principle to the subject of assistance. I said that, in principle, of course, we wanted to assist, but that before anything could be said we had to find out exactly what the conditions and implications were. On the other hand, as he knew, this Government was endeavoring to be of all possible help to China in the reconstruction of its economy.

A. A. B[ERLE], JR.

800.796/921a

The Department of State to the Netherlands Embassy [35]

AIDE-MÉMOIRE

The Netherlands Embassy is informed that the United States Government has held exploratory conversations recently with the British and Canadian Governments for the purpose of exchanging views on post-war aviation, with particular reference to the development of international air transportation. Similar discussions are now being held in Washington with representatives of the Soviet and Chinese Governments.

It is understood that the Netherlands Government also would be interested in holding bilateral conversations on post-war aviation with the United States Government, which would be entirely agreeable with this Government. There is enclosed herewith a proposed agenda [36] which, together with the memorandum furnished by the Netherlands Embassy under date of November 30, 1943,[37] would appear to offer suitable bases for these discussions.

It is probable that invitations for bilateral conversations will likewise be extended to a few other governments, with the thought that a United Nations conference on this subject might be held later in the year.

The United States Government understands that the Netherlands Government will be ready to begin bilateral exploratory conversations in Washington at an early date, possibly July 1st. This would be satisfactory with this Government, and a confirmation of these arrangements would be appreciated.

WASHINGTON, June 20, 1944.

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[35] Similar invitations were sent to the Indian Agency General, June 21; the Legation of the Union of South Africa, June 22; the Brazilian Embassy, June 24; the New Zealand Legation, June 24; and the Mexican Embassy, August 22. In the invitation to the Indian Agency General, the date of August 1 was suggested for the beginning date of the conversations; in the other invitations, no definite date was suggested.

[36] *Ante*, p. 378.

[37] *Ante*, p. 363.

800.796/926b : Telegram

The Secretary of State to the Ambassador in Australia (Johnson)

WASHINGTON, June 21, 1944—7 p. m.

76. A letter dated June 5 written by Prime Minister Curtin while in Washington referred to our invitation for bilateral aviation discussions. You were advised of this in the Department's telegram 61, May 10, 10 p. m.[38] Mr. Curtin's letter refers to his interim reply of May 13 and confirms that arrangements for Australia to participate in talks at the present time would not be practicable. However, he promised to look into the matter immediately on his return to Australia and to advise further.

On a suitable occasion please endeavor to ascertain if Australia will be able to enter into such conversations with us in Washington and the approximate date.

HULL

847.796/6-2244

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] June 22, 1944.

The Australian Minister came in to introduce Mr. McVey, the present head of Australian aviation production, and who has recently been entrusted with the aviation affairs of the Australian Government. Mr. McVey was interested in knowing our general ideas about the aviation picture. I referred to the fact that there was extended an invitation to have conversations with the Australian Government. The Australian Minister said he did not think there was a great deal to discuss at the present moment and then he and Mr. McVey asked a good many questions about the possibility of an international organization. I gave them the familiar arguments against it, and our tentative point of view, namely that international organization was possible in respect of technical matters such as safety standards, navigation aids, etc.; but that it could only be a fact-finding and advisory body in respect of economic matters, since this Government, and I judged a number of others, would insist on complete maintenance of their sovereign rights.

The Minister gave the familiar arguments in favor of the Australian thesis, that international control was essential if aviation industries were not to become tremendously nationalistic and extremely dangerous. I told him I thought that was more in the security field than in the direct aviation field.

A. A. B[ERLE], JR.

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[38] Not printed.

800.796/919 : Telegram

The Secretary of State to the Ambassador in the Soviet Union (Harriman)

WASHINGTON, June 22, 1944—9 p. m.

1533. Your 2195, June 20, 3:00 p. m. The document referred to as forming a suitable basis for discussion at an international conference was prepared at the Dominions Conference in London last September and was produced by Lord Beaverbrook during his talks with Mr. Berle[39] after the latter had rejected the Canadian draft convention as a basis for discussion. The document referred to in your telegram was accepted by us only as a basis for discussion. It is far from acceptable itself in its present form and does not set forth principles and practices on which there was agreement between the British and American spokesmen at the exploratory talks. Specific reservations were made on many points, notably the power of the international body.

To prevent any possible misunderstanding and confusion due to marked differences between this document and our statements of policy set forth at our talks with the Russians here, we think the above should be made abundantly clear to the Foreign Office.

HULL

800.796/925

The Agent General for India (Trevelyan) to the Secretary of State

F. 118/44

The Agent General for India presents his compliments to the Secretary of State and has the honour to refer to his *Aide-Mémoire* dated June 21, 1944[40] on the subject of exploratory discussions on post-war civil aviation with representatives of the Government of India. The invitation of the United States Government was communicated to the Government of India who have informed the Agent General of their acceptance of it. Although August 1 is not inconvenient, they would prefer that the talks should begin on August 15, if this date is equally convenient to the United States Government. The Agent General understands that August 15th is suitable to the United States Government and has informed the Government of India accordingly.

WASHINGTON, June 23, 1944.

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[39] See Annex B, p. 457.
[40] See footnote 35, p. 494.

800.796/6-2044

Memorandum of Conversation, by the Chief of the Aviation Division (Morgan)

[WASHINGTON,] June 24, 1944.

Participants: Mr. Chang Kia-Ngau
Mr. Felton Chow
Mr. Morgan, AD

Minister Chang called at his request, accompanied by Mr. Felton Chow, and brought with him the draft of the bilateral agreement and asked for clarification of one or two points, particularly with relation to freedom of transit. I think I explained this matter to his satisfaction.

Minister Chang then said that with respect to procedure he thought his Government would have to suggest a few modifications. I assume that these will be in relation to restriction of freedom of transit, which seems to be giving them considerable concern.

He asked me if we expected these bilateral agreements to be identical with all countries. I told him that while we would like to see that I did not think we could anticipate it with any confidence. We had actually drawn up the agreement in the way in which we would like to see it concluded, but we realized that probably all the nations would have some suggestions for modifications and we would not stand rigidly on our text. We hoped, however, that all would adopt the general practices. This was, of course, not intended to be a multilateral treaty which must have the same text for all, and it would ultimately work out as a series of bilateral agreements of which perhaps no two would be exactly the same.

Minister Chang then went on to say that he would have some suggestions to make and, if we approved, he would like to submit them first here for discussion before transmitting the document with comments to his own Government. He thought that any differences which we could iron out here would expedite matters. I told him I agreed with this and suggested that he submit his comments and specific suggestions for changes in the draft to me as soon as they were ready and that I would transmit them to the other members of the consulting group for their study, and that we could then have another conference of the two full groups to discuss the question of a redraft. He said he would follow this procedure.

In conclusion, Minister Chang said that the British and Canadians were asking him about our talks and asked what I thought he could say. I told him that I thought he was at liberty to tell them anything about the talks that he wanted to, that we were not trying to keep anything secret from our other friends.

S. W. MORGAN

800.796/6-2444

Memorandum of Conversation, by the Chief of the Aviation Division (Morgan)

[WASHINGTON,] June 24, 1944.

Participants: Mr. Gore-Booth, British Embassy
Mr. McLean, British Embassy
Mr. Morgan, AD

Mr. Gore-Booth called at his request and left a message for Mr. Berle from Lord Beaverbrook,[41] which I immediately sent on to A–B.[42] He also brought in Mr. McLean, recently arrived at the British Embassy, to introduce him.

We fell into a general discussion of the aviation situation, and Mr. Gore-Booth, referring to the recent press release of the Civil Aeronautics Board, asked whether we proposed in the near future to commence negotiations looking to the obtaining of landing rights necessary to carry out that program. I told him I thought we should do so and would probably be approaching his Government some time soon on the subject. He asked whether I did not think that these questions would have to wait until a multilateral convention had been agreed upon and an international body established. I told him we felt that bilateral agreements concerning air transport could and properly should be concluded before the general international agreement on air navigation.

He then asked how rights could be granted without knowing what the authority of the international body was to be. I told him this seemed to be very simple, that in the United States for example we had set up an elaborate network of air services under various laws and authorities between 1930 and 1938 and when in 1938 the Civil Aeronautics Act had been enacted and the CAB created, these airlines naturally came under the provisions of that law and the authority of that body.

International post-war air transport could and in fact must be put into operation as soon as possible, and whenever a multilateral convention went into effect and an international body was set up, international aviation would be governed by whatever the provisions and authorities might be that were set up by the convention. I pointed out that with the best will in the world on all sides it would be impossible to hold an international conference, draw up a multilateral agreement, have it ratified by a substantial number of nations, and create the international authority and get it working, for a comparatively long period of time. It hardly seemed reasonable to hold up all commercial aviation during that period.

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[41] See *infra*.
[42] i.e., Assistant Secretary of State Berle.

Mr. Gore-Booth said he agreed in principle but reminded me that his Government had definitely expressed itself as favoring the operation of international air carriers only under license by an international authority. I said, of course, that was a point on which this Government did not agree and was subject to further discussion. I felt sure some agreement would finally be reached, and in the meantime it seemed desirable to proceed on the basis of the existing situation.

Mr. Gore-Booth said that this was simply perpetuating after the war a system which existed before the war. I said I thought the situation would be considerably improved after the war through a greater understanding on all sides of aviation problems, and it did not seem to me that just because a system was in effect before the war it was necessarily inappropriate for use after the war.

Mr. Gore-Booth then said that in his personal opinion, and he emphasized that he had no indication from his Government, he thought that a request for route permits and landing rights from us touching British territory would be answered to the effect that these rights could only be granted on a temporary basis until such time as an international authority was set up, when the whole question would have to be reconsidered in the light of what authority the international body might have. I pointed out to him that this would be very unfair to the carriers, that any company inaugurating commercial services over long distances would have to make a very heavy capital investment, create an extensive organization, and spend a great deal of money on publicity for trade promotion. It was hardly reasonable to expect them to do this if they could not be assured of having rights to continue this operation more than a short period of perhaps a year or two.

Mr. Gore-Booth admitted that this would be very unfair to the companies concerned. He thought the best solution would be to delay matters until real assurances could be given them of a reasonably long tenure of their rights.

S. W. MORGAN

800.796/6-2444

The Counselor of the British Embassy (Wright) to the Assistant Secretary of State (Berle)

WASHINGTON, June 24, 1944.

DEAR MR. BERLE: I enclose herewith the text of a message which we have been asked to convey to you from Lord Beaverbrook.

Yours sincerely, MICHAEL WRIGHT

[Enclosure]

Message From Lord Beaverbrook for the Assistant Secretary of State (Berle)

I apologize for troubling you with our domestic concerns. But I am going to be asked very soon what we intend to do about talking to the Russians on the subject of civil aviation.

Would you have any objection if in reply I said that it might be some weeks before we can begin conversations with the Russians owing to the fact that they are at present engaged in talks in Washington?

I thought of adding that these Washington conversations may well go on for a month or even longer because the Russians are taking the opportunity to study United States air line system.

Would a reply broadly on these lines be agreeable to you? How are your talks going on?

Have you gleaned any impression of general approach of the Russians to problem of civil aviation? I am very anxious to know how their minds are working on these questions.

We are keeping civil aviation well in hand here and it is clear to me that you are doing the same with still greater success in Washington. This is a matter of most immense satisfaction to me. For with such conditions prevailing my confidence in successful outcome of an international conference is complete. All good personal regards.

800.796/6-2544

The New Zealand Legation to the Department of State

AIDE-MÉMOIRE

The New Zealand Legation is in receipt of *Aide-Mémoire* from the Department of State dated June 24, 1944,[43] in reference to the development of international air transportation.

The Prime Minister of New Zealand will be in Washington from July 4 to July 9, inclusive, and will be pleased to begin exploratory conversations in Washington and to meet representatives of the United States Government at a mutually convenient time between the dates mentioned.

[WASHINGTON,] June 25, 1944.

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[43] See footnote 35, p. 494.

800.796/6-2444

The Assistant Secretary of State (Berle) to the Counselor of the British Embassy (Wright)

WASHINGTON, June 29, 1944.

MY DEAR MR. WRIGHT: I should appreciate it if you would be kind enough to transmit the enclosed to Lord Beaverbrook in answer to the message from him which you were good enough to transmit with your letter of June 24, 1944:

Glad to have your message and to know that aviation matters are going well for you in London.

The situation regarding conversations with the Soviet representatives is this:

The Soviet representatives are proceeding in a leisurely manner, taking time out between discussions to go over American airfields and American technical processes of control, licensing, signaling, and so forth. They are really combining the technical with the general conversations. My present guess is that in another two or three weeks these conversations should be concluded though I cannot guarantee this because the Russian group is controlled by instructions from Moscow. The Soviet group say they expect to be finished here by the latter part of July. They tell me they have no instructions as yet to proceed to London. Your proposed answer appears to be entirely in line with the facts.

Thus far, the Soviet representatives have said very little as to the attitude of their Government. I gather that they are, in principle, agreeable to the setting up of a world organization which shall have considerable competence in the technical fields covered in our conversations in London.

The Soviet Government appears, however, to be very clear in its determination not to yield what they consider sovereign powers, though our present impression is that they would accept a world organization with reporting and advisory functions in respect to economic and commercial matters. Though their representatives said very little here, an article appeared a week ago in *War and the Working Class* which the Foreign Office can undoubtedly give you, and which undoubtedly was stimulated by the conversations here. When you have that in front of you, you have all that is at present divulged about the attitude of the Soviet Government.

It is clear that the Soviets do expect to fly internationally; and that they want to have their ideas taken into consideration in connection with general air settlements. I think they intend to admit a limited number of foreign air lines into Soviet territory, granting use of their airfields for that purpose. They are wrestling with the subject of subsidized air lines, as is natural, since subsidy presents itself to Britain and the United States largely in connection with commercial operations, whereas to the Soviet state-owned operations this problem is entirely absent. The delegation in Washington has shown a very real and sympathetic desire to understand our point of view which as you know is in general agreement with the British point of view on the subject. They would likewise be interested in knowing whether there were disagreements between the British and United

States Governments; and we have told them that the British point of view favored a far stronger world organization, with far wider authority than we would be prepared to accept. We have said that in other matters such as the definition of cabotage, the maintenance of equilibrium between available transportation and the traffic desiring to use it, and in the general desire to have freer passage rights than existed previously, we were generally in accord.

In accordance with our understanding that the result of conversations shall be available to all hands, I will keep you advised as matters develop, and the Soviet group understands this.

My personal impression is that before very long, probably in the latter part of July, conversations with the Soviets and others will reach a point at which it will be useful for British and American representatives to review the whole situation and consider the next steps to be taken.

Sincerely yours, ADOLF A. BERLE, JR.

800.796/7-544 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State

Moscow, July 5, 1944—10 a. m.
[Received 1:42 p. m.]

2422. Department's 1533, June 22, 9 p. m. At my request the British Embassy is sending to the Soviet Foreign Office a further note in which our views on the "draft outline of an international convention and international authority for its administration" are clearly set forth. In fact, substantially the same language as given in the Department's telegram under reference is used.

HARRIMAN

800.796/7-1344

Minutes of an Exploratory Conversation Between Officials of the New Zealand and United States Governments on July 5, 1944

PRESENT

American Group	*New Zealand Group*
Mr. Joseph C. Grew, Chairman	Mr. Peter Fraser [47]
Mr. Adolf A. Berle, Jr.	Mr. C. A. Berendsen [48]
Mr. Josh Lee [44]	Mr. A. D. McIntosh [49]
Mr. William A. M. Burden	
Mr. Stokeley W. Morgan	
Mr. John D. Hickerson [45]	
Mr. Robert B. Stewart [46]	

[44] Member of the Civil Aeronautics Board.
[45] Chief, Division of British Commonwealth Affairs.
[46] Member of the Division of British Commonwealth Affairs.
[47] New Zealand Prime Minister.
[48] New Zealand Minister in the United States.
[49] New Zealand Secretary of External Affairs.

Mr. Grew made some introductory remarks and presented copies of the agenda, Summary of Objectives, and draft bilateral convention to the Prime Minister.

Mr. Fraser said that he had discussed aviation matters in London with Lord Beaverbrook and others and had been informed of the talks which Mr. Berle had had in England and was aware of the position taken by the United States. He felt a keen disappointment at the way things were going for it seemed to him that the more we talked the vaguer the situation became.

New Zealand, of course, stands on the Canberra Agreement with Australia [50] in favor of internationally owned airlines operating under license from an international body. They realize that this is not acceptable to all nations, and they are prepared to make concessions. The Canberra Agreement as it stands is not even wholly acceptable to Canada and the United Kingdom. However, for the present, that is the New Zealand position.

Mr. Fraser felt that the sort of international body which the United States seemed to want would have little or no authority and, in fact, very little to do. He favored an international body with real powers subject to an international organization which would be in a position to make a real contribution to the peace and stability of the postwar world. Failure to set up such an organization would mean the loss of a great opportunity, and if no change were made in the method of handling international aviation matters we would in a certain sense have fought the war in vain.

Mr. Grew said that the United States visualizes an international organization which will have a great deal to do, especially with regard to technical matters.

Mr. Fraser said that New Zealand was in favor of all the minimum powers which the United States was willing to see the international body assume, but it wanted more powers accorded to the international body. He said that he had received the impression in England from the reports he heard of the talks between Mr. Berle and Lord Beaverbrook that the United States felt that the smaller nations did not count, that they should give way to the wishes of the bigger nations.

In reply Mr. Berle said that such is not our attitude at all. We have not ignored the small nations in these discussions. We have urged that they be heard. However, to the United States, aviation is a primary factor in national security. Accordingly, the fate of our aviation is of first concern. A large part of the American public sees in international aviation not the idealism of Mr. Fraser but a desire by a number of other nations to divide up the American traffic. This the American public would not agree to. It will not permit us to get

[50] Agreement between Australia and New Zealand, signed at Canberra, January 21, 1944, *The United Nations Review*, vol. IV, 1944, No. 2, p. 52.

into the same situation we were in before the war with respect to shipping.

We have no reason to believe that the Soviets will move in any great degree in the direction envisaged in the Canberra statement.

We believe that institutions grow slowly; it would put an intolerable strain on an international organization to ask it to function without real power, prestige and background and without the trust and confidence of the great powers. That leads only to futility, as in the case of the League of Nations.

Mr. Fraser said that of course the international body must have power to enforce its decisions. Should we not endeavor to get what we really want—not aim at a minimum.

Mr. Lee said that while the Prime Minister's position was admirable as an idealistic approach, we must take a realistic attitude. There is no use in aiming for something that will not get public support. We should start slowly and then progress as confidence in the international body grows.

Mr. Fraser said that agreement on technical matters could have been arrived at at any time. To accomplish this is no real progress.

Mr. Lee said that final international acceptance of technical standards would be a great gain.

Allowing for the good reasons for the United States position, Mr. Fraser said that New Zealand hopes that more can be accomplished to bring it closer in line with the views of the British Commonwealth. Under the United States plan the problem of the Pacific area can probably be settled without difficulty, but a great opportunity to settle these problems in the rest of the world will have been missed.

Mr. Berle drew a parallel with the Pan American Union, which started in 1890 and has grown steadily until it is now a sound, strong bond between the nations and made a very effective contribution to the war effort. We are inclined to follow that same procedure.

Mr. Fraser thought that time did not allow of that method being applied to a new international body to deal with world security.

Mr. Fraser asked what the United States is afraid of in a new international body, how would it prejudice our interests?

Mr. Berle answered that the power of a licensing body could be activated in anybody's interest. It could also reject plans or approve plans of other nations. We feel it should only act as a sort of fire alarm to call attention to dangerous situations; the countries concerned should then correct the situation.

Mr. Fraser asked what if they did not?

Mr. Berle said that would be unfortunate, but the same situation would exist if the body had powers and the nations did not acquiesce

in the exercise of those powers. Such questions could be referred to a World Court if one were created.

Mr. Fraser said the Canadian scheme could only be implemented if the international body were a part of a world organization with effective powers to exert its authority.

Mr. Lee emphasized that agreement on a number of technical fields, with implementation, would be a very decided step forward and would help to set up machinery which would assist in working out satisfactory settlements between the nations.

Mr. Fraser said that New Zealand would agree to anything no matter how small if it were a step in the right direction. New Zealand is interested in an Australia–New Zealand airline to Canada and the United Kingdom, and in a line from New Zealand to Panama, and is ready to enter into bilateral arrangements at any time.

Mr. Grew said that we were much gratified to hear that New Zealand will go along as far as we do.

Mr. Berle asked whether New Zealand contemplated a separate airline or one in conjunction with other Dominions. Mr. Fraser said personally he favored operating in conjunction. He could not speak for all of his colleagues.

Also Mr. Berle asked whether New Zealand would like to enter into technical discussions with ourselves and others. It was decided that New Zealand would not but that Mr. Morgan would send to Mr. Berendsen the technical document [51] which had been submitted to other groups.

800.796/7–644 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 6, 1944—8 p. m.
[Received July 6—5:30 p. m.]

5334. Subject: Aviation. Van Hasselt [51a] called to see Hildred before he left for Washington. Hildred said that Van Hasselt wished to have the right of commercial entry determined by an international conference or authority. Hildred stated that in his opinion the right of commercial entry would have to depend on bilateral agreements between each pair of countries concerned. As the Department is aware, Hildred's view is by no means unanimously held in England, nevertheless, this statement may have had some effect on Van Hasselt.

WINANT

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[51] Presumably one of several technical documents in files not printed.

[51a] F. H. Copes van Hasselt, Legal Adviser in aviation matters of the Netherlands Department of Public Works and Transport.

800.796/7-744

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] July 7, 1944.

Mr. McIntosh came in to see me. His was in the nature of a follow-up of the conversations in respect of civil aviation which we had had with Prime Minister Fraser during which Mr. McIntosh was present. The conversation was general and was merely designed to clarify views.

Mr. McIntosh said that New Zealand had no great ambitions in the air but of course wished to be connected. Their present ideas were running towards a trans-Pacific line to be jointly owned by the British, the Australians, the New Zealanders, and the Canadians, presumably stopping at Hawaii and connecting at Vancouver. I observed that there had been some opposition to a stop at Honolulu, though I gathered that a stop in the Hawaiian Islands might be possible on the ideas which were being generally canvassed now. (*Note:* The President believes that a stop on the Island of Hawaii is preferable to one on the Island of Honolulu.)

With regard to stops on islands or bases in or near New Zealand, Mr. McIntosh said he thought there would be no objection to that.

The Government of New Zealand is sticking strictly to the idea of a central international authority which could control air traffic between nations.

A. A. B[ERLE], JR.

800.796/7-1144

Memorandum by the Chief of the Aviation Division (Morgan) to the Assistant Secretary of State (Berle)

[WASHINGTON,] July 11, 1944.

MR. BERLE: Reviewing the situation with respect to the exploratory talks on aviation, it seems to me that we cannot make much more progress before the international conference until we have had a further talk with the British and definitely ascertained how near we can come to agreement on the fundamental principles of the powers of the international authority and the method which is to be followed in establishing international air transport services.

We have had a number of talks with other nations which have shown us fairly well where we stand with them, and our conversations with the Dutch should be especially illuminating; but the real key to the situation always remains our agreement or lack of agreement with the British. Would it not be in order therefore to reopen the exploratory talks with them as soon as possible? I assume as

a matter of comity that they should make the trip over here this time and have no doubt they will be willing to do so. Probably the best approach would be an informal communication from you direct to Lord Beaverbrook sounding him out.

I also feel that the so-called draft bilateral convention which we have submitted to a number of delegations should also be submitted to the British. An *aide-mémoire* covering this was sent to your office some time ago, but so far as I know the *aide-mémoire* and the document have not yet been delivered. I feel reasonably sure that the New Zealanders will show the document which we handed to them, and the British may be rather suspicious when they realize that we have submitted this document to a number of people but not to them.

I also feel that steps should be taken to enter upon our exploratory talks with the Brazilians as soon as possible, not only because of the importance of Brazil but because we should certainly include one South American nation in these talks prior to any international conference. It is also important for us to clear up the question of rights to the ADT airports.

An invitation was submitted to the Brazilians, but no reply has been received. The Brazilian Government always functions very slowly, but perhaps a follow-up through the Embassy in Rio would be desirable.

S. W. MORGAN

800.796/7-144

The First Secretary of the British Embassy (Gore-Booth) to the Assistant Secretary of State (Berle)

Ref. 56/-/44 WASHINGTON, July 14, 1944.

DEAR MR. BERLE: In Mr. Wright's absence I send you herewith a message which we have received for you from Lord Beaverbrook dated July 12th.

Yours sincerely, PAUL H. GORE-BOOTH

[Enclosure]

Message From Lord Beaverbrook for the Assistant Secretary of State (Berle), Dated July 12, 1944

A representative of the Netherlands Government has discussed Civil Aviation with us recently. The meeting was on an official level. As you will be talking to the Netherlands before long I give you a brief account of our talk.

2. We gave to the Netherlands representative a copy of our Commonwealth report which you and I discussed together. We told him

that although you had agreed it would form a suitable basis for discussion at the international conference you did not agree with it in detail and that you regarded it as open to flexible interpretation.

3. On this understanding we went through the Commonwealth Report and explained its various features. We told the Netherlands representative that, whereas we favoured an international authority with executive powers you took the view that international organisation should grow up more gradually and start on an advisory basis.

4. The Netherlands Government have now presented us with a memorandum of their own which we are examining. I gather they will present a similar document to you when your talks with them begin.

800.796/7-1544 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, July 15, 1944—10 p. m.

5582. Please deliver the following message to Lord Beaverbrook from Assistant Secretary Berle:

"In view of your approaching visit to this country,[52] I wonder if it would be convenient for you to take this opportunity to continue the exploratory talks on civil aviation which Warner and I commenced in London. We have made considerable progress in our talks with representatives of other nations and are most anxious to explore further with you various points on which there still may be some disparity in our views. If this suggestion is agreeable to you, I presume you will wish to bring some of your technical advisers, and I assure you we shall be most happy to receive them as well as yourself."

If the above invitation is accepted, we should like to have Satterthwaite proceed to Washington to be present throughout the discussions.

HULL

711.3227/7-1844 : Telegram

The Secretary of State to the Ambassador in Brazil (Caffery)

WASHINGTON, July 18, 1944—10 p. m.

2210. On June 24 the Department, through an *aide-mémoire* to the Brazilian Embassy,[53] invited the Brazilian Government to participate in informal exploratory talks on post-war civil aviation. To date no reply has been received.

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[52] Regarding Lord Beaverbrook's visit to the United States to discuss matters relating to petroleum, see vol. III, pp. 94, 118–121.

[53] See footnote 35, p. 494.

Anything that you can discreetly and informally do to expedite acceptance of this invitation and the commencement of the talks at an early date will be helpful.[54]

HULL

800.796/7–2044 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 20, 1944—7 p. m.
[Received July 20—3:07 p. m.]

5731. For Assistant Secretary of State Berle. Lord Beaverbrook will inform you that he will be delighted to discuss aviation with you informally in Washington. He plans to take Masefield with him and, of course, Law is going. If other technicians are needed, he will send for them.

Satterthwaite will leave for Washington a few days after Lord Beaverbrook leaves and in time to have a few days consultation before Lord Beaverbrook is ready to discuss aviation. Department should authorize transportation.

WINANT

800.796/7–2144

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] July 21, 1944.

At lunch with Lord Beaverbrook today, he gave his ideas as to the possible course of civil aviation matters. He said that he was under instructions to maintain the desire for a strong international body which could regulate civil aviation matters. He was fully aware of our position, which was that we could not assent to this. I gathered, however, from the conversation that at an appropriate time the British Government will recede from its position. Lord Beaverbrook, indeed, indicated that there would have to be several days battle at an international conference before this would be achieved.

He said that he thought the situation had progressed to a point where the parties really interested ought to sit down and begin talking about routes in advance of an international conference. We had stated what we wanted; the Netherlands had stated what they wanted. The British would be able to lay down a map on relatively short notice. Probably the other parties principally interested could do like-

[54] Ambassador Caffery in telegram 2826, August 9, 1944, reported that he had, on the previous day, made inquiries of the Brazilian Minister of Air, who stated that his principal officers had under study the proposed exploratory talks on postwar civil aviation (711.3227/8–944).

wise. His idea was that we first talk routes, and not talk frequencies. Frequencies could be left for a later stage—possibly an international conference. Routes, especially at this stage of the game, he thought would have to be determined by reasonable give and take between all parties interested—a thoroughly flexible arrangement which could develop as events move forward.

I told him that in the more recent conversations, especially with the Netherlands, somewhat the same idea had been expressed. I would tell him very soon whether he had better send for his route experts while he was here. In any event we should like to know what their plans were since we had already stated our own.

A. A. B[ERLE], JR.

800.796/7-2144

The Counselor of the Belgian Embassy (Gruben) to the Assistant Secretary of State (Berle)

D.8443/8 WASHINGTON, 21 July, 1944.
No. 3516

DEAR MR. BERLE: I have the honor to refer to the exchange of views between yourself and the Ambassador (who is now on leave) and particularly to your letter of June 3, 1944 concerning informal conversations between the Department of State and representatives of the Belgian Government on post-war planning for commercial aviation.

I am now informed that my Government has decided upon the general outlines of its policy on this matter and that I will receive instructions in view of the proposed conversations. I will not fail to inform you as soon as I will receive them in order to initiate without further delays the exploratory discussions suggested by the Department.

Very sincerely yours, HERVÉ DE GRUBEN

800.796/7-2144

Memorandum of Conversation, by the Chief of the Aviation Division (Morgan)

[WASHINGTON,] July 21, 1944.

Participants: Brigadier J. Holthouse, Air and Military Attaché of the South African Legation
Colonel Leverton, Colonel Greathead and Captain Fletcher, representing the Union of South African Airways who have come to this country to study airport construction and airline operation.

After a brief discussion of the objects of their visit, I took occasion in an informal and strictly personal manner to discuss some of the

questions relating to post-war international aviation. Speaking only for themselves but obviously reflecting general opinion in South Africa, they said that they were strongly inclined towards an international authority with broad powers over international aviation, including the licensing of airlines, fixing rates and frequencies, etc.

For themselves they apparently envisaged only international operations between South Africa and London via Cairo, and they did not seem greatly concerned lest their own traffic might be unduly affected by other airlines coming in under permission of an international authority. On the contrary, they felt that the more airlines wanted to come to South Africa and were permitted to do so the better it would be for them from an economic viewpoint.

With respect to cabotage, they brought up one interesting point. They had noted Lord Beaverbrook's report to Parliament on the agreement between himself and Mr. Berle on the subject of cabotage and said this would not satisfy South Africa. South Africa felt that the neighboring Crown Colonies and self-governing colonies should be considered as being within a South African sphere of influence, and South Africa would not be satisfied to have air commerce between these territories and Great Britain reserved to the latter.

They said that present plans provided for the establishment of only one international airport, which would be at Johannesburg, the industrial center of the Union. International airlines would be permitted to land there with rights of commercial entry, but air traffic between Johannesburg and other cities of the Union would be reserved to the South African airlines. To facilitate this intra-Union traffic, large airports suitable for the operation of four-engined planes will be built at Durban and Capetown. These airports will not be made ports of entry for foreign aircraft.

800.796/7–2144

Memorandum by the Chief of the Aviation Division (Morgan) to the Assistant Secretary of State (Berle)

[Extract]

[WASHINGTON,] July 24, 1944.

MR. BERLE: I invited Peter Masefield to lunch today, with Tony Satterthwaite, and I gathered from Peter that Beaverbrook probably would like to confine his talks to a series of confidential informal discussions with you in an effort to convert you to the British way of thinking. At the same time if he did not succeed in this it might be easier for him to yield ground in talks limited to just the two of you than in a group discussion.

However, I do think that while he is here we should have group discussions and put our talks with the British on the same semi-formal basis that they have been held with the others. Probably both methods could advantageously be followed, the private talks paving the way for the group discussions. I am sure that none of your associates would object to your talking with Beaverbrook apart from the rest.

. . . . . .

S. W. MORGAN

800.796/7-2744

The Secretary of State to the Belgian Ambassador (Straten)

The Secretary of State presents his compliments to His Excellency the Belgian Ambassador and has the honor to refer to recent correspondence between the Department and the Belgian Embassy with respect to proposed bilateral exploratory discussions on the subject of post-war civil aviation.

With reference to the Belgian Embassy's letter of July 21, 1944, D. 8443/8 No. 3516, the United States Government will be pleased to enter into these conversations with the Belgian Government as soon as possible. In this connection, there is enclosed a proposed agenda [55] which has served as a basis for discussions between the United States and several other countries, and which might also be acceptable to the Belgian Government.

Mr. Hull would be pleased to learn of the approximate date convenient to the representatives of the Belgian Government for beginning these exploratory conversations.[56]

WASHINGTON, July 27, 1944.

800.796/7-2744

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] July 27, 1944.

Mr. McIntosh [56a] asked whether we connected, in our minds, military with civil air bases.

I said that while the two subjects were distinct, they did have a certain connection. In some cases, certainly, the civil aviation air-

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[55] *Ante*, p. 378.

[56] On July 28 the Belgian Embassy telephoned to say that it expected to receive instructions from London on this subject, but not before the third week in August.

[56a] New Zealand Secretary of External Affairs.

fields could be used to keep alive military bases which we might need for the general defense.

Pursuing this opening, I said that our military people felt that we should have to undertake responsibilities in the Pacific, which would include having certain military or naval air bases in the various islands. It might well be that some of these might have to be in islands presently held by New Zealand, though the precise locations had not altogether been worked out. I wondered what the ideas of the New Zealand Government might be.

Mr. McIntosh recognized perfectly that the United States would have to take quite a hand in the continued defense of the Pacific and, indeed, they welcomed it. In respect of military bases, they felt that it would be both wise and useful to have some: he mentioned more particularly New Caledonia (which, of course, is French) but likewise mentioned the Fiji Islands, part of which are under New Zealand administration. He said that in this connection it would be far easier to arrange for air bases under the control of a general world organization for security than on any other basis.

A. A. B[ERLE], JR.

800.796/7-2844

Memorandum by the Chief of the Aviation Division (Morgan) to the Assistant Secretary of State (Berle)

[WASHINGTON,] July 28, 1944.

MR. BERLE: Mr. Escott Reid of the Canadian Embassy called yesterday afternoon and asked if I could throw any light on the message which they had received from the Department of External Affairs, copy of which is attached.

I told Mr. Reid that no technical committees had been set up and no technical talks had been held between ourselves and the British except those on communications participated in by Messrs. Duncan and Jeffcock, representing the British, and a group of American technicians. Mr. Reid was aware that these conversations had been held. I also told him that we did not know of any technical committees which had been set up preparatory to such discussions in other fields, but I thought that such discussions would take place sooner or later. With respect to the question of Canadian representation in these discussions, I said that I would take this up with the appropriate authorities and communicate with him later.

You will note that the Canadians want to participate in technical discussions. Presumably they would prefer a three-party conference with Canada, the United Kingdom and the United States, and it seems to me that if the British agree, this would be the simplest way to

proceed. However, the British did disagree to the original exploratory talks being on a three-party basis.

You may wish to take this up with Lord Beaverbrook to see what his plans are; and if you wish, I will take it up with Mr. Burden and Mr. Warner, who will presumably be handling the American side in such discussions when they are held.

S. W. MORGAN

[Annex]

Teletype Message From the Canadian Secretary of State for External Affairs (Mackenzie King) to the Canadian Minister in the United States (Pearson)

No. EX-3080 OTTAWA, July 25, 1944.

As you are probably aware, during recent conversations between Lord Beaverbrook and Mr. Berle it was agreed to set up Joint United Kingdom–United States Technical Committees on Civil Aviation to study: (List was that agreed upon by Mr. Berle and Lord Beaverbrook)

The United Kingdom representatives on the Committees have indicated that they are prepared to establish direct liaison with interested Canadian officials. However, at the last meeting of the Interdepartmental Committee on Air Transport Policy, it was agreed, in view of the close relationship between standards and techniques of air regulation in Canada and the United States, that it would be desirable for Canada to seek to participate directly in the work of the committees. It would, therefore, be appreciated if you would discuss informally with the appropriate United States authorities the question of Canadian representation on the committees. While we would prefer, of course, to have Canadian representives taking an active part in the work of the committees, we would be prepared to consider alternative proposals for establishing a close relationship between Canada and the work of the committees which might be put forward, such bi-lateral Canada–United Kingdom and Canada–United States discussions to parallel the United Kingdom–United States discussions or Canadian participation in the United Kingdom–United States discussions in the role of observers.

841.796/7-3044

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] July 30, 1944.

Over the weekend I had an opportunity to discuss the general situation on aviation with Mr. Richard Law and Lord Beaverbrook. I

said that we were aware that the British airlines, and in particular the B.O.A.C., were making every effort to move out, to acquire landing rights, and to develop commercial intercourse. This was not the declared policy of the British Government, but the fact was that the B.O.A.C., under the guise of the Army Transport, had been doing just this. There was no dissent from this statement. I said that in view of the strong political feeling in England along this line, it seemed that the British Government might have difficulty in checking the process—indeed had not been able to do so thus far. Equally, our own commercial lines disliked the position in which they found themselves, that they could not move out; our Air Transport Command was a purely temporary matter and would vanish at the end of the war. We were therefore in danger of a bad situation arising which might create irritation. On the other hand, if we merely threw the situation wide open, there would be at once an unseemly scramble for considerations, etc., even before the war ended.

Accordingly I wondered whether the thing to do was not [*sic*] to have an understanding that both sides would move out in an orderly fashion, obtaining landing rights along the lines of the routes they wanted, but in no case attempting to exclude the other or prejudice the position of the other. The British already knew the routes we wanted, because the Civil Aeronautics Board had announced them some weeks ago and thus placed their cards on the table. We had a general idea but not a detailed idea of the British routes.

I said that if this plan were considered, each of us ought to keep the other informed of what they were doing and the friendliest basis ought to prevail. We knew that the British wanted landing rights in Brazil; and we did not propose to try to prevent them. They knew that we wanted landing rights in the Mediterranean and the Middle East, and I assumed that they would not try to prevent us either.

Both gentlemen thought this was not a bad idea and I gathered they were wiring London on the point.

I then raised the question of the proposed British re-purchase of Taca—the now American-controlled group of local companies which runs from Central America around the Caribbean Sea. I said that in the prevailing state of American public opinion, the purchase of a collection of lines designed for local service would probably create a good deal of a furor. The President had indicated his hope that no country would undertake to dominate the internal air transport of another country (of course, except former Axis powers). Following his directive, we therefore were not encouraging our people to buy into European local systems, but were concentrating on the long, through lines which were really international in character. Even in South America our policy was to try to help the local countries build up their own international systems—though, of course, there were

cases in which such arrangements were impossible because the country was unable to organize its own aviation.

Mr. Law, who obviously was giving the matter more concentrated thought, said he wanted to think this over likewise. I gathered the idea appealed to him.

A. A. B[ERLE], JR.

800.796/8-244

Memorandum by the Assistant Secretary of State (Berle)[57]

[WASHINGTON,] August 2, 1944.

Yesterday, at the conversations with the Russian civil aviation officials, they produced the attached memorandum which undoubtedly was telegraphed them direct and verbatim from Moscow.

The Soviet scheme, as outlined, is virtually this:

The Soviet Union wants all operation of air routes in Soviet territory to be carried on by Soviet planes and Soviet fliers. They propose that international aviation across Russian territory shall be conducted by having the lines of other countries end at agreed points, at which points the Soviet planes and fliers will pick up the traffic. The traffic would then be carried into or across Soviet territory; and the Soviet line would then meet the lines of other countries at a point or points on the other side of Soviet territory. The international agreements would consist of arrangements to coordinate the arrival of American and other planes at the fixed points and the pick-up there of the traffic by the Soviet lines.

This, of course, amounts to a closed Soviet system.

Of added interest is the fact that, as the experimental line, they propose a United States–Moscow service in which the American line will end at Cairo, where the Soviet planes will pick up. Apparently the Soviet theory is that their lines will extend somewhat beyond their own borders in most cases, though this is not final. There are, it is true, certain loopholes in the Soviet memorandum, including a significant paragraph indicating that use of Soviet ports by foreign planes is still under study. But, reversing the general ideas of the air mission, Moscow apparently has opted for the closed system—not unlike the old Russian railroad system which had a different gauge for the railroads so that foreign trains could not run over them.

This is not fatal to a scheme of world aviation if all of the other countries get together, since it would be possible to make a reasonably satisfactory world aviation system with the Soviet Union left out, or

[57] Addressed to James C. Dunn, Director of the Office of European Affairs, and Charles E. Bohlen, Chief of the Division of Eastern European Affairs.

rather, remaining as a great closed enclave. It happens that few lines need to cross Soviet territory. Even our Far Eastern line to China via the Aleutians could bypass Soviet territory by using the Japanese islands as transit ports on the way to Shanghai. The significance of the Soviet position, therefore, is rather political and general than technical. There is nothing to stop the other countries of the world from getting together on their aviation.

But the general significance seems to me very great. It suggests:

(*a*) That the Soviet Union still considers her major advantage to lie in a closed and self-conducted commercial system;

(*b*) That she has made a slight advance, but only a slight advance, in the direction of admitting the rest of the world to her territory in the fashion usual with other countries. It ought to be stressed that the suggestion of admitting passengers and cargo is a very real advance, since heretofore the Soviet Union has not invited this sort of entrance at all. But it still is a long way from the generalized system of free communication;

(*c*) On the territorial side, it is of interest that the Soviet Union considers her Near Eastern terminus at Cairo. In substance this would mean that no commercial plane headed for Russia would come east of Egypt. Possibly too much significance need not be attached to this; the point might be transferred north to Istanbul when the war is over provided the Turks were willing;

(*d*) It would appear that at present the Soviet Union is not interested in a northern contact. Too much significance perhaps need not be attached to this at present, since there is still a battle line stretching from Leningrad down the Baltic; but the possibility of an eventual service via Iceland and Stockholm to Moscow is, for the moment, dismissed.

In view of the very real importance which the Secretary attaches to non-autarchy, and the fact that we base much of our hope for the future on open trade and open relations, I rather feel that we ought not to accept this position of the Soviets as final. But it is clear that effective argument will have to be made in Moscow rather than in Washington. This suggests, for consideration, either that someone be empowered to go to Moscow or that Harriman be authorized to take matters up there. Naturally, if Molotov and the Secretary are to meet in the not distant future, these negotiations could be best handled directly between them.

Aside from registering our position (which ought to be done after general Departmental conferences), I think we should make no change in the general line of policy we have been following with regard to all other countries who, like ourselves, hope for open trade, though they equally hope for economic controls of one sort or another tending to favor their aviation lines. These last, it would seem, can

be harmonized sufficiently to get a result. As matters stand now, the three positions are:

(1) The Russian position looking towards a closed area, but with agreements permitting entry of persons and goods (but not planes) into it.

(2) The British position calling for general transportation lines, controlled and allocated by international authority; and

(3) The American position looking [towards?] generalized rights of transit and landing, preferably under a regulated competitive system, conforming to our general commercial policy. In this last respect, we have kept the door open for regulatory controls, in view of the strong opposition in certain quarters in the United States to a truly open system.

A. A. B[ERLE], JR.

[Annex—Translation]

Memorandum From the Soviet Delegation

MR. AMBASSADOR: Permit me, on behalf of the Soviet delegation to make the following declaration concerning the points of the agenda which we have examined at previous joint sessions:

The Soviet delegation declares that the Soviet Government will be able to give its agreement to the inclusion in the international network of air routes passing over the territory of the U.S.S.R. This inclusion of the airlines of the U.S.S.R. in the network of international airlines will insure to the interested countries the possibility of entry into the U.S.S.R. and transit across the U.S.S.R. of cargo and passengers.

The inclusion of the airlines of the U.S.S.R. in the international network will be possible only under the condition that the countries and air transport organizations interested therein will proceed from the fact that the transit carriage through the U.S.S.R. will be carried out only by Soviet planes and in addition, questions affecting the right of transit of goods and passengers will be regulated by special treaties and agreements between the U.S.S.R. and other interested countries.

In so far as the granting of the right of foreign aircraft to fly into the territory of the U.S.S.R. and also the right to use the airdromes on that territory are concerned, the Soviet delegation at the present stage of the conversations can not give answer since this question is being studied by the competent organs.

In regard to the establishment of international airlines connecting the U.S.S.R. and the U.S.A., it is expedient in the opinion of the Soviet delegation, during the present exploratory talks, to consider the principles of the organization of one of the most important post-

war routes, i.e. Washington (or New York), Azores, Algiers, Cairo, Tehran, Astrakhan, Moscow. For the exploitation of this line, it might be possible either to organize by agreement between the Governments of the U.S.S.R. and the U.S.A. a joint administration or company on a parity basis, or to agree on the coordination of operation of appropriate lines connecting with each other at definite points created for this purpose by the national aviation companies of each country.

For the purpose of assuring the development of civil aviation and the preparation of national aviation personnel and also taking into consideration the observations set forth above, the section of the route, Washington (New York)–Cairo, will be operated by American aviation personnel and American airplanes and the section, Moscow–Cairo by Soviet aviation personnel and Soviet airplanes.

In regard to sections of the routes which pass over the territory of third states, both parties will make arrangements with these states.

The Soviet delegation declares that the question of the utilization of airports on a non-exclusive basis requires further study. In regard to the question of air cabotage, the Soviet delegation has no objection to the principle in accordance with which air cabotage will be carried on within a country in the airplanes of that country.

At the same time, the Soviet delegation informs the American side that in the near future the Americans through customary diplomatic channels will receive our draft of an agreement which it will be expedient to consider through the medium of subsequent diplomatic negotiations between the two parties.

800.796/8–244

Memorandum of Conversation, by the Chief of the Aviation Division (Morgan)

[WASHINGTON,] August 2, 1944.

Mr. Wayne Parrish asked me to lunch to meet Commandant Lesieur who, he tells me, is charged by the Committee in Algiers with matters affecting French civil aviation and post-war international commercial air transport.

I asked Commandant Lesieur what if anything he could tell me about the French plans for the post-war period. He said that, while their plans have not taken form, his own ideas favored the operation of the necessary lines to link France with her colonies and outlying possessions and a few lines operated for purely commercial reasons.

In answer to further questions he said that he thought France should have a line to the Far East, Indo China, and China; a line across the Atlantic into the United States; and a line via Africa to

South America, including Rio, Buenos Aires and Santiago. He did not think it necessary for French lines to touch the French islands in the South Pacific or, in the Western Hemisphere, to include French Guiana, Martinique and Guadeloupe.

He made several references to trading of rights and routes between France and ourselves by which I gathered that he envisaged a sort of bargaining under which France would hold back giving anything until some satisfactory *quid pro quo* was offered. He was pretty vague, however, on this point.

He said that in the case of an international conference on aviation, which he hoped France would attend, France would be opposed to any international authority with broad powers and would probably adopt the same attitude towards such an authority that he understood the United States would probably take. He mentioned that this would probably be in opposition to the United Kingdom, the Dominions and the Dutch. He thought, however, the Belgians would line up with France and the United States. He said that he personally and a number of other people in France familiar with air transport problems would favor freedom of transit with right of technical stop but that there would be a strong opposition to this on the part of many people influential in politics . . .

He told me that he is now on his way back to Algiers and that any communications which we might make to the French Committee with respect to post-war aviation matters would be referred to him and his aim was to cooperate with this country in every possible way.

He very clearly conveyed the impression that he considered himself as both highly influential in French Government circles and as directly charged with matters affecting international aviation.

S. W. MORGAN

800.796/8–344

The Chairman of the Civil Aeronautics Board (Pogue) to the Assistant Secretary of State (Berle)

WASHINGTON, August 3, 1944.

DEAR ADOLF: In reflecting upon the seriousness of the conference which we had with the Russians on Tuesday of this week,[58] I had first thought they might be trading. But on the assumption that they are not doing that, I bring forward a thought which you might have already put in motion. You will recall that when you, Senator Clark, and myself were called to the President's office some time ago, he re-

[58] August 1.

counted a talk which he had had with Stalin about air problems of the future.[59] He said that he had told Stalin we would like to fly across Siberia on the way to China; that he would have no objection to the Russians flying across Alaska and even the United States on their way to somewhere else if they wanted to do so. Stalin's reply was that he thought Roosevelt was, in general, right; that we would all want to be flying outside our borders when the war was over; and that he felt sure some satisfactory arrangement could be made.

With commercial, cultural, and political relationships so deeply affected by the civil air policy of the future, and believing in the inevitability of the victory of technology over political barriers (which is to say believing in the inevitability that the world's air must be opened up), I suggest that you consider the possibility of urging the President, himself, to take a hand in this problem directly with Stalin. No doubt, you have already pondered on this possibility; but I feel confident that you will understand my earnestness in writing you this note.

Sincerely yours, L. W[ELCH] P[OGUE]

800.796/8-344

The Assistant Secretary of State (Berle) to the Chairman of the Civil Aeronautics Board (Pogue)

WASHINGTON, August 3, 1944.

DEAR WELCH: Thank you for your letter of August 3, 1944. Further study of the Soviet memorandum (copy of which I enclose) [60] reveals certain contradictions in it which may somewhat modify the first impression we had, though perhaps not too much. But, like you, I am inclined to believe that the ultimate determination of policy will have to be discussed in Moscow. Before tackling the President on it, I want to see whether the Secretary thinks it wise to discuss the matter with Molotov. I agree with you that ultimately a policy of hermetically closed air is flying in the face of both technological and political currents; and I feel as earnestly about it as you do.

Sincerely yours, A. A. BERLE, JR.

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[59] See penultimate paragraph of memorandum by the Assistant Secretary of State, June 10, p. 488.

[60] *Ante*, p. 518.

800.796/8-344

Memorandum of Conversation, by the Assistant Chief of the Aviation Division (Walstrom)

[WASHINGTON,] August 3, 1944.

Participants: Lord Beaverbrook, Lord Privy Seal
Mr. Ralph Assheton, Member of Civil Air Transport Committee of British Cabinet
Mr. Peter Masefield, aviation adviser to Lord Beaverbrook
Mr. A. A. Berle, Jr.
Messrs. Stokeley Morgan and J. D. Walstrom, AD
Mr. Livingston Satterthwaite, Civil Air Attaché, London.

The first matter discussed was the memorandum handed to us by the Russians on August 1, stating that the Soviet Union wished all air routes within its territory to be operated by Soviet planes and crews. A copy of the Russian memorandum was shown to Lord Beaverbrook and his associates. It was agreed that an effort should be made to get the Soviets to change their attitude. If this could not be achieved, it would still be possible for other countries to engage in international air transport on a large-scale, since the transit of Soviet territory was not essential in establishing major world routes.

The second item of discussion related to the acquisition of landing rights abroad. Mr. Berle said that certain London papers had apparently misinterpreted our negotiations for landing rights in Spain,[61] but we hoped the British Government did not feel that we "were jumping the gun." Lord Beaverbrook said they had no feeling of this whatever. It was then agreed that both the United States and Britain should be able to negotiate for landing rights abroad, so long as both countries continued their informal understanding that such rights would not exclude the other country. Mr. Berle said we realized that the British desired to go to South America, and we did not intend to stop them. Equally, we desired to operate through the Near and Middle East, and we presumed the British would have no objection. Lord Beaverbrook said they did not want to go to South America until they could go to Argentina. However, he agreed with Mr. Berle that both our countries should feel free to proceed with negotiations to obtain landing rights *pari passu.*

Mr. Masefield raised the question of flight equipment for British lines. He was told that the American lines themselves were short of

[61] Negotiations for air transport services agreement between the United States and Spain, signed at Madrid, December 2, 1944 (Department of State Executive Agreement Series No. 432).

equipment, but that the Munitions Assignments Board (which also sits in London) might be able to assign some American planes to British airlines later on.

The third subject dealt with Lowell Yerex and the Taca interests. Lord Beaverbrook said their Ambassador (he did not mention the country) had informed London that Yerex was not wholly satisfied with the sale of his companies to American interests, and in view of this, together with Yerex' British nationality and the British interests in B.W.I.A.,[62] he had been invited to London to talk. According to Lord Beaverbrook, Yerex indicated his desire to sell both his interests and those of T.W.A.[63] to the British, but Lord Beaverbrook had said they would not go through with such a deal "unless Mr. Berle approved."

Mr. Berle pointed out that British acquisition of the Yerex companies in the Caribbean area would undoubtedly meet with strong criticism of the British from certain sections of American official circles and public opinion, and he felt that such a development would be undesirable from the standpoint of both our countries. He therefore suggested that the British defer action for six or eight months, and that we would again review the matter with them. Lord Beaverbrook gave the impression that he would follow this suggestion.

811.79600/8-344

The Secretary of State to the Delegate of the French Committee of National Liberation (Hoppenot)

The Secretary of State presents his compliments to the Honorable the French Delegate and has the honor to call attention to the fact that the United States Government has been holding exploratory conversations with certain Governments for the purpose of exchanging views on post-war civil aviation.

In the event that the French authorities also would be interested in entering into such discussions with the United States Government, a French delegation designated for this purpose would be welcome here. There is enclosed a proposed agenda[64] covering certain points which this Government feels would offer a suitable basis for these conversations. This Government will be pleased to learn whether or not the French authorities would find it convenient to participate in such bilateral conversations in the near future, and the approximate date on which these discussions might be started.

[62] British West Indian Airways, Ltd.
[63] Trans-World Airways.
[64] *Ante*, p. 378.

In connection with this general subject, the Secretary of State refers also to the Department's note addressed to the Honorable the French Delegate under date of June 15, 1944,[65] transmitting a copy of a statement for the press released on June 14, 1944 by the Civil Aeronautics Board of this Government. This statement listed the proposed international air routes which the Civil Aeronautics Board believes may be desirable for post-war operation by United States air carriers.

As mentioned in the Department's note of June 15, 1944, the establishment of these routes will be dependent upon the consent of the various Governments through whose territory they will be operated. This will involve considerations of reciprocity in a number of cases, and in this connection the United States Government believes that a world pattern of routes can best be worked out if some of the interested countries will inform each other of their plans in this respect.

The United States Government, having already announced its own projected international air routes, would appreciate receiving any information which the French Delegation can supply at this time concerning the tentative French plans on this subject. A similar inquiry is being addressed to certain Governments which are also expected to operate international airlines in the post-war period.[66]

This Government hopes that such information can be made available promptly, and on a non-confidential basis with permission to transmit copies to the appropriate authorities of other countries concerned. In this way a picture of the probable post-war international aviation network may take shape at an early date, thus permitting an intelligent discussion of the needs and requirements of each country and the rights which it can expect to receive from others.

WASHINGTON, August 3, 1944.

800.796/8-544

The Chief of the Aviation Division (Morgan) to the Counselor of the Belgian Embassy (Gruben)[67]

WASHINGTON, August 5, 1944.

MY DEAR BARON DE GRUBEN: In anticipation of the exploratory talks on aviation which are to commence next Monday,[68] I take pleas-

[65] See circular telegram of June 12 and footnote 32, p. 491.

[66] Inquiries were sent on July 26 to the British Chargé; on July 28 to the Brazilian Ambassador and the Belgian and Norwegian Ministers; on July 29 to the Netherlands Ambassador, the Canadian Chargé, the Agent General of India, and the Ministers of Australia, New Zealand, and the Union of South Africa.

[67] A similar letter was sent on August 14 to the Indian Agency General with the information that exploratory talks were set to commence on August 22.

[68] August 7.

ure in sending you herewith, for the information of the Belgian group who will participate in these talks, a copy of a "Summary of Objectives Favored by the United States of America With Respect to Post-War Civil Air Transport".[69]

This document has been submitted to the other national groups with whom we have already held exploratory talks, as a basis for discussion and exchange of views. This summary has been prepared tentatively, on a technical level, and is to be considered as strictly informal.

We will be happy to receive any statement of the views or objectives of the Belgian Government that you care to submit for our consideration either before or during the talks. We are looking forward with a great deal of pleasure to this opportunity to exchange views with Belgium.

Sincerely yours, STOKELEY W. MORGAN

800.796/8–744

The South African Minister (Gie) to the Secretary of State

WASHINGTON, 7 August, 1944.

The Minister of the Union of South Africa presents his compliments to the Honourable the Secretary of State and has the honour to refer to the Department of State's *Aide-Mémoire* of June 22nd, 1944,[70] extending an invitation to the Government of the Union of South Africa to enter into discussion with the United States Government on the subject of post-war aviation.

The Minister has been directed to say that the Union Government greatly appreciate the kind invitation extended to them and that they would have liked being in the position of exchanging views with the United States Government at this time. The Union Government find, however, that they are not quite ready to exchange views at the present time. It is proposed to hold a conference of British territories in Southern Africa in the near future for the purpose of considering certain matters of mutual interest concerning post-war civil aviation. The Union Government will participate in this conference and therefore would prefer to postpone the proposed bilateral discussions with the United States Government until after that conference is over. They hope that the United States Government will not find such a postponement inconvenient.

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[69] *Ante*, p. 422.
[70] See footnote 35, p. 494.

800.796/8–844

Memorandum of Conversation, by the First Secretary of Embassy in Canada (Clark)[71]

OTTAWA, August 8, 1944.

I mentioned to Mr. Macdonnell[72] Prime Minister Fraser's statement which was reported in the press this morning to the effect that he hoped to see established a Pacific Air Service which would be jointly operated by Australia, New Zealand, Canada and Great Britain, and asked him whether Canada had changed its policy with regard to such a service.

Mr. Macdonnell said that, as Mr. Howe had announced in Parliament, Canada had a desire to operate a Pacific Service. He thought it quite likely, therefore, that Canada would be prepared to join with Australia and New Zealand in the joint operation of such a service. He was rather surprised, however, to see Mr. Fraser's mention of the U.K. as a further partner.

Mr. Macdonnell laughingly admitted that the Canadian draft of an international air convention had purposely included an arrangement which would permit a great deal more intermediate traffic on a joint service such as that proposed by Mr. Fraser than would be possible on a service operated by a single country.

Mr. Macdonnell said that he knew of no proposed Canadian service to South Africa, and in addition he thought such a service would be unprofitable.

800.796/8–944

Memorandum of Conversation, by the Chief of the Aviation Division (Morgan)

[WASHINGTON,] August 9, 1944.

Mr. Gore-Booth called on Tuesday, August 8th just for a chat. I took advantage of this opportunity to carry out Mr. Berle's instructions to check with the British before finally sending out our circular instruction on landing rights. I asked Mr. Gore-Booth if anything had been heard from London and said that before carrying out the program which had been cleared between Mr. Berle and Lord Beaverbrook I wanted to make certain that there was no misunderstanding, although I felt sure that Lord Beaverbrook had expressed his approval. Mr. Gore-Booth said that he did not know that anything had been received from London and could not say that there was no question for further discussion or that it was thoroughly understood that the British Government approved of the plan. He

[71] Received in the Department of State on August 12.
[72] Ronald Macdonnell of the Canadian Department of External Affairs.

said he would like to check with Lord Beaverbrook or his staff and communicate with me further.

On Wednesday, August 9th, Mr. Gore-Booth called and said that he had talked with Peter Masefield and the situation was as follows: That Mr. Berle had the personal agreement of Lord Beaverbrook to the plan but that this did not constitute agreement or approval by the British Government. He had no reason to think that there would be any objection raised but he thought it should be clearly understood that their approval had not been expressed, in fact that no views had been expressed on the part of the Government.

I said I assumed that Lord Beaverbrook had reported the conference to London, and in the absence of any comment from there was I safe in assuming that there was no objection? Mr. Gore-Booth said that he could not go so far as to give such an assurance. He was not certain, in fact he rather doubted, that Lord Beaverbrook had made any report to London. He said that, of course, we were at liberty to go ahead on Lord Beaverbrook's personal statement if we felt that was conclusive, but he could not say that he thought it was. I said that we wished to be certain that there was no possibility of any misunderstanding.

Mr. Gore-Booth then suggested that he would send a cable to London immediately to try to clarify the situation. I pointed out that we had already waited a week since the conference with Lord Beaverbrook and so I hoped that the final go-ahead signal could be received promptly.

S. W. MORGAN

800.796/8–944

The Counselor of the Belgian Embassy (Gruben) to the Chief of the Aviation Division (Morgan)

D. 8443/8 WASHINGTON, August 9, 1944.
No. 3778

DEAR MR. MORGAN: I acknowledge with thanks the receipt of your letter of August 5, 1944, enclosing, for the information of the Belgian group participating in the exploratory talks on aviation next Monday, an informal summary of the American objectives.

You will find attached hereto, for the information of the members of the American group, a similar informal summary of the objectives favored by my Government in the same field.

There is also enclosed herewith this Embassy's note informing the State Department of the composition of the Belgian group.[73]

Sincerely yours, HERVÉ DE GRUBEN

[73] *Infra.*

[Enclosure]

Summary of Objectives Favored by the Belgian Government With Respect to Civil Air Transport

1. Confirmation of Article I of "CINA" (Conférence Internationale Navigation Aérienne at Paris, October 13, 1919) stipulating that the territory of a country should be understood to include the national metropolitan and colonial territory.

2. Each nation should have the right of cabotage within its territory as specified in No. 1.

3. The right of transit and non traffic stop for technical reasons should be recognized.

4. The Belgian Government is in favor of the setting up of an international body with regional committees for the purpose of regulating civil air traffic. This body should emanate from the governments and not from the companies engaged in civil air transport.

5. The right to load and unload passengers outside the national territory should be defined by the international body mentioned in No. 4.

6. The granting of subsidies to favor competition should be eliminated. The question of subsidies deemed indispensable by the respective governments should be left to the international body suggested in No. 4.

7. Steps should be taken by all nations in the form of an international agreement for the establishment of uniform standards for aircraft worthiness, operation, and all matters dealing with the safety of civil aviation. The establishment of these standards should come within the scope of the international body.

8. Each nation reserves the right to organize its civil aviation in the form which it judges to be to its own advantage, whether by private companies, monopolies, or government operation, etc.

9. In order to avoid harmful competition in the international traffic, it is desired that uniform rates should be adopted.

August 9, 1944.

800.796/8-944

The Belgian Embassy to the Department of State

D.8443/8
No. 3779

The Belgian Embassy presents its compliments to the Department of State and, with reference to the latter's note of July 27, 1944, has the honor to inform the Department that the delegation appointed by the Belgian Government in view of the exploratory talks on post-war

commercial aviation, suggested by the American Government, will be composed as follows:

1. Mr. Joseph Jennen, Commercial Counselor for Relief, Belgian Embassy;
2. Mr. Joseph Nisot, Legal Adviser, Belgian Embassy.

It is understood that the conversations will begin on Monday, August 14, at 3 P. M., at a place to be designated by the Department of State.

WASHINGTON, August 9, 1944.

800.796/8-944

Memorandum by the Chief of the Aviation Division (Morgan) to the Assistant Secretary of State (Berle)

[WASHINGTON,] August 15, 1944.

MR. BERLE: Reference my memorandum of August 9th.

I telephoned Mr. Gore-Booth to ask whether any comment had been received from London regarding our plan to commence negotiations for landing rights. He replied that nothing had been received.

I then said that as we had waited a week for any comment that might be forthcoming and two weeks since the conversation with Lord Beaverbrook, I was inclined to think we should proceed with our plan without further delay. There had been no reason to expect any comment after the matter had been cleared between Mr. Berle and Lord Beaverbrook, but we had wanted to give the Foreign Office time to make some comment if it cared to do so.

Mr. Gore-Booth raised no objection to our proceeding without further delay but simply felt bound to point out that he could not definitely say either that the British Government had no comment to make; only that no comment had been received. He agreed that we had waited ample time.

I told him, therefore, that we would get out our instructions immediately.

S. W. MORGAN

800.796/8-1644

The First Secretary of the British Embassy (Gore-Booth) to the Chief of the Aviation Division (Morgan)

WASHINGTON, August 16, 1944.

DEAR STOKELEY: With reference to our telephone conversation this afternoon I now have pleasure in sending you a paraphrase of the Foreign Office telegram from London about the attitude of His Majesty's Government in the United Kingdom to the suggestion that

the United States Government should go ahead with bilateral negotiations for landing rights for United States civil aircraft, along the routes proposed by the Civil Aeronautics Board.

Yours ever, PAUL GORE-BOOTH

[Enclosure]

Paraphrase of a Telegram Received From London, Dated August 16, 1944

Please inform State Department that it is wrong to suppose that Lord Beaverbrook assured Mr. Berle that His Majesty's Government would have no objection to the United States Government going ahead with bilateral negotiations for landing rights along Civil Aeronautics Board projected air routes.

2. On August 3rd Mr. Berle and his colleagues including Mr. Morgan saw Lord Beaverbrook and his colleagues in Washington, and informed them that it would be necessary for him to take action to satisfy the pressure both of United States public opinion generally, and more particularly of those interested in utilising air transport in the near future. Mr. Berle explained that owing to the combined pressure of traffic considerations, public opinion and political considerations, the United States Government would be moving into Spain, and then out on to the other trunk air routes throughout the world, when facilities can be provided. Lord Beaverbrook told Mr. Berle that he would so inform the Civil Air Transport Committee of His Majesty's Government in the United Kingdom.

3. On August 11th Lord Beaverbrook communicated with Mr. Berle by telephone in Massachusetts. He informed Mr. Berle of the contents of the telegram which he was despatching to London for the Civil Air Transport Committee, and which contained substantially the information in the preceding paragraph of this message. Mr. Berle expressed his approval of the action proposed by Lord Beaverbrook.

4. On August 12th Mr. Gore-Booth told Mr. Masefield that the State Department were pressing to start negotiations and were asking for Lord Beaverbrook's consent. Mr. Masefield informed him that Lord Beaverbrook had given no assurance, and that no answer could be given on the point until the Civil Air Transport Committee had considered the matter.

5. On August 28th the Civil Air Transport Committee will consider the information now in its possession. The delay in meeting is due to the impossibility of the Cabinet Ministers concerned meeting together before that date.

6. Lord Beaverbrook has returned to London for the purpose of attending this meeting, and he informed Mr. Berle of this fact.

7. In his conversation with Mr. Berle on August 3rd Lord Beaverbrook told him that we made no objection to United States activity in Spain on a non-exclusive basis, but that he would have to consult his colleagues on the broader issue. Mr. Berle thus could have been under no misapprehension about the position.

800.796/8–2144: Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, August 21, 1944—9 p. m.

6662. From Berle for Beaverbrook. In anticipation of the meeting of the Cabinet Committee on Air Transport on the 28th instant, the following is an accurate statement of the American policy:

It is now obvious that in many parts of the world the war area has contracted and civil needs are steadily reasserting themselves. This is notably true in the Western Mediterranean, North Africa, and the Middle East, where civil life is reestablishing itself as the war recedes northward. In substance, war conditions no longer prevail in the southern part of the Western Hemisphere. The Pacific, of course, continues to be definitely an area of active military operations, as does Europe, with the exclusion of Portugal, Spain, and most of Italy.

The extension of civil aviation to regions now open for such communciations appears to be dictated by the highest considerations of humanity and common sense, as well as by the inherent interest in reestablishing, so far as possible, normal commercial life. Exclusion of civil aviation from these areas on war grounds becomes increasingly less justifiable, and on any other grounds wholly unjustifiable. The Governments of Great Britain and of the United States alike hope for an international conference which should discuss all of these matters, but it is realized that an international conference, if completely successful and resulting in full agreement even in details, will not result in the immediate creation of implementing machinery, with the result that a considerable time must elapse before the results of such a conference can be translated into actual air communications and service. With this in mind, the United States feels that an *ad interim* arrangement should be immediately adopted under and by which, to the extent that equipment is released from strictly military use, airlines can be established serving the principal centers of population, including Latin America. This involves the securing of transit

and landing rights by the United States and by Great Britain for the interim period to and in the centers to be served. The British Government is already advised of the routes and landing points which the United States proposes to establish, and it is understood that they will tell us the routes and landing points which they are asking.

The Government of the United States likewise notes that in substance the B.O.A.C. is doing this now, since it operates as a militarized service where this is convenient, but as a commercial service whenever practicable, and is actually performing the service of a fare-receiving common carrier, though on a priority basis, in the areas from which the war has actually receded. The American Air Transport Service, however, is a wholly militarized line which has not been collecting fares nor performing any of the regular services of a common carrier. The disparity between these two sets of arrangements is so great as to excite considerable difficulty here, with real danger of considerable public reaction.

The routes, transit and landing rights established for the interim period would, of course, be subject to discussion at the international conference, perhaps separated from the discussion of air navigation matters, so that the jurisdiction of that conference shall not be foreclosed.

In handling interim arrangements, it is suggested that our two Governments keep each other fully informed as we have been doing heretofore; that diplomatic cooperation will be maintained; and that no arrangements shall be made by which either party will try to effect exclusion of the other, or foreclose the legitimate rights of any other country.

In view of the rapid progress of the war in Europe, and particularly of the probability that there will be urgent necessity for air transport between North America and France before very long, the situation is of immediate importance and calls for immediate action. It is hoped accordingly that the Civil Air Transport Committee may see its way clear to agree with the American position in this regard. May we hope for a very speedy answer? [Berle.]

HULL

800.796/8-2944

The Counselor of the British Embassy (Wright) to the Assistant Secretary of State (Berle)

WASHINGTON, August 29, 1944.

DEAR MR. BERLE: I send you herewith the text of a message dated August 29th which we have received for you from Lord Beaverbrook about Civil Aviation.

Yours very sincerely, MICHAEL WRIGHT

[Enclosure]

Message From Lord Beaverbrook for the Assistant Secretary of State (Berle), Dated August 29, 1944

I have now had an opportunity of consulting my colleagues on the subject of your proposals to me of August 3rd elaborated in your telegram of August 23rd.[74]

2. We ask you for a postponement of your project for moving out on to civil air routes of the world.

3. We still feel that the next step should be to hold an international conference on basis agreed between us in London last April at the earliest date convenient to us both.

4. If for domestic reasons, you should find it difficult to hold a conference in Washington at the present time, we shall understand your position and stand ready to call a conference ourselves in London.

800.796/9-644

The Counselor of the British Embassy (Wright) to the Assistant Secretary of State (Berle)

WASHINGTON, September 6, 1944.

MY DEAR MR. BERLE: I enclose herewith the text of a message dated September 1st which we have just received for you from Lord Beaverbrook.

Yours very sincerely, MICHAEL WRIGHT

[Enclosure]

Message From Lord Beaverbrook for the Assistant Secretary of State (Berle), Dated September 1, 1944

Air Ministry sent me following information on paragraph 4 in your telegram of August 23rd on the subject of B.O.A.C.

2. You mention that B.O.A.C., as a Government instrument operates air services both as a common carrier and in military form. You say that in contrast the "American air transport service" is wholly militarised and that the disparity between these two arrangements raise difficulties and danger of public reaction in America.

3. It is true that B.O.A.C. is wholly owned by British Government but in normal times it will be an independent unit operating without Government operational control. It will thus be virtually a commercial concern in peacetime subject only to Government policy control.

4. The war has changed the conditions. Since it was formed, after

[74] Reference is presumably to telegram 6662, August 21, 9 p. m., to London, *supra*.

the outbreak of war, B.O.A.C. has operated entirely under the Air Ministry control. All its services are war services. B.O.A.C. was militarised in North Africa because the services traversed there a theatre of military operations.

5. Military operations of B.O.A.C. are analogous to operations of T.W.A. and the American air lines' crews under the United States Air Transport Command.

6. It would be fairer for us to compare B.O.A.C. with Pan American Airways. Although B.O.A.C. is owned by British Government and Pan American by American public, their relative positions are comparable. Pan American Airways, however, flies both as a commercial operator and also under the Air Transport Command and Naval Air Transport Service.

7. On the North Atlantic route B.O.A.C. carries no fare-paying passengers, mail or commercial freight whatsoever. On the same route both Pan American Airways and American Export Airline are operating commercial services for which they receive revenue.

8. Purpose of this telegram is solely to explain the situation. I do not send it in any spirit of controversy.

800.796/9–744

The Canadian Embassy to the Department of State[75]

MEMORANDUM

POST WAR CIVIL AVIATION ARRANGEMENTS

It is recognized by the Canadian authorities that additional air services may be required in the immediate future and that it is necessary to improve civil air facilities as the war recedes; that all action should not be delayed until hostilities have ceased.

Nevertheless, the Canadian authorities feel strongly that to deal with this situation by encouraging bilateral agreements on air rights before an International Air Conference is held will seriously prejudice the chances of reaching a successful international settlement at that Conference. There now exists an opportunity, which may not soon recur, of reaching a broad measure of international agreement on the future lines of development of international air transport. There is considerable support among Governments for the view that an advance must be made in this field beyond the restrictive type of air diplomacy which characterized the pre-war period.

The constructive part that an International Conference might play in furthering this advance might well be made impossible by a race

[75] Marginal notation: "Phone to Mr. Reid, Canadian Embassy, who said that, a conference having been called, no reply to this is required. BC: JGP 9/20/-44."

to conclude bilateral agreements at the present stage. The Canadian authorities, therefore, favour the calling of an International Conference at the earliest possible date and are anxious that the chances of success of this Conference should not be prejudiced by prior bilateral commitments.

Individual rights, which might well be conflicting, would militate against the give and take which would be possible if Governments came to a conference without comitments and in a sincere effort to reach a multilateral agreement in the interests of all. A return to the hard bargaining of the pre-war period with all its rivalries and animosities is not necessary. On the contrary, the Canadian authorities are hopeful that the Nations interested in air transport can deal with the subject on a more rational basis in the interests of improved communications and better international relations. They are confident that to fall back at this stage, before any attempt at an international settlement has been made, on a purely bilateral approach is to miss an opportunity to put international air transport on a new and sounder basis.

WASHINGTON, September 7, 1944.

800.796/9-844

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] September 8, 1944.

Mr. Pearson came in to see me and presented a note [76] which I have already transmitted to the Aviation Division, urging the prompt convening of an international aviation conference.

I told him that the British had been making a similar suggestion; that we had had it under consideration in the Department and that it was presently before the White House. I told him confidentially that I hoped we would have action one way or the other very soon; and that I had some reason to believe that the decision would be in line with the course desired by the Canadian Government, by the British Government, and I thought also by our own Government.

I likewise said that since one of the urgent problems would be the opening at once of communications to countries freed of military interruption, a conference of the kind suggested would have to be prepared to discuss at least provisional arrangements capable of immediate implementation. Mr. Pearson cordially agreed.

A. A. B[ERLE], JR.

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[76] *Supra.*

800.796/9-944

Memorandum of Telephone Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] September 9, 1944.

The President telephoned me yesterday evening. He referred to his conversation with Secretary Hull about the proposed international aviation conference; and then said that after thinking it over he approved the project and believed we should go ahead.

He said that a United Nations Conference on the Dumbarton Oaks agreements[77] might be coming along on October 25 and wondered about dates. I told him that I thought late October would be the very earliest it could be held. He said he thought that some of the people coming from the Dumbarton Oaks Conference might go from there to the aviation conference; in fact, this was simply another section of the peace settlements; and left the question of the date to us. He asked whether we had any ideas as to place. I told him that I understood he did not want conferences in Washington where they would be difficult and inconvenient; and added that I had been wondering whether some Midwest city like Chicago, Illinois, might not be useful. He said this idea appealed to him; though he obviously had not had time to consider the point carefully.

He asked whether I thought we could get unanimity. I told him that as we had outlined the conference—to deal with preliminary arrangements, with principles for long-range settlement, and with reference to drafting committees to work up the final projects—there was always an "out": questions which threatened to provoke differences could always be referred, if need be, to the drafting committees. I further said that if he could find it in his heart to have this conference open to the public and press from the very beginning I thought we could come in with a proposition which would so powerfully engage public sentiment that few, if any, countries would care to exclude the United States from its legitimate rights; and that other differences could either be composed in committee or left for later negotiation. The President agreed and authorized us to go ahead.

A. A. B[ERLE], JR.

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[77] For documentation on the Dumbarton Oaks conversations, held at Washington, August 21 to October 7, 1944, see vol. I, pp. 713 ff.

800.796/9-644

The Assistant Secretary of State (Berle) to the Counselor of the British Embassy (Wright)

WASHINGTON, September 9, 1944.

MY DEAR MR. WRIGHT: I should be obliged if you would send the attached telegram to Lord Beaverbrook in answer to his messages to me dated respectively, August 29 and September 1, 1944.

Sincerely yours, ADOLF A. BERLE, JR.

[Enclosure]

Message To Be Sent to Lord Beaverbrook From the Assistant Secretary of State (Berle)

I am now in a position to reply to your message of August 29. The President has approved the calling of an International Air Conference to be held in the United States on or about November 1 and we are accordingly issuing invitations to substantially all the countries.

It is not possible to enter the agreement suggested by you that the United States bind itself not to request landing rights. In view of the proposed conference to be held within sixty days probably the request loses most of its importance. We do not propose to start a scramble for landing rights and will keep you informed. Of course we shall do nothing which would exclude any other nation, and we should be disposed to discuss all questions at the proposed conference. We are not contemplating hasty or violent action, but simply cannot be in the position of accepting a position which will prevent us from protecting American interests.

With best regards, and I look forward to seeing you within two months.

BERLE

800.796/9-944: Telegram

The Secretary of State to the Ambassador in the Soviet Union (Harriman)

WASHINGTON, September 9, 1944—midnight.

2174. The President has approved the calling of an International Air Conference to be held in the United States on or about November 1, and we are accordingly issuing invitations to about fifty nations including, of course, the Soviet Union, to attend.

The Conference will have for its objective the further development of the topics discussed in the recent exploratory conversations which we held with a limited number of nations. We consider that the re-

opening of great areas to civil aviation requires action on a multilateral basis at the earliest possible date.

The formal invitation will be forwarded within a few days and in presenting it to the Soviet Government the Department desires that you explain to them that since the calling of this Conference is of the utmost urgency, we have not followed the course which we ordinarily would of consulting them before hand nor did we consult any other nation. We trust that the Soviet Government will be in agreement with us with respect to the urgency of this matter.

It is contemplated that this Conference will be on a fairly high level, however, we will advise definitely on this point in the near future.

HULL

[On September 11, 1944, the Government of the United States sent out invitations to an International Civil Aviation Conference to take place in the United States beginning November 1, 1944. For text of the invitation and list of governments and authorities to whom invitations were extended, see Department of State *Bulletin*, September 17, 1944, pages 298–299, or Department of State Publication No. 2820, *Proceedings of the International Civil Aviation Conference, Chicago, Illinois, November 1–December 7, 1944*, volume I, pages 11–13.]

800.796/9-1344

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] September 13, 1944.

The Icelandic Minister [77a] came in to see me at his request and wanted some background on the proposed air conference. I gave him a copy of the press release which includes the text of the invitation and generally indicated the problems to be discussed.

The Minister asked whether the Conference would be decisive or whether it would be consultative taking decisions which had to be referred to the Government. I told him in respect of provisional arrangements I hoped it would be as decisive as possible to better present transitional air arrangements. As to all other matters, of course, it could only be consultative.

I told him we were interested in making more precise the arrangements presently in effect for most favored nation and national treatment for fields such as the airfield at Keflavik and that I hoped he would discuss the details with Mr. Stokeley Morgan.

A. A. B[ERLE], JR.

[77a] Thor Thors.

800.796/9–1444

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] September 14, 1944.

Participants: Norwegian Counselor, Mr. Lars J. Jorstad;
Norwegian Assistant Air Attaché, Captain Morten Krog;
Mr. A. A. Berle, Jr.

The Norwegian Counselor of Embassy came in with his Air Attaché to ask whether I could give him further background on the proposed international aviation conference. I told him that a copy of the invitation had been sent to his Embassy as well as to the Norwegian Government in London, and I gave him a copy of the press release quoting the invitation. I told him that, as we saw it, the work of the conference really would divide into three main heads:

(1) The work of reaching provisional agreement so that air services could be inaugurated promptly on the collapse of Germany, in an amicable manner. This would mean agreeing on provisional routes and landing rights and corresponding transit rights.

(2) The work of agreeing on general principles which might govern:

(*a*) The drafting of an air navigation agreement; and

(*b*) The setting up of any international civil air organization which might be agreed upon.

The principles agreed upon at the conference should serve as the terms of reference to an interim council or committee which should be set up for continuing consultation during the transition period.

(3) Agreement by the conference on principles with regard to cooperation in technical matters, such as aids to navigation, quarantine, customs regulations, and so forth, in respect of which uniform arrangements were either absolutely necessary (e.g., landing signals) or highly desirable for convenience and speed (e.g., quarantine). The work of drafting this would likewise be left to the interim council or committee.

Finally, I said that the interim council or committee could be charged with the duty of continuing to gather facts and report regularly to the constituted governments during the transition period, and might be used for consultative purposes to handle problems during this period. I stressed the fact that one of our difficulties in this field was absence of experience, since prewar experience plainly was no guide to air commerce in the postwar era.

The Counselor asked whether this canceled a tentative plan which had been suggested to him for an intermediate conference of twelve or fifteen nations principally interested in air. I said that it did. A suggestion for an intermediate conference had proceeded from the British; but when we undertook to work it out we found that

so many people would have to be included, particularly if routes were to be opened in Europe, that it was no more difficult to hold a general world conference.

The Air Attaché said that he thought the general plan we had worked out was entirely logical. They had been doing some thinking about it and had come to about the same conclusions, and that his Government was glad we were getting started. He asked whether we would be prepared to discuss North Atlantic routes at the conference. I said I did not see how the question could be left out.

The Counselor asked whether this would be primarily technical or whether it would also be political—this for guidance in making up a delegation. I said that each government would naturally want to provide for handling the interests it considered most important; as we saw it here, the problem was partly technical and commercial, but it would also include certain major questions of political relationship. This, at least, was the position taken by a number of countries, such as Australia, New Zealand, and Great Britain.

The Counselor then asked whether any international air organization which might be worked out was to be related to the security organization being worked out at Dumbarton Oaks. I said it was a little premature to ask that question, until the Dumbarton Oaks agreements were concluded. As I saw it, we had to work out an air organization which could sit on its own bottom in any event; but I thought it might very well become logical to arrange for its relation to over-all world organization as and when that should take form. The problem obviously could not be solved now.

We had some general discussion about whether a world authority, if formed, should have regulatory powers in its own right, or whether it should be consultative. I gathered the Norwegian Government favored the latter. I told them this was the position we had taken and so also had the Soviet Union.

A. A. B[ERLE], JR.

800.796/9-1544 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 15, 1944—8 p. m.
[Received 9:23 p. m.]

7619. The editorial quoted in the Embassy's telegram number 7617 of September 15 [78] is considered to be highly significant both because of its liberal approach to the air and because it appears in the *Daily Express*, Lord Beaverbrook's newspaper. It is understood that when

[78] Not printed; the editorial it quoted appeared in the September 15 issue of the *Daily Express*.

Lord Beaverbrook returned from his recent trip to the United States, he reported that it was now certain that the United States would not follow a monopoly or chosen instrument position in international aviation. This was widely believed in any case, but as the Embassy has frequently reported, there has existed strong influence in and out of the Government in favor of an arrangement between a chosen instrument in the United States and a similar one in England for the division or at least major control of international flying. As long as a reasonable possibility existed that there might be a chosen instrument in the United States with which such an arrangement or gentleman's agreement could be reached, it was not possible for those in favor of opening British international aviation to competition to have the Government openly support or admit their views. The publication of the President's letter to Secretary Hull on cartels [79] which is regarded here as very much including the air, and Secretary Hull's letter to Senator Bailey on the Department's position with respect to competition in United States international aviation, has greatly strengthened the hands of those opposed to the BOAC monopoly and a possible cartel type of arrangement between a United States and a British chosen instrument. We are informed that Lord Beaverbrook has again been actively but quietly encouraging the shippers, the railways and others to present more detailed plans for their proposed air services (which have been delayed by the inability of the various groups to get together). It is expected that soon after the reconvening of Parliament on September 26 civil aviation will again be debated, and it is rumored that this time the Government will definitely state that two or three separate British groups will be permitted to engage in international aviation, when they have landing rights, aircraft, crews, et cetera. There is some talk that BOAC will be dissolved but this is considered unlikely although important reorganizations in the company may take place.

WINANT

800.796/9–1644 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 16, 1944—midnight.

7562. Depts circular telegram of September 11.[80] Argentina was one of the few countries not invited to the international civil aviation conference.

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[79] Released to the press on September 8, 1944, Department of State *Bulletin*, September 10, 1944, p. 254.

[80] Not printed; it transmitted text of invitation to the International Civil Aviation Conference (800.796/9–1144).

In the event that Argentina solicits British support in endeavoring to obtain an invitation to the conference, please obtain informal concurrence and support of the British authorities in withholding such an invitation.

HULL

800.796/9–1844

Memorandum of Conversation, by the Chief of the Division of Eastern European Affairs (Durbrow)

[WASHINGTON,] September 18, 1944.

The Latvian Minister [80a] called on September 16, 1944, at his request and, among other questions he raised, he asked whether I was familiar with the invitation which had recently been extended to some fifty nations to attend an aviation conference.

The Minister stated that he had no official information on the subject, but had noted in the paper and heard on the radio that all countries in the world except for the three Baltic states and Argentina had been invited to attend this conference.

He asked me to look into the matter and explained that, under the full powers granted to the Latvian Minister in London, he, the Latvian Minister here, is authorized to attend international conferences as the representative of his country. He therefore expressed the hope that, if it would not be possible to have a Latvian delegate present at the conference, at least authorization might be given to have a Latvian observer there.

I explained to the Minister that I had just returned from leave and therefore did not know any details regarding the proposed conference. I said I would look into the matter.

800.796/9–1844

Memorandum of Conversation, by the Chief of the Aviation Division (Morgan)

[WASHINGTON,] September 18, 1944.

Colonel Revoredo, Air Attaché of the Peruvian Embassy, called, at his request, to discuss the International Aviation Conference. The Ambassador had also made an appointment to call but was indisposed.

I explained to Colonel Revoredo the objects of the Conference, elaborating somewhat on the matters discussed in the invitation and went on to explain to him the difference of views which exist with respect to the power which might be granted to an international authority. He said, in his opinion, Peru would view this situation as

[80a] Alfred Bilmanis.

we do and would not be in favor of granting authority in the economic field to an international body.

He asked particularly whether the problem of domestic operator and feeder lines would be taken up at the Conference. I told him I did not think so, as we feel domestic aviation is a matter for each nation to settle for itself but, of course, we are always ready to advise or assist in any way that we can.

He said that he was much interested in having the Peruvian Aviation authorities better informed on matters of air regulations, standards and so forth, and asked how he could proceed towards this objective. I suggested that he have a talk with Mr. Stanton of the Civil Aeronautics Administration and told him that the CAA are making information with regard to our own organization and American procedure available to the officials of a number of countries and I was sure they would be very glad to include Peru. Colonel Revoredo said he hoped his Government would ask for a mission of experts from the CAA to go to Peru and show them how to proceed along American lines. I offered to try to arrange an appointment with Mr. Stanton but Colonel Revoredo said that he was well acquainted and that he could handle this matter himself.

S. W. MORGAN

800.796/9-1844

Memorandum of Conversation, by the Chief of the Aviation Division (Morgan)

[WASHINGTON,] September 18, 1944.

The Iranian Minister [80b] called to see me, at his request, to discuss the International Aviation Conference. I outlined to him our position with respect to the various subjects which are to come up for discussion and also gave him a copy of our "Summary of Objectives" which I told him had been submitted as a basis of discussion at the various exploratory talks which we had already held. I said that this was an informal document prepared on the technical level.

He seemed particularly concerned lest an attempt be made in the forthcoming Conference to fix a rigid network of air routes, emphasizing the fact that his country, for example, could not tell at this time what it might wish to do in the aviation field. I assured him that it was not our desire to have this network "frozen" at the present time. We were primarily interested in seeing international aviation established on a widespread basis as soon as possible to meet the requirements of the world for such services and that there would certainly be changes and developments based on experience and future planning.

[80b] Mohammed Shayesteh.

This appeared to satisfy him and he said that they would keep in touch with us.

He was unable to say whether his Government would be represented but I gathered that he expected it would be, probably by himself.

S. W. MORGAN

800.796/9–1244

The Assistant Secretary of State (Berle) to the Delegate of the French Committee of National Liberation (Hoppenot)

WASHINGTON, September 19, 1944.

MY DEAR MR. HOPPENOT: I have received your letter of September 12, 1944,[81] replying to our invitation to the French Delegation to hold exploratory talks on the subject of post-war civil aviation and note that for reasons which are quite understandable, it has been impossible for the Delegation to enter upon these discussions up to this time.

In the meantime, as you no doubt are aware, on September 11, 1944, the United States Government issued an invitation to a large number of nations to attend a Conference on International Civil Aviation to be held in the United States beginning November 1st next. Such an invitation was extended to the French Delegation and we sincerely hope that France will be represented at that Conference. In the light of these developments, it is probably of less importance that the preliminary exploratory talks be held. However, if you are able to assemble in Washington, in advance of the Conference, the people whom you would like to have explore informally some of these questions with us, we shall be glad to confer with them along the lines of our original suggestion.

Sincerely yours, A. A. BERLE, JR.

800.796/9–1944: Telegram

The Secretary of State to the Ambassador in Mexico (Messersmith)

WASHINGTON, September 19, 1944—5 p. m.

1730. The Civil Aeronautics Authority states that since an International Conference on Aviation is to be held in the United States beginning November 1, which it is expected will be attended by a Mexican Delegation, it seems appropriate to suggest to the Mexicans that the Technical Conference, subject of the Department's instruction number 6248, September 12,[82] should be abandoned for the present

[81] Not printed.

[82] Not printed; it contained information that the Civil Aeronautics Administration was prepared to hold a conference of United States and Mexican technical experts in Mexico City sometime during October, at a date agreeable to Mexican authorities (812.796/8–2544).

and a discussion in this country in conjunction with the International Conference should be substituted therefor.

Kindly convey above suggestion to the Mexican authorities and advise Department of their reply.[83]

HULL

800.796/9-2144

Memorandum of Conversation, by the Chief of the Aviation Division (Morgan)

[WASHINGTON,] September 21, 1944.

Commander Dahl [84] called at his request to give me some information in strictest confidence. He said that the British Government was much upset because we had not invited Argentina to the international aviation conference. As a result, he informed me, the British Ambassador has been instructed by the Foreign Office to call upon the Secretary and make a strong plea for the inclusion of Argentina.[85]

I told Commander Dahl that while I could not, of course, say what reply the Secretary would make to the Ambassador, I wondered what the attitude of the British Government would be towards the conference if the Secretary did not see his way to agree to such a request. Commander Dahl said that while he thought it unthinkable that the British would not attend the conference if Argentina was not included, he felt that there would be a good deal of dissatisfaction which would probably be reflected in difficulties and complications, possibly a request for postponement, etc. I told him this would be most unfortunate and I would be very much surprised if the British, out of their concern for Argentina, found it impossible to cooperate with the 53 other nations in trying to develop post-war aviation along the lines which are so urgently needed.

Commander Dahl also made the following observations: That the British were dissatisfied because we had invited Eire and not Argentina; and also that we had invited Thailand, which Great Britain does not recognize. I pointed out to him that we had simply invited the Thai Minister in his personal capacity, just as we had invited the Danish Minister.

I gathered that Commander Dahl's motive in visiting me was simply to have the information passed on, perhaps in the hope that some consideration would be given in advance of the Ambassador's

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[83] Telegram 3940, October 30, 1944, from Mexico City, reported that the Mexican Government was in agreement with the Department's suggestion (812.796/10-3044).

[84] Wing Commander Raoul Dahl, former Assistant Air Attaché of the British Embassy at Washington, was in the United States at this time on a new assignment relating entirely to security matters.

[85] No record of conversation with British Ambassador has been found in Department files.

call to the possibility of changing policy or in the hope that some formula might be worked out for a reply to the Ambassador which would not be too uncompromising.

S. W. MORGAN

800.796/9–2544

The American Representative on the Advisory Council for Italy (Kirk) to the Secretary of State

No. 366 ROME, September 25, 1944.
[Received October 13.]

SIR: With reference to previous requests from the Italian Government for participation in international conferences, I have the honor to transmit herewith a copy of a letter [86] addressed to me on September 20 by the Undersecretary for Foreign Affairs requesting that the Italian Government be invited to participate in an international aviation conference which he states will be held in Washington during November.

I shall be glad to be informed of the Department's wishes as to the nature of the reply which I may make to the Undersecretary.[87]

Respectfully yours, A. KIRK

[On September 26, 1944, the Department of State transmitted to the appropriate governments and authorities a proposed agenda for the International Civil Aviation Conference. For text, see Department of State *Bulletin*, October 1, 1944, pages 349–350.]

841.796/9–2744

The Canadian Embassy to the Department of State [88]

MEMORANDUM

Exploratory discussions between officials of the governments of the British Commonwealth will take place in Canada in the latter part of October to consider operational and technical problems connected with possible air routes between the members of the Commonwealth. These discussions were agreed upon, though not announced, before

[86] Not printed.

[87] Mr. Kirk was informed by telegram 371, November 1, 1944, 7 p. m., that the question of Italian participation had been referred to the President who had rejected the proposal and that the decision was based upon the subject of this particular conference and was not a reflection of general policy for participation of Italians in international conferences (800.796/10–1644).

[88] The Department acknowledged this memorandum on October 6, 1944.

the Government of the United States issued its invitations to an international conference on civil aviation. It is felt by the Commonwealth governments that these discussions between their officials on a non-committal basis will be helpful.

WASHINGTON, September 27, 1944.

800.796/10–2644

The New Zealand Prime Minister (Fraser) to the Secretary of State [89]

WELLINGTON, 27 September, 1944.

MY DEAR SECRETARY OF STATE: I have to refer to the discussions which took place during my visit to Washington in July last with Mr. Grew, Mr. Berle and other representatives of the United States Government concerning the future development of Civil Aviation, and to the copy which was then handed to me of the summary dated 24th March of objectives favoured by the United States of America with respect to post-war civil air transport. To this was attached a copy of a draft form of bilateral agreement relating to the operation of international air transport services.

I informed Mr. Grew and the other representatives of the United States Government at this meeting that the summary of objectives would be considered and that I would later inform you in writing of my views.

The New Zealand Government have given careful consideration to the basis on which air services on international routes should be operated and their conclusions are, as I stated during the course of the meeting in Washington, as defined in the agreement made at Canberra in January of this year between the Australian and New Zealand Governments. As a first principle, the New Zealand Government hold the view that air services on international air trunk routes should be operated by an international air transport authority, which would own the aircraft employed on these services and ancillary equipment. It has become evident in the period which has elapsed since the publication of this agreement that the principle of international operation of trunk air routes may not prove wholly acceptable and as an alternative the New Zealand Government support a system whereby air services on international trunk routes would be developed and operated under the control of an international authority which should be established as soon as possible. This authority should possess regulatory powers in the technical and economic fields. Within the framework of such an authority, the

[89] Transmitted to the Department by the New Zealand Legation in covering memorandum dated October 26, 1944.

New Zealand Government would be willing to subscribe to the grant to all signatory powers of the four following freedoms of the air:—

(*a*) The right to innocent passage.
(*b*) The right to land for emergency, refueling, etc.
(*c*) The right to disembark passengers, etc. from the aircraft's own country of origin.
(*d*) The right to embark passengers, etc. for the aircraft's own country of origin.

A system of international co-operation on the lines suggested above would afford equal opportunity to the air carriers of all nations, in accordance with some such principle as traffic interest, and ensure that with full recognition of the needs of security, air services were operated with appropriate regard to the national interests and needs of all States.

Subject to the principles outlined, the New Zealand Government find themselves in agreement with many of the objectives stated in the paper dated 24th March submitted by your delegation. The forthcoming conference to be held in the United States of America commencing on the 1st November next, will afford opportunity for consideration in detail of the objectives favoured by the United States and other interested Governments and the New Zealand delegation to this Conference will be in a position to state and discuss the views of the New Zealand Government.

I should like to say in conclusion how much I valued the opportunity which my visit to America gave me for discussions on the subject of civil aviation and I am hopeful that the forthcoming conference to be held in your country will yield an agreement which will ensure that air services on international trunk routes are operated on an orderly and equitable basis.

Yours sincerely, P. FRASER

800.796/9–2944 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 29, 1944—9 p. m.
[Received 11:59 p. m.]

8165. Referring to the Department's circular of September 11, 1944,[90] following reply has been received from the Foreign Office on behalf of the British Government:

"In your letter of September 14 you were good enough to send me an invitation to attend an international conference on civil aviation.

[90] Not printed; it transmitted text of invitation to the International Civil Aviation Conference (800.796/9–1144).

This invitation has been considered by the Cabinet and I am authorized to convey to you the following reply:

1. His Majesty's Government in the United Kingdom welcome the United States proposal to assemble an international conference on civil aviation, to begin in the United States on or about November 1, and will be pleased to arrange to be represented.

2. His Majesty's Government have read with interest the statement of objectives enclosed with Mr. Winant's letter and note that a formal agenda is being prepared.

3. Pending the receipt of the agenda His Majesty's Government have no detailed comments to make, but would take the opportunity to reaffirm their adherence to the view that it should be a first objective [in any discussions] of international cooperation to endeavor to establish, as soon as possible, an international authority with effective powers to regulate both the technical and economic aspects of postwar international air transport. His Majesty's Government will, therefore, advocate, in any discussion of the principles to be followed in setting up a permanent international aeronautical body, the adoption of the general plan discussed between Mr. Berle and Lord Beaverbrook during the talks in London in April last.

4. As a corollary, any arrangements made to cover the period until the end of hostilities should be on a purely temporary basis pending the conclusion of a long-term international agreement; and such temporary facilities as are granted should be on a reciprocal basis and subject to agreement on (1) the allocation of routes, (2) frequencies, and (3) rates of carriage."

WINANT

800.796/10-344: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 3, 1944—2 p. m.
[Received October 3—12:33 p. m.]

8267. Intense activity on the part of all of the various elements in and out of the Government interested in civil aviation has given rise to numerous rumors of which the following stand out.

(1) Lord Londonderry will initiate a debate on civil aviation in the House of Lords on October 5. Lord Beaverbrook will reply.

(2) It is expected that the Government may announce the interim appointment of an Under Secretary of State for Civil Aviation. Aviation people do not look upon this stopgap with favor and are expected to increase their agitation for a separate Ministry for Civil Aviation or at least its removal from the Air Ministry.

(3) Rumors have been current that Lord Beaverbrook would resign his connection with civil aviation practically continuously since his appointment, but at present they are more widespread than ever. If an Under Secretary of Civil Aviation is appointed there would seem to be no logical work left in aviation for Lord Beaverbrook.

(4) It is not expected that the Government will in the immediate future announce definitely the end of the chosen instrument policy. It is expected, however, that consideration will be given to requesting shipping companies, the railways and others to get together to accept responsibility for running three or four major air routes.

(5) Aviation circles consider it unlikely that the Government will announce the stand it will take at the forthcoming international conference until it has met informally with the Dominions in Ottawa. This meeting is expected to take place 10 days or a week prior to the International Conference. The degree of firmness with which the British Government will be prepared to stand behind its advocacy of tight international control will be determined by the final result of its efforts to persuade the Dominions and important European nations to support its position. (The methods of persuasion are, of course, varied and complex but the basis is a portrayal of Great Britain as protecting the other nations from the overwhelming might and announced intentions of United States civil aviation.)

Active and able London correspondents of *Aviation Daily* are believed to be resorting [*reporting?*] much of the foregoing. Apparently they do not yet know, however, of the nature of the British Government's replies to the United States invitation to the November conference.

WINANT

800.796/10–344 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 3, 1944—5 p. m.
[Received October 3—3 : 55 p. m.]

8271. ReEmbs 8267, October 3, 2 p. m. It has just been decided to postpone the debate on civil aviation in the House of Lords scheduled for October 5 to October 12. It is understood that the Government after further considering the demand for a definition of policy which Lord Londonderry was to make on October 5, and after learning from him that he, as spokesman for aviation groups, would not be satisfied with the partial measures mentioned in the Embassy's 8267, requested that the debate be postponed 2 weeks during which time every effort would be made to come to a decision on civil aviation policy. Lord Londonderry agreed to this, but on the basis of 1 week's postponement.

It is possible that within the next week the Government may discontinue its present stopgap plan of announcing the appointment of an Under Secretary of State for Civil Aviation and make a definite decision in favor of either a separate Ministry for Civil Aviation or, in

any case, removing it from the Air Ministry. It is also possible that during the next week the various factions will be able to agree upon a definite statement concerning the repeal of the BOAC act and the abandonment of the chosen instrument.

WINANT

800.796/9–2944 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 4, 1944—1 p. m.

8104. To prevent any possible misunderstanding with respect to the terms of the British acceptance of the invitation to the international civil aviation conference, please take an appropriate opportunity to state informally that this Government is very happy to receive the acceptance conveyed in your telegram 8165, September 29, 9 p. m., and with respect to paragraphs 3 and 4 of the British reply, this Government understands that these are intended as a statement of the objectives of the British Government and an intimation of the position which will be assumed by the British delegation during the deliberations of the conference. The British have, of course, already been informed of the objectives and the position of this Government during the exploratory talks between Assistant Secretary Berle and Lord Beaverbrook. You may informally advise the British that there is no fundamental change in the objectives and position which will be advocated by the American delegates at the conference.

HULL

841.796/10–444

The Ambassador in Canada (Atherton) to the Secretary of State

No. 1527 OTTAWA, October 4, 1944.
[Received October 7.]

SIR: I have the honor to report that Prime Minister Mackenzie King announced last evening that officials of British Commonwealth governments would meet in Montreal beginning October 23rd to discuss the establishment of inter-Empire air routes. Operational and technical problems will be discussed in connection with post-war air services and also routes which may be operated during wartime.

It is expected that the conference will put forward certain recommendations for consideration by the respective governments. Decisions on matters of policy, it is stated, will not be made. This conference precedes by about a week the Air Conference scheduled to be held in Washington and it seems likely that its chief aim will, in

fact, be to harmonize the views of the various units of the British Empire.

Respectfully yours,

For the Ambassador:
ROBERT ENGLISH
Second Secretary of Embassy

800.796/10–444

The Civil Air Attaché in the United Kingdom (Satterthwaite) to the Secretary of State

LONDON, October 4, 1944.
[Received October 23.]

SIR: I have the honor to report that aviation circles in England have become increasingly aware, and disturbed by, the fact that during the last few months the United States has apparently made much greater progress toward settling both the domestic and international aspects of its aviation policy than has England. Instead of catching up, the English are falling further behind.

Until fairly recently the Government apparently did not believe that the United States would be in a position to call an international aviation conference during the period six weeks prior or six weeks after the elections. When the United States Government informed the British Government that it could not agree to refrain from negotiating bilateral air transport agreements with other countries prior to an international conference, and when the British Government suggested that a conference be held immediately, it was expected here that no full dress conference could be had until some time after the first of the year. It was hoped, however, that a conference of 13 or 14 nations, including all the dominions, could be held to settle some of the more pressing problems. It was generally believed that the nations present at this conference would be more in accord with the British views of rather strict control of international aviation than with the more liberal concept advocated by the United States. British Government officials seem to feel that there is a fair chance that the dominions and the other nations which expect to engage importantly in international aviation such as Holland, Belgium, France and Sweden, will be motivated more by a fear of the power of the United States civil aviation, unless checked, than they will by a confidence in their own ability to stay in the air under relatively free competition. Various elements in and out of the British Government, principally B.O.A.C., are doing their best to convince these countries that they need guarantees—at the expense of the United States. The British seem to feel that there is a good

possibility that the other nations—those who do not expect, for the time being at least, to engage in large scale international air transport, will be more inclined to favor a system which is likely to generate the maximum traffic through and to their countries regardless of nationality. The British also feel that most of the American republics will, for other than solely air reasons, side with the United States. For these reasons there exists the feeling that England has been out-maneuvered in the timing, number of countries and general scope (as outlined in the invitation) of the conference. This has been reflected officially in the British reply to the invitation, which reverts strongly to their position of tight international and economic control of the air. It is also reflected in Foreign Office annoyance over the exclusion of the Argentine and the inclusion of Eire. In one form or another British civil aviation policy so far expressing itself in action, has been designed to hold back the United States in the air as much and as long as possible in the hope that British aviation will some day be able to meet it. Although it will be years before British airplanes will be able to match even currently produced United States models, there still exists a vague hope that the world's aviation can be held back until the British catch up.

Most of the English who understand civil aviation other than as a policy concept, seem to be fully aware that it would be impossible and thoroughly undesirable to hold back international aviation until Great Britain was ready with its own airplanes. They do feel, however, that Great Britain is so far behind the United States it will never catch up, or even be able to survive at all in the air under any kind of competitive system unless it receives a great deal of help during the early stages from the United States, principally, of course, equipment. There is some fear that the equipment they will be able to obtain from us will be slightly behind whatever we are using at the moment; thus they will obtain C–54's at the same time our international airlines are beginning to get Constellations or DC–6's and 7's. There is also some apprehension that even if they get the same types, they will not get the latest modifications and improvements.

There is practically no one in the aviation world, including many Government officials, who is not dissatisfied with the state of Britsh aviation and the Government's over-all attitude toward it. This dissatisfaction and ferment gives rise to an ever increasing stream of rumor. Ever since Lord Beaverbrook took office there have been almost daily rumors that he would soon resign. These rumors are now more positive and even more frequent. It is stated that Lord Beaverbrook is disillusioned and annoyed by his inability to bring about a decision on the chosen instrument and his failure to coordinate the British Government behind a positive policy. The

aviation world, while fully understanding the reasons involved, is nonetheless discouraged by the so far unwillingness of the Government to risk a split between the Labor and Conservative parties on the politically incendiary question of aviation. Since the Government apparently is unwilling to take a completely firm stand on the various questions, particularly that of the repeal of the B.O.A.C. Act and permit the Government to aid other groups wishing to engage in international air transport, it is said that Lord Londonderry only agreed to postpone for one week the debate in the House of Lords on the promise that the Government would make a statement that "said something."

If the complicated general policy questions involved do not permit a reasonably clear decision in major British aviation policy prior to the international conference in November, it is probable that England will take a holding and delaying attitude to the limit that can be done without seriously threatening the over-all relations between it and the United States.

Respectfully yours, LIVINGSTON SATTERTHWAITE

800.796/10–644 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 6, 1944—5 p. m.
[Received October 6—2:52 p. m.]

8896. ReDepts 8104, October 4, 1 p. m. The Foreign Office confirmed this morning that paragraphs 3 and 4 of the British reply to the invitation to the International Civil Aviation Conference were intended as a statement of the British objectives and of the position which they will assume during the Conference.

WINANT

800.796/10–744

Memorandum of Telephone Conversation, by the Chief of the Division of British Commonwealth Affairs (Hickerson)

[WASHINGTON,] October 7, 1944.

Mr. Paul Gore-Booth, First Secretary of the British Embassy, called me on the telephone late yesterday afternoon and referred to his conversation with me on October 2 [91] in regard to the invitation to Ireland to attend the Civil Aviation Conference. Mr. Gore-Booth said that the British Embassy had received further information from the Foreign Office which clarified somewhat this matter which had

[91] Memorandum of conversation not printed.

been obscure to him as well as to me when we talked before. He said the Foreign Office feels that if all of the neutral countries had been invited to the Conference without discrimination they would of course have had no observations to make in respect to Ireland. Not all neutrals were however invited. One neutral country quite important to civil aviation, that is Argentina he said, was not invited. In view of the problems presented to the British Government in consequence of Ireland's neutrality, the British Government would have been glad for an opportunity to comment in regard to an invitation to Ireland, even though they recognize the outstanding importance of Ireland in civil aviation matters. I told him that I had taken note of his comments. I inquired whether the British Embassy's further telegram indicated what observations the British Government would have made had we informed them of our intention to invite Ireland and he replied that it did not.

JOHN HICKERSON

841.796/10-944

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] October 9, 1944.

Mr. Michael Wright came in and we discussed civil aviation. I gave him the general draft of the plans we have had for civil aviation much as they have been given to others. I likewise inquired what the change in civil air authorities in England might mean. I said I had heard on the radio that Lord Swinton had become Minister of Aviation, leaving Beaverbrook out. Wright said that Beaverbrook had entered civil aviation believing that it could be triumphant[ly?] and quickly done; actually it had proved difficult and thorny, and he had been trying to drop it. He had now succeeded. He thought there was no change in policy. I said rather gingerly that I was a little worried about Lord Swinton's appearance; that he had the reputation in some quarters here of being anti-American. (I did not indicate that that was substantiated by a good many reports from Africa.[92]) Wright said he thought that was not true, and I said that those reports were easily circulated and frequently were unjust. My real wonder was whether the British doctrine had now gone in for a closed sky and exclusive arrangements, or whether they were maintaining the general cooperative understanding reached between Churchill and myself.

Wright said that he thought there would be no change in policy.

A. A. B[ERLE], JR.

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[92] Lord Swinton was British Cabinet Member in West Africa, 1942–1944.

800.796/10–1044 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 10, 1944—9 p. m.
[Received October 11—2:35 a. m.]

8576. Henri Bouche, director French Institute Air Transportation, Locussol, Assistant Chief of Cabinet to Air Ministry, and Garnault, Legal Advisor, leaving about October 14, American Export Airlines for (1) preliminary aviation discussions, and (2) aviation conference. (They wished to leave October 11 but Embassy has not yet received Department's authorization to issue them visas.)

We feel, after a brief talk with Bouche, that French will agree on provisional basis to a liberal and extensive route pattern. Bouche emphasized the provisional nature of the French compliance for this type of agreement but seems to believe that the experience gained during the transitional period will form the basis of the permanent agreements. He remarked that we were no doubt aware that some other nations (unspecified) felt that the United States would seize the air during the transitional period when it alone had sufficient equipment and crews.

The French, Dutch and Belgians, and probably other European nations have been impressed by the story, assiduously being spread by Dennis Handover, Air Advisor to the Railways, that United States companies have plans to dominate all short range international European air traffic with clouds of converted C–47's which they will be able to obtain before anyone else. It might be useful to explain authoritatively in Washington at an early opportunity to the representatives of the European countries the probable nature and scope of the intra-European flying plans of U.S. airlines.

We are seeing Bouche before he leaves, but after he has had further conversations in London, and Briand, who is going to the conference but not to the preliminary discussions, and will telegraph further.

Sent to Department as 8576, repeated to Paris as 58.

WINANT

800.796/10–1144 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State

Moscow, October 11, 1944—10 a. m.
[Received 1:12 p. m.]

3890. Re Department's circular, October 7, midnight.[93] I have not yet had a reply to my note of September 13 inviting the Soviet Gov-

[93] Not printed; it contained detailed arrangements for the Aviation Conference (800.796/10–744).

ernment to send a delegation to the Conference on Postwar Civil Aviation.

I have written again requesting an early indication as to whether the Soviet Government will find it possible to be represented at the Conference.

HARRIMAN

800.796/10–1144 : Telegram

The Chargé Near the Norwegian Government in Exile (Schoenfeld) to the Secretary of State

LONDON, October 11, 1944—7 p. m.
[Received 9:20 p. m.]

25. From Satterthwaite. Norwegian delegation to Civil Air Conference composed of Alf Heum,[94] A. Schjodt[95] and K. Soemme[96] leaving about October 14 for Washington. They wish to engage in preliminary discussions at State Department prior to the Conference. Heum says that Thomas Olsen, who is now in Washington, will not represent the Norwegian Government in any way at the Conference. He added that Olsen was blocking progress on the formation of the Swedish, Norwegian, Danish Transatlantic airline. We feel, after talking at some length with Heum, that Norway's attitude toward international aviation is and will be influenced a great deal by the attitude of Sweden. Apparently, Heum feels disposed to follow in general United States' views, particularly in the setting up and activating immediately on a temporary basis a wide and frequently flown international air network. It is, of course, difficult to estimate how much British influence on Sweden, the pressure of which has increased recently, will be reflected in the Norwegian attitude. [Satterthwaite.]

[SCHOENFELD]

800.796/10–1144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 11, 1944—8 p. m.
[Received 9:34 p. m.]

8585. Masefield says nothing of "world shaking" consequence will develop in the debate on civil aviation in the House of Lords tomorrow; that Lord Beaverbrook will largely give an account of what he has done and turn over to Lord Swinton.

WINANT

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[94] Maj. Alf Heum, R.N.A.F., Chief, Section for Civil Aviation, Norwegian Ministry for Defense.

[95] Annaeus Schjodt, Chairman, Norwegian Civil Aeronautics Board.

[96] Knud Soemme, Member, Board of Directors, Royal Norwegian Air Transport.

841.796/10-1244

The Ambassador in Canada (Atherton) to the Secretary of State

No. 1566 OTTAWA, October 12, 1944.
[Received October 19.]

SIR: I have the honor to report that an officer of the Department of External Affairs assured us today that the meeting in Montreal toward the end of this month of representatives of the Commonwealth Nations to discuss post-war civil aviation matters prior to the conference which is to open in Chicago November 1st was in no sense a move toward forming an Empire bloc at the conference.

He said that the Canadians, as well as some other members of the Commonwealth, had not had sufficient information to form definite decisions as to what routes should be operated and under what conditions. The meeting in Montreal, we were told, was to survey the operational problems in an effort to decide prior to the Chicago meeting what routes it was desired to fly and by whom. He assured us that discussions in Montreal would be on the official level and that no policy decisions would be made.

In the Pacific, for instance, the Canadians did not feel that they had enough information to determine the desirability of a Canadian service and they wished to get together with the Australians and New Zealanders to discuss informally their plans with an idea that it might possibly be desirable to establish a combined service.

The officer in the Department of External Affairs remarked that the British were still toying with the idea of an Empire organization but he insisted that Canada's position was still definitely opposed. Where circumstances seemed to warrant, he said, Canada would be willing to join with other members of the Commonwealth to operate joint services, but she was unwilling to place all of her international civil aviation services in one Empire basket. As we have previously reported, the Canadians contemplate operating a service over the North Atlantic and one to the Caribbean area. They fear that the Trans-Pacific service would be too costly if operated as a purely Canadian one and there is every evidence that they contemplate joining up with the Australians and New Zealanders for the operation of such a service.

Respectfully yours, RAY ATHERTON

800.796/10-1444

Memorandum of Conversation, by the Chief of the Aviation Division (Morgan)

[WASHINGTON,] October 14, 1944.

Mr. Milewski called at his request to inform me that he was to be one of the Polish delegates at the international aviation conference.

We discussed briefly the nature and objectives of the conference as I have discussed it with other representatives of foreign governments.

Mr. Milewski said that of course Poland was fully dependent upon obtaining aircraft from the United States to inaugurate any operations whatsoever. He stressed aircraft from the United States because he said the Polish airline LOT was very closely tied to the Lockheed Company, had used Lockheed aircraft exclusively before the war and, he felt confident, would continue to do so. I asked him whether he was referring now to the acquisition of surplus aircraft when such are released by the military authorities or to purchases to be made from the manufacturers when they are again permitted to make direct sales to private individuals. He said he was referring to the latter case. I explained to Mr. Milewski that the aircraft problem would go through three different phases: first, for the present and for some time to come there would be practically none available for commercial operators; second, at some undeterminable date surplus aircraft would be available and would be sold through the Surplus War Property Administrator to American and foreign domestic airlines; third, the period after the war when military restrictions were removed and manufacturers would deal directly with their customers abroad. Mr. Milewski said this was the period in which they were interested. I said I did not foresee any Government control over the contractual arrangements manufacturers made with their customers when that time came, and LOT would have to handle its problem directly with Lockheed or whoever they wished to purchase from. During the second period I said the disposal of surplus aircraft would be controlled by the Government and I was sure we would be glad to receive any applications on behalf of LOT and give them very sympathetic consideration.

I asked Mr. Milewski if he could tell me anything about the views of his Government with respect to the subjects to be discussed at the conference. He said he had no instructions and could only speak personally. In his personal opinion he thought that Poland would take the same position as the United States with respect to such powers as might be granted to an international body. Poland could not

expect to get very much through an international body on which it would very likely not be represented. He thought that Polish interests would be best served by negotiating directly with the United States and other countries which LOT might wish to serve. He said that of course the Polish position would have to be influenced somewhat by the Russian position. I told him that so far as we had been able to ascertain in our exploratory talks with the Russians, they were disposed to take the same view as the United States. He said that he felt sure that Poland would favor an international authority with regulatory powers in the technical field, but no more.

Mr. Milewski said that the Poles are much disappointed and somewhat concerned because Warsaw has not been included as a point of call on the proposed American-flag air routes. I explained to him that the determination of these routes and ports of call was primarily a function of the Civil Aeronautics Board, and I made an appointment for Mr. Milewski to see Mr. Welch Pogue to discuss this subject.

800.796/10–1844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 18, 1944—9 p. m.
[Received October 19—1:45 p. m.]

8909. The White Paper on civil aviation which was quoted in full in Embassy's 8858, October 17 [97] has received practically no attention in aviation circles since it in no way changed or added to what was already well known concerning the Government's position. It is generally considered that it was issued by the Government as a defense against the constantly mounting criticism of its failure to define a policy.

Several members of Parliament expressed their annoyance at the appearance of a White Paper on civil aviation before adequate debate in the House of Commons. It is expected that there will be a demand that the subject be debated before Lord Swinton leaves for Chicago. (He is now expected to arrive in England October 22. He will not attend the Empire meeting.)

WINANT

[97] Telegram 8858 not printed; for text of White Paper, see British Cmd. 6561: *International Air Transport, Text of a White Paper Presented by the Secretary of State for Air to Parliament, by Command of His Majesty, October 1944.*

800.796/10-1844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 18, 1944—10 p. m.
[Received October 19—3:44 p. m.]

8911. There has been an increasing uneasiness in aviation circles that the fundamental difference of opinion between the United States and Great Britain in the degree of economic control over routes and frequencies to be entrusted to an international authority will cause a major and serious split between the United States and Great Britain at the Chicago conference. These persons feel that the British Government or, more specifically, those having to do with civil air policy do not fully appreciate the force of the desires of the United States to fly, and the political repercussions in the United States and on third countries, of a situation arising in which it might appear that Great Britain was preventing the United States from flying into its territory, or otherwise preventing the United States from a reasonable and full development of its international civil aviation. This is in spite of a general supposition that Mr. Churchill was advised at Quebec that one of the few things the United States wanted out of the war was the right to fly anywhere.

Hildred, who appreciates the position of the United States as well as his own country's, says he will present to Lord Swinton, when the latter returns about October 22, as a possible compromise, the following rough plan:

Each country operating on a route would be guaranteed the right to operate an agreed upon minimum number of frequencies and would be permitted to subsidize this minimum number to any extent it chose. Each country could only increase this number of frequencies by withdrawing all subsidy both for the original frequencies and the additional ones. Those efficient nations operating a route at a profit could fly as many frequencies on it as they chose, while less efficient nations would be assured that they could operate the minimum schedule agreed to, regardless of what it cost them. Presumably this principle might be agreed upon multilaterally, but the final determination of the routes and the number of frequencies on them considered an adequate minimum for each country might be done bilaterally. This arrangement would presuppose some control of minimum rates and machinery for their prompt adjustment to actual costs of the most efficient operator. It also assumes it is possible to reach an agreement on what is a subsidy. There is a good deal of belief here in

private aviation circles that some such arrangement ought to be acceptable in principle to those whose advocacy of tight controls is not motivated by a desire to hold U.S. aviation back, but by a recognition that some protection is needed if they are not to be pushed out of the air entirely by the United States.

Parrish's editorial in the October 1 *Aviation Daily* has received wide attention in aviation circles, and is taken to be pretty close to the official U.S. position.

WINANT

800.796/10–1944 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State

Moscow, October 19, 1944—4 p. m.
[Received 4:50 p. m.]

3992. From Kennan. ReEmtel 3890, October 11, 10 a. m. The Embassy has received letter dated October 19 from Molotov with reference to Soviet participation in the Conference on Postwar Civil Aviation, the pertinent portion of which reads in paraphrase translation as follows:

"On the basis of preliminary conversations on questions of civil aviation between the Soviet and American delegations in Washington last summer, the Soviet Government had understood that the United Nations Conference which had heretofore been under discussion would concern itself with questions of civil aviation in the postwar period. It is evident from your letter of March 6 that the American Government was also proceeding on this assumption. In your above-mentioned note, however, the Soviet Government is invited not to a conference of the United Nations but to an international conference with European and Asiatic neutrals participating and not to a conference on questions of postwar civil aviation but on questions of civil aviation during the transitional or intermediate period. This formulation of the question is new to the Soviet Government. Furthermore, up to this time the Soviet Government has received no draft proposals or resolutions which will be submitted for consideration by the Conference, thereby excluding the possibility of sufficient preliminary preparation on the part of the Soviet delegation for participation in the Conference. The Soviet Government is nevertheless prepared to take part in this Conference. You will be informed subsequently of the composition of the Soviet delegation and the details requested in your letter of October 10 will be supplied."

A copy of the proposed agenda for the Conference was sent to the Foreign Office by the Embassy on October 18. [Kennan.]

HARRIMAN

841.796/10-2044

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] October 21, 1944.

Mr. Michael Wright came in to the office at his request and handed me the attached memorandum, not as an *aide-mémoire* but merely as an indication of what he was thinking about. He said it was clear to him that there was a head-on collision between the British insistence on power in an international body, and the American refusal to accept it, and that being so, a half-way house would have to be found. Though he did not say so, it was evident that someone in the British Foreign Office had cabled him indicating that the mere collision of views accomplished nothing, and that some compromise had to be found. (Note: This is exactly what Lord Beaverbrook told me when he was here, and conforms to the outline of the instructions Prime Minister Churchill gave Lord Beaverbrook in my presence.)

Passing to specific questions, Mr. Wright asked whether we would be prepared to accept a scheme of rate-fixing. I said we would be prepared to discuss a scheme of minimum rates. Mr. Wright then asked what international machinery could fix these rates. I said that our minds were open on this subject but that the most practical method appeared to me to be an operators' conference analogous to the so-called "conference rates" fixed by ship operators. Mr. Wright thought there might be objection to leaving so much power in private operators, and that Government intervention might be necessary. He thought that possibly an international body or committee might exercise such power. I said I thought that the best we could expect was that it should exercise its good offices—that is, possibly act as a forum in which such a conference could be held. Suppose, said Mr. Wright, they fail to agree. I said I thought the danger was that they would agree on rates that were too high. If ballasted by a general understanding that any country would discipline its lines if they indulged in rate wars, I thought we had power enough to deal with the situation.

He then asked about the limitation of frequencies. I said the American position was in favor of unlimited frequencies; though we would be prepared to discuss some method by which empty planes were not shuttled across the world at huge expense. "Could not an international body regulate these?" asked Mr. Wright. I said I thought not. If an arrangement were dependent on facts—as for instance, given a schedule of frequencies, anyone could increase his frequencies only after his planes ran full for say ninety days—the

increase in frequency would depend upon a fact, namely ninety days full loading. A central international organization might be the recipient of traffic reports which would determine these facts, just as the old ICAN [97a] received traffic reports.

Mr. Wright then raised his third point: equitable distribution of frequencies. I said that this was a point I could not discuss intelligently because no one had remotely suggested what "equitable distribution" might mean. If it meant artificially attempting to shift traffic, we were against it, lock, stock, and barrel. If it meant that matters should be so handled that no one was excluded from the air and there was reasonable opportunity, that would mean something else. Our fear was that, under cover of equitable distribution of frequencies, there would simply be an attempt arbitrarily to divert traffic from the lines by which it wanted to travel to the lines of somebody else who wanted to make some money or serve his national interest by it.

Mr. Wright said he thought there might be some principles worked out. I said I thought so too, and if, instead of talking distribution of frequencies, we tried to talk actual facts, the subject would become less complicated. For instance, it might be agreed—and our theory was—that the routes had to be routes by which the country seeking them connected itself with other centers of traffic—rather than less flown routes by which planes of some country or other undertook to compete for traffic between a couple of other countries, and so forth. Again, when routes were asked from say New York to Athens via London and Paris, the frequencies of that route ought to be adjusted to the whole length of the route, and not stepped up for the sole purpose of permitting that line to gauge its activity by the heavy London–Paris traffic. I said that when these matters were actually worked out, I thought that the so-called equitable division ceased to be as much of a problem as it appeared.

To the question of how small countries were to be protected, I said that we had already stated our intention of making planes available on non-discriminatory terms. Thus no one was precluded from getting into the air by reason of our transient monopoly of planes; though I frankly would not consider this transient monopoly to amount to very much since other countries would certainly move as rapidly as they could.

Mr. Wright left saying that he thought that a little more work along these lines would probably make possible an understanding, and therewith we left it.

It was understood that the foregoing was entirely on a personal and exploratory basis.

[97a] International Commission for Air Navigation.

Wright said that Magowan of the Embassy would be going out to the Air Conference.

A. A. B[ERLE], JR.

[Annex]

Memorandum by the Counselor of the British Embassy (Wright)

Lord Swinton's Appointment

Lord Swinton has been appointed independent minister with cabinet status to be responsible for policy and planning for the future both of internal and overseas civil aviation but responsibility for current administration will for the time being remain with the Secretary of State for Air. No change in policy of His Majesty's Government as outlined during the April discussions in London is implied.

Freedom of the Air

A country must have a directly attributable traffic interest in a route before it starts operating on it, e.g. at some point the territory of the state to which a national flag line belongs must generate traffic if the right of that air line to operate on the route is to be justified. Our view remains that first four freedoms of the air are indivisible and their institution universally must be conditional on an international settlement on the lines advocated in Mr. Balfour's report.

Montreal Conference

There is no intention on our part or so far as we are aware of other commonwealth countries to formulate any restrictive commonwealth plan. The Montreal conference will be mainly concerned with arrangements for operating Commonwealth trunk routes, e.g. the relative merits of parallel operation by national air lines as compared with partnership arrangements that have joint operating organisations. There are many other matters such as security and revision of existing intra-commonwealth agreements to be discussed.

Traffic Interest

The fundamental conceptions are (1) frequencies should be designed to secure equilibrium between capacity and traffic, (2) each country should be assigned a quota proportionate to tons, mileage, passengers and mails embarked in its territory. Equilibrium does not necessarily mean exact equivalence and we visualise that in the early years after the war frequencies will often require adjustment but there should always be a margin for contingencies over and above asserted capacity required to carry traffic on a route. This margin would vary from route to route. On the North Atlantic the expected variations of seasonal traffic might justify a generous margin. But the

important point is that this margin would enable the efficient operator to operate to full capacity at the expense of the inefficient. In short our proposals while providing for a reward for commercial efficiency ensure that particular countries can retain their position on routes in which they have a legitimate interest without calling on their tax payers for heavy subsidy.

WASHINGTON, October 20, 1944.

800.796/10-2144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 21, 1944.
[Received October 21—9:24 p. m.]

9064. Captain Balfour replying to questions on civil aviation in the House of Commons yesterday said that the Government had endeavored to give a lead in the White Paper. They wanted to abandon subsidies as soon as practicable and provided that the process could be carried out by international agreement in such a way that this country was not at a disadvantage. The Government maintained that a nation should have sovereign rights of the air over its own territory. To put forward anything else at the Chicago conference would be like a lone voice crying in the wilderness. They wanted the maximum degree of freedom in the air. In the White Paper they had laid down the four freedoms and they wanted to see the world accept them. But they were not prepared to concede them except as they were part of an international regulatory system. At Chicago they wanted to see that the interests of the British Empire were adequately looked after.

The Dominions were in agreement with the policy which was to be put forward. A civil servant would lead the British delegation at the Montreal conference which was to be a conference at the official level. To the best of his knowledge Lord Swinton would be back in ample time to study the situation and to be present at the Chicago conference. The Government's proposals allowed subscription to an international convention to take any form a nation liked; it could have private enterprise or a state corporation. Lord Swinton would confer with whom he liked. As a Cabinet Minister he had had various papers supplied him and he would be right up to date when he arrived in this country and would have some days in hand to consult whom he wished.

There was no conception of the limitation of aircraft. They wanted some measure of agreed control of frequencies. The termination of frequencies would be based on a formula which had yet to be agreed on but the Government would like to see it based on a formula

taking into account traffic actual and potential but not based on the supply of available aircraft. There was no truth in the rumor referred to by Lady Apsley.[98] Construction of the aircraft in question was being proceeded with so far as diversion from the military effort would allow.

WINANT

800.796/10–2144

Memorandum by the Assistant Secretary of State (Berle), of a Conversation With the Danish Minister (Kauffmann)

[WASHINGTON,] October 21, 1944.

Following a discussion of the Danish shipping compensation, I said I wished to talk for a moment about aviation. The British had taken the position, as set forth in their White Paper, that nothing should be done in the way of routes, etc., unless an international body was endowed with power to determine rates, frequencies, routes, etc. This was a proposition which we simply could not accept and the British knew this perfectly well. From our point of view indeed it was absurd to expect us or any other country to hand over a vital interest like air routes to an international body when no rules of law or principles or other arrangements had been suggested, and when apparently such a body would be composed of representatives of countries looking out for their own national interests and nothing else.

The Minister inquired whether I thought he ought to say anything on the subject at Chicago. I said there was no reason in the world why he should not, especially if his other Scandinavian colleagues were of like mind. My impression was that the Swedes agreed entirely with it, and I thought the Norwegians did too. The Minister said he was very clear that the Danish point of view did agree with ours.

A. A. B[ERLE], JR.

800.796/10–2344

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] October 23, 1944.

The Soviet Ambassador [98a] said that he would head the Russian air delegation, and that the men who took part in the air conversations

[98] i.e., that American opposition was preventing a British firm from building "a magnificent post-war civil air transport plane" for which plans had been ready for a year and which was "too far ahead of any design" that the Americans had. See *Parliamentary Debates*, House of Commons, 5th series, vol. 403, cols. 2760–2762.

[98a] Andrey Andreyevich Gromyko.

before would be here as delegates except that General Petroff was not coming. He asked about the general organization of the Conference and I told him about the four committees. I also said that I would ask the office to send over the probable committee set-up as we would propose it.

The Ambassador asked whether we had any further information beyond what he already knew. I told him of the difference in opinion between the British and ourselves relating to world organization; and gave him the same general picture of the situation which we have been giving to everyone.

The Ambassador said he was entirely at our disposal if we wished to consult further before the Air Conference. He said it was his view that the Allies should cooperate in this Conference. I thanked him and said I would take advantage of that at an early opportunity. His general manner intimated that he hoped that we would have close working relations in this Conference.

At the close of the interview I told the Ambassador that the British had already opened negotiations to explore a method of compromise between their position and ours. The Ambassador asked what the reply was, and I told him that we had stuck on an international organization which should be consultative and fact-finding, and possibly even recommendatory, but that we were not prepared to go any farther than that, and indeed could not.

"In other words, you are staying on the same position you took during the conversations," said the Ambassador. I said we were.

A. A. B[ERLE], JR.

800.796/10–2344

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] October 23, 1944.

The Swiss Minister [98b] came in to see me at his request and he asked about the forthcoming Air Conference. I gave him the same general explanation which we have been giving other countries. I developed a little the division of opinion between the British and ourselves relating to an air authority. I told him that we simply could not see delegating this positive authority to a world organization in advance of the development of some system of law by which it should act.

I then asked what the views of the Swiss Government were. The Minister said he had no instructions as yet, but his own view was that the Swiss position would be very close to our own.

A. A. B[ERLE], JR.

[98b] Charles Bruggmann.

800.796/10–2344 : Telegram

The Ambassador in Spain (Hayes) to the Secretary of State

MADRID, October 23, 1944—5 p. m.
[Received October 24—3:41 a. m.]

3550. According to information received in confidence from reliable source the Spanish delegation to Chicago Aviation Conference has been instructed to align itself in general with the United States when differences arise at Conference but it is also to act in unity with other nations not having gasoline or other aviation supply resources when questions concerning material and supplies are brought up. Delegation is to agree to international supervisory or consultative civil aviation organization but Spanish Government is to be advised regarding expenses and other details before commitments are made.

Delegation is also instructed to agree to Spanish collaboration with Portuguese in lines to Africa. With respect to Russians, Spanish delegates are to conduct themselves "naturally" and are to notify Spanish Government of any Russian proposals they may receive.

HAYES

800.796/10–2444

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] October 24, 1944.

The Norwegian Ambassador [98c] came in to see me at his request to say that he had been selected to head the Norwegian delegation to the forthcoming International Conference on Civil Aviation. He asked the general line of the Conference, and I gave him the same explanation I had given to others.

I then told him that apparently there was a disagreement between the British and ourselves as to the powers to be given an international authority. We thought that the situation was not right to be giving any international authority absolute power over vital national interests like our air routes, and I thought Norway would feel the same way about it. The Ambassador said that he thought they did and would probably support our position.

He then said that the one thing that was worrying them was the possibility that on provisional route openings, a neutral country which was ready and had planes could jump in ahead of countries which had fought the war and were not yet ready.

As he was plainly talking about Sweden, I waded right into it. I told him that I agreed with him and that if the Swedes talked to us about a route which would give them precedence over the Norwegians,

[98c] Wilhelm Munthe de Morgenstierne.

my own suggestion would be that they get together with their Norwegian neighbors and so arrange that the advantages which Sweden had preserved through her neutrality would be made equally available to Norway until the Norwegians got ready to proceed. I thought that this was the more possible because I knew Norway, Sweden, and Denmark had been negotiating a possible combination of interests.

The Ambassador said that he thought this was an excellent solution. He likewise asked whether, in order to get a good standing at Chicago, Norway ought to fire ahead and order new planes. I said that I thought this did not make any great difference since new types of planes would not be ready for some time to come, and probably during the interim period the principal supply of transport planes would be United States surplus army transport types. However, it could do no harm if his Government wanted to have an early position in new types which would not be in production for many months after the war.

A. A. B[erle], Jr.

800.796/10-2444

Memorandum by Mr. Merritt N. Cootes, of the Division of Eastern European Affairs, to the Aviation Division

[Washington,] October 24, 1944.

The Counselor of the Soviet Embassy called to say that the Soviet delegation to the Civil Aviation Conference, which is to take place at Chicago, plan to arrive in the United States in a Soviet military plane. The plane, which left Moscow on October 22, is a C-47 type of the Red Army, no. 940.

The crew of the plane is as follows:

Grigori Stanislatovich Benkunski
Fedor Kondratevich Kudrenko
Nikolai Grigorevich Maksimenko
Aleksei Antonovich Malstev

The delegation consists of Nikolai Asilevich Novikov, Vice Chairman; Major Generals Aleksandr A. Avseevich, Pavel Fedorovich Berezin, Aleksandr Romanovich Perminov and Ivan Mikhailovich Makarov; and Lieutenant Colonel Mikhail Ivanovich Kokonin.

It would be appreciated if AD would issue the necessary permit for the plane to fly over United States territory and would request the War Department to make all of the usual arrangements for the proper reception of the plane when it arrives in Alaska.

M[erritt] N. C[ootes]

(Note: The Embassy in Moscow has informed the Department that diplomatic visas have been issued to the members of the delegation and that official visas have been issued to the members of the crew.)

800.796/10-2644

The Soviet Ambassador (Gromyko) to the Secretary of State

[Translation]

WASHINGTON, 26 October, 1944.

YOUR EXCELLENCY: According to precise information received by the Soviet Government, in addition to other states, Switzerland, Spain, and Portugal have been invited to take part in the International Conference on Civil Aviation to be held in Chicago on November 1.

As is well known, the above-mentioned states, having adopted during the course of many years a hostile position in regard to the Soviet Union, do not have diplomatic relations with the U.S.S.R.

In view of this fact, the Presidium of the Supreme Soviet of the U.S.S.R., having heard the report of the Government in regard to the International Conference in Chicago, has turned down participation by the Soviet Union in this Conference. The Soviet Government hereby informs the Government of the United States that, in conformity with the above-mentioned decision of the Presidium of the Supreme Soviet of the U.S.S.R., the representatives of the U.S.S.R. will not be sent to the Conference in Chicago.

Accept [etc.] A. GROMYKO

800.796/10-2644: Telegram

The Acting Secretary of State to the Chargé in the Soviet Union (Kennan)

WASHINGTON, October 26, 1944—7 p. m.

2528. In a note delivered by the Soviet Ambassador today the Soviet Government informs United States Government that Presidium of the Supreme Soviet has refused to permit the participation of the Soviet Union in the International Conference on Civil Aviation on the grounds of the attendance of Switzerland, Spain, and Portugal. The reason given in the note is that these three countries have during the course of many years adopted a hostile attitude towards the Soviet Union and do not have diplomatic relations with the U.S.S.R. In a conversation this afternoon with Mr. Berle, the Soviet Ambassador said that he had nothing to add to the instructions he had received and he doubted personally if any suggestion that Soviet delegation to the conference should remain as observers or even to remain in the United States to exchange views with other United Nations' delegates on aviation would be acceptable to his Government.

For your information. We are giving urgent consideration to a possible solution which will permit Soviet participation or at least avoid a public withdrawal by the Soviet Government from this con-

ference, and instructions will be sent to you within 24 hours. In the meantime, please inform the Foreign Office that this Government is considering the question and request them urgently not to order the delegation to return to the Soviet Union until the instructions referred to above have been presented by you. According to our information the Soviet delegation should reach Minneapolis tonight and could remain there pending clarification of this issue.

STETTINIUS

800.796/10–2744 : Telegram

The Chargé in the Soviet Union (Kennan) to the Secretary of State

Moscow, October 27, 1944—2 p. m.
[Received October 27—9 : 43 a. m.]

4112. I have sent a letter to Molotov along the lines indicated in Department's 2528, October 26, 7 p. m.

Molotov's letter of October 19 to me,[99] while referring to the participation in the Conference of "neutral countries of Europe and Asia" as a new element for the Soviet Government, was categoric in the expression of the readiness of the Soviet Government to participate; and the fact that this expression was prefaced by the word "nevertheless" indicates that participation of those neutral countries was clearly envisaged when the Soviet Government accepted the invitation.

KENNAN

800.796/10–2644

The Acting Secretary of State to the Soviet Ambassador (Gromyko)

WASHINGTON, October 27, 1944.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of October 26, 1944 informing this Government that in conformity with the decision of the Presidium of the Supreme Soviet of the U.S.S.R. the Soviet Union will be unable to participate in the Conference on Civil Aviation to be held in Chicago on November 1 in view of the fact that Switzerland, Spain and Portugal, countries with which the Soviet Union does not have diplomatic relations, are to participate in this Conference.

I need hardly point out that, while the considerations set forth in Your Excellency's note are fully appreciated, the decision of the Soviet Government not to participate in this Conference is received with the greatest regret by my Government.

In extending the invitation to the European neutral countries including the three mentioned in Your Excellency's note this Govern-

[99] See telegram 3992, October 19, from Moscow, p. 562.

ment was guided by the obvious fact that, in view of the geographic location of these neutral nations, it would have been impossible adequately to discuss at an international conference matters relating to air routes and civil aviation in Europe without their participation. Since the invitation extended to the Soviet Government to participate in this Conference, which was delivered by the American Ambassador in Moscow to the People's Commissariat for Foreign Affairs on September 12, 1944 and conveyed to Your Excellency by a note dated September 13, 1944, stated that invitations were being extended to the Governments of "the European and Asiatic neutral nations in view of their close relationship to the expansion of air transport which may be expected along with the liberation of Europe" and that in the letter of acceptance of October 19, 1944, transmitted to the United States Ambassador in Moscow the People's Commissar for Foreign Affairs took note of the fact that such neutrals would be present, it was of course assumed that the Soviet Government was fully aware of the fact that the three nations in question would be represented at this Conference. Furthermore, the press release of the Department of State which appeared in the American press on September 12, 1944 listed by name the countries which had been invited to participate in the Conference in Chicago.

If your Government finds it impossible to reconsider its decision not to participate in this Conference, I venture to suggest that the group of Soviet experts on civil aviation now in the United States be instructed to remain in order to maintain liaison, without participation directly or indirectly in the work of the Conference, with officials of this Government and with those of the other United Nations on the subject of postwar civil aviation.

I trust that Your Excellency will not fail to communicate the foregoing views of this Government on the subject to the Soviet Government.

Accept [etc.] EDWARD R. STETTINIUS, JR.

800.796/10–2744 : Telegram

The Acting Secretary of State to the Chargé in the Soviet Union (Kennan)

WASHINGTON, October 27, 1944—8 p. m.

2536. Department's 2528, October 26, 7 p. m. After most careful consideration we have come to the conclusion that as regrettable as this decision is there is nothing that this Government can do at this late date to work out any solution which would permit Soviet participation. In view of the contents of the Soviet note which attributes

this reversal of position to a decision of the Presidium of the Supreme Soviet it is obvious that there is little if any chance of obtaining a reconsideration on the part of the Soviet Government. We are accordingly replying to the Soviet Ambassador here expressing our deep regret at this decision of the Soviet Government and at the same time pointing out that in the invitation extended to the Soviet Government, contained in the Department's circular telegram of September 11, 1944, and by note to the Soviet Ambassador here, it was specifically stated that the European neutral nations would be invited. In addition, it is pointed out that since the press release of the Department of State, which was published in the press here on September 12, listed by name the countries which had been invited and in its letter of acceptance of October 19, your 3992, October 19, 4 p. m., the Soviet Government made specific reference to the fact that European and Asiatic neutrals were to participate in the Conference, and [*sic*] it was of course assumed that the Soviet Government in accepting this invitation was fully aware of the fact that the three nations in question would be represented. The note also states that in extending the invitation to the three European neutral countries in question this Government was guided by the consideration of the impossibility of adequately discussing at an international conference matters relating to air routes and civil aviation in Europe without the participation of those countries in view of their geographic location. In conclusion, the note states that in the event the Soviet Government does not find it possible to reconsider its position in regard to the Conference, the United States Government hopes that the Soviet experts on civil aviation now in the United States be instructed to remain in order to maintain liaison for this purpose with officials of this Government and with those of the other United Nations on the subject of postwar civil aviation.

You are accordingly requested to seek an interview with Vyshinski [99a] and outline to him orally the position of this Government on this question as set forth in the above summary of the note to the Soviet Ambassador here. You should emphasize the reasons why this Government felt it necessary to include the three countries in question which as a result of their geographic position in Europe are essential factors in the establishment of any international civil air routes in Europe and should strongly urge that at least some members of the Soviet delegation now in the United States should remain in order to discuss, outside of the Conference, questions of civil aviation with officials of this Government and those of other Governments represented at the Conference, as may be desired.

Sent to Moscow; repeated to London.

STETTINIUS

[99a] A. Y. Vyshinski, First Assistant People's Commissar for Foreign Affairs.

800.796/10–2844 : Telegram

The Chargé in the Soviet Union (Kennan) to the Secretary of State

Moscow, October 28, 1944—8 p. m.
[Received 8:06 p. m.]

4141. ReDepts 2536, October 27, 8 p. m. I saw Vyshinski this afternoon and presented to him our Government's position with respect to Soviet withdrawal from the Civil Aviation Conference. I described to him in detail the importance in questions of civil aviation of those countries to whose participation his Government had taken offense and pointed out how impractical it would be to omit those countries from any discussions on this subject. I showed him a world map of proposed postwar civil aviation routes to demonstrate this point and to prove to him what serious technical considerations underlay our desire for the participation of those countries.

Vyshinski did not deny the validity of this argument but went ahead to describe the political considerations which made it impossible for them to sit down at a table with representatives of those countries. He maintained that they had not realized until just recently that those particular neutral countries were to be invited. He insisted that the press release of September 12 had only named certain neutrals which would not participate. I assured him that according to my information this was not so.

Vyshinski stated that he could not say whether the Soviet Government would consent to instruct the Soviet experts to remain for purposes of liaison. He undertook to give me the answer to this question as soon as possible. He said, however, that he doubted very much that this suggestion would commend itself to his Government. He spoke with bitterness of Spain whose troops had fought against the Soviet Union and even more so of Switzerland that "little country" which had the temerity to debate in its own mind whether to recognize a country like the Soviet Union. He considered it most improbable that the Soviet Government would consent to have its delegates wait "outside the door" while delegates of these neutral countries took part in the discussions. He added speaking personally that we were making a mistake in trying to effect its collaboration on so broad a basis, that we should draw a line around those countries which were really reliable partners and should base our plans and discussions for collaboration primarily on that sphere.

In parting I said that I was sure that he like myself was aware of the whole significance of this step on the part of his Government and of the heavy disappointment that it would cause to people in our country who had looked forward keenly to the prospect of promising

and profitable discussions with the Soviet delegates on this important subject. He replied in the affirmative.

KENNAN

841.796/10-2844

The Ambassador in Canada (Atherton) to the Secretary of State

No. 1648 OTTAWA, October 28, 1944.
[Received November 1.]

SIR: I have the honor to report the convening of a conference to discuss civil aviation matters attended by representatives of certain countries of the British Commonwealth at Montreal on October 23 preceding the international civil aviation conference at Chicago on November 1. Delegates totaled approximately fifty, and represented the United Kingdom (headed by Sir Arthur Street, permanent Undersecretary for Air), Australia (headed by A. S. Drakeford, Minister for Air and Civil Aviation), New Zealand, Newfoundland, India, South Africa, and Southern Rhodesia. Members of the Canadian delegation were reported in my telegram No. 50 of October 21.[1] In a press report from London it was stated that Eire was not invited because that country is neutral, and since wartime air routes would be under discussion representation by that country might be embarrassing to it. The presence of high ranking Air Force officers on some of the delegations led to the report that the conference would have a dual purpose—Air Force activities in the European and Far Eastern theaters of war, as well as post war civil aviation planning. It was explained, however, by one of the delegates that these officers were present only as advisers and that matters of a military nature would not be discussed.

It was reiterated that the conference was to be on a technical level. C. D. Howe, Minister of Reconstruction, who will lead the Canadian delegation at the Chicago meeting, did not attend the conference at Montreal. His place was taken by H. J. Symington, president of the Trans-Canada Air Lines, who was elected chairman of the meeting. In his address at the first plenary session, Mr. Symington remarked that the discussions were to be of technical problems at the "official" level and were for the purpose of exchanging views and agreeing upon recommendations relating to the operation of air services within the Commonwealth. He declared that "whatever may be agreed upon here must of course take its place within the framework of whatever organization may be agreed upon by the forthcoming international conference on civil aviation" and that no position would be taken

[1] Not printed.

"which might prejudice accomplishments in the larger field of a complete international authority".

The conversations have been clothed in strict secrecy. The report persisted that they dealt with the formulation of plans for an Empire air route. The Montreal press, in speculating on the general course of negotiations, forecast the achievement of two positive results: the recommendation by the delegates to their governments of the creation of a British flag air route to go into early operation and agreement upon definite plans for a consolidated Empire Air Transport Command absorbing the present military air routes, which, upon the termination of the war would be turned over to civilian use. It further reported that it was unlikely that Canada would participate in the agreement for a Dominion air service reached by her sister Dominions in view of the close relations with the United States in air matters and its unwillingness to enter any non-American bloc for any purpose or to give the appearance of entering such a group.

This report drew a denial from the Minister of Reconstruction that there has been any difference of opinion between the Canadian and other officials. He again emphasized that the conference was simply a meeting of experts, that the governments as such were not represented, and that matters of Empire air policy were not within the province of the meeting. His remarks that the central task of the conference was consideration of what routes were to be operated in the Empire, who was to operate them and under what conditions they were to be operated was, however, taken as confirmation that an Empire air route was being blueprinted. It was pointed out that while Canadian aspirations for an air service to the West Indies and thence to South America, where Canada hopes to expand her trade, would be dealt with at Chicago, the question of the operation of a North Atlantic service and of a joint route with Australia and New Zealand across the Pacific might properly be subjects for consideration in the conversations at Montreal. Likewise, the press reported that despite protests to the contrary there appears to be little doubt that an Empire Air Transport Command is being planned for immediate military purposes and as a basis perhaps for a post-war civil air route.

The foregoing presents in part certain speculation indulged in by the press during the course of the closely guarded conversations. The conference closed on October 27. Reports of the committees appointed at the first session were submitted to the final plenary session and were unanimously adopted; they go to the respective governments for study and review. A formal statement, the text of which is enclosed,[2] was issued to the press at the conclusion of the meeting.

[2] Enclosure not printed.

According to this communiqué, agreement was reached on the following points: (1) the importance of joining other nations in the immediate creation of an effective international air authority operating by means of permanent international air convention, (2) the desirability of the establishment of air services on routes connecting the various parts of the Commonwealth and Empire, charts for which were prepared, and (3) the desirability of establishing a standing Commonwealth air transport council for purposes of consultation and exchange of views among the various members of the Commonwealth. It was added that nothing done at this meeting would impair the freedom of action of the respective governments at the Chicago conference.

Judging from the text of this statement, there was no compromise reached between the various points of view represented at the conference; presumably New Zealand and Australia at Chicago will press for a strong international air authority to own and operate all main air routes, Great Britain for the principles set forth in its recent White Paper, and Canada for its more rigid draft convention. Agreement upon the desirability of setting up an international air authority was never in doubt, and in substance the situation appears to be that existing prior to the opening of the conference. The value, however, of these preliminary exchange of views between the nations of the Commonwealth should not be minimized, although the Montreal *Gazette* states that in view of the lack of concrete results it is difficult to see just what purpose the conference served.

The alternative proposal by Australia and New Zealand for the creation of an Empire air route was reduced to a unanimity of view regarding the desirability of establishing air services connecting the Commonwealth. The press reports one real achievement: the often expressed fear that the Commonwealth and the Empire were "ganging up" as a bloc to present a positive united point of view at Chicago was dissipated entirely. Nevertheless, the course of action to be followed at Chicago remains to be seen.

In the face of reported American reluctance to endow an international air organization with powers considered to be adequate by certain of the Dominions, it appears that Canada has again exercised its traditional role of intermediary between the American and Commonwealth points of view. In this instance Canada's position is a difficult one, for it finds that its developing aviation interests as a country secondary in importance in this sphere requires certain protection from unrestricted competition. It prefers the international rather than the imperial approach in resolving these matters

while recognizing that insistence upon bilateralism at Chicago would serve to reduce its importance in Empire councils.

Respectfully yours, For the Ambassador:

LEWIS CLARK
First Secretary of Embassy

800.796/10-3044

The Soviet Ambassador (Gromyko) to the Acting Secretary of State

[Translation]

[WASHINGTON,] October 30, 1944.

DEAR MR. SECRETARY: In connection with your note of October 27 in which you outlined the views of the American Government on questions connected with the decision of the Presidium of the Supreme Soviet of the U.S.S.R. concerning the non-participation of the Soviet delegation in the international conference on questions of civil aviation in Chicago, I have the honor on instructions from the Soviet Government to communicate to you the following.

The Soviet Government does not find it possible to reconsider its decision on the non-participation of the delegation of the Soviet Government in the conference on questions of civil aviation in Chicago. The Soviet Government furthermore cannot leave its delegation in the United States since this would provide grounds to suppose that the Soviet delegation in fact is taking part in the above-mentioned conference but only in some kind of disguised and cowardly form.

In so far as the references contained in your note to the notes of the Government of the U.S.S.R. to the Department on the thirteenth of September and also the letter of the People's Commissar for Foreign Affairs, V. M. Molotov, of the nineteenth of October as a basis for the supposition that the Soviet Government in accepting the invitation to participate in the conference was fully informed of the fact that Switzerland, Spain and Portugal also had been invited to participate in this conference, I am unable to agree with the considerations expressed by you on this matter. It is sufficient to state that in the letter of the People's Commissar, V. M. Molotov, it was especially mentioned that the Soviet Government was to be invited by the Government of the United States of America to a conference of the United Nations and not to an international conference with the participation also of the neutral countries of Europe and Asia and that such a formulation of the question was entirely new to the Soviet Government. The Soviet Government nevertheless agreed to take

part in this conference, not supposing however that among the neutral countries invited to the conference could be such countries as Switzerland, Spain and Portugal which for many years have carried on a pro-fascist policy hostile to the Soviet Union.

Sincerely yours, A. GROMYKO

800.796/10-3144

The Latvian Minister (Bilmanis) to the Secretary of State [3]

WASHINGTON, October 31, 1944.

SIR: According to information published in the Department of State *Bulletin*, volume 11 [*XI*], No. 273, dated September 17, 1944, page 298, an International Conference on Civil Aviation has been initiated by the Government of the United States and is to be opened on November 1, 1944. Until today no invitation has been extended to Latvia to participate in this Conference.

In this connection I wish to emphasize that:

1. Latvia, like other countries, has sovereign rights over the air over its territory;
2. Latvia is a transit country occupying an important geographical position in the northern part of Central Europe, lying on the crossroads between West and East, North and South;
3. Until the outbreak of this war several international airlines operated over Latvian territory: from Stockholm via Riga to Moscow, from Warsaw via Riga to Helsinki, and from Berlin via Riga to Helsinki;
4. Latvia was well equipped with adequate airfields, hangars, radio stations and repair shops, and also furnished meteorological service.

In order to meet and satisfy all requirements, on October 14, 1937, Latvia adhered to the International Convention of Air Navigation, signed in Paris on October 13, 1919. The Convention entered in force in Latvia on November 1, 1937.

In addition, Latvia had bilateral agreements concerning aviation over its territory with neighboring countries. A local air line existed between Riga and Liepaja, and there was a factory in Latvia building specially constructed short distance airplanes called "Spriditis" or Tom Thumb. Latvia had a sufficient number of well trained pilots, and in every way fostered international aviation.

Although at present still under foreign occupation, but hoping to regain its self government and sovereignty in accordance with the

[3] The Acting Secretary of State in his reply of November 24 stated: "I am sure, Mr. Minister, that you will readily appreciate the many complex factors which make it inadvisable at this time for this Government to break recent precedents by extending an invitation to Latvia to be represented at the Aviation Conference." (800.796/10-3144)

Atlantic Charter, Latvia is greatly interested in the proceedings of the above mentioned International Conference, wishes to be a party to the new international convention to be concluded, is ready to cooperate to its fullest extent in order to facilitate civil aviation, and welcomes such a conference, which doubtless will contribute to a better world after this war.

May I bring to your attention, Sir, that the senior Latvian Minister in London, M. Charles Zarine, who holds the emergency authority of Latvian state powers abroad, has extended to me full powers to represent Latvia in all international conferences taking place in this hemisphere.

I would very much appreciate it if I were informed, at least, about the proceedings of this Conference, which I sincerely support, even though not invited to participate.

Accept [etc.] DR. ALFRED BILMANIS

800.796/10-3144 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, October 31, 1944—noon.
[Received October 31—9:44 a. m.]

9386. We have spoken with a number of Foreign Office officials since it became known that Russia will not participate in the Chicago Civil Aviation Conference. Among these are officials who deal primarily with the political aspects of relations with Russia, as well as officials who are interested chiefly in aviation. All expressed surprise at the last minute decision of the Russians. None has inclined to take very seriously the reason given by the Soviet Government for not participating—that is the participation of Spain, Portugal and Switzerland. All said that they would like to know what the real reason is that prompted the Soviet Government to make this decision. All were inclined toward the view that more is involved in the Russian decision than abstention from the forthcoming talks on civil aviation.

Clark Kerr,[4] we were told, had been asked to give his views on what really prompted the Russians to take this action.

None of the officials with whom we talked had had time to consider thoroughly this step of the Soviet Government and the views expressed by them should be considered in the light of this.

GALLMAN

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[4] Sir Archibald J. K. Clark Kerr, British Ambassador in the Soviet Union.

800.796/10–3144 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, October 31, 1944—7 p. m.
[Received 10:38 p. m.]

9399. ReEmbs 9386, October 31, noon, and 9385, October 30, 9 p. m.[5] We talked with Sir Orme Sargent [6] this afternoon about the decision of the Soviet Government not to participate in the Chicago Civil Aviation Conference and about the attempt of the Soviet Government to bring about representation of the Polish Committee of National Liberation at the EITO Conference.[7]

Sargent said that he did not regard either of these moves of the Soviet Government as an indication that the Soviets would not be prepared to collaborate in the work of the post war period. To him these two recent moves had different meanings. He regarded the decision not to participate in the Chicago conference as a step toward wiping out the last traces of the "ostracism" so prevalent in the 1920's. Russia today felt strong enough, he said, not to tolerate the kind of treatment that she was given in the years immediately following the revolution and which some countries still accorded her and she was, in his opinion, determined to take advantage of every opportunity while she was in her present favorable position to put an end to the remaining traces of such treatment.

The Soviet move regarding representation of the Polish National Committee at the EITO Conference, Sargent said, appeared to him to be the more serious of the two recent developments. He interpreted this move, he said, as in the nature of a warning that unless the present Polish Government in London was quickly brought to an agreement with Moscow on Moscow's terms, the Soviet Government would begin dealing in all respects with the Polish National Committee of Liberation as the Government of Poland.

GALLMAN

[For minutes of the Conference, see Department of State Publication No. 2820, *Proceedings of the International Civil Aviation Conference, Chicago, Illinois, November 1–December 7, 1944* (Washington, Government Printing Office, 1948, 1949), in two volumes.]

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[5] For text of latter telegram, see p. 842.
[6] Deputy Under Secretary of State, British Foreign Office.
[7] European Inland Transport Organization; for documentation on this Conference, see pp. 743 ff.

800.796/11–344 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 3, 1944—8 p. m.
[Received 10:28 p. m.]

9561. ReEmbs 9386, October 31, noon and 9399, October 31, 7 p. m. When we saw Warner at the Foreign Office today he told us that comments by Clark Kerr on the Soviet decision not to take part in the Chicago Aviation Conference had been received. Clark Kerr had expressed the view that Soviet anticipation of differences between the British and United States at the Conference had probably influenced the Soviets to stay away and thus avoid becoming involved in these differences. Clark Kerr added that he felt that the Soviets thought that at the same time they could, by taking this step, give emphasis to their attitude toward some of the countries with whom formal relations did not exist particularly toward Franco's Spain.

Warner added a view of his own. He said he felt that the experience the Soviets had had at the UNRRA Conference at Montreal [8] and more recently here in London at the EITO Conference, of finding themselves several times in a minority of one, had made them cautious and that they did not so soon want to join in another international conference where this experience might be repeated.

GALLMAN

800.796/11–1144

The Chairman of the American Delegation to the International Civil Aviation Conference (Berle) to the Acting Secretary of State (Stettinius)

[CHICAGO,] November 11, 1944.
[Received November 14.]

DEAR ED: Thank you for your letter of November 8 [9] with its enclosed explanation by the British Ambassador of the Soviet withdrawal. I don't think he is right because the Soviets also pulled out of the European Inland Transport negotiations on the ground that the Poles were there, and likewise took a contrary view to the maritime arrangements in progress, this time giving no reason at all. I think it reflected the fact that some question was left unsettled by the Churchill-Stalin talks.[10] But this may be overstating it; they may merely have decided that they did not want to move out in civil aviation anyway because they were not yet prepared to play a decisive role in it.

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[8] With regard to this Conference, see pp. 334 and 338–354, *passim*.
[9] Not found in Department files.
[10] For documentation on Prime Minister Churchill's conference with Marshal Stalin at Moscow, in October 1944, see vol. IV, pp. 1002–1024, *passim*.

I have been sending memoranda diary reports back when I had time to dictate them;[11] and I am having a flock of delegation minutes sent to you. I should not think you would be greatly interested in the stacks of paper produced by the Conference.

We are nearing the climax. The British, who came with a proposal which was not only unacceptable but rather offensively so, took about a week to discover that it would not do, and then asked for guidance in the revised proposal which they are prepared to submit. The Delegation is plugging at it, and I hope we shall sit down to the decisive conference between the British and the Canadians in a day or so. After that we should be getting pretty well forward. I still hope to end this Conference in ten days but it may run over a little.

The minor ruckus (which was easily settled) about voting for members of the air council is really a main line row breezing up against domination by the big powers, and is a backwash of Dumbarton Oaks.[12] You may want to give this some thought. I haven't a cat's idea as to the answer as yet.

Sincerely yours, ADOLF BERLE

President Roosevelt to the British Prime Minister (Churchill)[13]

[WASHINGTON,] 21 November 1944.

654. The aviation conference is at an impasse because of a square issue between our people and yours. We have met you on a number of points, notably an arrangement for regulation of rates and an arrangement by which the number of planes in the air shall be adjusted to the amount of traffic. This is as far as I can go. In addition, your people are now asking limitations on the number of planes between points regardless of the traffic offering. This seems to me a form of strangulation. It has been a cardinal point in American policy throughout that the ultimate judge should be the passenger and the shipper. The limitations now proposed would, I fear, place a dead hand on the use of the great air trade routes. You don't want that any more than I do.

The issue will be debated tomorrow. I hope you can get into this yourself and give instructions, preferably by telephone, to your people in Chicago so that we can arrange, if possible, to agree. It would be unfortunate indeed if the conference broke down on this issue.

ROOSEVELT

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[11] Diary reports not printed; but see Mr. Berle's report to the President, December 7, p. 599.

[12] For documentation on the conversations held at Dumbarton Oaks, Washington, August 21 to October 7, 1944, see vol. I, pp. 713 ff.

[13] Copy of telegram obtained from the Franklin D. Roosevelt Library, Hyde Park, N.Y.

800.796/11-2244 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, November 22, 1944—3 p. m.

9820. You will have seen the President's message of yesterday to the Prime Minister [14] concerning the Aviation Conference. We have been asked to request you urgently to impress upon the Prime Minister and Mr. Eden that the President feels most strongly about this matter.

STETTINIUS

800.796/11-2344 : Telegram

The British Prime Minister (Churchill) to President Roosevelt

[LONDON,] 22 November 1944.

[Paraphrase]

827. Your message No. 654 reached me in the early hours of the morning and we have worked on it all day.

After prolonged discussion the Cabinet wish me to forward to you the following expression of their views which is endorsed by me. I earnestly request that you should send for Lord Swinton if there is anything in this message on which you would like further explanation.

Cabinet message follows:

"We wish to draw your attention to the course of the negotiations at Chicago which have witnessed a great number of concessions by both of us.

"That we might reach a common agreement, we have agreed to throwing open our airfields all over the world to aircraft of other nationalities and to such planes being able to carry not only through traffic but local traffic between two neighbouring countries on the route and your delegation has agreed to a method of regulating the share of the various countries on the different routes and of regulating the fares.

"It had been our hope that the agreement thus reached by our two delegations, which was made a part of the form of the draft of November 17, would be a satisfactory document to submit to the whole body of the conference for approval.

"Especially in respect to the so-called Escalator Clause which enabled the share of operators to be increased if they in fact carry more traffic between terminals than they are allotted under the frequency arrangements, we feel that we have gone to the limit of concession in this draft.

"The present difficulties have arisen as we understand it because of the new proposals brought forward by your delegation on the evening of November 18 after the agreement had been reached. Since these proposals demand a share of the local traffic between two neighbouring

[14] *Supra.*

countries by aircraft of a third country far beyond that which the granting of the right to take up traffic on through service would warrant, we could not accept them.

"Subject to adequate protection of the local operators by a price differential, to which your delegates agreed in the accepted draft, we were prepared to agree to the so-called fifth freedom.

"We cannot see our way to accept these new suggestions, which would gravely jeopardize our own position, but, of course, we are prepared to stand by what Swinton had already agreed with Berle.

"Therefore, we suggest that if you cannot confirm the agreement reached on November 17, the Conference should finalise the valuable technical agreements which have been arrived at, and that the rest of the matters should be adjourned for a period during which we can consider the matter at greater length and see whether we can arrive at some solution of the problem.

"We partake with you the most sincere wish to reach a fair and satisfactory arrangement by which our two countries can play their full part in the development of world wide civil aviation at the earliest time.

"We hope you will have an opportunity to examine this and we feel sure you will agree that two points of view which originally diverged widely are joined in a wise and workable compromise."

800.796/11-2344: Telegram

The Ambassador in the United Kingdom (Winant) to the Acting Secretary of State

LONDON, November 23, 1944—noon.
[Received November 23—10:35 a. m.]

10305. Your 9820 of November 22 did not reach me until after the Cabinet had discussed the issues in the President's message and reply made by the Prime Minister.[15] Earlier in the afternoon on my own initiative I intervened with Eden, urging acceptance of the President's proposal. Later when the reply came through I was at great disadvantage in arguing the case as the Embassy had not been kept informed on the issues before the Conference.

WINANT

800.796/11-2344: Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, November 23, 1944—2 p. m.

9858. Personal for the Ambassador from Hickerson and Achilles.[16] Referring to the final sentence of your 10305 November 23, the Depart-

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[15] *Supra.*

[16] John D. Hickerson and Theodore C. Achilles, Chief and Assistant Chief, respectively, of the Division of British Commonwealth Affairs.

ment of State has been in exactly the same position and we know just how you feel. We hope that you will tell the Prime Minister that the President feels that from the standpoint of our common good this simply has to be settled at once and an agreement achieved. Everyone here thinks that the British are wrong and even unreasonable in insisting that the Escalator Clause apply only to traffic between terminals and not to traffic between intermediate points along the route. This intermediate traffic may well be vital to routes. The British have simply got to give way on this point and we look to you to make them do it.

We understand from the White House that the President will probably send you in the course of the day a telegram in regard to the Conference and that this message will probably include a further message from the President to the Prime Minister. [Hickerson and Achilles.]

STETTINIUS

President Roosevelt to the British Prime Minister (Churchill)[17]

WASHINGTON, November 23, 1944.

I appreciate your message of November 23 [*22*]. No point would be served by discussing past history such as the suggestion that an understanding on November 17 was rejected and a new proposal made by our Delegation. Our people believed that they had substantial assent from your Delegation to a draft which their and our experts interpreted one way and which Lord Swinton has interpreted in another; but all of us recognize that these situations do occur and they are not important. It is better to have this occur before rather than after an agreement is signed.

The important thing is that the draft of November 17, as interpreted by your people, does not set up the conditions for operable routes which pass through any considerable number of countries, and particularly which go to distant countries, for instance, a route from the United States to South Africa. It would make a round-the-world route almost impossible. All these routes, yours as well as ours, depend for their existence on a reasonable amount of pick-up traffic between points. We could not have pioneered South America, or maintained our present routes, nor could you maintain an economic route from London to India by depending merely on the traffic from London to each terminal point. A reasonable amount of intermediate traffic is necessary between the Panama Canal and Lima on the West Coast South American route, or between say, Rome and Cairo on your Indian route, to make it even remotely possible economically. Of

[17] Copy of telegram obtained from the Franklin D. Roosevelt Library, Hyde Park, N.Y.

course, each of us could subsidize indefinitely one plane a week but this is an occasional visit rather than a trade route. Our experts were also worried by the fact that this limitation (homeland to each intermediate point and exclusion of point-to-point traffic) would make it difficult, if not impossible, for any small nation to have extensive routes because small nations do not have great reservoirs of terminal traffic. You and we could survive by liberal subsidies but we both want to get away from that. The Dutch and possibly the French would find great difficulty in surviving.

We know perfectly well that we ought not to set up a situation in which our operators could wreck the local establishments between nearby countries, or so fill the air on long routes that nobody else could get in and survive. We are quite prepared to discuss limitations of pick-up traffic to assure that this does not happen. What we do want is sufficient play so that the establishment and maintenance of the long routes on a reasonably economic basis is possible. For your information, the Canadians are tackling the situation on that basis. A real difficulty in the situation is that Lord Swinton feels he is so bound by instructions that he can make no suggestion.

800.796/11–2344

Memorandum of Conversation, by the Assistant Chief of the Division of British Commonwealth Affairs (Achilles)

[WASHINGTON,] November 23, 1944.

Mr. Harry Hopkins this morning requested Lord Halifax to emphasize to Lord Swinton the importance of reaching a mutually satisfactory agreement at the Aviation Conference. Lord Halifax said that Mr. Magowan, who is both a member of the British Delegation and of the Ambassador's staff, was on his way back to Washington by plane and Lord Halifax wished to talk with him first. He suggested that Mr. Hopkins might wish to talk to Mr. Magowan. Mr. Hopkins suggested that Mr. Magowan talk first with the Department.

This afternoon Lord Halifax telephoned Mr. Hopkins that Mr. Magowan did not feel he could take the initiative in talking to anyone here as it would be improper for a member of the British Delegation to go behind Mr. Berle's back and attempt to influence our thinking. Mr. Hopkins accordingly suggested that the Department call in Mr. Wright for information as to the British position as explained by Mr. Magowan.

Mr. Wright called late in the afternoon at my request and we held a rather pointless discussion for an hour and a half. Mr. Wright

attempted to make clear to me the British position, about which he knew very little. I attempted to make clear the American position, about which I knew just as little. I emphasized to him the feeling of our delegation that Lord Swinton was prevented by his instructions from even exploring possibilities of a compromise, the importance which we attach to having Lord Swinton given more latitude, and the importance which the President attached to reaching a mutually satisfactory agreement. Mr. Wright emphasized that Lord Swinton had sufficient latitude to listen to any concrete proposals our delegation wished to make. I said that as far as I knew our delegation did not expect to make any new proposals, that it has made its proposal, as had the British, and that in an attempt to compromise we had accepted the Canadian Escalator Clause but could not accept the interpretation which the British put upon it, namely that the Clause should only apply to traffic between terminal points of each route. British opposition to this interpretation, as explained by Mr. Wright, was that to base escalation upon traffic between two intermediate points would permit a Nation not only to run long distance services but to dominate local traffic between intermediate points.

800.796/11–2444 : Telegram

President Roosevelt to the Ambassador in the United Kingdom (Winant)

WASHINGTON, November 24, 1944.

126. Please take the following message personally to Winston and convince him that he has got to come through. You will understand how important it is that he does.

"I have read carefully the message in your 827.[18] I am afraid you do not yet fully appreciate the importance of reaching a satisfactory agreement. Our people have gone as far to meet yours as I can let them go. If the conference should end either in no agreement or in an agreement which the American people would regard as preventing the development and use of the great air routes the repercussions would seriously affect many other things.

We are doing our best to meet your lend-lease needs. We will face Congress on that subject in a few weeks and it will not be in a generous mood if it and the people feel that the United Kingdom has not agreed to a generally beneficial air agreement. They will wonder about the chances of our two countries, let alone any others, working together to keep the peace if we cannot even get together on an aviation agreement.

I hope you will review the situation once more and see if we cannot get together."

ROOSEVELT

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[18] Dated November 22, p. 585.

800.796/11-2844 : Telegram

The British Prime Minister (Churchill) to President Roosevelt

[LONDON,] 28 November 1944.

836. 1. Winant has brought me your message about the air in reply to my number 827, and naturally it has caused me much anxiety. I agree with you that this is a grave matter in which not only governments but parliaments and peoples may become deeply agitated, with consequences which cannot fail to be disastrous both to the prosecution of the war and to the prevention of future wars. I feel it my duty, therefore, to place before you in simple terms the issue as it presents itself to me after hearing all the advice of the special committee under Beaverbrook, of which Stafford Cripps is an important member, as well as the unanimous views of the War Cabinet.

2. The foundations of our position at this Conference, which is being held at the time and place which you proposed, are:

(*a*) The British Empire is asked to put invaluable and irreplaceable bases for air transport all over the world at the disposal of such nations as are capable of using them. This means of course primarily and in bulk placing them at the disposal of the United States.

(*b*) It was agreed between us as a war measure that you should make the transport aircraft and specialize upon them on account of the character of the war, the need to supply China over the Hump, the vast distances of the Pacific Ocean, etc., and that we should concentrate our efforts upon fighting types. In consequence the United States are in an incomparably better position than we are to fill any needs of air transport that may arise after the war is over, and to build up their civil aircraft industry. We would venture most earnestly to suggest that these two points are not receiving adequate consideration.

3. However, in partial recognition of the above two points, Lord Swinton believed that he had reached an agreement with Mr. Berle at Chicago on November 17th about the amount of aircraft capacity that should be put into service by our respective countries (frequencies) on a basis of "embarked traffic". Agreement was also reached about fares to prevent undercutting, unfair subventions, etc.

4. All the above was satisfactory to us and, I think, to the world. On November 18, however, your side of the table put forward an entirely new set of ideas and arguments which, in our judgment, took away with one hand what had been given with the other in consideration of our fundamental position set forth above in paragraphs 2 (*a*) and (*b*).

5. For instance, the escalator clause was sought, not only for traffic to and from your country but also for traffic between any two foreign countries. This meant that the number of services on any route could

be increased when an airline achieved a load equal to 65% of its full capacity. We had already agreed, reluctantly, that this escalator clause should apply to traffic to and from an aircraft's own country. We had also agreed to a so-called fifth freedom which would grant to an aircraft on through services the right to pick up and set down traffic between foreign countries at intermediate stops. It is true that provision was made for a differentiation of fares to safeguard the local traffic. That seemed to me a valuable line to explore.

6. Mr. Berle then asked for a combination of the escalator clause and the fifth freedom which would enable American aircraft to carry most of the traffic between the United Kingdom and the Dominions of India and all foreign countries, as well as between all nations of the Commonwealth. It would, in fact, give to United States airlines the right to everything save cabotage.

7. We must accept the fact that the arrangements about frequencies will very soon be completely different from those agreed upon before the escalator clause was proposed. There is very little doubt that our position relatively to yours is markedly injured thereby. This applies not only to Great Britain but to many other durable powers who are now in a weak condition to design and build suitable transport aircraft and to embark traffic.

8. On top of this escalator clause, which we have conceded for traffic to and from your country, Mr. Berle now demands the right of duplication over any section of any through route and also provision for increasing frequencies so that any airline could carry all the intermediate traffic it could get. This might well mean that aircraft embarking traffic in the United States would not only excel, as they are welcome to do on merits, but dominate and virtually monopolise traffic not only between our country and yours, but between all other foreign countries and British Dominions besides.

9. I have the opinion that both this point of linking the escalator clause and the fifth freedom together, and the claim for duplication on foreign air routes, require further patient study with a view to reaching agreement between our two countries. Thus, we could make sure that Great Britain and the Dominions and many other countries as well are not in fact run out of the air altogether as a result of your flying start with no regard to the fact that we are willing to throw all our bases all over the world into the common pool. I am sure I could not obtain the agreement of the Cabinet or of either House of Parliament to anything which wore that aspect. Nor would I try.

10. It may be that you will say I have not rightly posed the issues. If this be so, I should be most grateful if you would state them in your own words. It is [*Is it?*] suggested, for instance, that we are going to challenge the right of all nations of innocent passage in Freedom I,

or the consequential right of refuelling and repair in Freedom II, except in so far as these are mixed up in the much more refined issues arising out of your doctrines of escalator and duplication? There may well be other simplifications which could be made.

11. Should it not be possible for us to reach an agreement at this stage on Freedoms III, IV and V, when great battles in which our troops are fighting side by side are at their height and when we are preparing for immense new further efforts against Japan, I cannot see that a temporary adjournment to allow of the aforesaid patient discussions would do any serious harm. On the contrary, I believe that it would be as readily understood as was the postponement of final decision at Dumbarton Oaks. There is always the great body of technical matter upon which agreement has been secured. Therefore, unless complete agreement is reached, I plead that there shall be an adjournment. Such adjournment for a short time, if asked for by an intimately-allied power like us, ought not to be denied, nor ought we to be confronted with such very serious contingencies as are set out in your message received on Saturday. As [*An?*] open dispute carried out by Parliament and Congress, both of which would have to be informed and in our voluble free press on both sides, would do far more harm to the war effort and to our hopes of the future than an adjournment of a few weeks or even months, while both parties persevered behind the scenes for a settlement.

12. It is my earnest hope that you will not bring on this air discussion the prospect of our suffering less generous treatment on Lend-Lease than we had expected from the Quebec discussions. But even if I thought that we were to be so penalized, I would not feel myself able to agree to a decision contrary to the merits, as we see them, on this matter.

13. I should be ready, of course, to accept impartial arbitration on the points outstanding at the Chicago conference, provided that they were discussed in relation to the general framework. We have not yet got our World Court again, but there are friendly states and neutral states from whom competent judges might be found.

14. Let me say also, that I have never advocated competitive "bigness" in any sphere between our two countries in their present state of development. You will have the greatest navy in the world. You will have, I hope, the greatest air force. You will have the greatest trade. You have all the gold. But these things do not oppress my mind with fear because I am sure the American people under your re-acclaimed leadership will not give themselves over to vainglorious ambitions, and that justice and fair-play will be the lights that guide them.

800.796/11-2944

The Chairman of the American Delegation to the International Civil Aviation Conference (Berle) to President Roosevelt

[CHICAGO,] 29 November, 1944.

You have Churchill's wire of November 28th declining to modify the British proposal and asking that we adjourn the Air Conference.

British proposal is reasonable for the United States across the Atlantic but would substantially exclude our or anyone's aviation Eastward from the gateway cities such as Stockholm, Amsterdam, London, Paris and Rome. Prominent limitation is placed by British plan on number of planes which could go between these points and points East, the top limit being the plane capacity efficient to carry through traffic direct from the United States but not including intermediate traffic. There is not much through traffic from the United States to Prague or Cairo or Baghdad. Expert opinion here holds that no American line could pay expenses beyond the populous cities of western Europe.

Yesterday British argued their proposal in closed committee claiming their plan was needed to protect small states. Fifteen small states promptly got up and supported American position pleading that British proposal would prevent them from ever having self-supporting aviation. The line-up: France supported Britain luke-warm; all others supported United States including all Latin America, all Scandinavia, Netherlands, Spain, Canada, New Zealand. Australia, India, South Africa, stayed on the fence. The position of the smaller countries supporting us is that they want to carry traffic between intermediate points just as we do. In the jargon of the conference they want an unlimited Fifth Freedom.

British now want a quiet adjournment. La Guardia [19] and I think this might be misunderstood by American public and prefer to present the American plan in simple English; get a record vote, and then leave the problem to an interim council. Otherwise we think the British would seek to pose as martyrs trying to protect small nations against us. They raised this issue and we think they should face it rather than we.

Stettinius and I believe you should pass on this question and we would much appreciate your judgment.

ADOLF BERLE

[19] Fiorello H. La Guardia, Chairman, United States Section, Permanent Joint Board on Defense (Canada–United States).

President Roosevelt to the British Prime Minister (Churchill)[20]

WASHINGTON, 30 November 1944—1:20 a. m.

Number 661. I have given careful thought to your 836 [20a] and to the problems which you cite. You know that I have no desire for any arrangement by which our people would profit from the sacrifices which yours have made in this war. Your confidence in the justice and fair play of the American people is, I am sure, justified. I have equal confidence that your people have the same qualities in the same measure. I know that they want equal opportunity in the air and unquestionably they should have it. I can not believe that they would want aviation, in which you as well as we have a great future, stifled and suffocated because they were for a moment in a less favorable competitive position.

You say that the British Empire is being asked to put bases all over the world at the disposal of other nations. Of course it is. Would you like to see a world in which all ports were closed to all ships but their own or open to one foreign ship, perhaps two if they carried only passengers and cargo bound all the way from Liverpool to Shanghai? Where would England be if shipping were subjected to such limitations? Where will it be if aviation is? I am unable to believe that you do not want an agreement at this time.

I can not agree that the answer is to hold everyone back. It must be rather to go forward together. I know the handicaps under which your aviation industry has laboured during the war. We have found ways to help you before and I am confident that we can find ways to help you in overcoming this. We are prepared to make transport aircraft freely available to you on the same terms as our own people can get them. Our only stipulation is that aviation must be permitted to develop, subject only to reasonable safeguards, as far and as fast as human ingenuity and enterprise can take it.

We have no desire to monopolize air traffic anywhere. I do not see how increased frequencies on long routes would dominate traffic on short ones, when all lines would have the same right to increase their frequencies on the same basis. Nor do I see how in the long term such an arrangement would favor us over others, despite our head start.

You asked that I give further consideration to the fundamentals of your position and that I state the issues as I see them. I have done both and I am more convinced than ever that the answer is not to hold back but to go forward together.

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[20] Copy of telegram obtained from the Franklin D. Roosevelt Library, Hyde Park, N.Y.

[20a] Telegram dated November 28, p. 590.

I feel that the Conference can still reach an agreement vastly helpful both in the air and in wider fields. Swinton and Berle on November 27 publicly stated our respective positions. The smaller States have spoken and, if I may say so, our position seemed to have by far the greater support. If it is not possible to reach complete agreement when our delegations have so closely approached it, the reasons, despite our best will, would be all too clear.

You speak of impartial arbitration within the general framework. The Canadians undoubtedly see both points of view, have laboured tirelessly to bring us together and on November 27 brought out a new formula which might provide a reasonable line of compromise if the small nations would indeed accept so limited a formula. I will give Berle latitude for one more try on the lines of that formula if you will give Swinton the same.

Given, on both sides, that spirit of justice and fair play of which you speak, I know that an agreement can be reached which will be equally beneficial to both our interests and to the world.

ROOSEVELT

800.796/11–3044 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, November 30, 1944—noon.

10024. We assume you have seen the further message which the President sent last night to the Prime Minister. In case you have not, the essence of it was that we could not agree that the solution was for the British to hold everyone else back in the development of aviation because they were temporarily in a poor competitive position but that the answer was rather for the two countries to go forward together and that we were prepared to help them to do so by making transport aircraft available to them on the same terms as to our own people if an agreement could be reached which would permit aviation freely to develop. This was in reply to the Prime Minister's message of November 28 in which he stressed the fact that the British were being asked to make British fields available all over the world and the handicap under which British aviation was laboring as a result of the agreement that they concentrate on fighter planes while we concentrated on transports.

We are deeply concerned at reports reaching us from British and Commonwealth sources in Chicago and elsewhere that the persons in London responsible for decisions in this matter, primarily Beaverbrook, do not want any aviation agreement to be reached at Chicago

although many persons in the British Government and in the Dominion Governments favor an agreement substantially along the lines we propose. If these reports are true it appears that compromise on our part would be useless. Swinton apparently has no latitude whatsoever. The foregoing is for your secret information as a basis for anything you may be able to do to help.

Our delegation reports that all the other Delegations who had spoken this week have supported either the American position or the Canadian compromise except the French and the Australians, who supported the British, and New Zealanders who supported neither. South Africa and India declined to speak. The French told Berle privately that they were acting under orders which they hoped eventually to reverse. The Dutch and Swedes strongly opposed the British position.

We are also deeply disturbed at the repercussions which failure of the Conference would have both upon the future conclusion of an air agreement and in the wider fields of Anglo-American relations. As the President has said and as is beginning to be hinted in the press our people will wonder about the chances of international cooperation to keep the peace if not even the British and ourselves can reach agreement on such a subject as aviation.

STETTINIUS

800.796/12–144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 1, 1944—6 p. m.
[Received 6:26 p. m.]

10608. Personal to the Secretary and for the President.

Before receiving Department's 10024 of November 30 late last night, I had already followed up the President's message to the Prime Minister covering agreement on the aviation program at the Chicago Conference and had urged the acceptance of the Canadian compromise. I talked with Eden, Beaverbrook and Churchill. The Cabinet met yesterday afternoon and I was informed by Beaverbrook that before he could communicate their decision to Swinton, the Conference had adjourned. The intention of the Cabinet was to accept the compromise but at the same time ask for a small passenger rate differential on pickups on long hauls. This was less than what we wanted. Churchill and Beaverbrook went over with me the message that was dispatched to the President this afternoon.[21] Churchill said that he would be glad to reopen the subject at any time conven-

[21] *Infra.*

ient to us. Beaverbrook was plainly uncomfortable at this meeting. I blame him most for the failure of the Conference.

Once the President and twice the Department have asked me to intervene in support of our position at the Conference. I did everything I could to persuade the Prime Minister to accept the President's wishes and I am very sorry that I failed to get done what he wanted done. On the other hand, I want you to know that I could have been far more effective in talking with the Prime Minister if I had been properly informed. The British had reams of papers covering every detail of the Conference's discussions. I had nothing beyond the President's messages which covered only one or two particular points of disagreement. I hope this will not happen again with the man who is chosen to continue in my post. Even our Civil Air Attaché had been assigned to the Conference.

WINANT

The British Prime Minister (Churchill) to President Roosevelt[21a]

LONDON, December 1, 1944.

840. 1. We consulted together at once on the issues discussed in your 661.[21b] We decided to examine the prospect of an agreement based on the Canadian plan as suggested in the seventh paragraph of your 661, coupled with a further exploration of the differentiation of fares for Fifth Freedom traffic, of which I spoke in paragraph 5 of my 836 as a valuable line.

2. By the time we had communicated with Swinton, however, the Conference had already decided to approve all the technical decisions and to refer unfinished business to the Council of the International Organization.

3. I must confess to you that we have found it difficult at this distance to form a clear judgment of the rapidly changing phases of a negotiation so complex in character and far-reaching in scope. Swinton's return will give me an opportunity to conduct with him a comprehensive survey of the problem such as cannot be achieved in an exchange of telegrams.

4. Having reached an understanding, I would propose to give you an account of the plan which we can lay before the Council in order to meet your wishes and, as far as may be possible, fulfil your expectations. You may be sure that your own desire to lay a sound foundation for the future civil air transport system of the world is paralleled by our own.

PRIME

[21a] Copy of telegram obtained from the Franklin D. Roosevelt Library, Hyde Park, N.Y.

[21b] Dated November 30, p. 594.

800.796/12-144 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, December 2, 1944—5 p. m.

10104. Personal for the Ambassador. Your 10608, December 1, 6 p. m. We fully understand the handicaps under which you have laboured. As we have told you we have had much the same difficulties ourselves in that our aviation experts as well as yours are in Chicago. At the same time we have felt that discussions of substance should be confined to Chicago and that representations to the British here and in London should be on the broader lines of the President's messages.

You will have seen from the President's latest message to the Prime Minister [22] that the conference has not adjourned and has on the contrary tabled the Swinton–Berle motion to refer unfinished business to the Council. Your 10608 indicates that your efforts have very definitely borne fruit and we greatly appreciate them.

STETTINIUS

The British Prime Minister (Churchill) to President Roosevelt [23]

LONDON, 6 December 1944.

848. Thank you for your telegram Number 664.[22]

Although I have always felt that these discussions were premature and throw too heavy a burden on our minds at a time when so many anxieties of war weigh down upon us, yet I can assure you that I sympathise completely with your desire to take advantage of these pregnant negotiations at Chicago. It is our considered view, however, that further and, in the end, swifter progress will be made if we have an opportunity here to review the position in every one of its aspects and in its general setting in the world economy.

It is our desire, as it is yours, to reconcile the greatest possible freedom of air commerce with a broad justice to all nations, large and small.

It is your desire, as it is ours, that the free play of enterprise should not degenerate into an exploitation of national advantages which would in the end be found generally intolerable.

We are not satisfied, however, that the projects which have succeeded one another in such profusion during the intricate discussions at Chicago represent the final contribution of human ingenuity towards a solution.

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[22] Telegram 664, December 2, not printed.

[23] Copy of telegram obtained from the Franklin D. Roosevelt Library, Hyde Park, N.Y.

Apart from our own views, we have to take account of Parliament and public opinion.

Criticisms of the Chicago proposals are already appearing in quarters of the press which are in no sense reactionary or narrowly nationalistic. These are symptoms which in the interest of ultimate agreement we cannot ignore. They serve to fortify us in our conviction that we should at this stage consult with our people. From such a consultation we shall expect to reach a clearer comprehension of issues which now seem to us extremely confused and to propound fresh constructive approaches.

PRIME

800.796/12–744

The Chairman of the American Delegation to the International Civil Aviation Conference (Berle) to President Roosevelt

[CHICAGO,] December 7, 1944.

MY DEAR MR. PRESIDENT: I have the honor to report the results of the International Civil Aviation Conference, held at Chicago from November 1 to December 7, 1944.

I

As you are aware, on August 29, 1944, the British Government, through Lord Beaverbrook, requested this Government forthwith to call an international conference on civil aviation, adding that if for political reasons the United States was unable to call such a conference, the British Government would be glad to call it in London. The original of this message is in the files of the State Department.

Later, on September 7, 1944, the Canadian Government delivered to the State Department a memorandum likewise requesting that we call such a conference. The Canadian Delegation in Chicago informed me that this was done not at the request of the British Government but separately.

In response to this, the invitation (Annex I)[23a] was sent to all the governments of the world with the exception of enemy and former enemy governments, and the Government of Argentina. All of the governments accepted this invitation with the exception of Saudi Arabia. Among the governments accepting was the Government of the Soviet Union, a copy of whose acceptance is in the files of the State Department. In this document notation was made that the Soviet Union decided to accept despite the fact that the neutrals were included as well as belligerents, no doubt in recognition of the fact that

[23a] For text of invitation, see Department of State *Bulletin*, September 17, 1944, p. 298.

certain neutrals, notably Sweden and Portugal, held a geographic position requiring their action if world aviation lines were to be opened. Subsequently, the Soviet Union withdrew its acceptance on the ground that Spain, Portugal, and Switzerland were included in the Conference.

Draft agenda was likewise prepared (Annex II) [24] and circulated to the various governments. No suggestions were made thereon, and it became the agenda of the Conference.

Shortly before the convening of the Conference, the British Government published a White Paper (Annex III) [25] without prior consultation with the United States. This publication caused a certain amount of surprise, since it set out very firmly the British insistence that routes should be allocated and rates determined by an international body which should have overriding powers in the economic field. In preparatory discussions the United States had made the point that it could not delegate economic power to an international body except to carry out principles, agreements and law clearly agreed upon between governments.

The United States Delegation consisted of:

Adolf A. Berle, Jr., Assistant Secretary of State, *Chairman*
Josiah W. Bailey, Chairman, Committee on Commerce, United States Senate
Owen Brewster, Member, Committee on Commerce, United States Senate
Alfred L. Bulwinkle, House of Representatives
William A. M. Burden, Assistant Secretary of Commerce for Air
Rear Admiral Richard E. Byrd, U.S.N., Retired
Fiorello H. LaGuardia, Chairman, United States Section, Permanent Joint Board on Defense (Canada–United States)
L. Welch Pogue, Chairman, Civil Aeronautics Board
Edward Warner, Vice Chairman, Civil Aeronautics Board
Charles A. Wolverton, House of Representatives

The Delegation had the services of Mr. Robert A. Lovett, Assistant Secretary of War for Air, and Mr. Artemus L. Gates, Assistant Secretary of the Navy for Air, as Consultants. As Advisers, who might also represent the point of view of the aviation industry, we had the benefit of the services of Colonel H. R. Harris, Chief of Staff, Air Transport Command, and formerly one of the principal operating officers of Pan American–Grace Airways; Commander Paul Richter, U.S.N.R., of the Bureau of Naval Operations, and previously one of the principal operating officers of T.W.A.; Mr. Ralph Damon, Vice President, American Airlines, Inc.; Mr. John C. Cooper, Vice

[24] For text of draft agenda, see Department of State *Bulletin*, October 1, 1944, p. 349.
[25] British Cmd. 6561: *International Air Transport.*

President, Pan American Airways; Mr. Carleton Putnam, President, Chicago and Southern Airlines; and Mr. Frank Russell, National Aircraft War Production Council, Inc. A full list of the Delegation is appended as Annex IV.[26]

II

The Conference convened in Chicago on November 1. Before doing anything else, I invited Lord Swinton, Chairman of the British Delegation, to lunch. After the usual courtesies, Lord Swinton spoke of the White Paper as the unchangeable British position. I pointed out that this White Paper was merely a re-statement of the British position as given to Dr. Warner and myself by Lord Beaverbrook in London in April 1944 in preparatory discussions. We had then made it clear that such a position was substantially impossible of acceptance, since it amounted to mere blanket delegation of power to an international body with no knowledge of what this body was designed to do. We had asked clarification of the British position which we had not got.

Lord Swinton then stated that the British desire was that they should have roughly one half of the Atlantic traffic, and that in general they felt that United States lines should not play any great part beyond the Atlantic gateways. "Did you really think we were going to change our minds?" he asked. The general conception appeared to be that American aviation had no particular reason to exist on the Continents of Europe, Africa and Asia, beyond the seacoast.

I observed that as far as I could see the British Government was asking not merely for United States money and for United States planes, but likewise for United States traffic to put in her planes. Also, other countries besides the United States and Britain had to be considered; nor could we relinquish aviation as a global form of commerce. It did not seem to me that United States airmen would take kindly to the proposition that they were only of use when they were fighting to liberate other countries, after which they were to be asked to get out of the air. We thought there was a large and expanding field with ample room for everyone. Further, development of United States aviation was vital to United States defense and indeed of cardinal importance in stabilizing the post-war world. We felt that more money would be lost than made in operating world routes; but we did attach primary importance to the continuing right of communication and the general spread of contacts, commercial and cultural and otherwise, through the constant shuttling of air traffic throughout the world. This seemed thus a major means by which the world could be unified in peace and understanding.

[26] See Department of State Publication No. 2820, *Proceedings of the International Civil Aviation Conference*, vol. I, pp. 40–41.

At the Second Plenary Session of the Conference three complete statements of position were made: one on behalf of the United States Delegation in the form of a speech to which all of the United States Delegation had assented, even including Senator Brewster; which is attached as Annex V.[27]

Lord Swinton then made a speech setting out the British position, attached as Annex VI.[28]

Mr. C. D. Howe, Chairman of the Canadian Delegation, thereupon made a third position (attached as Annex VII)[29] and propounded a Canadian draft designed to be a bridge between the British and the United States position. This draft is attached as Annex VIII.[30]

The Conference thereupon organized itself in the usual fashion. The details are aptly set forth in the *Proceedings of the Conference* and need not be covered here. We selected as Vice Presidents of the Conference the Chairman of the French Delegation and the Chairman of the Chinese Delegation; and gave chairmanships of the four main committees respectively to Mr. John Martin, of the South African Delegation (this chairmanship had been offered to Lord Swinton, but he declined, saying that he wished to be more in the position of advocate than of moderator), to Dr. M. P. L. Steenberghe, Chairman of the Netherlands Delegation, to myself in connection with routes, and to Dr. Hahnemann Guimarães, Chairman of the Brazilian Delegation. We likewise adopted as a rule that all sessions of the Conference and all sessions of the Committees should be open to the press; but subcommittees would be either open or closed at the discretion of the chairman.

III

The Committees went to work on non-controversial matters, but obviously could not make substantial progress on air transport matters until the exact positions of the United States and Great Britain had finally been clarified. In consequence, the three delegations which had submitted complete plans, namely, the United States, Great Britain, and Canada, went into inter-delegation conferences. These lasted ten days and were strenuous in the extreme. The various documents which appear in the voluminous *Proceedings of the Conference* largely reflect the propositions and counter-propositions which were made in an endeavor to find common ground.

(*a*) *International Organization*

The first problem discussed was that of the power of an international organization. We stated very bluntly that we simply could not cede

[27] See *Proceedings of the International Civil Aviation Conference*, vol. I, pp 55–63.

[28] *Ibid.*, pp. 63–67.

[29] *Ibid.*, pp. 67–74.

[30] *Ibid.*, pp. 570–591.

dispositive power over United States air traffic to any international body in the present state of affairs. For one thing, there was no method or project of creating an impartial regulatory body: instead, the memberships in that body were to be apportioned among states and would represent political interests. Under these circumstances, any international body had to be in the position of applying exact defined rules agreed to by all hands. The fundamental problem was therefore drafting of the rules.

We said we could agree to an international body primarily to stimulate consultation and to make recommendations; and that if recommendations were not satisfactory, the international body might get together the interested parties and cause them to work out their difficulties. The enforcing power would have to remain in the several countries,—an international body at this stage of the game would have neither the machinery nor the prestige to enforce orders. The British finally acceded to this position, agreeing that obligations taken by treaty or agreement were quite adequate to meet the situation. Accordingly, agreement was reached on an international Council responsible to an international Assembly, the Council to have recommendatory powers; and failure to agree to recommendation would give rise to a prompt process of diplomatic consultation.

(*b*) *Avoidance of Rate Wars*

The second problem related to rates. There was general agreement that some method ought to be found of avoiding rate wars and other violences of competition which have disfigured transportation history. Substantial agreement was finally reached on a clause to the general effect that rates should be agreed upon by conferences of air operators analogous to ship operators conferences—a procedure which is specifically authorized by the Civil Aeronautics Act of 1938, and to which the United States can therefore agree. We were fortified in this by an opinion of the Attorney General to the general effect that such agreements were legal provided they were approved by the Civil Aeronautics Board. Since under the recommendatory procedure these agreements would come back to the various countries for acceptance, the procedure would be to have such operators agreements referred to the Civil Aeronautics Board. While the Civil Aeronautics Board does not have general power of enforcement, it could make it plain to any United States operator who violated an agreement that he would thereby forfeit diplomatic protection for his landing and transit rights abroad. It was the opinion of our operating advisers that no airline would violate an agreement thus made. By consequence, we felt that we had an adequate machinery.

Lest the operators conference become simply a new version of a cartel organization, the clause agreed on provided that no operator

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might be excluded and that every operator must be included; and that their agreements must come up for scrutiny before the international organization where any complaint of injustice or hardship could be heard. In such case they could be further reviewed through consultative action in case of serious difficulty.

The rate arrangements were, however, to be part of a general agreement on air transport. This clause was later withdrawn when the other possible arrangements on air transport went by the board.

(*c*) *Rights of Commercial Entry*

Third, we then got down to the main problem of commercial air rights. The British wanted agreements which would severely limit international rights in air transport. They were prepared to concede the so-called "freedoms of the air", namely:

(1) Freedom of innocent transit;
(2) Freedom of technical stop;
(3) Freedom to take traffic from the homeland out to other countries;
(4) Freedom to take traffic from other countries back to the homeland—and possibly, to a limited extent,
(5) Freedom to pick up and discharge traffic between points en route—

if, but only if, their operations were severely limited, traffic routes parceled out, and so forth, by an international body, or conceivably by rules appearing in a convention.

We naturally asked what these rules were to be.

The first position taken by the British was that they wished at all times a 50–50 division of the traffic between the United States and Great Britain in respect of the Atlantic Ocean. We said we were glad to concede equal opportunity, but we saw no reason for conceding half the traffic to Great Britain—especially since a very great part of the traffic would not be with Great Britain at all. Further, more than 50% of the traffic had been of American origin, consisting as it did very largely of Americans going and coming to and from the Continent of Europe. The British formula was that each country should have a right to carry traffic "originated" in that country—origination meaning the traffic embarked therein—irrespective of how it got there or where it came from. We said that if we were talking national origin we should want to know where the traffic began, et cetera, but what we really wanted was reasonable and open competition. Ultimately the British abandoned this point. They then proposed, through the medium of an extremely intricate formula, a plan whose outline is virtually as follows:

Each country on establishing an international route should be allowed to run planes having capacity sufficient to take care of one

half the traffic embarked in the country of origin, destined for the country to which the route was to go. Thereafter, when these planes ran "full" (which in operators language means running at an average of 65% payload), the number of planes or air-carrying capacity running between the points might be increased. The right of increase became known as the "escalator clause".

This sounded simple enough. But on examination it becomes extremely complex. As long as planes are running merely between two points—say, New York to London—it amounts to acceptance of a free competitive system subject only to the requirement that before plane capacity on a run is increased, the operator must show that his existing plane capacity is running substantially full. But if the line runs between more than two countries—say, New York–London–Paris–Rome–Cairo—the question was whether the plane capacity could be increased not merely by through traffic running from New York to Paris, or from New York to Rome, or from New York to Cairo, but also by pick-up traffic which the plane might get between London and Paris, Paris and Rome, and Rome and Cairo. Our own statistics, thoughtfully provided by Dr. Edward Warner, show that between New York and Buenos Aires, for instance, only 15% of the traffic is "through", from the United States terminal to each point. On that basis we would be limited to one plane a week between New York and Buenos Aires—whereas actually we have a thriving trade route with a great many more planes than that. On the basis of one plane a week the operation simply cannot be economical or self-supporting.

Accordingly, we argued that while the British idea offered a good arrangement for the United States across the Atlantic Ocean and possibly across the Pacific, in substance it strangled any United States line beyond the Atlantic gateways. It was even more bitterly unjust to the lines of every other country; for instance, the Netherlands could not operate its KLM line at all. We asked how the British BOAC could run a self-supporting line into India—or the French to the Far East, or the Belgians to the Belgian Congo. The British had no answer to this. It was evident that they expected other arrangements not appearing in the agreement would be made in respect of the European lines, though they at no time disclosed what these arrangements would be. They may have had in mind bilateral agreements with the countries through which they passed by which their lines might pick up traffic; while other lines might not.

It was plain that if the capacity which a United States line could run from, say, New York to Cairo, were limited by the through traffic from New York to Cairo and could only increase as the terminal-to-terminal traffic increased, no sane operator would ever establish such a line. And if the rule were bad for the United States, it

would be hopelessly harsh to small countries like, say, the Netherlands, which do not have anything like the terminal traffic had by the United States.

At one point in the negotiations we thought we had arrived at an agreement with the British by which pick-up traffic might be taken on, and that this traffic might be included in "escalating", that is, in adding plane capacity provided the planes were running full. This was the interpretation we put upon one of the drafts. Dr. Edward Warner, who was handling this phase of the negotiations with the British experts, had a statement from the British experts that they so construed it, and we thought we saw a possible agreement. However, after three days of negotiating on this basis, the British suddenly made it plain that they did not propose to have any pick-up traffic included as a basis for "escalation",—and we were back where we started. I have some reason to believe that this was done on orders from London, but it may have been a misunderstanding between experts during an extremely wearying period of night negotiation.

The Canadians in a last desperate effort to bring about a compromise agreement submitted a plan which went very far towards bridging the gap between the United Kingdom and the United States. With some slight modifications which we were prepared to work out, and if the British had been willing to agree on the escalation features, this would have been an acceptable compromise. However, the British did not agree. It was then that the American draft of what later became the Air Transport Agreement was worked out, first as a proposed Protocol and later as a proposed Executive Agreement.

Lord Swinton at this point stated that he was absolutely limited by his instructions and could do nothing. We accordingly agreed that we would put our respective positions before a joint subcommittee comprising representatives of all the countries at the Conference. Swinton based his entire position in favor of his proposed limitation on the ground that smaller countries had to be protected against having their traffic taken away from them,—apparently by United States competition.

By consequence, after ten days of extremely difficult negotiation, we reported out to the Conference the points on which we had been able to agree; and also our alternative plans.[31] The British plan was one of limitation, as above described; ours was a plan by which each country, having established its transport lines, might increase capacity as rapidly as its planes filled up.

There followed the tensest debate of the Conference. Lord Swinton presented the British view, urging the necessity of protecting

[31] See verbatim minutes of joint plenary meeting of Committees I, III, and IV, November 22, 1944, *Proceedings of the International Civil Aviation Conference*, vol. I, pp. 445 ff.

small nations from competition. I presented the United States view which was for freedom of the air, with competition, and without cartel or other similar agreements, and without limitation except for the proposed arrangement against rate wars, and the "full plane" clause.

(The debate was in fact a modern version of the old controversy when Grotius argued for the freedom of the seas, and Selden argued for the closed seas; a debate which went on in the 17th century until it was finally settled by the British adopting the freedom of the seas. Another almost exact historical analogy is the debate which went on in this country when Livingston in New York tried to argue for limitation and allocation of steamship transportation as against Fulton and Daniel Webster who argued for open transportation and freedom of development of steamships.)

The position taken by the United States was, of course, its classic view. Historically, this country maintained it in connection with the sea. In air matters, the United States Delegation advocated freedom of air transit at Paris in 1919, and at Habana in 1929.[32] The United States Delegation at Chicago solidly supported the policy,—with the exception of Senator Brewster who has continuously argued for monopoly arrangements made between the United States and Great Britain, on the theory that the modern world required proceeding on the basis of power politics.

The close of the debate was dramatic and somewhat unexpected. Fifteen small countries in quick succession got up and protested against the British position. They said it meant strangulation and, far from protecting them, it virtually excluded them from the air. This position, which was supported by all the expert opinion of the Conference, was most ably argued by the Netherlands, obviously to the great surprise of Lord Swinton. At the close of it, the British position was smashed flat, even the Canadians deserting the British and the New Zealanders declining to support their position.

The following day, after consultation, the United States Delegation proposed that all matters which had been agreed upon be embodied in a convention; and that a side agreement consisting of the mutual grant of the "five freedoms" be drawn, open to those countries which wished the exchange as between themselves. This was done after consultation with the Chinese, who urged it; with the delegates of the 19 other American republics, who asked that this be done; and with the delegates of the Scandinavian bloc, which was very firm for some such arrangement. The Netherlanders, Turks, and Spaniards likewise urged some such arrangement.

We accordingly drafted and put in a document along this line.

[32] See *Foreign Relations*, 1926, vol. I, pp. 145 ff., and *ibid.*, 1929, vol. I, pp. 489 ff., respectively.

IV

Lord Swinton then asked whether we would not join in a motion transmitting all of the matters not yet agreed upon to the proposed Interim Council for further study and report. This was in accordance with the agenda of the Conference, since at the time of calling the Conference all of us had contemplated this possibility. I declined to make the motion but said that if Lord Swinton would make it, I would second it, and in subcommittee the motion was made and seconded. Mayor La Guardia gave notice that he would like to speak on the motion in Plenary Session.

The following day a Plenary Session of the Joint Subcommittee was held, and La Guardia spoke.[33] He said that if we could not get "five freedoms", we ought to get four, and if we could not get four, we ought to at least have freedom of transit and technical stop.

Lord Swinton then made a speech which was equivocal but which was interpreted as meaning that the British would join in agreement on the "two freedoms"—right of transit and technical stop. He said he would be glad to make his position plain if a motion to that effect were made. At once and unexpectedly, the Netherlands Delegate made such a motion. This obviously took the British Delegation by surprise. I was presiding and I adjourned the Plenary Session, referring the motion to the Joint Subcommittee for discussion and report.

On the following day, the British stated that they were prepared to accept agreement covering the "two freedoms"—right of transit and technical stop. This in turn surprised us, because Swinton had steadily and bitterly opposed any such agreement throughout the entire Conference—saying that they could not touch freedom of transit and technical stop except as a part of an agreement including the "controls" on which we had been unable to agree.* Thereupon, taking the United States document proposing mutual exchange of the "five freedoms", the British drafted an almost exactly similar docu-

[33] See *Proceedings of the International Civil Aviation Conference*, vol. I, pp. 493–498.

*I think that part of the reason for this was that everyone by this time knew exactly the real interests involved. Freedom of transit and technical stop meant on the British part grant of stop at Newfoundland, which makes transit possible across the Atlantic. At the moment, there is no commercial route across the Atlantic which does not involve the transit of Newfoundland and a stop at a Newfoundland point—this being the nearest North American landing both to Iceland and to the Azores. On our side, freedom of transit means permitting a stop at Hawaii or the Aleutians, thereby making it possible to connect Australia and New Zealand with Canada, an old and entirely legitimate ambition. Had the British opposed publicly the "two freedoms", they would have been in a position of keeping Australia and Canada disconnected, and at the same time of endeavoring to prevent American commercial crossings in the Atlantic—a position which would have been hard to justify before the public opinion both of the United States and of the British Commonwealth. [Footnote in the original.]

ment containing mutual exchange of the "two freedoms" among the countries signatory to it. This, as a second side agreement, was proposed and approved by the Conference.

For the United States, this was a real gain.

The countries which agreed to exchange between themselves the "five freedoms" were isolated blocs in various parts of the world—and the blocs could not interconnect. But with freedom of transit and technical stop these countries could interconnect and thereby enable commerce to be carried on.

Meanwhile, we had been canvassing the question of bilateral agreements, along the lines of a standard form which was being worked out in Committee III,[34] with those countries which might not wish to sign multilateral documents granting freedom of transit and commercial entry. We obtained a number of understandings looking towards these agreements. Among the countries which proposed to enter into such agreements were: Portugal, Spain, Belgium, Iceland, Greece, Turkey, Sweden (who also proposed to sign the "five freedoms"), Czechoslovakia, Poland, Lebanon, Iraq, and Canada.[35] It was likewise plain that a number of other countries wished to enter negotiations as rapidly as possible. We were prepared to carry these to a conclusion at Chicago. However, on Monday, December 4, a shift in the State Department personnel took place and the Chairman of the United States Delegation, having been Assistant Secretary of State in charge of air matters, ceased to hold that position.[36] This left no one in Chicago authorized to sign such agreements; and it likewise created some doubt in the minds of the other countries as to whether a shift in United States air policy was not imminent. They were later reassured on that score; but a short period of difficulty ensued which was happily worked out by the very solid and self-assured conduct of the United States Delegation to which I am extremely grateful. Some of these documents have since been signed in Washington. A number of other negotiations are pending, capable of being brought to a successful close if they are followed up.

While this had been going on, a huge amount of work had been going on also in the field of standardizing technical practices, services,

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[34] See resolution VIII containing the standard form of agreement for provisional air routes, *Proceedings of the International Civil Aviation Conference*, vol. I, pp. 127–129.

[35] By the end of December 1944, agreements had been negotiated with three countries. An agreement with Spain was signed on December 2, 1944; for text, see Department of State Executive Agreement Series No. 432, or 58 Stat. (pt. 2) 1473. On December 16, 1944, agreements were signed with Denmark and Sweden; for texts, see Department of State Executive Agreement Series Nos. 430 and 431, or 58 Stat. (pt. 2) 1458 and 1466.

[36] For information regarding the resignation of Mr. Berle as Assistant Secretary of State, see Department of State *Bulletin*, December 10, 1944, p. 694.

and requirements. This is being separately reported on by the Civil Aeronautics Board, and no better testimony to the tremendous scope of the work can be found than in the very large number of agreed documents in ten separate technical fields which appear as annexes to the main Convention and the interim agreements. Technicians generally agree that this is a major advance in handling technical arrangements so that planes can fly safely throughout the world, which has yet been taken. I cannot pay too high tribute to the corps of United States experts who worked up the material in advance of the Conference, and were able to convince the foreign delegations that they were both practicable and wise. In general, it may be said that the United States technicians gave a base for the handling of technical air practices throughout the world, and that the world, having examined them, was glad to accept the base they proposed.

The documents proposing an Interim Council and Assembly to handle air matters until such time as a permanent convention might be ratified by not less than twenty-six nations, were so drawn as to leave the choice of the first Interim Council and the seat thereof to the Conference itself. The seat was disposed of after a spirited contest between the French Delegation, which wished to have the seat at Paris, and the American countries who wanted to have it in Canada. In a close vote, Canada was selected as the choice for the seat of the Interim Council, and the choice of the permanent seat was left for the Assembly as and when the Convention should have been ratified.

Likewise, the Conference was to choose the Interim Council, and this precipitated a tide of electioneering and political deals which would have done credit to a municipal election. The American republics argued that since they constituted more than a third of the countries represented, they were entitled to seven out of the 21 seats on the Council. The British obviously wanted a much heavier representation of Europe, and later it appeared that they were insistent on the representation of India—a point which did not appeal to most of the other countries present because they thought India did not have an independent air policy. At a closed Plenary Session of the Conference elections were held by ballot, the results of which appear in the *Proceedings*. The memberships in the Council were to be distributed among three categories:

(1) Major air operators, which, under the ruling of the Executive Committee, were to be eight in number, leaving one vacancy to be filled by the Soviet Union should she later adhere to the arrangement;

(2) Countries which contributed facilities in air operation, which were fixed at five in number;

(3) Eight countries which were to be so distributed as to assure geographical representation of the various regions of the world.

The balloting finally resulted in a not unintelligent distribution of countries in these various categories; giving, however, seven seats to Latin America and six to the Continent of Europe, and not including India. At the closing Plenary Session of the Conference, Norway, which had been elected to the Council, proposed to retire in favor of India. I then consulted with the American bloc, saying that I thought it would be a useful and generous gesture if El Salvador, which had been elected as representing Central America, would resign in favor of India and decline to accept the Norway resignation. Salvador declined to do this; but Cuba, which had played a leading part, offered to make the sacrifice. The attitude of the Cuban Delegation is entitled to the highest commendation in this regard; and I may add that I think it creates an obligation for the United States to support Cuba on the next occasion when a Latin American choice has to be made. It was not easy for the Cuban Delegation, which had won a fair victory in an open field, to sacrifice this position. For that matter, there was something ironical in having Cuba dash to the rescue of the British Empire which had been unable to obtain general support for her insistence on the inclusion of India.

By unanimous consent it was determined not to accept Norway's renunciation, to accept Cuba's with great thanks, and to elect India in her place. Thereupon the British and the Indians, who had been saying in substance that if arrangements were not made they would not sign any papers, came into camp.

The Conference thereupon came to a close.

In result, we have:

(1) A permanent convention providing for permanent international organization, and providing for technical standardization, and bringing up to date the air navigation provisions of the Conventions of Paris and of Habana;

(2) An interim agreement capable of being put into effect by executive action covering substantially the same ground *ad interim* prior to ratification of the Convention;

(3) A document by which the signatories thereto mutually exchange rights of freedom of transit and freedom of non-traffic stop (document of the "two freedoms") capable in my judgment of being put into effect as an executive agreement under the powers delegated to the President and the Civil Aeronautics Board by the Civil Aeronautics Act of 1938;

(4) A document by which the signatories reciprocally grant to each other the "five freedoms" (commonly known as the "five freedoms" or United States document), likewise in my judgment capable of being put into effect as an executive agreement; and

(5) A set of completed or partially completed negotiations for bilateral agreements between the United States and a considerable number of countries in various parts of the world.

So far as the strictly American interest is concerned, the combination of bilateral agreements, right of transit and technical stop, and "five freedoms" agreements vastly enlarged possibilities presently available to American aviation. The full benefits for American aviation cannot be completely ascertained until the negotiations for bilateral agreements are concluded; but the commitments obtained are such as to make it plain that these, if properly handled, can be brought to prompt fruition.

On the international side, the great issue of air transport has been faced and met; the positions are fully understood; an international organization capable of administering the agreements made has been established, and the same organization is charged with the duty of carrying forward further study in those respects on which agreement was not reached.

This is rather more than the Department of State and the United States Delegation had expected to be able to obtain when the Conference assembled.

Finally, a substantial beginning has been made towards opening the air to commerce. It is not too much to say that we entered the Conference in the law and atmosphere of the 17th century; and we came out with a fair prospect of obtaining 20th century conditions.

Faithfully yours, ADOLF A. BERLE, JR.

[The following documents were opened for signature at Chicago on December 7, 1944:

(1) Interim Agreement on International Civil Aviation, Department of State Executive Agreement Series No. 469, or 59 Stat. (pt. 2) 1516.

(2) International Air Services Transit Agreement, Department of State Executive Agreement Series No. 487, or 59 Stat. (pt. 2) 1693.

(3) International Air Transport Agreement, Department of State Executive Agreement Series No. 488, or 59 Stat. (pt. 2) 1701.

(4) Convention on International Civil Aviation, Department of State Treaties and Other International Acts Series No. 1591, or 61 Stat. (pt. 2) 1180.

In a circular telegram of February 8, 1945, the Department of State announced its acceptance of the three agreements, with understandings; for text of telegram, see Department of State *Bulletin*, February 11, 1945, pages 198–199. For texts of letters exchanged between Senator Bilbo and Acting Secretary of State Grew on May 23 and June 9, 1945, concerning the acceptance of the three agreements as Executive Agreements, see *ibid.*, June 17, 1945, pages 1101–1103.

The Convention on International Civil Aviation was sent to the President for transmission to the Congress in a covering letter from Acting Secretary of State Grew dated March 5, 1945; for text, see Department of State *Bulletin*, March 18, 1945, pages 436–438.

A tabulation, compiled to November 23, 1945, containing dates of signature of the three agreements and the convention and subsequent action taken by the various countries, is printed in Department of State *Bulletin*, November 25, 1945, page 873.]

ANGLO-AMERICAN-SOVIET DISCUSSIONS REGARDING THE ESTABLISHMENT OF A EUROPEAN ECONOMIC COMMITTEE AND A EUROPEAN COAL ORGANIZATION

840.50/8–1744

The British Minister (Campbell) to the Under Secretary of State (Stettinius)

WASHINGTON, 17 August, 1944.

MY DEAR MR. UNDER SECRETARY: The State Department will recollect the reasons which earlier in the year led the Czechoslovak delegate to raise certain issues in the Regional European Committee of the United Nations Relief and Rehabilitation Administration. The questions put by the Czechoslovak delegate (in the form of a letter, which has become known as the Nemec letter)[1] may be summarised as follows:

(*a*) What services and supplies (especially of raw materials) will be provided by the United Nations Relief and Rehabilitation Administration within the definition of Resolution I of the First Council?[2]

(*b*) What principles, having regard to the general need of avoiding an unruly scramble for available supplies, should guide member states in their attempts to obtain their import requirements of goods which the United Nations Relief and Rehabilitation Administration will not provide or will provide only in part? Are member states bound in this respect by the resolution passed at St. James' Palace in September 1941 under which they undertook to coordinate their plans for obtaining food, raw materials and articles of prime necessity for liberated countries?[3]

The questions put by the Czechoslovak member of the Committee of the Council (of UNRRA) for Europe have led H.M. Government to consider how best to deal with the requirements of liberated coun-

[1] The letter of the Czechoslovak delegate, Frantisek Nemec, not printed, dated February 29, 1944, and addressed to Sir Frederick Leith-Ross, Chairman of the Inter-Allied Committee on Postwar Requirements, was presented at the third meeting of the European Regional Committee, on March 28, 1944.

[2] For text of Resolution No. 1, see Department of State publication No. 2040, Conference Series No. 53: *First Session of the Council of the United Nations Relief and Rehabilitation Administration, Selected Documents, Atlantic City, New Jersey, November 10–December 1, 1943*, (Washington, Government Printing Office, 1944), p. 27.

[3] See British Cmd. 6315, Miscellaneous No. 3 (1941): *Inter-Allied Meeting Held in London at St. James's Palace on September 24, 1941, Report of Proceedings.*

tries which fall outside the scope of the United Nations Relief and Rehabilitation Administration.

I accordingly attach a memorandum in which my Government has stated the manner in which it feels that the supply aspect of a number of the economic problems which will arise in Europe after liberation might be dealt with. You will note that these proposals have not yet been fully worked out but you will see that what my Government has in mind is broadly to evolve a system which will bring the European Allies together on their reconstruction and raw materials problems while at the same time preserving to the Combined Boards [4] the control which is essential if a scramble for supplies on world markets is to be avoided.

Believe me [etc.] RONALD I. CAMPBELL

[Enclosure]

MEMORANDUM

It will be recollected by the United States Government that the letter addressed by Mr. Nemec on behalf of the Czechoslovak Government to the London office of the United Nations Relief and Rehabilitation Administration on February 29, 1944 drew attention to the urgent need for materials to provide employment and to restore normal life in the industrial areas of liberated territories in addition to those materials which fall within the strict definition of relief and rehabilitation as laid down in the Resolutions adopted by the First Session of the Council of the United Nations Relief and Rehabilitation Administration at Atlantic City in November 1943. As a result His Majesty's Government in the United Kingdom have given consideration how best to deal with those requirements of liberated countries which fall outside the scope of the United Nations Relief and Rehabilitation Administration.

2. His Majesty's Government consider that whilst there would be advantage in the United Nations Relief and Rehabilitation scrutinising all these requirements generally, with a view to deciding which of them it could properly handle, they would not wish this procedure to lead to an extension of the scope of the United Nations Relief and Rehabilitation Administration in the direction of reconstruction. Nor do they consider that the lists of Allied requirements which the United Nations Relief and Rehabilitation regard as beyond their scope should necessarily be sent in that form to the Combined Boards (unless the Combined Boards would like to see them for purposes of information).

[4] For information concerning the Combined Boards and other international agencies established among the United Nations to deal with various phases of the war, see Department of State *Bulletin*, January 16, 1943, pp. 66 ff. Regarding the Combined Boards, see also *ante*, pp. 16 ff., *passim*.

3. The reasons that influence His Majesty's Government in the above views are: First, many of the requirements in this field will be for goods which by their nature are unsuitable for the technique of programming and allocation. Secondly, in any case, the Combined Boards would probably not be able to recommend sources of procurement now on requirements which are necessarily some way ahead in time, likely to be drastically revised after liberation and in some cases, never likely to result in firm orders owing to lack of finance. Thirdly, the total list of requirements produced will very likely include a number of requirements which can be met by Intra-European trade and with which the Combined Boards may not wish to concern themselves at any rate in the first instance.

4. Except where the United Nations Relief and Rehabilitation Administration is unable or unwilling, for lack of finance, to provide for the emergency rehabilitation which all agree to be urgently necessary, it is the view of His Majesty's Government, that the requirements which cannot be dealt with by the United Nations Relief and Rehabilitation Administration must in general await detailed certification when the actual position in the various European countries can be properly ascertained. His Majesty's Government consider that the chief effort for the present should be concentrated on inducing the European countries to prepare to help themselves and meet each other's requirements to the largest possible extent. The European countries will inevitably be somewhat discouraged if they cannot be offered guidance on how their reconstruction requirements can be considered.

5. It may be assumed that in due course proposals will be put forward for financing reconstruction which will be of benefit to the Czechoslovak Government and other Governments which are without liquid funds, though disposing in some cases at least of considerable industrial potential, including a fair percentage of skilled labour which may only require raw materials to produce supplies urgently needed by their European neighbours.

6. For these reasons, His Majesty's Government consider that some preparatory steps should be undertaken without delay. They have been considering the possible establishment in London of some kind of European Economic Committee. This body might comprise representatives of all the European countries (but not, for the present, neutral and ex-enemy states), as well as the United Kingdom, the United States and Soviet representatives, whose guidance would be necessary at every stage. The proposed Committee would be an advisory body of not too formal a kind, constituted in such a way that it could, if necessary, be adapted to become the economic organ of the United Nations Commission for Europe, suggested in the United

Kingdom memorandum of the 1st of July, 1943,[5] which was discussed by the Moscow Conference in connection with the European Advisory Commission.

7. The main object of this new committee would be to act as a clearing house for discussion between the various European states of the question of policy which they would have to settle in order to ensure the maximum interchange of goods (including food and raw materials) between themselves in the post-military period. At the least such a body would provide a means by which the Allies could discuss problems such as those raised by Mr. Nemec, and that is no doubt their most immediate task. It would probably be desirable at the outset at least to exclude from its functions the consideration of economic policy towards Germany, though the manner of linking it with the machinery for controlling German economy will require careful consideration in due course, and His Majesty's Government intend to give further thought to this problem. It is likely that such a body could not make much progress in establishing detailed requirements or in arranging for the actual disposition of supplies to meet them, but it would prepare the path for this. The proposed Committee, His Majesty's Government suggest, should not attempt to deal with actual procurement or movement of supplies but rather with the possibility and methods of collaboration between the European allies on reconstruction matters.

8. In the meanwhile, His Majesty's Government think it is important that the manner in which European resources, particularly of Raw Materials and some foodstuffs, should be mobilized, should be discussed by them with the United States Government so that the best guidance can be offered to the European Governments. Many raw materials and some foodstuffs needed in Europe can be supplied partly from within Europe and partly from overseas. The first necessity is to know total requirements and the extent to which they can be met from within Europe when the necessary information is available. His Majesty's Government think that these facts should be worked out by the European Allies themselves. There should then be discussion between the Allies and the Combined Boards on how requirements can be met from the most convenient source of supply. If this were done the Boards themselves could keep to their main job of allocating supplies to go into Continental Europe, and to the allocation of certain designated indigenous European supplies needed for the war efforts, e.g., Scandinavian (but not necessarily Balkan) soft woods, hides, and also of critical materials such as synthetic rubber. The detailed work of assessing non-designated European supplies and their detailed disposition could be left to a European body which

[5] See Conference Document No. 7, *Foreign Relations*, 1943, vol. I, p. 708 (especially paragraph No. Nine), and footnote 84, p. 710.

though not formally subordinate to the Combined Boards would collaborate closely with them and act within the framework of their allocations. If this development took place these European controls could take their place as part of the machinery referred to in paragraph 6 above.

WASHINGTON, 17 August, 1944.

840.50/8–2344

The British Embassy to the Department of State

AIDE-MÉMOIRE

In H.M. Embassy's memorandum of 17th August on the handling of requirements for reconstruction in Europe, reference was made to the possible establishment of a European Economic Committee in London. H.M. Government have been giving further and urgent consideration to this question and feel that an amplification of their views might be of interest to the U.S. Government.

2. Just as, in matters of relief and rehabilitation, the basic principle of the United Nations Relief and Rehabilitation Administration is to help the liberated countries to help themselves, so in H.M. Government's view should this principle guide the approach to the problems of reconstruction. The Anglo-American supply machinery is already strained for the prosecution of the war and the maintenance of the civilian economies of the countries from which supplies are drawn. It is therefore essential that every possible resource in Europe should be utilized to the full before further demands are made on the overseas sources. From this it would follow that the liberated countries of Europe should first formulate and attempt to harmonize their policies in the economic field and to define what may be needed from outside the Continent of Europe before demands for these needs are placed on outside resources. Only after such consideration should the Anglo-U.S. supply machinery be called in to assist.

3. If however the principle which has been enunciated above is to be put into effect there must be established an organisation in Europe through which the necessary consultation between European Allied countries can be achieved. It was with this in mind that H.M. Government put forward the proposal for a European Economic Committee. In such a Committee representatives of the European Allies under the joint guidance of the United States, the Union of Soviet Socialist Republics and of the United Kingdom could discuss such matters as their several intentions in the matter of economic policy, the manner in which they propose to help one another and the extent of their initial commercial intercourse with neutrals. The Commit-

tee would, for example, consider such matters of common concern as the national agricultural and industrial policies of the various European countries and their effects on their neighbours. They would discuss the respective claims of countries represented on the Committee to materials and goods in short supply. In support of their request for help from outside Europe the countries will wish to, and indeed should, demonstrate that they can and will institute all proper safeguards to ensure not only that maximum use is made of resources available in each domestically but also that what is received through the offices of Anglo-U.S. supply machinery is used to fullest advantage. The Committee would exchange views and information accordingly on the measures which each contemplated within its boundaries in such matters as rationing, distribution, grain collection and dehoarding, black market, and kindred measures necessary for the orderly reconstitution of their economies.

4. It would then be necessary to consider, in the light of knowledge of the intentions, proposed policies and defined needs of the European countries and in the light of the views expressed by the American, British and Russian representatives on the European Committee, to what extent it was desirable to meet European countries' requests through the agency of Combined Supply machinery, and on what terms. One of the terms of help would naturally be that the applicant countries should undertake to make their purchases from sources, in quantities, and according to methods, acceptable to the governments represented on the Combined Boards and, where desired, should find for the Boards raw materials, finished goods, capacity and even manpower from resources at their disposal. These matters could best be discussed in Washington through the media of the consultative bodies already established by the U.S. Government and H.M. Government, in which in some cases the Government of Canada participates.

5. Some steps have already been taken which might assist in the evolution of the proposed Committee. Economic Liaison Groups for France and Belgium respectively have been set up in London with the assistance of the U.S. Government in conjunction with both the French authorities and the Belgian Government. The purpose of each of these two Groups has been to afford a means for free discussion of economic questions affecting French and Belgian interests. They have formed a most useful means for full and informal discussion of problems both relating to the overseas empires of these two countries and to the general economic problems likely to be faced after liberation of metropolitan France and Belgium. It has always been understood in these Committees, however, that major questions of policy relating to the work of the Combined Boards would be resolved

627-819—67——40

in Washington and formal tripartite bodies were established in Washington for this purpose.

6. H.M. Government has had under consideration the establishment of similar Economic Liaison Groups with the Dutch and Norwegian Governments. Once these two additional groups were established, these Economic Liaison Groups could rapidly be developed into a pluripartite organisation which might become the nucleus of a European Economic Committee. The march of military events in Europe makes it, in the view of H.M. Government, a matter of extreme urgency to press forward with every step that may be of assistance to the end of establishing the widest possible form of collaboration on economic matters between European countries. There may be considerable areas or even whole countries in which there will be no military period as it has been understood in the past. These would be hiatus areas for which, apart from procurement undertaken under Plan A,[6] no one has any defined responsibilities. In view of military developments H.M. Government considers that the establishment of these two further groups should be undertaken as a matter of urgency.

7. If the U.S. Government should agree with the setting up of Economic Liaison Groups for the Dutch and Norwegian Governments with a view to their early amalgamation with the existing Groups, H.M. Government would propose forthwith to invite the Norwegian and Dutch Governments to participate. Simultaneously H.M. Government would suggest that the U.S. Government should join with them in proposing the formation of the European Economic Committee to the Union of Soviet Socialist Republics.

8. It would moreover seem to be desirable to make arrangements for informal consultation between the United States, United Kingdom and Soviet representatives on the proposed economic committee so that there might be a full exchange of views between these three Governments as to the best advice and guidance to be given to the other European countries represented on the Committee on economic matters. Subject to the agreement of the U.S. Government, H.M. Government would therefore suggest that:

(*a*) the Soviet Government be consulted as soon as possible about the establishment of the European Economic Committee

(*b*) the Soviet Government be informed of the desire of the U.S. Government and H.M. Government to arrange for informal consultation between the three Governments on subjects within the terms of reference of the European Economic Committee, and

[6] Plan A represented a set of figures with respect to a program of supplies (for all the areas of Europe to be liberated) which was produced by a working party of representatives of the Department of State, the Foreign Economic Administration, and the International Division of the Army, which was given official approval by the Combined Civil Affairs Committee on February 17, 1944; for further information on this subject, see an article entitled "Supplies for Liberated Areas", in the Department of State *Bulletin*, May 20, 1944, p. 469.

(*c*) the Soviet Government be further informed that the U.S. Government and H.M. Government have already taken steps to set up a Combined Liberated Areas Committee[7] whose primary task will be to coordinate Anglo-U.S. action for making available the combined supply machinery in meeting where they can the needs of European countries.

WASHINGTON, 23 August, 1944.

840.50/9-2244 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 22, 1944—10 a. m.
[Received September 22—9 : 10 a. m.]

7857. For Acheson,[8] Taft[9] and Hawkins[10] from Mitchell and Jackson.[11]

(1) It seems urgent to press for prompt action in setting up the proposed European Economic Commission along lines of recent communications with British in Washington. SHAEF[12] has cabled Combined Chiefs (cannot give you reference number due to present communications difficulty) pointing out the almost insuperable difficulties in its trying to handle problems involving the application of surpluses in one continental ally against needs of deficit countries when such problems are not essentially incident to military operations. For example, it is believed that there will be substantial surpluses of dairy and meat products in Denmark which, if they were distributed in Continental Europe, would lessen overseas imports to the Continent, but unless some action is taken, may well be sold for UK consumption with the result of increasing still further the present disparity between the food standards in the UK and the Continent. Similar problem may arise in connection with Norwegian fish. SHAEF has suggested that these problems should be considered as outside its scope.

(2) There seems to be general agreement among US representatives here that an organization like the proposed commission would

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[7] For documentation on this subject, see pp. 301 ff.

[8] Dean G. Acheson, Assistant Secretary of State.

[9] Charles P. Taft, Director of the Office of Wartime Economic Affairs.

[10] Harry C. Hawkins, who served as Director of the Office of Economic Affairs from January 15 until September 12, 1944, at which time he was named Counselor of Embassy for Economic Affairs at London.

[11] Sidney Mitchell, Chief of Liberated Areas Division, and Wayne G. Jackson, Adviser, Supply and Resources Division, who had been instructed early in September to proceed to Europe to confer with military and civilian officials in regard to current supply and other economic problems and in regard to administrative relationships.

[12] Supreme Headquarters, Allied Expeditionary Force.

be most useful and that the need for it exists now. The centralization of Western European matters in London is already ended to a considerable degree. The French and Belgian Governments are in their respective countries as well as the corresponding country desks of SHAEF. The Dutch Government and SHAEF country desk are on the Continent and about to move into the Netherlands. Consequently, a means of providing a central consultative mechanism becomes increasingly necessary.

(3) It likewise appears urgent that the designation of economic representatives for Western European countries be made at the earliest moment. SHAEF is apparently anxious to have civilian assistance with its country desks and the sooner the Department makes personnel available the better. General Scowden [13] points out that in many cases the provision of non-military supplies during the military period may have political as well as economic implications and he would like to look to our Embassies for guidance.

[Here follows paragraph on personnel assignments.]

WINANT

840.50/8–2344

The Department of State to the British Embassy

AIDE-MÉMOIRE

Reference is made to the memorandum of the British Embassy dated August 17 and the *aide-mémoire* presented by Sir Ronald Campbell at a meeting with officers of the Department on August 23 relating to the possible establishment of a European Economic Committee. In the opinion of the Department, these suggestions require further consideration and clarification between the two Governments. To this end, the Department submits the following preliminary comments on the British proposals.

This Government is in accord with the statement of the British Government that the chief effort for the present should be concentrated on encouraging the liberated nations of Europe to help themselves in meeting each other's requirements for civilian consumption and for reconstruction to the largest extent possible. It agrees further that this important purpose may be facilitated by the provision of some sort of forum or clearing house for discussion among the European states of questions which must be settled in order to ensure the maximum effective interchange among them of food, raw materials, and capital goods in the early post-military period. It is not considered, however, that such an organization should perform ad-

[13] With SHAEF, G–5, at Paris, to provide civil affairs supplies to France.

ministrative functions as distinguished from those of a recommendatory character.

It is the Department's view that it will be most profitable to concentrate at this time on the consideration of the utility of such a clearing house during the period of tight supply situations—whether occasioned by material shortages or transport difficulties. It is suggested that a European Economic Committee might during such period be of service in providing for discussion and recommendation to the several interested Governments regarding the following matters:

1. The revival of European trade; its reorientation from the pattern set under German control; the removal as rapidly as supply conditions permit of wartime controls and regulations and the taking of steps in the direction of multilateral non-discriminatory trade; and the adoption progressively in the transition period and thereafter of the policies with respect to the foreign exchange and their regulation and control which were laid down at Bretton Woods.[14]
2. The most effective methods of procuring those supplies in Europe which are needed by the Allies in the war against Japan.
3. The most effective distribution within the European continent of materials in tight supply so as to reduce demands for those items out of overseas supplies.
4. Reconversion, reconstruction and general economic development policies and programs with special reference to harmonizing from the point of view of time the several programs of the individual nations of the area in order to make possible their execution within the potentialities of supply.
5. Possibly, considerations relating to the financial resources and balance of payments situations of the several nations involved.

In these suggestions, this Government shares the view advanced by the British Government that such a Committee should be concerned primarily with policies of the European nations and methods of collaboration among them relating to the revival of trade within Europe and the reconstruction of such nations rather than with the actual procurement or movement of supplies or with the detailed approval of specific import programs of individual nations. It does not appear feasible at this time further to specify the exact nature of the questions with which such a Committee might deal.

If further discussion between our two Governments should result in agreement to suggest the establishment of such a body, the Department would recommend that its organization be of the simplest, most informal kind with a maximum of flexibility to adapt itself to varying problems and changing circumstances. This Government would also suggest that principal members of the Committee should be the representatives of the Allied Nations of the Continent, with adequate provision for close collaboration with the German and Italian Control

[14] For documentation on the United Nations Monetary and Financial Conference, held at Bretton Woods, New Hampshire, July 1–22, 1944, see pp. 106 ff.

Commissions and with representation of UNRRA and of the proposed European Inland Transport Organization.[16] The representatives of the United States, United Kingdom and the U.S.S.R. would be full members but in a broad advisory capacity.

For certain purposes it might be desirable and necessary to obtain at least limited participation by European neutral nations. The Department's views on the policies with respect to neutrals will be expressed in a separate memorandum in reply to the memorandum of the British Embassy of August 24, 1944.[17]

The Committee should draw upon the best specialized economic and technical personnel of the several member countries for particular problems. It would appear desirable to set up simultaneously with the establishment of the main body subcommittees to deal with the urgent problems of coal and electric power which are currently under discussion in London and Washington.

Since the Committee would consist primarily of representatives of continental states and since its purpose would be basically to assist the liberated countries to help themselves, this Government takes the view that it would probably be best for the headquarters of the Committee to be moved to the continent as soon as practicable.

It is suggested that in accordance with the second British *Aide-Mémoire* further discussions take place at once between British, American and Soviet representatives on the basis of this and the British documents referred to above, with a view to the preparation of a definitive memorandum to serve as a basis for speedy consultation with the interested Governments. A copy of this *Aide-Mémoire* is therefore being transmitted to the Soviet Government. The British Government will no doubt wish to take corresponding action.

The British Government has suggested that as preliminary to the organization of the proposed Committee, there be organized Netherlands and Norwegian Tripartite Committees similar to those now existing for France and Belgium. This Government believes that this step is unnecessary since presumably once the European Economic Committee is established the present Tripartite groups would disband.

WASHINGTON, September 27, 1944.

840.50/8–2344

The Secretary of State to the Soviet Ambassador (Gromyko)

WASHINGTON, September 27, 1944.

MY DEAR MR. AMBASSADOR: It has been increasingly clear that economic cooperation between the European nations becomes essential

[16] See pp. 743 ff.

[17] For text of British note of August 24 and the Department's reply of September 12, see pp. 137 and 140, respectively.

as they are liberated. The United States Government has been asked by the British Government to express its views upon the establishment of a European Economic Committee composed of representatives of the European Allies under the joint guidance of the Soviet Socialist Republics, the United Kingdom, and the United States.

The British Government has proposed that if the United States Government approves of the suggestion, the Soviet Union be consulted and arrangements made for informal consultation between the three governments.

A copy of the *Aide-Mémoire* which is being currently delivered to the British Government is transmitted herewith.[18] In this *Aide-Mémoire* the suggestion is made that consultation take place at the earliest possible date upon the matters therein proposed. It is hoped that the Soviet Socialist Republics will concur in this suggestion.

Sincerely yours, CORDELL HULL

840.50/10–744 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 7, 1944—noon.

8208. Your 7857 of September 22 and Department's 8015 of September 30.[19] Department is of opinion and has so informed British Embassy here that preliminary discussions concerning proposed European Economic Commission should be held in London. Text of Department's Memorandum is being sent under cover of instruction by air pouch.[20] Department suggests that you await arrival of text before entering discussions with British and Russian representatives. You may wish, however, to indicate to Foreign Office and Russian Ambassador your anxiety to inaugurate the talks at early date. It is suggested that Sidney Mitchell and Wayne Jackson, who participated fully in discussions within the Department preparatory to draft of reply, may be helpful to you in talking to British and Russians on subject under reference. Department is telegraphing AmEmbassy Moscow[21] informing it in foregoing sense and requesting Harriman to discuss the matter with appropriate Russian officials with a view to expediting early designation and briefing of Russian representative in London for these talks.

HULL

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[18] *Supra.*

[19] Telegram 8015, September 30, not printed; it contained a summary of the Department's *aide-mémoire* of September 27 to the British Embassy, p. 622.

[20] Instruction not printed.

[21] Telegram 2379, October 7, noon, not printed.

840.50/10-1644

Memorandum of Conversation, by the Director of the Office of Wartime Economic Affairs (Taft)

[WASHINGTON,] October 16, 1944.

Subject: Meeting at 3:15, October 14, 1944, with Messrs. Opie [22] (British Embassy), Acheson, Hiss,[23] Collado.[24]

Opie under instructions expressed the displeasure of the Secretary of State [24a] with the transmission to the Russians of the copy of our reply to the notes of Sir Ronald Campbell on the European Economic Committee. He said it was considered discourteous but also confusing, and therefore did not feel it had advanced the situation. Mr. Acheson said he regretted that the Foreign Office should have occasion for any disturbance. Mr. Opie said he had tried to soften their reaction by quoting to them what Mr. Taft had said as to insistence upon this course by our political experts.

Mr. Opie then said that instructions had been sent by the Foreign Office to Moscow to present to the Russians a précis of the British documents, and to urge that if they approved of the suggestions they should send instructions to their Embassy in London to begin discussions. Mr. Opie asked that we take parallel action. Mr. Taft stated that Mr. Harriman had been asked to indicate to the Russians that we expected discussion to take place in London. Mr. Opie felt this met his request.

Mr. Opie then asked that we join the British in now urging Moscow to reply as soon as possible, and on the basis of that contact to let us know their estimate of how soon a reply could be expected. He suggested that we might indicate to our ambassadors, not for communication, that if a long time is estimated, we would consider proposed joint discussions in London with a Russian observer.

Mr. Taft asked if discussions had not already taken place with the European countries. Mr. Opie said Ronald [25] had talked to a group, but on an informal basis. No formal approach had been made.

Later Opie called Mr. Taft to say that on re-reading the telegram, what was desired was our instructions to London, not Moscow. Mr. Taft read from telegram to Winant: "You may want to communicate to the Foreign Office and to the Embassy in Russia that you are anxious to begin the conversations at an early date." Opie thought that was probably compliance with his request as revised. He thought

[22] Redvers Opie, Counselor of the British Embassy in the United States.
[23] Donald Hiss, Deputy Director, Office of Economic Affairs.
[24] Emilio G. Collado, Chief, Division of Financial and Monetary Affairs.
[24a] i.e., the British Secretary of State for Foreign Affairs (Eden).
[25] Nigel Bruce Ronald, British Assistant Under Secretary of State for Foreign Affairs.

therefore that no telegram to Moscow was needed at the moment at all, but that we might advise Winant that we and the Foreign Office were considering, if the Russian reply was likely to be delayed, US–UK discussions in London with a Russian observer. Mr. Taft agreed to go ahead on this basis.

840.50/10–2044 : Telegram

The Chargé in the Soviet Union (Kennan) to the Secretary of State

Moscow, October 20, 1944—1 p. m.
[Received 3 : 52 p. m.]

4001. Re Department's 2379, October 7, noon.[26] On October 18 the British Ambassador wrote a letter to Vyshinski [27] in which he outlined the British proposal for the establishment of an European Economic Committee and suggested discussions on the subject London at an early date. I have accordingly written to Vyshinski to say that the United States Government regarded such discussions as desirable and hoped that the Soviet Government would concur in this opinion and would designate a representative to take part in the conversations.

KENNAN

840.50/10–2144 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant) [28]

WASHINGTON, October 20, 1944—midnight.

8717. Department's 8015, September 30 [29] and 8208, October 7. British made formal protest Saturday [30] to our direct transmission to Russians of our reply to Sir Ronald Campbell's letters on European Economic Commission. For your information only transmission was to avoid in appearance or in fact a joint presentation to Russians of a plan previously agreed between US and UK.

British and Department are considering because of urgency that if Russians are likely to delay their reply, for any considerable period, we might commence joint US–UK discussions in London with a Russian observer.

HULL

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[26] See footnote 21, p. 625.
[27] Andrey Yanuaryevich Vyshinsky, Soviet Assistant People's Commissar for Foreign Affairs.
[28] Repeated to Moscow as telegram 2482, for information only.
[29] See footnote 19, p. 625.
[30] October 14.

840.50/10–2444 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 24, 1944—11 a. m.
[Received October 24—9 : 30 a. m.]

9120. ReDepts 8208, October 7, noon. We informed Cadogan [31] of our readiness to begin discussions regarding the establishment of the European Economic Commission as soon as participation by the Soviet Government can be arranged. We indicated to him our anxiety that the talks be inaugurated at an early date and advised him of the steps taken by the Department through AmEmbassy Moscow, to expedite the early designation and briefing of a Soviet representative in London for the talks. Cadogan agreed that it is desirable to get on with the matter with a minimum of delay and indicated that steps would be taken by the British Government soon to persuade the Soviet Government to participate. We also saw Ronald on the same subject who said that the proposal to establish the Committee had been brought to the attention of the Soviet Government through the British Embassy at Moscow. He said that he would take the matter up with Sobolev, Minister Counselor of the Soviet Embassy here, whom he has always found particularly understanding and cooperative in such matters. In the absence of the Russian Ambassador and the Minister Counselor we have not yet discussed the subject with them as instructed in your telegram under reference. We shall however do so at the earliest opportunity. Meanwhile it is possible that the purpose will be served through representations at Moscow pursuant to the Department's instructions.

WINANT

840.50/10–2744 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, October 27, 1944—5 p. m.
[Received 11 : 59 p. m.]

9263. 1. As a result of current experience and difficulties in getting agreement on formation of EITO,[32] Ministry of Fuel and Power has unofficially advised MEA [33] that British authorities feel it inadvisable to go forward with the original plan to establish ECO,[34] which was

[31] Sir Alexander Cadogan, British Permanent Under Secretary of State for Foreign Affairs.
[32] European Inland Transport Organization.
[33] Mission for Economic Affairs, American Embassy, London.
[34] European Coal Organization.

to make joint UK–US approach to Russia and then to other countries to secure agreement in principle. New plan now being considered is to await agreement on EEC,[35] and then raise ECO as first problem to be considered by EEC. This will avoid a separate approach on coal with possible attendant difficulties. If EEC bogs down or is unduly delayed then an alternative approach on coal will need to be considered. In view of Department's *aide-mémoire* to British of September 27 which takes somewhat similar line we have indicated that we are inclined to agree with this approach on coal but that we await your views. Hope EEC will be agreed within next few weeks so that coal organization can be proposed in principle within month or 6 weeks.

2. In view of foregoing feel little would be gained by having Potter[36] come here at this time for detailed discussion on ECO. Meanwhile it is important that detailed United States proposals regarding composition, nature and function of proposed coal organization be considered there so that Potter would be fully briefed when detailed negotiations begin. View taken by United States side of Washington Coal Committee that United States should act only as observer on ECO for example not fully understood here. We did not contemplate that ECO have sovereign powers or decide matters by vote but will act more like the Combined Coal Committees namely as coordinating and information clearance and advisory body. British think ECO may eventually need somewhat wider powers but at the outset the problem is to secure a body which can seek out information and give consideration to problems which will arise.

3. Reed[37] has already discussed foregoing by phone with Eaton.[38] Please advise Eaton and FEA[39] this cable.

GALLMAN

840.50/11–244 : Telegram

The Chargé in the Soviet Union (Kennan) to the Secretary of State

Moscow, November 2, 1944—9 a. m.
[Received 12:50 p. m.]

4194. ReEmbs 4001, October 20, 1 p. m. The British Ambassador has received a letter from Vyshinski dated October 28 stating that the British proposal for the establishment of an European Economic Committee had been referred to the appropriate Soviet authorities

[35] European Economic Committee.
[36] C. J. Potter, Deputy Solid Fuels Administrator.
[37] Philip D. Reed, Chief of Mission for Economic Affairs, American Embassy, London.
[38] Frederick M. Eaton, Solicitor, War Production Board; deputy member, Combined Production and Resources Board.
[39] Foreign Economic Administration.

for study and requesting further information concerning the proposed tasks, functions and structure of the committee.

KENNAN

840.50/11–1344 : Telegram

The Chargé in the Soviet Union (Kennan) to the Secretary of State

Moscow, November 13, 1944—2 p. m.
[Received November 13—10 : 55 a. m.]

4345. ReEmbs 4194, November 2, 9 a. m. The British Ambassador wrote to Vyshinski on November 8 a letter outlining in general terms the problems with which, in the British view, the proposed European Economic Committee could deal. We are informed that the telegraphic instruction from London on which this letter was based was repeated to the British Embassy in Washington and we assume that its substance has been made available to the Department.

KENNAN

840.50/11–1744 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 17, 1944—noon.
[Received November 17—10:41 a. m.]

10061. Ronald and Hawkins had lunch with Sobolev, Minister Counselor of Soviet Embassy, and discussed with him at some length the proposed European Economic Committee. Sobolev seemed to feel that some such consultative machinery might be needed. Later he got in touch with Ronald with a view further to developing his ideas on the subject. Sobolev inquired whether the proposed committee might discuss such matters as power, fuel and the kind of agricultural production which should be undertaken in each country, to which Ronald replied that in his view all of these things might appropriately be made the subject of discussion in the Committee. Sobolev asked Ronald whether the Committee would be an advisory body, to which Ronald replied in the affirmative. In passing the foregoing on to the Embassy, Ronald said that Sobolev's interest might imply an awakening interest on the part of the Soviet Government in the proposed committee or at least an interest on the part of Sobolev that might influence his Government.

GALLMAN

840.50/11-2544 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, November 25, 1944—6 p. m.
[Received 7:50 p. m.]

10405. ReEmbs 10061, November 17, noon. Letter received today from Ronald asks that, pending the Soviet reply regarding participation in exploratory talks on setting up an European Economic Committee, the Embassy inquire of the Department what it thinks about the time at which the French should be invited to join in the talks, whether from the inception of the talks or soon after. Ronald said orally that we need to consider when we should raise with the Soviet Government the question of French participation in the talks. He remarked that it might not be desirable to complicate matters by raising this additional question with them while we are still waiting for a reply regarding their participation. Please instruct.

(Sent to Department and repeated to Moscow as 122.)

WINANT

840.50/12-244

The First Secretary of the British Embassy (White) to the Director of the Office of Wartime Economic Affairs (Taft)

Ref. 3498/2/44 WASHINGTON, 2 December, 1944.

MY DEAR TAFT: In Opie's temporary absence, I am sending you herewith a further memorandum in connection with the proposals for the formation of a European Economic Committee.

A similar communication is being addressed to the Soviet Government, but is not, for the present, being made to other Allied Governments.

We should be grateful for an early indication of the views of the United States Government upon the proposal contained in the attached memorandum.

Yours sincerely, E. WYNDHAM WHITE

[Enclosure]

MEMORANDUM

In connection with the proposal to form a European Economic Committee, the suggestion has been made that the Committee should be set up to deal with urgent problems, such as coal. His Majesty's Government are strongly of the opinion that some single European authority in respect of coal and programmed mining machinery is essential for the reasons given below.

The need for the coordination of coal supplies to Europe.

The recent acceleration in the progress of the European war has underlined the urgency of the problem of coordinating coal supplies for Europe in the period immediately preceding and following the end of the German war. It is already clear that, owing to manpower and transport difficulties, supplies for this purpose from German sources will at first fall far short of requirements even if enemy resistence were to be overcome without extensive damage to Allied and enemy coal fields; and that early in this transitional period, Europe will have to depend to an appreciable extent on German coal. Later when and if export of surpluses becomes available in Allied coal producing countries, it is considered that, so long as the total requirements in Europe exceed total supplies, the only means of ensuring a fair and equitable distribution of total exportable supplies would be to coordinate allocation of such supplies, together with Germany's surplus, according to the needs of importing countries. This principle of cooperation has already been accepted by the United Nations—for example in respect of supplies in general for relief and rehabilitation.

The rehabilitation of mines.

Supplies of mining machinery and equipment will be required for mines to reach their maximum production. In the first instance, the provision for "first aid" rehabilitation to coal mines within the Anglo-American theatres of operations is the responsibility of the Supreme Allied Commander; but it is contemplated that in the case of liberated Allied territories, the appropriate National Civil Authorities will assume almost at once the responsibility for production in coal fields and that a thorough survey of mines by Allied Civil engineers, no doubt in collaboration with United Kingdom and United States engineers and as necessary with SHAEF, will need to be undertaken as early as possible. This survey, and the preliminary survey which is now in progress, will give rise to requirements of mining machinery and equipment which will need expert coordination so as to ensure an equitable and efficient distribution both of indigenous and non-indigenous supplies. It may well be, for instance, that the German mines should not have first choice of machinery and equipment produced by German industry. As an important factor in this distribution would be the extent to which output of coal could be increased by provision of mining machinery and equipment made available for allocation on lines proposed in the preceding paragraph.

Transport.

As the possibility of moving supplies both by land and sea will be entirely dependent upon the availability of transport, it will be necessary to coordinate demands for transport of coal from one European

country to another so that these demands can be effectively presented to the authorities responsible for coordinating transport to meet the requirements, i.e. the United Maritime Authority and European Inland Transport Organization.

Handling of German coal.

The allocation of German coal outside of Germany will need careful and expert handling if a truly equitable distribution if [*is*] to be ensured and if legitimate trading interests of the Allies are to be adequately safeguarded.

His Majesty's Government therefore suggest that there should be set up a European Coal Organization (E.C.O.) which would generally supervise Continental programmes of coal and planned items of mining machinery and ensure a fair and equitable allocation of available supplies. It would be composed in the first instance of members of the United Kingdom, the United States of America and the Union of Soviet Socialist Republics and European Allies. There would, of course be provision for a link-up with Allied Control Commissions, the Combined Boards, the United Nations Relief and Rehabilitation Administration, the European Inland Transport Organization, the United Maritime Authority, with representatives of employers and employees in industry, and with consuming interests including the interests of neutrals.

Interim period.

Pending the constitution of the European Coal Organization as a fully effective body, it is proposed that some form of interim European Coal Organization be set up as soon as possible on the lines of the Interim Commission on European Inland Transport. So long as operational conditions continue, the Interim European Coal Organization would, of course, be subject to military necessities as determined by the Allied Commanders-in-Chief.

WASHINGTON, 2 December, 1944.

840.50/11-744 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)[41]

WASHINGTON, December 2, 1944—midnight.

10129. Reference London's 10061, November 17. The proposed European Economic Committee was recently discussed with Ambassadors Harriman and Winant. Harriman felt strongly that any at-

[41] Repeated to Moscow as telegram 2778.

tempt to include the Polish Government in London at the present time would result in Soviet refusal to participate, the same being true if Swiss, Spanish or Portuguese were included. It was felt that a more fruitful approach would be to start the organization with the Western European Liberated Areas only and for the U.S., U.K. and Soviet Governments to participate through their membership in the Control Commissions for Germany and the Allied Commission for Italy.

At the same time there was some discussion of renewing the proposal for a Southeastern European Economic Group, with comparable participation by Control Commissions.

Our desire to oppose the establishing of economic spheres of influence could be met by proposing these two groups as interim organizations looking toward an organization which would cover all Europe, including, when appropriate, the neutrals.

The above discussion was exploratory but may assist you in any further informal discussions you may have.

STETTINIUS

840.50/10-2744: Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, December 7, 1944—9 p. m.

10250. Refer your 9263, October 27. The U.S. side of the CPRB [42] and CRMB[43] Combined Coal Committee has again raised the desirability of going forward with the establishment of an organization to deal with continental European coal problems. They feel that the matter is urgent and should be taken up without waiting for agreement on the European Economic Committee, even though it be planned to have any coal organization a part of EEC when the latter is set up.

The above proposal is based on a belief that without concerted action in planning the production of continental coal and the distribution and use of both continental and imported coal, it will be extremely difficult to meet the minimum continental coal requirements in the next few years. It further contemplates that the participation of U.S., U.K., and U.S.S.R. would be along the lines mentioned in our previous discussions of EEC.

Before responding to the proposal to proceed immediately with a coal organization, we should like the Embassy's views as to the effect this might have on the setting up of EEC and also whether it would

[42] Combined Production and Resources Board.
[43] Combined Raw Materials Board.

have an adverse effect if preliminary discussions and the preparation of proposals were carried on through the Combined Coal Committee without Russian participation.

STETTINIUS

840.50/12-744 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, December 7, 1944—10 p. m.

10251. ReEmbs 10405, November 25. We believe there is no occasion to raise at this time the question of French participation in the current discussions about European Economic Committee. The relation of the U.K., Soviets, and U.S. to the Committee would be, in our view, partly advisory and partly through our participation in control commissions. If it is agreed to propose the Committee, the French would be full participating members in the Western European group. It would be difficult to justify discussions with the French at the present time unless we were also prepared to discuss with other countries.

Please advise us of the current status of negotiations about the Committee.

Sent to London as Department's No. 10251, repeated to Moscow as No. 2800.

STETTINIUS

840.50/12-2044 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 20, 1944—9 p. m.
[Received December 20—6:40 p. m.]

11323. The question of a coal organization raised in Department's 10250, December 7 has been discussed here by Hawkins, Berger,[44] Mosely[45] and Penrose,[46] but our reply has been delayed by UK developments.

(1) We believe that it is desirable to start discussions as quickly as possible on the coal question with the object of creating international

[44] Samuel D. Berger, member of Mission for Economic Affairs, American Embassy, London.

[45] Philip E. Mosely, Chief, Division of Territorial Studies; temporarily assigned to the Embassy at London to assist in work of European Advisory Commission.

[46] Ernest F. Penrose, Special Assistant to the American Ambassador in the United Kingdom.

coal machinery. We do not consider that it is advisable to carry on these discussions without informing the Soviet and inviting them to attend. On the other hand, we think it might cause long delay if we took no steps until the Soviet agreed to participate fully.

(2) Ronald has given us a copy of a communication instructing Halifax [47] and Clark Kerr [48] to suggest to the US and Soviet that a European Coal Organization should be set up consisting of representatives of the three powers and the European Allies.

(3) The Foreign Office procedure seems to us to raise political difficulties concerning Soviet-Polish relations. We suggest that a better procedure would be to propose first a four-power meeting US, UK, USSR and France, with the following terms of reference.

(*a*) To explore generally the problems arising from the current world shortage of coal and of coal mining machinery which it is anticipated will become even more serious in the early postwar period, and in particular, the relation of this shortage to problems of reconstruction in Europe.

(*b*) To consider whether international machinery may be needed during the period of world shortage and, if so, what kind of machinery.

(4) To avoid the indefinite delay that might arise from postponement of the Soviet reply we suggest that a date late in January be proposed for such a meeting and that in communicating with the Soviet the hope might be expressed that the Soviet would send representatives to participate fully, but that if they were not ready to do so at the date mentioned they would at least send observers and as soon as they were ready would participate fully.

(5) In addition it might be proposed that each country should prepare a suggested agenda in advance and that these would be used as a basis for working out an agreed agenda as soon as the representatives met. It would also be open to the representatives of the four powers, as soon as they were agreed, to take steps to call in representatives of other Allies to minimize delay in setting up an organization.

(6) It seems to us that this procedure would have the advantage of avoiding the difficult question of the scope and form of representation on a coal organization until the representatives of US, UK, USSR and France had met. The UK procedure seems to run head-on into these difficulties even before representatives of the four Governments have had a chance to meet.

WINANT

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[47] Lord Halifax, British Ambassador in the United States.

[48] Sir Archibald J. K. Clark Kerr, British Ambassador in the Soviet Union.

840.50/12-2144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 21, 1944—7 p. m.
[Received December 22—12:23 a. m.]

11343. Department's 10129, December 2. We have given further thought to the question what is the best procedure for hastening the establishment of machinery for the purposes for which the organization of a European Economic Committee has been proposed. We now consider that the first approach should be on similar lines to those we have recommended in connection with the proposed European Coal Organization (see Embassy's 11323, December 20). Under this procedure efforts would be made to arrange a meeting of representatives of United States, United Kingdom, USSR and France at a suitable date in January with terms of reference on the following lines:

(1) To consider what questions affecting inter-European economic relations are likely to arise in the transition period which could not be dealt with adequately through existing machinery.
(2) To determine what form of additional machinery for joint consultation between Allied countries would be best adapted to meet the gaps in present machinery.

As soon as the representatives had reached agreement on these points steps should be taken to bring in representatives of other appropriate Allied countries with a view to extending the agreement and working out in final form the details of the organization to be set up.

The advantages of this procedure are stated in the last paragraph of Embassy's 11323, December 20.

WINANT

840.50/11-2744 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant) [49]

WASHINGTON, December 21, 1944—midnight.

10631. For Ambassador and Hawkins from Acheson and Taft. Re-Embs 10405, November 25.

Receipt of your A-1412, November 27,[50] on December 8 makes clearer present situation on European Economic Committee. Please consider desirability of setting up now what was discussed here in summer, a kind of U.S. Operating Committee to advise U.S. member of EEC, consisting of Economic Counselor[s] from London, Paris,

[49] Repeated to Paris as telegram 800.
[50] Not printed; it quoted text of letter from Ronald mentioned in London's telegram 10405, November 25, p. 631.

Brussels, Tilborg,[51] together with Henderson [52] and representatives from ETOUSA.[53] While as indicated in our report on conversation with Harriman and Winant, neutrals should not be included on EEC at outset, you might consider inviting economic counselor from Bern, Stockholm, Madrid, or Lisbon. Someone with knowledge of Italian situation might be helpful also. Probably better to meet on continent unless travel conditions make this undesirable.

Agenda for meeting should include appropriate objectives and procedures for EEC and any subsidiary organizations. You may wish to consult some or all of others mentioned. Your reaction and any consensus from others at an early date would be appreciated [Acheson and Taft.]

STETTINIUS

840.50/12-2244 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 22, 1944—9 p. m.
[Received December 23—9 : 48 a. m.]

11403. In an informal conversation regarding the proposed European Economic Committee Ronald said he believed that such a procedure as that suggested in Embassy's 11323, December 20 (paragraphs 3, 4 and 5) and 11343, December 21, the substance of which we outlined orally to him, would be acceptable to the UK. He added that UK Ministers as well as officials have expressed themselves in favor of proceeding with discussions on a European Coal Organization without waiting until an EEC is set up. Ronald said he would like to have two other preliminary four-power meetings on the same lines, one to deal with fertilizers and the other with agricultural rehabilitation and reconstruction that go beyond the scope of UNRRA. He thinks that it is even more important to deal promptly with specific subjects such as coal and fertilizers than with the over-all EEC and would favor having all meetings simultaneously or overlapping each other. Subsequently the organizations to deal with the more limited economic subjects would be attached to EEC as subdivisions.

WINANT

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[51] Location of Netherlands Government in liberated territory.
[52] Leon Henderson, en route to London to make a survey for FEA of plans and organization for the economic administration of Germany.
[53] European Theater of Operations, United States Army.

INTERALLIED SHIPPING CONFERENCE, LONDON, JULY 19–AUGUST 5, 1944; AGREEMENT SIGNED AUGUST 5, 1944; AND NEGOTIATIONS FOR IMPLEMENTATION OF AGREEMENT

111 Advisory Committee/242

The British Embassy to the Department of State

INTERNATIONAL CONTROL OF SHIPPING AFTER THE LIBERATION OF EUROPE

1. For war purposes the control of the use of all merchant shipping belonging to and in the service of the United Nations has been in general achieved by grouping it in two blocks under the direction of War Shipping Administration and Ministry of War Transport respectively. As regards United States and British ships in private ownership, this direction is mainly exercised through requisition; in the case of foreign flag ships the power to direct the ships has been obtained principally by time charter under Agreements made with the Allied Governments and neutral owners. The co-ordination of the use of the ships in each of the two main blocks is achieved through the Combined Shipping Adjustment Boards.[1]

2. After the liberation of Europe the tasks to be carried out by merchant ships will change, but will remain large. The requirements for hostilities in the Far East will be heavy. Ships will be required for the supply and movement of occupying forces in all parts of the world, for the supply of forces awaiting demobilisation and ultimately for their demobilisation. For civil needs, ships will be required for the relief and rehabilitation of the liberated areas in Europe, for Soviet Russia and, as the war in the Far East proceeds, in the East, as well as for the supply of the United States, the United Kingdom and the other United Nations. We cannot, at present, determine with any certainty whether the shipping at the disposal of the United Nations will be more than sufficient after the war in Europe is over to carry out such necessary tasks without adjustment to priorities. It is clear, however, that the demands upon shipping for such purposes will for some time after the conclusion of European hostilities be on

[1] The Combined Shipping Adjustment Board consisted of two panels, one in Washington and one in London, each of which directed its own shipping pool while maintaining close liaison with the other; regarding establishment and membership of the Board, see Department of State *Bulletin*, January 16, 1943, p. 69.

such a scale as to require, if confusion is to be avoided, the continuance of central machinery for allocation to use.

3. The provision of shipping for the supply of all liberated areas as well as of the United Nations generally and territories under their authority and the provisions of shipping for all the military and other tasks necessary for and arising out of the completion of the war, should be accepted as a common responsibility for all of the United Nations who control ships.

4. The Agreements under which the ships of the European Allies are time chartered expire not later than six months after the termination of hostilities in Europe and in some cases earlier. These Allies are unlikely to be willing thereafter to submit their ships to control by War Shipping Administration and Ministry of War Transport through time charter. Certain European Governments, e.g. Norway and Greece would have more tonnage under their control than they would need for the supply of their own territories, and perhaps the Dutch will have more than they need for Holland. Moreover, there is no sufficient reason why the United States of America and the United Kingdom should continue to bear the cost of chartering Allied ships if another method of control of [*is?*] practicable.

5. So long as the United States and the United Kingdom have continuing obligations to control the employment of their shipping for the purposes of the war, there should be no shipping of the United Nations free from direction in the common interest. For the same reason there must be control during the same period over the shipping of neutral countries surplus to their requirements. Enemy shipping must also be controlled in the general interest.

6. The allocation and prices of many vital commodities must continue to be subject to international control during the transition period. Such control would be difficult if not impossible to maintain if there were any substantial amount of shipping free to carry such commodities to unapproved destinations.

7. For these reasons His Majesty's Government in the United Kingdom have come to the conclusion that a system of central direction of the use of shipping comparable to that now in existence should be continued after the liberation of Europe and for so long thereafter as may be necessary to complete the war and the tasks arising from it. Some change in the method of control is necessary, however, because of:—

(*a*) the expiry of the time charter arrangements with the European Allies and

(*b*) the necessity for taking account of the claims of the smaller Allies for control of shipping on a more international basis than at present when they are back in their own countries.

8. A practicable plan to achieve the purpose is briefly described in the attached paper. Before carrying the matter into any further

detail His Majesty's Government would be glad to have the views of the United States Government upon the proposition that some form of central control of shipping will remain necessary, and upon the general principles of the method proposed for achieving it.

9. Under the plan outlined the participating Governments would agree to take and maintain such powers of control over their own shipping as would enable them to comply with the requirements of an International Maritime Administration. The nature of the powers of control by each Government over its own ships would be for each Government to determine. A certain latitude is reserved in the allocation by participating countries of their own ships for the essential import requirements of territories for which they have special shipping responsibilities.

10. The plan presupposes the existence of machinery to determine, in the event of shipping shortage, the priority in which the requirements of various countries should be met.

11. For the reasons given in paragraph 7 it is suggested that the control proposed will have to be exercised through somewhat wider international machinery than at present. It would be proposed, however, to retain the Combined Shipping Adjustment Boards as a clearing house for the matters affecting the two major partners in the scheme.

WASHINGTON, 7 March, 1944.

[Enclosure]

BRIEF DESCRIPTION OF A PLAN FOR CO-ORDINATED USE OF MERCHANT SHIPPING DURING THE PERIOD SUCCEEDING THE TERMINATION OF HOSTILITIES IN EUROPE

1. The provision of shipping for the supply of all liberated areas as well as of the United Nations generally and territories under their authority and the provision of shipping for all the military and other tasks necessary for and arising out of the completion of the war in Europe and the Far East should be accepted as a common responsibility for all of the United Nations who control ships.

2. The Governments of the United Nations (and perhaps some neutral Governments, such as that of Sweden, if they are willing to participate), should undertake to maintain such powers of control over their own ships as would enable them to direct their use in accordance with the policy of a central authority, the International Maritime Administration.

3. The Administration might consist of a Council, representing all the participating Governments meeting as often as might be necessary. There would be two small Executive Boards, one in Washington and one in London. It is suggested that only those participating countries

who bring a large amount of shipping into the plan should be represented on these Boards. The Shipping Authorities of other countries would maintain contact with the Executive Boards through such machinery as might be convenient (e.g. on the lines of existing "Allocation Committees"), for the purposes of (*a*) the discharge of the Boards' functions regarding the allocation of the ships of those countries and (*b*) the discussion of allocation of ships by the Boards to meet the countries' requirements for ships which have to be met by ships of other flags.

4. The function of the Administration would be to ensure so far as practicable that ships were available for all military and naval needs and all the essential requirements (including relief) of each of the United Nations, and for other approved purposes.

5. The International Maritime Executive Boards would work through the Shipping Authority of each participating country. The Shipping Authority might allocate ships under its own control wholly or partly to cover essential import requirements of the territories for which its Government has special shipping responsibilities. Ships not so allocated would be allocated in accordance with the decisions of the International Maritime Executive Boards to meet the demands not met by the allocations of the Shipping Authorities. The Boards would also be able to recommend any adjustments of the amount of tonnage allocated by the Shipping Authorities of participating countries which might be necessary to ensure the fulfilment of all the essential requirements of the United Nations.

6. The International Maritime Executive Boards would also determine the remuneration to be paid by the user of the ship for particular shipping services, so that ships of all flags performing the same or similar services would charge the same freights, and so that ships could be employed as required without regard to financial considerations.

7. The decisions of the International Maritime Executive Boards affecting shipping under the control of any participating country would be reached in consultation with and with the consent of the Shipping Authority of that country.

8. Control over enemy ships would be exercised by the Executive Boards through the authorities administering the Terms of Surrender.

9. Neutral ships not under the control of participating countries would be controlled by measures on the lines of the United States and British Ship Warrant Schemes, in accordance with the decisions of the International Maritime Executive Boards.

10. No elaborate new machinery would be necessary. The experienced personnel and the organisations of War Shipping Administration and the Ministry of War Transport, acting in close relationship with other shipping authorities with which they have been associated

in the war, would in practice perform the functions of the Executive Boards. (These functions would be comparable to those now exercised by the War Shipping Administration and the Ministry of War Transport.)

11. Somewhat looser arrangements would be necessary to direct the employment of ships engaged in the coastal trades and short trades between countries but the principles of the plan would apply also to such ships.

12. The plan would apply to all types of merchant ships, including passenger ships, tankers and whale factories. It might also be extended, through suitable machinery, to apply to fishing vessels, whale catchers and other similar craft to the extent necessary to provide an authority capable of apportioning such craft available in certain areas between naval and commercial service.

13. The Administration should be constituted at such time as would enable it to commence effective operation on the general cessation of hostilities in Europe.

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111 Advisory Committee/239d : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, March 31, 1944—midnight.

2519. The following information is being sent to inform you of recent developments concerning shipping controls. A memorandum containing suggestions for the international control of shipping after the liberation of Europe was received from the British Embassy on March 7. The Special Committee on Shipping, under Berle's chairmanship,[2] has had this same question under consideration for some time and recently approved a subcommittee report on the question of shipping controls between now and the end of the war. The Committee recommendations provide for:

1. The continuation of the present Combined Shipping Adjustment Boards.

2. The establishment of a Combined Shipping Commission with an American and British member to handle matters of shipping policy calling for joint action by the United Nations and neutrals. Recommendations of this Board would be submitted to the respective national shipping authorities for approval and action.

3. An advisory committee composed of shipping executives of interested nations would be established. This body would make recommendations to the Combined Shipping Commission.

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[2] Adolf A. Berle, Jr., Assistant Secretary of State, was chairman of the Special Committee on Shipping established July 5, 1943; see Department of State, *Postwar Foreign Policy Preparation, 1939-1945* (Washington, Government Printing Office, 1949), p. 544.

4. A Technical Committee representing all maritime nations would be set up to study standards of safety of navigation and to submit recommendations to the Combined Shipping Commission.

The main differences between Shipping Committee recommendations and the British proposal of March 7 are as follows:

1. The proposal of the Shipping Committee would establish a single organization with an American and a British head, who would report to the existing CSAB.[3] This organization might evolve into a continuing international body. The proposal of the British establishes a new international Council with Executive Boards in Washington and London. The relationship of this new organization to the CSAB and its jurisdiction are not clearly defined.
2. The proposal of the Shipping Committee maintains merchant shipping under joint United States–United Kingdom control. Provision is made for participation by other countries through the Advisory Committee. As problems in the European area shift from military to economic fields, other countries could be admitted to the Commission. The proposal of the British provides representation of all maritime governments in the Council with representation on the Executive Boards on a limited basis.
3. The proposal of the Shipping Committee calls for the early establishment of the Combined Shipping Commission. The proposal of the British implies that the Council would be established after hostilities ceased.

In general the British proposal establishes a broader international agency with direct representation of many countries. The proposal of the Shipping Committee establishes an organization based upon the present CSAB which could be developed into a more representative international body as circumstances permitted.

HULL

740.0011 Stettinius Mission/40 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 18, 1944—11 p. m.
[Received April 18—9:55 p. m.]

3187. Deles No. 20. From the Under Secretary.[4] Please send copy to the War Shipping Administration.

Reed,[5] Pratt[6] and I have had an exploratory discussion with Lord Leathers[7] concerning the British proposal contained in a memo-

[3] Combined Shipping Adjustment Board.

[4] The Under Secretary of State, Edward R. Stettinius, Jr., was head of a mission to London which held conversations from April 7 to April 29, 1944, with members of the British Government, with officials of Allied Governments, and with United States diplomatic, military, and civilian officials.

[5] Philip Reed, Chief of Mission for Economic Affairs, American Embassy, London.

[6] John L. Pratt, Consultant on Commercial Affairs, Department of State; member of the Stettinius Mission to London.

[7] British Minister of War Transport.

randum of March 7 submitted by British Embassy to Department in regard to the international control of shipping after the termination of the war in Europe. I suggest that Reed be designated as the United States representative to discuss with Lord Leathers the suggested revisions of the British memorandum put forward by WSA and approved by the Department, so far as they concern operational matters. Reed has already been authorized to join with Lord Leathers in discussions with certain of the Allied Ministers regarding the disposition of Allied ships found in Continental ports,[8] and the two problems are of course related. If you and Admiral Land [9] approve, please advise and forward appropriate instructions to Reed to guide him in his discussions, if any are needed to supplement the information in Department's 2519 of March 31. [Stettinius.]

WINANT

740.0011 Stettinius Mission/63b : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, April 25, 1944—4 p. m.

3297. Esdel No. 55. For the Under Secretary and Ambassador. The Department has given consideration to Embassy's 3187 of April 18 (Deles number 20) and has consulted with Admiral Land in preparing this reply.

With reference to the memorandum submitted by the British Embassy to the Department on March 7, the Shipping Division in a memorandum to Mr. Matthews on March 24,[10] indicated approval only of the War Shipping Administration's recommended reply. This reply indicated acceptance of the purposes and principles of the British memorandum but stated that the exact form of the organization and many matters relating to its powers and structures should be the subject of further exploration between the representatives of the two governments. Department's 2519 of March 31 was for Embassy's information to indicate the divergent views of the tentative recommendations of the Shipping Committee as compared with the British proposal.

Department and War Shipping Administration agree with the need to meet with the British to discuss the general principles raised by the two memoranda. Department and War Shipping Administration are of the opinion that this matter could be more expeditiously

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[8] See vol. III, pp. 140 ff.

[9] Adm. Emory S. Land, War Shipping Administrator; Chairman, Maritime Commission; American representative at Washington on Combined Shipping Adjustment Board.

[10] Memorandum of March 24 not printed; H. Freeman Matthews was Deputy Director of the Office of European Affairs and a member of the Stettinius Mission to London.

handled by discussions in Washington between War Shipping Administration and British Ministry of War Transport. In this connection, the British may wish to send a representative to Washington and it might be desirable to have Mr. Reed also present.

HULL

740.0011 Stettinius Mission/63c: Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, April 25, 1944—5 p. m.

3298. Esdel No. 56. From Berle to Stettinius and the Ambassador. With further reference to your no. 3187 of April 18 (Deles number 20) and Secretary's reply of this date:

It is my distinct impression that Admiral Land would much prefer to have discussions held here. It is also indicated that it is preferable for political reasons to hold these discussions in Washington. These considerations however do not apply to discussions of the disposition of recaptured ships. [Berle.]

HULL

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111 Advisory Committee/246: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 29, 1944—8 p. m.
[Received 8:32 p. m.]

3538. To Land, WSA, from Reed. Refer Department's 3297. At Stettinius's request I have informed Lord Leathers that you and State Department have accepted the principles and purposes of the British memorandum of March 7 but would like to explore further the exact form of the organization, its powers and structure, and that you believe that these discussions can most efficiently be handled between WSA and the BMSM [11] in Washington. Lord Leathers said he would undertake to send Mr. Weston [12] to Washington sometime after the next fortnight [apparent omission] these discussions with you. He is most anxious to be advised as soon as possible of your detailed views in regard to the form of the proposed organization so that your proposals can be discussed here and Weston properly briefed before he leaves. Have you any objections to my informing Leathers of the contents of the Department's 2519 as a preliminary step? I sug-

[11] British Merchant Shipping Mission in Washington.
[12] W. G. Weston, head of Foreign Shipping Relations Division, British Ministry of War Transport.

gest in addition you cable me further amplification of your tentative views in regard to this matter for me to pass on to Leathers. [Reed.]

WINANT

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111 Advisory Committee/246 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, May 4, 1944—11 p. m.

3591. To Reed, from Land, reference Embassy's 3538, April 29, 8 p. m. Neither State Department nor I object to advising Lord Leathers of content of Department's 2519 of March 31. In further amplification of this cable the general purpose of recommendations 1, 2 and 3, is to provide at this time a single body under the Combined Shipping Adjustment Boards to deal with shipping problems in place of the present dual set-up and to consult with other maritime nations. Upon cessation of European hostilities, it is contemplated that the Combined Shipping Commission would progressively become an international shipping agency. The Special Committee's proposal is not intended to give the details of organization. It is intended to be a general policy guide for discussions with the British.

Recommendation 4 proposes establishment of permanent technical committee to study and recommend measures for improving international standards of safety of navigation. It is not intended that this committee would be initially a part of the proposed Combined Shipping Commission.

Designation of Mr. Weston for Washington discussions most acceptable. We consider matter urgent and strongly recommend that discussions be initiated as soon as possible. [Land.]

HULL

103.9164 London : Telegram

The Chargé in the United Kingdom (Bucknell) to the Secretary of State

LONDON, May 16, 1944—7 p. m.
[Received May 16—4:30 p. m.]

3971. To the Department and Land, WSA, from Reed. Leathers advises that Weston will leave for Washington May 17 or 18 to discuss with you the proposals made by the British Government in their memorandum of March 7 with respect to international control of shipping after the liberation of Europe. Leathers is most anxious to get the acceptance of the Allies [garbled group] continuing obligation as to the use of the IRS [*their ships?*] after the expiration of their

existing charters with the USA and British and hopes that agreement can be reached quickly on the terms of a simple memorandum to be presented to the Allies. Anything you can do to expedite progress of discussions with Weston and his early return will be much appreciated.[13] [Reed.]

BUCKNELL

800.85/887 : Telegram

The Ambassador in the United Kingdon (Winant) to the Secretary of State

LONDON, June 14, 1944—9 p. m.
[Received June 14—5:25 p. m.]

4768. The Foreign Office has indicated that they have instructed Halifax[14] to invite the United States Government to participate in a discussion to be held shortly in London with a number of the Allied maritime countries on the "Memorandum of Principles" agreed to in Washington on June 2.

In an informal conversation Ronald[15] of the Foreign Office said that the discussions will result in a formal inter-governmental agreement. He explained that the Foreign Office and the Ministry of War Transport are jointly concerned in shipping but the Foreign Office has complete responsibility for policy and will actively participate in the discussions through its own representatives.

As, however, it does not have technical experts in shipping, it calls on the services of the MWT to assist it in the negotiations.

The "Memorandum of Principles" and its supplement appear to me to involve important questions of commercial and political policy which go beyond operational matters. Therefore I think that the Embassy should be represented in the discussions. Radius,[16] who is here with me, has worked on these questions in Washington and if it is agreeable to you, I would like to have him represent the Embassy on the American group.

WINANT

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[13] No record found in the Department files of the discussions at Washington between Land and Weston. For texts of documents which they initialed as a result of the discussions, see Memorandum of Principles, May 31, and supplement, June 2, pp. 652 and 655, respectively.

[14] Viscount Halifax, British Ambassador in the United States.

[15] Nigel Bruce Ronald, British Assistant Under Secretary of State for Foreign Affairs.

[16] Walter A. Radius, divisional assistant, Aviation Division, Office of Transportation and Communications, Department of State. Mr. Radius was in London from May 24 to August 16, 1944, for discussions with British officials regarding the establishment of a European Inland Transport Organization; for documentation on these discussions, see pp. 743 ff.

800.85/896

The British Ambassador (Halifax) to the Under Secretary of State (Stettinius)

Ref: 1374/58/44 WASHINGTON, 15 June, 1944.
No. 357

MY DEAR ED: You will remember that Ronald Campbell[17] was in touch with you last month about Mr. Weston's visit here to discuss shipping arrangements during the period immediately following the liberation of Europe.

As you will know the understanding reached between our two Governments on this subject was recorded in two documents, one a "Memorandum of Principles" and the other a supplement thereto, which were initialled by Admiral Land and Mr. Weston; the initialled texts are, I understand, in the hands of the State Department. I am informed that Admiral Land and Mr. Weston agreed that the next step was to secure urgently the concurrence of the other maritime allies in the Anglo-American proposals and that Anglo-American discussions with them in London should be arranged as soon as possible. I have now been instructed to put to you our proposals to that end and they form enclosure 1 to this letter.

I also am sending as Enclosure 2 the draft text of a communication which the Foreign Office would propose to make to the French Committee of National Liberation and to the Governments to be invited to be present at the next round of discussions. I should be most grateful if you would let me know as soon as possible whether you concur in the course proposed above, and if so, whether you have any comments on the draft communications.

Yrs. ever HALIFAX

[Enclosure 1]

Proposals Regarding Participation of Other Governments in the Discussions

As to other governments to be invited to participate in this further round of discussions, His Majesty's Government's view is that invitations can properly be confined to those other governments who have effectively contributed ships to the existing United Nations shipping pool and with whom there are accordingly established contacts on a regular basis concerning control of the employment of ships. On this basis they suggest invitations to Norway, Holland, Greece, Belgium, Poland and France. In view of the important shipping contribution that Canada can make, it is suggested that Canada should be invited to join the discussions.

[17] Sir Ronald I. Campbell, British Minister in the United States.

The object of the discussions would be to secure general acceptance by all the governments of these countries and the French Committee of National Liberation of the obligations defined in memorandum of principles which was agreed as a result of Mr. Weston's negotiations in Washington and also upon the form of the central authority. Anglo-American views on the form of control of machinery would be submitted in an appropriate manner during the discussions. Agreement among the governments taking part in discussions could then be recorded in suitable form so that obligations would be binding upon them and new machinery prepared so that it can come into operation when required. Other United Nations governments could be kept informed of arrangements and at a later stage other governments, including neutrals, could accede as necessary.

In order to bring about the discussions proposed in paragraph 2, His Majesty's Government's suggestion is that they and the United States Government should now inform the other governments mentioned in paragraph 2 and the French Committee of National Liberation of their view that arrangements are necessary for a continuation of co-ordinated shipping control after the termination of hostilities in Europe and that we should invite them to be represented at an early discussion of the matter in London.

The "memorandum of principles" agreed in Washington would be submitted as representing the views of United States and United Kingdom governments as to the manner of achieving continuance of coordinated control.

His Majesty's Government envisage that discussions will take place primarily between shipping ministers of the governments concerned and their senior officials.

His Majesty's Government suggest that communications to other governments and the French Committee of National Liberation and invitations to discussions should be submitted before the end of next week, so that the discussions can start not later than June 26th. They hope that this time table will be convenient to the United States Government.

His Majesty's Government suggest that they should inform the Soviet Government of project of the discussions and give them a copy of "Memorandum of Principles".

[Enclosure 2]

Draft Text of Invitation to Other Governments

The Government of the United Kingdom have had under consideration with the United States Government the situation that will arise in regard to merchant shipping with the termination of hostilities in Europe. Thereafter the tasks to be carried out by United Nations

merchant ships will remain large. For instance requirements for ships for hostilities in the Far East will be heavy. Ships will be required for the supply and movement of occupying forces in all parts of the world, for the supply of forces awaiting demobilization and ultimately for their demobilization. For civil needs, ships will be required for supply of liberated areas in Europe, for Soviet Russia and, as the war in the Far East proceeds, in the East, as well as for supply of all United Nations.

The Governments of the United Kingdom and United States feel confident that your Government will agree that provision of shipping for all such purposes should be accepted as a common responsibility by the United Nations, that control of ships [18] and that measures by the Governments will remain necessary after the expiry of existing chartering arrangements to ensure that merchant ships continue to be used to discharge the tasks of United Nations.

In order to agree upon measures to meet this need the United Kingdom and United States Governments propose that there should be early discussions among the Governments of United Nations who have effectively contributed ships to existing United Nations shipping pool and with whom there are accordingly contracts on a regular basis concerning control of employment of ships. The Government of the United Kingdom will be glad if your Government will arrange to be represented at such a discussion to commence in London on (date to be inserted). As matter primarily concerns the adjustment of existing arrangements between shipping authorities in regard to control of ships the Government of the United Kingdom suggest that discussions should mainly be carried out between shipping representatives of the Governments concerned. Lord Leathers will represent the United Kingdom in the discussion.

The enclosed memorandum representing the views of United Kingdom and United States Governments is submitted to furnish basis of discussions.

The Governments of (insert names of other Governments being invited) are also being invited to take part in these discussions.

800.85/889

The Secretary of State to the British Ambassador (Halifax)

WASHINGTON, June 16, 1944.

EXCELLENCY: I have the honor to transmit herewith two counterparts of "Memorandum of Principles to be proposed jointly and forthwith by U.S. Government and United Kingdom Government to

[18] On the basis of telegram 5384, July 7, 11 p. m., from London, the foregoing phrase was corrected to read: "by the United Nations that control ships," (800.85/7-744).

the Governments of the Maritime Nations having reference to the continuance of coordinated control of Merchant Shipping", dated May 31, 1944, to which the Government of the United States is prepared to agree. As you know, this Memorandum was drafted as a result of discussions at Washington, D.C. between representatives of the War Shipping Administration of the United States of America, and representatives of the British Ministry of War Transport and the British Merchant Shipping Mission of the United Kingdom.

I am informed that your Excellency has been authorized by his Government in London to give approval to the proposed agreement which it is noted has been signed by the following officials of our two Governments:

E. S. Land
Administrator of the War Shipping Administration of the United States of America
H. T. Morse
Assistant to the Administrator, War Shipping Administration of the United States of America
John S. Maclay
Head of the British Merchant Shipping Mission in Washington, D.C.
W. G. Weston
Head of the Foreign Shipping Relations Division of the Ministry of War Transport in London and acting on behalf of the British Minister of War Transport

It will be understood by the Government of the United States that, on the receipt by the Department of State of a note from your Excellency expressing the concurrence of the Government of the United Kingdom in the agreement as set forth in the enclosures, the agreement will be regarded as having become effective.

Accept [etc.] CORDELL HULL

[Enclosure 1]

[WASHINGTON,] May 31, 1944.

MEMORANDUM OF PRINCIPLES TO BE PROPOSED JOINTLY AND FORTHWITH BY U.S. GOVERNMENT AND UNITED KINGDOM GOVERNMENT TO THE GOVERNMENTS OF THE MARITIME NATIONS HAVING REFERENCE TO THE CONTINUANCE OF CO-ORDINATED CONTROL OF MERCHANT SHIPPING

1. The Governments shall declare that they accept as a common responsibility the provision of shipping for all the military and other tasks necessary for, and arising out of, the completion of the war in Europe and the Far East and for the supplying of all the liberated areas as well as of the United Nations generally and territories under their authority.

2. The Governments shall undertake to continue to maintain such powers of control over all ships registered in their territory or otherwise under their authority as will enable them effectively to direct each ship's employment in accordance with the foregoing declaration. Subject to the provisions of paragraphs 3 and 9, this control shall continue to be exercised by each Government through the mechanism of requisitioning for use or title.

3. The Governments shall agree not to release from control any ships under their authority or permit them to be employed in any non-essential services or for any non-essential cargo unless the total overall tonnage is in excess of the total overall requirements, and then only in accordance with a mutually acceptable formula which shall not discriminate against the commercial shipping interests of any nation and shall extend to all of the maritime nations of the United Nations an equitable opportunity for their respective tonnages to engage in commercial trades.

4. Neutral Governments having ships under their control in excess of the tonnage required to carry on their essential imports requirements shall be invited to subscribe to obligations in respect of all their ships which shall ensure that their employment is in conformity with the general purposes of the United Nations.

5. All the Governments of the United Nations and the Government subscribing hereto under paragraph #4 shall be invited to undertake to exercise control over the facilities for shipping available in their territories, under measures on the lines of the U.S. and British Ship Warrant Schemes, and to take such other measures as may be necessary to secure that ships under all flags are used in conformity with the purpose of the United Nations.

6. Without prejudice to questions of disposition or title, the employment of such ships as may at any time be permitted to operate under enemy flag or authority shall be determined to serve the requirements of the United Nations.

7. The Governments shall consult together for the purpose of agreeing on measures to give effect to the foregoing principles accepted by them. In preparing such measures they shall be guided by the following considerations:

(*a*) In order that the allocation of all ships under United Nations control may continue to be effectively determined to meet the requirements of the United Nations a central authority will be needed, to come into operation upon the expiry of existing time chartering arrangements made by the U.S. Government and/or the U.K. Government with other United Nations Governments concerned. The central authority shall be organized on a basis satisfactory to the signatories to the agreement.

(*b*) The central authority will determine the responsibilities that each Government must accept in conformity with the general obligations assumed in paragraph 1 to provide the tonnage required from time to time to meet current requirements for ships for the military and other purposes of the United Nations, and ships will be allocated for those purposes by the Governments in accordance with the decisions of the central authority. So far as is consistent with the efficient overall use of shipping as determined by the central authority for those purposes, and with the provisions of paragraph 7 (*c*), each Government may allocate ships under its own authority, wholly or partly to cover the essential import requirements of territories for which it has special shipping responsibilities.

(*c*) In general, ships under a United Nations flag will be under the control of the Government of that flag, or the Government to which they have been chartered, but in order to meet the special case of military requirements those ships which have been taken up, under agreements made by the U.S. Government and/or the U.K. Government with the other Governments having authority for those ships, for use as troopships, hospital ships, and for other purposes in the service of the armed forces, shall remain on charter as at present to the War Shipping Administration and/or the Ministry of War Transport, as the case may be, under arrangements to be agreed between the Governments severally concerned. Any further ships required for such purposes shall be dealt with in a like manner.

(*d*) Governments will supply to one another, through the central authority, all information necessary to the effective working of the arrangements, e.g., regarding programmes, employment, and projected programmes, subject to the requirement of military secrecy.

(*e*) The central authority would also direct action under paragraphs 5 and 6.

(*f*) The basis and terms of remuneration to be paid by the user of a ship for a particular shipping service would be determined by the central authority in such manner as to give effect to the following two basic principles:

(i) Ships of all flags performing the same or similar services should charge the same freights;
(ii) Ships must be employed as required without regard to financial considerations.

8. The principles herein agreed shall apply to all types of merchant ships, irrespective of size, including passenger ships, tankers, and whale factories (but paragraph 7 (*b*) would not be applicable to ships engaged in coastal trades and short trades between nearby countries, the arrangements for control of which should be appropriate to meet the requirements prevailing in each particular area.)

The principles shall also be applied, through suitable machinery, to fishing vessels, whale catchers, and other similar craft to the extent necessary in those areas where it is agreed that special measures in respect of such craft are required so as to provide an authority capable of apportioning such craft available in those areas between naval and commercial services.

9. The foregoing principles shall take effect on the coming into operation of the central authority, and shall remain in effect for a period not extending beyond six months after termination of hostilities in Europe or the Far East, whichever may be the later, unless it is unanimously agreed among the Governments represented on the duly authorized body of the central authority that any or all of the agreed principles may be terminated or modified earlier.

In discussion of the matter with the French Committee of National Liberation, suitable adjustment will be required in the references to Government.

E. S. LAND
H. T. MORSE
JOHN S. MACLAY
W. G. WESTON

[Enclosure 2]

[WASHINGTON,] June 2, 1944.

SUPPLEMENT TO "MEMORANDUM OF PRINCIPLES TO BE PROPOSED JOINTLY AND FORTHWITH BY U.S. GOVERNMENT AND UNITED KINGDOM GOVERNMENT TO THE GOVERNMENTS OF THE MARITIME NATIONS HAVING REFERENCE TO THE CONTINUANCE OF CO-ORDINATED CONTROL OF MERCHANT SHIPPING" OF MAY 31, 1944

The following paragraphs record the understanding reached between the United States and United Kingdom Governments as to the organizations of the central authority proposed in paragraph 7 of the Memorandum of Principles, and its relation with existing agencies and the Combined Shipping Adjustment Boards:

1. Combined Shipping Adjustment Boards must remain Anglo-American, for co-ordination of Anglo-American policy and action. The new organization for securing the cooperation of other maritime powers should not disturb or affect the effective Anglo-U.S. cooperation established through the C.S.A.B.'s.

2. We must give the important shipping Allies a definite place in the proposed central authority but it is not contemplated that the organization of the central authority will start to function until the existing charter arrangements run out or are terminated prior to expiration by agreement; i.e., at or shortly after termination of European hostilities. However, it is important that a general agreement on principles and *modus operandi* be reached between the Governments concerned as promptly as possible.

3. The new central authority will not need, and should not be allowed to develop any elaborate organization of its own. It must work through established machinery and procedures of W.S.A. and M.W.T. and through their connections with Chiefs of Staff, Com-

bined Boards, and other demanding agencies. The rough chart attached[19] indicates the method of co-ordinating the new authority with Combined Shipping Adjustment Boards and U.S. and British shipping agencies.

4. The discussions with other Governments on the proposed principles will take place "under the auspices of C.S.A. Boards to establish suitable machinery for shipping control to meet the new circumstances when the existing time chartering agreements expire."

5. The central authority would be constituted as follows:

(*a*) A Council representative of all participating Governments, meeting as often as might be necessary but having no executive function.

(*b*) An Executive Board will be established with Branches in Washington and London respectively, under W.S.A. and M.W.T. chairmanship respectively. Those Governments which can qualify for a special position in the central authority by reason of their large contribution of shipping normally engaged in international trade (i.e. U.S., U.K., Norway, Holland) should be represented on the Executive Board. The Executive Board will exercise through its Branches the executive functions of the central authority.

The division of day to day responsibility between the two Branches of the Board will be established as convenient from time to time, (on the basis now arranged between the Combined Shipping Adjustment Boards). So that the two Branches of the Executive Board may work in unison, meetings of the Board as a whole will be arranged at the instance of the two chairmen, as often as may be necessary, and at such place as may be convenient from time to time.

Each Government not represented on the Board may be represented by liaison officers (or Missions) who will be called into consultation by the Board or its Branches on matters affecting ships under the authority of that Government, or on matters affecting the supply of ships for the territory under the authority of that Government.

The Executive Board and its Branches will proceed by agreement among the members. There will be no voting.

The decisions of the Executive Board affecting the ships under the authority of any particular country would be reached with the consent of the Government of that country, acting through their representatives on the Board or through the accredited liaison officers or missions.

(*c*) Anglo-American policy on the Executive Board will be co-ordinated through the Combined Shipping Adjustment Boards, and the contacts between the two shipping administrations, and by meetings of the chairmen of the two Branches of the Board, as may be necessary.

(*d*) The Executive Board would carry out through its Branches the functions assigned to the central authority in paragraphs 7 and 9 of the "Memorandum of Principles."

(*e*) There would be organisation at staff or secretarial level under each Branch of the Board to deal with planning and execution of such matters as programming and requirements; allocation of ships

[19] Not printed.

to employment; freight and chartering policy. These organisations would be staffed by officers of the WSA and MWT respectively who are engaged currently in handling the same matters in their respective administrations; and to them would be added appropriate representatives from the other Governments represented on the Executive Board.

E. S. LAND
GRANVILLE CONWAY [20]
RICHARD M. BISSELL, Jr.[21]
DUDLEY B. DONALD [22]
HUNTINGTON T. MORSE
JOHN S. MACLAY
W. G. WESTON

800.85/893a : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, June 19, 1944—11 p. m.

4852. From Berle. Refer your 4768, June 14, 9 p. m. The question of working out a shipping organization along the lines of the Memorandum of Principles shown to you in Washington presents problems which, as you accurately state, go beyond operational matters. The Department is therefore wholly in accord with your feeling that the Embassy should be represented in the discussions. While it would be entirely in order and desirable to have Radius assist, it is felt that you will wish to have someone even more closely connected with political policy join the discussions. Would it be possible to delay the discussions about two weeks, at which time Gallman [23] could return and take part.

One reason for suggesting this arrangement is that it affords time for Gallman to familiarize himself fully with the thinking here as to representation of the continental and smaller European countries in world organization matters. It is further believed that the shipping organization cannot be considered as a subject by itself, but represents a pattern which the British have thought out in connection with inland transport,[24] aviation,[25] and other similar matters, and in respect of which we have very little knowledge. After consultation with the Secretary and Mr. Matthews, it is felt that this subject should be handled carefully and thoroughly in view of the likelihood that the principles arrived at may set a pattern in other fields.

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[20] Associate Deputy Administrator, War Shipping Administration.
[21] Director of Division of Ship Requirements, War Shipping Administration.
[22] Director of Division of Statistics and Research, War Shipping Administration.
[23] Waldemar J. Gallman, Counselor of Embassy at London, temporarily in the United States.
[24] See pp. 743 ff.
[25] See pp. 355 ff.

Should it be impossible to delay matters, it is suggested Allison[26] be detailed along with Radius. [Berle.]

HULL

800.85/889

The British Ambassador (Halifax) to the Secretary of State

Ref: 1374/65/44 WASHINGTON, 21 June, 1944.
No. 368

SIR: I have the honour to acknowledge receipt of your note of June 16th in which you enclosed two counterparts of the Memorandum of Principles to be proposed jointly and forthwith by the United States Government and by His Majesty's Government in the United Kingdom to the Governments of the maritime nations having reference to the continuance of co-ordinated control of merchant shipping. I note that these counterparts were signed by Representatives of the War Shipping Administration and the British Ministry of War Transport on May 31st last.

2. I have the honour to confirm that His Majesty's Government in the United Kingdom concur in the terms of this document.

I have [etc.] HALIFAX

800.85/7-444 : Telegram

The Secretary of State to the Ambassador in the Soviet Union (Harriman)

WASHINGTON, July 4, 1944—4 p. m.

1613. From Berle. The Governments of the United States and of the United Kingdom have had under consideration the situation that will arise in regard to merchant shipping with the termination of hostilities in Europe.

By an exchange of notes, these Governments have concurred in the terms of a memorandum of principles and are presently discussing the language of a joint invitation to be presented and extended to the Governments of Norway, Holland, Greece, Belgium, Poland, France and Canada as a basis for discussion of common responsibility by governments in the continued control of all merchant shipping until a certain period after the war with Japan has ended.

In this connection, the United States and the United Kingdom Governments have discussed the position of the Soviet Government. Since the Soviet Union is not at war with Japan and has not participated in the shipping arrangements heretofore existing, it is believed that the Soviet Union should not be invited to participate at this time

[26] John M. Allison, Second Secretary of Embassy at London.

but should be informed of the proposed discussions. Accordingly, the United States Government has proposed to the Government of the United Kingdom that the Ambassadors of the United Kingdom and of the United States in Moscow shall make a joint statement to the Soviet Government to the effect that the arrangement now contemplated is an extension of the arrangements heretofore prevailing but that our two Governments have in mind the possibility that the Soviet Union may desire at a later date to become more intimately connected with these arrangements. In such situation, the two Governments will be glad to give sympathetic consideration to Soviet participation.

If the Government of the United Kingdom concurs in this proposal, you will receive instructions to proceed accordingly. Copies of the joint invitation to maritime nations and of the memorandum of principles are being transmitted to you for your information.[27] [Berle.]

HULL

800.85/6–3044 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, July 4, 1944—6 p. m.

5260. From Berle. Your reference 4775, June 14, 1944, Land from Reed, and 5172, June 30, 1944, 5 p.m., Berle from Winant.[28] The Department has received a letter from Lord Halifax dated June 15, 1944 together with two enclosures: (1) containing suggested list of nations to be invited, namely, Norway, Holland, Greece, Belgium, Poland, France and Canada, with proposed procedure in issuing invitations, and (2) containing proposed text of invitation.

The Department concurs in that invitations be jointly issued to the foregoing nations. The Department is submitting to Lord Halifax [29] for his approval a redraft of the invitation which has the effect of making this a joint document. The text of the proposed invitation as approved by the Department is being transmitted in a following telegram.[29a]

Lord Halifax's letter suggests that Russia be informed of these plans. The Department believes this information should be given to the Soviet Government jointly by the Ambassador of the United Kingdom and the Ambassador of the United States in Moscow. Accordingly, instructions in this regard are being issued directly to Harriman.

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[27] Instruction 213, July 8, 1944, not printed.
[28] Neither printed.
[29] Note of July 4, not printed.
[29a] *Infra.*

The Department has proposed to Lord Halifax that the joint procedure in Moscow be as follows: the Ambassadors of the United Kingdom and of the United States in Moscow shall jointly make a statement to the Soviet Government to the effect that the arrangement now contemplated is an extension of the shipping arrangements heretofore prevailing but that our two Governments have in mind the possibility that the Soviet Union may desire at a later date to become more intimately connected with these arrangements. In such situation, the two Governments will be glad to give sympathetic consideration to Soviet participation.

For your information Lord Halifax has been informed that participation by Brazil has been under discussion in the sense that Brazil be not brought into the proposed control organization at this time but that Brazil be informed of the arrangement, thus placing Brazil in the position of having had the opportunity to ask for participation if desired. The Brazilian Ambassador has been notified. It is understood that, if at a later time the Brazilian Government seeks admission to the arrangement as it then may appear, the United States will support and endorse Brazil's application for membership in the control organization.

You will be notified immediately when the Department receives Lord Halifax's answer to these suggestions.

Mr. Morse has postponed his departure until July 6. [Berle.]

HULL

800.85/7-444 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, July 4, 1944—7 p. m.

5261. From Berle. Your reference 4775, June 14, 1944, Land from Reed.[30] Following is proposed text of the invitation as contained in enclosure 2 transmitted by Lord Halifax's letter of June 15, 1944 with alteration as suggested by Department and described in Department's telegram of recent date, to be presented to Governments of Norway, Holland, Belgium, Greece, Poland, France, and Canada.

[Here follows text the same as printed on page 650, except for changes needed to make it an invitation from the Governments of the United Kingdom and the United States rather than from the United Kingdom alone.]

If the United Kingdom Government is agreeable to the foregoing text as proposed to Lord Halifax, you will be authorized to sign such invitation to the Governments designated on behalf of the United

[30] Not printed.

States Government jointly with representatives of the United Kingdom Government. [Berle.]

HULL

800.85/7–744 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 7, 1944—11 p. m.
[Received July 8—1:02 a. m.]

5383. Foreign Office feels it is important that the Soviet Government be notified of the projected shipping conference at the same time invitations to the conference are issued to the other governments of the United Nations. It is in substantial agreement with the procedure as outlined in Department's 5260 July 4, 6 p. m. and proposes to send the British Ambassador, Moscow, the instruction quoted below:

"We have been discussing with the United States Government the arrangements necessary to ensure that merchant ships continue after the termination of European hostilities to be used to discharge the tasks of the United Nations. The United Kingdom and United States Governments propose to discuss this matter with the other governments of the United Nations and with the French Committee of National Liberation who have contributed ships to the existing United Nations shipping pool and for this purpose hope to be able to arrange discussions in London at a very early date on the basis of the attached memorandum (see my immediate following telegram). It is hoped that as a result of the discussions it will be possible to reach agreement as to the measures to be taken.

2. The arrangement contemplated would be an adjustment of that now in force and the two Governments have in mind the possibility that the Soviet Government may in due course desire to become more intimately associated with it."

It will be noted that the British have used the phrase "in due course" rather than "at a later date" which had been suggested by the Department.

Foreign Office feels that phrase it suggests does not give the impression that an attempt is being made to prevent the Soviet Government from taking part in the conversations if it should desire to do so. Foreign Office also believes that the final sentence suggested by the Department beginning "in such situation" and ending "Soviet participation" should be omitted as it feels it has a slight tenor [of?] condescension and is in fact unnecessary in view of the notification being given to the Soviet Government of the projected conversations.

Because of the desire of the British to issue invitations early next week for the conference to begin on July 24 and because of their desire

to inform the Soviet Government at the same time as stated above, the British instructions to Moscow will be sent as given above unless the Department indicates some objection prior to July 11.

WINANT

800.85/7-1544 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 15, 1944—4 p. m.
[Received July 15—3:26 p. m.]

5599. For Berle and Land, WSA, from Allison, Radius and Morse. Preliminary discussions between British and American shipping representatives on general Anglo-American line of approach at forthcoming shipping conference are proceeding satisfactorily.

Following represents substance of informal agreement reached with British as to our joint line of approach to Allies on the subject of ship warrant control under clause 5 of the Memorandum of Principles:

"1. Under the US and British ship warrant schemes the following American and British controlled shipping facilities are only granted to vessels in approved employment which generally receive ship warrants.

(I). Coal and oil bunkers.
(II). Deck and engine room stores, including lubricants.
(III). Ship repairs and spare parts.
(IV). Lighterage, docking and towage.
(V). Admiralty charts and publications (British scheme only).
(VI). Banking credits in respect of cargoes (British scheme only).
(VII). Marine insurance.

The signatory Governments should take measures to be sure that all such facilities in their territories can be withheld from ships not trading in conformity with the purposes of the United Nations both as regards employment and rates of freight. As regards insurance, each Government should take steps to ensure that no insurance policy is issued by any insurance company under its control in respect of any vessels of any flag unless it is trading in conformity with the purposes of the United Nations.

2. Inter-Allied machinery will be established within the central authority for reviewing the employment of ships from which it may be desirable to withhold facilities in order to bring their trading into conformity with the purposes of the United Nations and for notifying to the Governments concerned the names of such ships from which they should withhold facilities under their control.

3. The United States and British authorities will continue to issue United States and British ship warrants as a credential by which

ships will secure facilities under United States and British control. It will be necessary for administrative convenience, in view of the worldwide distribution of the shipping facilities control led by the United States and British Governments, that ships under all flags which may require to use such facilities should carry United States and/or British ship warrants.

4. Some other Allied Governments may desire that ships requiring to use facilities under their control should carry ship warrants issued by them. It can be pointed out to any such Government that the United States and British Governments issue ship warrants only as a matter of convenience both to themselves and to the shipowners, so that ships in possession of such warrants may automatically benefit from facilities under United States or British control in any part of the world without delay and expense consequent upon reference to Washington or London and that it should not be necessary for a Government which is not in the position of controlling facilities in other parts of the world to adopt the same practice. However, the United States and British Government could not object if other Governments elected to issue warrants themselves for ships requiring facilities in their territories."

The paragraph 4 of the above will have to be used only if some Allied Government indicates strong desire to establish its own ship warrant scheme. We will discourage such suggestions to the extent possible. [Allison, Radius, Morse.]

WINANT

800.85/7–1944 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 19, 1944—7 p. m.
[Received July 19—3 p. m.]

5702. For Berle and Land, WSA, from Delegation to Shipping Conference. First meeting of Conference was held this afternoon at Foreign Office attended by representatives of all countries invited including Canada. General agreement was reached on the following points:

(1) That continued control over all tonnage at the disposal of the United Nations is necessary;

(2) That the "Memorandum of Principles" submitted provides an acceptable basis for discussion.

Discussion of this memorandum begins tomorrow morning at office of Ministry of War Transport and will continue until agreement is reached.

WINANT

800.85/7-2044: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 20, 1944—9 p. m.
[Received July 20—4:52 p. m.]

5764. For Berle and Land, WSA, from Shipping Delegation. At second meeting of Shipping Conference today the delegates expressed complete approval of paragraph 1 of the "Memorandum of Principles" and general agreement, both [*with?*] but few questions of detail, to paragraphs 2, 4, 5 and 6.

In the discussion on paragraph 3, the Belgium, Netherlands and Norwegian delegates expressed considerable concern over the definition of "non-essential services" and "non-essential cargoes" and raised the question of who would determine what such services and cargoes are. The Norwegian delegate asked a specific question as to who makes the decision in case of a conflict between military aims and supply needs of the liberated countries.

The Netherlands and Norwegian delegations are tentatively reserving concurrence in these principles pending some assurance that essential civil requirements of their people upon liberation will be met. While the use of this argument raises questions not entirely relevant to the subject matter of this Conference and which are beyond the purview of the Conference, nevertheless it would be helpful if we could be authorized to make some general statement which would give assurance that the fears of these governments are not well founded. As exile Governments they are obviously worried about accounting to their people on this point. We do not anticipate making such a statement unless absolutely necessary and then only after consultation with the British. In this connection it is believed that the considerations raised in the Embassy's 7538, October 30, 7 p. m.[31] are germane.

WINANT

800.85/7-2544: Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, July 25, 1944—midnight.

5832. For the Ambassador and Delegation to Shipping Conference. The Department believes that the Danish Legation should be represented by an observer and would not object if the observer were a member of the Danish Council; but he should not represent the Danish Council as such but should represent the Danish Legation. If the

[31] *Foreign Relations*, 1943, vol. I, p. 1114.

British agree after consultation, the Ambassador is authorized to sign a note identical with the British note addressed to Count Reventlow [32] in this sense.

You have in mind that the Danish Council represents Danish interests, and especially shipping interests, which have already made an arrangement with the British Government, while a very large amount of Danish tonnage is separately represented here, and is making a quite different arrangement with the Government of the United States. The American group of Danish shipowners probably would not believe they were adequately represented by the Danish Council. The emphasis therefore will have to be on the Legation and Government quality of the representative.

HULL

800.85/7-2744 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 27, 1944—7 p. m.
[Received July 27—2:48 p. m.]

5953. For Berle and Land, WSA, from Shipping Delegation. The question of a press release by the Shipping Conference has been raised and will probably be discussed tomorrow at a noon meeting.

We propose to present for the consideration of the Conference a brief statement along the following lines, unless the Department perceives some objection.[33]

Begin statement: In order to discuss continuing problems of mutual interest respecting the conduct of shipping during the later phases of the war, the governments of the United Kingdom and the United States have sponsored in London a conference of those United Nations most intimately concerned with shipping. Delegates of Belgium, Canada, France, Greece, the Netherlands, Norway, and Poland have met to consider these shipping problems with delegates from the United Kingdom and the United States. They have reached agreement on general principles to govern their future actions in successfully prosecuting the common war effort and supplying the liberated areas, as well as the United Nations generally, and on machinery to implement those principles. *End statement.*

As Norway is not at war with Japan it has been considered advisable to have no reference in a public statement to the war in the Far East.

Arrangements will, of course, be made for simultaneous publication of any statement which may be agreed.

WINANT

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[32] Count Eduard V. S. C. Reventlow, Danish Minister in the United Kingdom.

[33] The Secretary of State in his telegram 5905, July 27, 10 p. m., stated that the proposed press statement was agreeable to the War Shipping Administration and the Department (800.85/7-2744).

800.85/7-2744 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 27, 1944—7 p. m.
[Received July 27—3:50 p. m.]

5954. For Berle and Land, WSA, from the Delegation to the Shipping Conference. Our immediately following telegram gives the full text of the agreement on principles and its annex (the Organization of the Central Authority, reEmbs 5711, July 19, 9 p. m.)[34] as agreed to by the main committee of the Shipping Conference for presentation to the full Conference probably on Monday, July 31. The main committee was composed of all delegates to the Conference not at the ministerial level with two exceptions, Greece and Norway whose shipping ministers attended. It is believed probable that the agreement and its annex will be accepted by the full Conference.

The few changes in text in our opinion fall within the framework of the original agreement and were agreed to by the British and ourselves either for purposes of clarification, drafting or in deference to reasonable suggestions made by delegates of other countries.

The only important point remaining unsettled is the composition of the executive board which is still under discussion informally with the delegations concerned. The matter will be presented for decision at the full Council meeting at which time it is hoped the board will be limited to the United States, United Kingdom, Norway and the Netherlands.

It is contemplated that the delegates will be asked to sign the agreement shortly and we presume that Reed, Morse, Allison and Radius will sign for the United States unless instructed to the contrary.

WINANT

800.85/7-2744 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 27, 1944.
[Received July 28—8:10 a. m.]

5955. For distribution only to Berle and Land, WSA. There follows the draft agreement as approved by main committee of the Shipping Conference:

AGREEMENT ON PRINCIPLES HAVING REFERENCE TO THE CONTINUANCE OF COORDINATED CONTROL OF MERCHANT SHIPPING

The undersigned representatives duly authorized by their respective governments or authorities hereinafter referred to as contracting governments have agreed as follows:

[34] Not printed.

(1) The contracting governments declare that they accept as a common responsibility the provision of shipping for all military and other tasks necessary for and arising out of the completion of the war in Europe and the Far East and for the supplying of all the liberated areas as well as of the United Nations generally and territories under their authority.

(2) The contracting governments undertake to continue to maintain such powers of control over all ships which are registered in their territories or are otherwise under their authority as will enable them effectively to direct each ship's employment in accordance with the foregoing declaration. Subject to the provisions of paragraphs 3 and 9 this control shall continue to be exercised by each contracting government through the mechanism of requisitioning for use of [*or*][35] title.

(3) The contracting governments agree not to release from control any ships under their authority or permit them to be employed in any non-essential services or for any non-essential cargo unless the total overall tonnage is in excess of the total overall requirements and then only in accordance with a mutually acceptable formula which shall not discriminate against the commercial shipping interests of any nation and shall extend to all of the maritime nations of the United Nations an equitable opportunity for their respective tonnages to engage in commercial trades.

(4) Neutral governments having ships under their control in excess of the tonnage required to carry on their essential import requirements shall be invited to subscribe to obligations in respect of all their ships which shall ensure that their employment is in conformity with the general purposes of the United Nations.

(5) The contracting governments undertake to exercise control over the facilities for shipping available in their territories by suitable measures on the lines of the United States and British ship warrant schemes and to take such other measures as may be necessary to secure that ships under all flags are used in conformity with the purposes of the United Nations. Other governments acceding hereto shall give a similar undertaking.

(6) Without prejudice to questions of disposition or title the employment of such ships as may at any time be permitted to operate under enemy flag or authority shall be determined to serve the requirements of the United Nations.

(7) (*a*) In order that the allocation of all ships under United Nations control may continue to be effectively determined to meet the requirements of the United Nations a central authority shall be established to come into operation upon the general suspension of

[35] Corrections in this document based on telegram 6085, July 31, from London (800.85/7-3144).

hostilities with Germany. The central authority shall be organized in accordance with the plan agreed in the annex.

(*b*) The central authority shall determine the employment of ships for the purpose of giving effect to the responsibilities assumed by each contracting government in paragraph 1 to provide the tonnage required from time to time to meet current requirements for ships for the military and other purposes of the United Nations and ships shall be allocated for those purposes to [*by*] those governments in accordance with the decisions of the central authority. So far as is consistent with the efficient overall use of shipping as determined by the central authority for those purposes and with the provisions of paragraph 7 [(*c*)] each contracting government may allocate ships under its own authority wholly or partly to cover the essential import requirements of territories for which it has special shipping responsibilities.

(*c*) In general ships under the flag of a contracting government shall be under the control of the government of that flag or the government to which they have been chartered. In order to meet the special case of military requirements those ships which have been taken up under agreements made by the United States Government and/or United Kingdom Government with the other governments having authority for those ships for use as troopships, hospital ships and for other purposes in the service of the armed forces shall remain on charter as at present to the War Shipping Administration and/or the Ministry of War Transport as the case may be under arrangements to be agreed between the governments severally concerned. (Any further ships required for such purposes shall be dealt with in a like manner.) The fact that these ships are assigned to military requirements shall not prejudice the right of the governments concerned to discuss with the central authority the measures to be taken to provide shipping for their essential requirements within the scope of paragraph 1.

(*d*) The contracting governments shall supply to one another through the central authority all information necessary to the effective working of the arrangements e.g. regarding programs employment of tonnage and projected programs subject to the requirement of military secrecy.

(*e*) The central authority shall also initiate the action to be taken to give effect to paragraph 5 and shall direct action under paragraph 6.

(*f*) The terms of remuneration to be paid by the users (government or private) of ships shall be determined by the central authority on a fair and reasonable basis in such manner as to give effect to the following two basic principles:

(I) Ships of all flags performing the same or similar services should charge the same freights;

(II) Ships must be employed as required without regard to financial considerations.

(8) The principles herein agreed shall apply to all types of merchant ships irrespective of size including passenger ships, tankers and whale factories when not used for whaling (but paragraph 7(*b*) will not be applicable to ships engaged in coastal trades and short trades between nearby countries the arrangements for control of which shall be appropriate to meet the requirements prevailing in each particular area).

The principles shall also be applied to the extent necessary through suitable machinery to fishing vessels, whale catchers and other similar craft in those areas which special measures in respect of such craft as are agreed to be necessary. A special authority shall be set up capable of apportioning between naval and commercial services such craft as are available in those areas.

(9) The foregoing principles shall take effect on the coming into operation of the central authority and shall remain in effect for a period not extending beyond six months after the general suspension of hostilities in Europe or the Far East whichever may be the later unless it is unanimously agreed among the governments represented on the duly authorized body of the central authority that any or all of the agreed principles may be terminated or modified earlier.

Done in London on (blank) for the government of (blank).

Annex

Organization of the central authority.

(1) The central authority shall consist of:

(*a*) a council (United Maritime Council).
(*b*) an executive board (United Maritime Executive Board).

The United Maritime Council.

(2) Each contracting government shall be represented on the council. Membership of the council shall also be open to all other governments whether of the United Nations or of neutral countries which desire to accede and are prepared to accept the obligations of contracting governments.

(3) The council shall meet when decreed necessary at least twice a year at such places as may be convenient. Meetings shall be arranged by the executive board. The council shall elect its own chairman and determine its own procedure. The meetings of the council are intended to provide the opportunity for informing the contracting governments as to the overall shipping situation and to make possible the interchange of views between the contracting governments on

general questions of policy arising out of the working of the executive board.

The United Maritime Executive Board.

(4) The executive board shall be established with branches in Washington and London under WSA and MWT chairmanship, respectively.

(5) The executive board shall exercise through its branches the executive functions of the central authority. Appropriate machinery under the two branches shall be established for the purpose of enabling them to discharge the functions described in paragraph 7 of the agreement on principles. Machinery to carry out the arrangements under paragraph 8 of that agreement as regards ships engaged in coasting and short sea trades and as regards small craft shall be set up under the executive board.

(6) The division of day to day responsibility between the two branches of the board shall be established as convenient from time to time. So that the two branches of the executive board may work in unison meetings of the board as a whole shall be arranged at the instance of the two chairmen as often as may be necessary and at such place as may be convenient from time to time.

(7) The membership of the executive board shall be restricted in numbers. By reason of their large experience of shipping normally engaged in international trade and their large contribution of ships for the common purpose the following governments shall be represented on the executive board (names to be inserted). It shall be open to the members of the executive board to recommend to contracting governments additions to the membership of the executive board as circumstances may require in order to promote the effective working of the central authority.

(8) Each contracting government not represented on the board shall be represented by an associate member who shall be consulted by the board or its branches on matters affecting ships under the authority of that government or on matters affecting the supply of ships for the territories under the authority of that government.

(9) The executive board and its branches shall proceed by agreement among the members. There shall be no voting.

(10) The decisions of the executive board affecting the ships under the authority of any particular contracting government shall be reached with the consent of that government acting through its representative on the board or through its associate member as the case may be.

(11) The executive board shall be the duly authorized body for the purpose of paragraph 9 of the agreement on principles but [it?] is understood that no decision reached under that paragraph by the

governments represented on the executive board shall impose any new or greater obligation on any other contracting government without its express consent.

(12) A planning committee shall be set up to begin work in London as soon as possible after the signature of the agreement on principles for the purpose of working out on a basis satisfactory to the contracting governments the details of the machinery required to enable the executive board to discharge its functions including the functions under paragraph 7(*f*). Any contracting government may be represented on the planning committee.

(13) The executive board shall have the full use of the machinery and procedure of the War Shipping Administration and Ministry of War Transport in order to avoid duplication.

(14) The contracting governments shall nominate their representatives on the planning committee to the governments of the United States and United Kingdom as soon as practicable. They shall also so nominate their representatives as members or as associate members of the executive board as the case may be. The governments of the United States and United Kingdom shall be responsible in consultation with the other contracting governments concerned for determining the date of coming into operation of the central authority in accordance with paragraph 7(*a*) of the agreement on principles.

WINANT

800.85/7–2044 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, July 28, 1944—midnight.

5944. Your 5764, July 20, 1944, 9 p. m. The concern expressed by Belgian, Netherlands and Norwegian representatives in regard to "non-essential services" and "non-essential cargoes" referred to in paragraph 3 of the Memorandum of Principles appears not to be well-founded. The Department assumes that determination of these matters will be a function of any shipping control authority which may be established under the Memorandum of Principles.

Paragraph 1 of the Memorandum of Principles, reportedly agreed upon, should cover this point completely, namely, the Governments concerned undertake as a common responsibility to provide shipping for both military and civilian requirements. It is firmly believed here that the ability to meet civilian requirements of the liberated areas will largely depend upon the willingness of all countries concerned to continue to pool their shipping, subject to a mutually agreeable control.

In the case of conflict between military aims and civilian supply needs of the liberated areas, such conflict will no doubt be resolved by the Combined Chiefs of Staff in consultation with interested civilian agencies.

It is impossible to give assurances to the Netherlands and Norwegian representatives that essential civilian requirements can be fully met. The requirements of any of the liberated countries can be met only in the proportion that it is possible to meet the total requirements of all liberated countries.

It is assumed that "civil supply" neither includes nor excludes requirements inherent to trading operations. For example, it may be found necessary to supply Norway with fuel essential to mobilize its fishing fleet. While the result of such determination would mean food for Northern and Western Europe, it would by its very nature mean trade for Norway. It is impossible to draw any fine definition at this point as to what constitutes civilian supply per se and supply which includes trading operations.

For your strictly confidential information, it is reported that Belgian representatives here, in conversations with Government agencies, have been saying that they expect their fleet will be released for commercial operations when war conditions in Europe end.

STETTINIUS

800.85/7–3144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 31, 1944—7 p. m.
[Received 11:59 p. m.]

6086. For Berle and Land, WSA, from Shipping Delegation. After further discussion at the final meeting of the main committee of the Shipping Conference and subsequent informal discussion with the British and other delegates concerned, it has been decided that it will be necessary to issue a statement to the press and that the press release suggested in our 5953, July 27, 7 p. m., should be explained. It is now proposed subject to the Department's concurrence to issue a statement somewhat along the following lines: [36]

Begin statement:

United Nations shipping representatives of Governments of the United Nations that are parties to existing arrangements for provision of ships to meet the need of the United Nations have recently met in London to discuss arrangements to ensure the continued avail-

[36] The concurrence of the Department and the War Shipping Administration was conveyed in Department's telegram 6073, August 1, midnight, to London (800.85/7–3144).

ability of their tonnage resources for all purposes of the United Nations in the changed circumstances anticipated during the latter phases of the war.

Delegates of Belgium, Canada, French Committee of National Liberation, Greece, Netherlands, Norway, Poland, United Kingdom, and United States have taken part.

The Governments have declared that they accept as a common responsibility the provision of shipping for all military and other tasks necessary for and arising out of the completion of the war in Europe and the Far East and for the supplying of all liberated areas as well as of the United Nations generally and territories under their authority. Existing machinery for control of ships employment is to be adjusted to implement the declaration. Further discussions will take place as soon as possible to complete the details of this adjustment.

Other governments concerned are being informed and will be invited to associate themselves with the arrangement.

End statement.

It is hoped that the reference in the above statement to further discussions taking place will forestall press inquiries with regard to the details of the agreement reached. Norwegian delegates have not yet definitely withdrawn their objection to mention of the war in the Far East in the statement but as both the British and ourselves feel that this reference is important it is hoped that the Norwegians will assent to it. However, we are prepared to delete it if they insist.

The above press statement will be discussed at the meeting of the full Conference Wednesday morning.

WINANT

800.85/8–144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 1, 1944—6 p. m.
[Received August 1—2:37 p. m.]

6115. For Berle and Land, WSA. The Foreign Office and MWT feel strongly that it would be desirable to inform the Russians of the results of the Inter-Allied Shipping Conference prior to any announcement in the press.

Inasmuch as it is now hoped that the agreement on principles can be signed on Friday, August 4, the Foreign Office have proposed that a representative of the Soviet Embassy be invited to the office of Hayter,[37] acting head of the General Department, in Le Rougetel's [38] absence, on Thursday afternoon where he will be received by Hayter and a representative of the American Embassy, presumably Allison.

[37] William G. Hayter, Counsellor, British Foreign Office.
[38] John H. Le Rougetel, Counsellor, British Foreign Office.

They would refer to the notification given the Soviet Government by the British and American Ambassadors in Moscow, as outlined in the Embassy's 5383, July 7, 11 p. m., and would then hand him a copy of the Agreement on Principles and annex.

Unless instructions to the contrary are received, Allison will join with Hayter in carrying out the above procedure the afternoon of August 3.

WINANT

800.85/8–244 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 2, 1944—7 p. m.
[Received August 2—4 p. m.]

6154. For Berle and Land, WSA, from Shipping Delegation. The second meeting of the full conference of Inter-Allied Shipping Ministers was held this morning and the agreement and annex were approved. It also considered the question of the membership of the Executive Board of the United Maritime Council. The Belgian delegate proposed that the permanent members of the Board should be the Netherlands, Norway, United Kingdom and the United States. This was agreed to by all delegates except the representative of the French Committee who stated that while the agreement was satisfactory and had his approval his instructions prevented him from signing it unless France was at this time given a permanent seat on the Board. The remaining delegates felt that in the interest of efficiency the membership of the Board should be limited to four at the present time and it was pointed out to the French delegate that paragraph 7 of the annex makes it possible for the matter of French membership on the Executive Board to be raised at a later date and that in the meantime her interests should be thoroughly protected by her associate member in accordance with paragraphs 8 and 10 of the annex. Paragraph 8 was further strengthened and clarified at this morning's meeting at the suggestion of the Canadian delegate by the insertion of the words "and shall be entitled to attend meetings of" after the words "shall be consulted by" and before "Executive Board".

After considerable discussion it was agreed among the delegates that the French representative should be given a limited time in which to confer with his superiors. The meeting of the full conference was therefore adjourned until Saturday[39] morning at 10:30 at the Foreign Office by which time it is hoped the French delegate will be in a position to sign but failing which the remaining delegates will sign without French participation. M. Anduze-Faris, the chief French

[39] August 5.

representative, is being flown to Algiers by the British this afternoon where he will endeavor to have his instructions changed so as to permit him to sign without reservation.

ReEmbs 6086, July 31, 7 p. m. The draft press release was approved with two changes. The following sentence was added to paragraph 2: "Denmark was represented by an observer." This was Count Reventlow. A new paragraph 4 was added as follows: "The arrangements shall not extend beyond the general suspension of hostilities in Europe or the Far East, whichever may [be] the later." [40]

This paragraph was added at the instance of the Netherlands' delegate in order to make clear that this is not a postwar measure.

Arrangements as to the actual time of issuing the press statement will be made at the Saturday morning meeting. The Foreign Office has indicated its belief that it should not be issued until after the bank holiday which is next Monday and then simultaneously in the capitals concerned.

The question of notifying other interested Allies not present has arisen and it was suggested that it would be desirable to notify Brazil as well as USSR of the terms of the agreement prior to any press announcement. The Department's opinion and suggestions on this point are invited.

WINANT

800.85/8–444 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 4, 1944—7 p. m.
[Received August 5—6:27 a. m.]

6242. For Berle and Land, WSA. In accordance with the procedure outlined in Embassy's 6115, August 1, 6 p. m. and approved in the Department's 6123, August 3, 3 p. m.,[41] the Counselor of the Soviet Embassy in London, Mr. Koukin, was invited to the Foreign Office this morning where, in the presence of Allison, he was given an advance copy of the Agreement on Principles and its Annex which will be signed at the Inter-Allied Shipping Conference tomorrow morning.

Mr. Koukin expressed considerable interest in the Shipping Conference and raised the question of why the Soviet Government had not been invited to participate. It was pointed out that the British and American Ambassadors in Moscow had notified the Soviet Government of the Conference at the same time as the invitations were

[40] Corrected to read "shall not extend beyond six months after the general suspension . . ." by telegram 6197 from London, August 3, 1944, 7 p. m. (800.85/-8–344).

[41] Latter not printed.

issued and had given the Soviet Foreign Office a copy of the Memorandum of Principles (as revised, now called the Agreement on Principles). It was also made clear that all of the countries who are attending the Shipping Conference are countries which had contributed ships to the existing United Nations shipping pool. Mr. Koukin stated that it is his personal opinion that the Soviet Government would be extremely interested in this new shipping agreement and stated it might wish to become a party to it. In such case he asked whether or not the Soviet Government would be entitled to a permanent seat on the Executive Board of the Central Authority for the control of ships, which at present is limited to four countries: U.S., U.K., Norway, the Netherlands. It was explained to him that the Executive Board was purposely being kept small in the interests of efficient operation, but that the annex to the agreement provides that the Executive Board may be enlarged as circumstances may require and that the claim of the Soviet Government to sit on the Board, should it subscribe to the agreement, undoubtedly would receive careful and sympathetic consideration.

Mr. Koukin apparently had some difficulty in understanding just when the agreement came into effect and when it would terminate. It was carefully explained to him that inasmuch as shipping tonnage of the nations represented at the Conference at present was under charter either to the Ministry of War Transport or to WSA and that these charters did not expire until the conclusion, or shortly after the conclusion of hostilities with Germany it was not necessary for the agreement to come into operation until that time. Mr. Koukin seemed particularly impressed when told that the agreement meant that all of the shipping tonnage of the nations subscribing to the agreement, with the exception of certain coastal tonnage, would be thrown into the common pool immediately upon the conclusion of hostilities with Germany and that this tonnage would be controlled by the Executive Board until six months after the conclusion of hostilities in the Far East. He expressed himself as satisfied with the explanation given and stated he would inform his Government.

Sent to Department, repeated to Moscow.

WINANT

[For text of Agreement on Principles and Annex, signed at the Conference on August 5, 1944, see Department of State Treaties and Other International Acts Series No. 1722, or 61 Stat. (pt. 4) 3784. The signed text was the same as that transmitted in telegram 5955, July 27, from London, printed on page 666, with minor modifications. The minutes of the meetings of the Conference, July 19–August 5, are not printed (800.85/8–1744).]

800.85/8–544 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 5, 1944—1 p. m.
[Received August 5—7 : 50 a. m.]

6267. For Berle and Land, WSA. Due to the illness of the French Minister of Communications in Algiers, the French delegation did not receive instructions enabling them to sign the Agreement on Principles at the final meeting of the Shipping Conference this morning. Informal advices indicate that it is not at all impossible that French will sign at the last minute.

Delegates of all the other nations attending the Conference signed the Agreement and it was agreed that it would be left open for signature by the French until Tuesday afternoon at 6 p. m. August 8.

Because of the above situation the release of the draft press statement has been postponed and it will now be issued for publication in Wednesday morning papers, August 9. Will wire later form of statement if French do not sign. Brazilian Embassy will be notified here on Tuesday in the same manner as was the Soviet Embassy.

WINANT

800.85/8–744 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 7, 1944—1 p. m.
[Received August 7—7 : 50 a. m.]

6315. For Berle and Land, WSA. ReEmbs 6267, August 5, 1 p. m. We have been told by the British that informal word has now been received that the French Committee have decided to maintain their original position and will not sign the Agreement on Principles concluded at the Shipping Conference. Anduze-Faris is expected to arrive back in London from Algiers tomorrow when he will give formal notification of the French position.

It has therefore been decided, subject to your approval, to amend the proposed press statement in the following manner. Paragraph 2 to be deleted and paragraph 3, which now becomes paragraph 2, to begin as follows: "The Governments of Belgium, Canada, Greece, Netherlands, Norway, Poland, United Kingdom and United States have declared et cetera." A new penultimate paragraph to be added, reading: "Representatives of the French Committee of National Liberation took part in the discussions. Denmark was represented by an observer."

It is hoped that your approval of the amended statement can be received by tomorrow afternoon at the latest so that the Foreign Office may make it available for the Wednesday morning papers.

WINANT

800.85/8–1144 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State

Moscow, August 11, 1944—2 p. m.
[Received 10 : 25 p. m.]

2946. Reurtel 1669, July 11, 8 p.m.[42] In a letter dated August 10 the Foreign Office states that the question of the use of merchant vessels after the termination of European hostilities for discharging the tasks of the United Nations interests the Soviet Union to a considerable degree. The letter states that since however according to information received from the British Government an agreement on the question of the use of the vessels after the termination of the war has already been signed in London on August 5 by the appropriate governments, the Soviet Government has in mind setting forth its considerations on this question after it has received and studied the text of the Agreement of August 5.

The British Ambassador has informed the Foreign Office, with reference to the remarks of the Soviet Counselor in London (London Embassy's telegram 79, August 4, 7 p.m.[43]) that as the Counselor has already been informed, in view of the far reaching obligations incurred by the contracting governments and of the fact that Soviet Government had not hitherto contributed ships to the pool, the British and United States Governments had thought it preferable not to issue a direct invitation to the Soviet Government to accede, if and when they so desired [*sic*], and that such accession would naturally be welcomed.

Sent to Department. Repeated to London as 136, August 11, 2 p. m.

HARRIMAN

800.85/8–1644 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, August 16, 1944—9 p. m.

6502. Reference minutes of Conferences July 20, page 6, and Au-

[42] Not printed; it transmitted the text of the note quoted in telegram 5383, July 7, from London, p. 661, and authorized Ambassador Harriman to join the British Ambassador in presenting it to the Soviet Government (800.85/-7–444).

[43] See London's telegram 6242, August 4, 7 p. m., to the Secretary of State, p. 675.

gust 2, page 7.[44] It is of paramount importance that Sweden be officially advised of Allied Shipping Agreement and invited to participate as soon as possible. It is equally important that there should be no hiatus between control of Swedish ships under existing arrangements and their control under central authority and Sweden will be expected to agree to arrangements under which all Swedish tonnage now or becoming available for general trading will be under control until such time as Sweden is able to become a contracting government. (Refer to your Top Secret Telegram no. 6402, August 10 [45] and Department's no. 6368, August 11.[46])

Minutes of Conference of July 20 make it clear that questions regarding programing of supplies are not within the scope or purview of central authority beyond obligations accepted in paragraph 1 of Agreement. Swedish accession to Agreement does not mean that rights to control her imports are in any way forsworn and it should be made clear to Sweden that her entry into Agreement must be unconditional. There is no objection on our part to a limited deferment of joint approach for the purposes indicated in your message. However, in this connection, your number 6471, of August 11,[45] indicates Swedish Government already taking affirmative precautionary action. Furthermore, it is not contemplated here that joint approach to Sweden or her acceptance of principles at this time will be made public or communicated to other than signatory governments until it is appropriate to do so.

All of these matters should be discussed with the British before action is taken.

HULL

103.9164 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 18, 1944—11 a. m.
[Received 11:39 p. m.]

6666. To Land, WSA, for Morse from Reed by Brown.[47] Following are developments in connection with Inter-Allied Shipping Conference since you left.

1. Weston will be BRFT member [48] of Planning Committee. Others so far nominated are: Belgium, H. R. Rueff; Canada, Langley; Nor-

[44] Minutes not printed; references are to brief discussions regarding the issuing of invitations to Sweden and other Governments concerned to participate in the agreement as soon as possible (800.85/8–1744).

[45] Not printed.

[46] Vol. IV, p. 608.

[47] Winthrop G. Brown, executive officer, Mission for Economic Affairs, American Embassy, London.

[48] W. G. Weston was head of the Foreign Shipping Relations Division of the British Ministry of War Transport.

way, Simonsen; Poland, Mozdzenski; Speekenbrink likely to be Dutch nominee. Please advise name of United States member.

2. French have informally suggested they should be represented by observer at Planning Committee meetings. Weston told Anduze-Faris that they would undoubtedly be kept informed but held out no hope that they could have an observer, saying this was a matter about which all the signatory governments would have to be consulted. Opinion of MEA [50] and Allison, with which Ministry agrees, is that French should not have an observer but should be kept generally informed.

3. Denmark would also like to be represented by an observer. We feel they should merely be kept informed. If we accept Denmark as observer we would also have to accept France. Please advise your opinion on both these points.

4. You will doubtless have already heard from the State Department on the subject of discussions with the Swedes. Foreign Office agree that these should be postponed.

5. We are considering how and when UNRRA [51] and the Combined Boards should be given details of the agreement. It is felt here that it would probably be desirable for officials of UNRRA in Washington and London to be informed quite soon and that we should clarify our ideas as to the relation between UNRRA and UMEB [52] probably before the Montreal meeting.[53] Preliminary thought in MEA is that the "paying" governments should present their own claims for shipping direct to UMEB and that UNRRA should be a claimant for shipping only for the requirements of the non-paying countries for which it is directly responsible. Programs presented by the paying countries would of course not be accepted by UMEB unless they had approval of UNRRA and Combined Boards.

6. MWT have prepared a paper containing suggestions as to form of planning and allocation machinery of UMEB. This was revised in discussion with Weston today and revised draft will be forwarded to you tomorrow. If you agree this paper might be presented at first meeting of Planning Committee.

7. British suggest preliminary meeting of Planning Committee might be held August 24. Suggestions for detailed agenda will follow shortly. General subjects which might be discussed are as follows:

(*a*) Paper referred to in paragraph 6 above as agreed with you might be presented.

(*b*) We would propose that there would be a subcommittee of the Planning Committee to recommend machinery for dealing with rate

[50] Mission for Economic Affairs, American Embassy, London.
[51] United Nations Relief and Rehabilitation Administration.
[52] United Maritime Executive Board.
[53] The second session of the UNRRA Council was held at Montreal, September 15–27, 1944.

questions; this committee to be on a technical level and to consist of United States, United Kingdom, Norwegian, and Dutch representatives to meet when United States and United Kingdom have formulated proposals to lay before [it]. We all hope Mann [54] can come to London as soon as possible for necessary United States/United Kingdom advance consultation.

(*c*) We would propose a subcommittee of the Planning Committee to recommend machinery for dealing with ship warrant questions. Mann and Fraser [55] could explain to Allies how United States and British systems work, develop with them methods appropriate to their own local conditions and the subcommittee could make recommendations for permanent machinery under the Executive Board to administer warrant problems.

(*d*) Coastal shipping if you approve section 2(*e*) of paper agreed here on problems to be considered by Planning Committee might be basis of preliminary recommendation to Planning Committee.

Please advise your reactions to above and any developments your end. Also what are your ideas on how and when full text of Agreement should be made public?

Allison has seen this cable. Please inform Berle. [Reed.]

WINANT

103.9164 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 22, 1944.
[Received August 22—6:51 a. m.]

6782. To Land, WSA, for Morse from Reed by Brown.

1. Have further discussed with Weston proposal for meeting with Allies August 24th. We agree meeting is desirable to suggest to Allies topics which might be considered by Planning Committee and type of personnel they will require. We agreed meeting should be held informally and not considered a meeting of the Planning Committee itself. Agenda would be roughly as follows:

(*a*) Machinery for allocation of dry cargo ships: We would suggest formation of sub-committee of Planning Committee to examine Anglo-American paper to be circulated later (see our 6734, August 19th [56] for suggested form of such paper). Contracting governments should nominate one or two experts for this sub-committee which would report to Planning Committee as soon as possible. Nicholson [57] and Brunt [58] would be MWT's nominees to this sub-committee.

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[54] John W. Mann, director, Division of Foreign Charters and Ship Warrants, War Shipping Administration.

[55] George D. Fraser, an official of the British Ministry of War Transport.

[56] Not printed.

[57] E. M. Nicholson, principal assistant secretary, Allocation and Tonnage Division, British Ministry of War Transport.

[58] P. A. Brunt, British Ministry of War Transport.

(*b*) Comparable machinery in relation to tankers: We would propose a sub-committee on this question also. Anglo-American paper would be circulated as soon as possible as basis for discussion. Wackrill [59] and Brunt would be MWT's nominees. Meyers, Petroleum Attaché, and Lieutenant Commander Ritchie of Navy, who works with him on tanker problems here, are both fully familiar with tanker allocation procedure in United Kingdom as members of Allied Tanker Coordinating Committee and Tanker Advisory Committee. They would be available to work on this sub-committee if you so desired.

(*c*) Freight rates: After discussions with Mann Anglo-American paper would be circulated, after which we would propose discussions on this subject in the Planning Committee itself. Necessary experts would be brought in by governments to assist their representative on the Planning Committee. Information about existing rates and procedures would be developed and consideration given to any special problems requiring urgent attention such as freight rates for shipments to liberated areas.

(*d*) Control of ship warrant facilities: We would suggest sub-committees to deal with this subject to explain United States and United Kingdom procedures and measures to be taken by contracting governments in their own territories and coordinating action between various areas. Fraser and Brunt would be MWT nominees.

(*e*) Coastal and short seas: We would propose sub-committee on this subject to recommend arrangements necessary to enable UMEB to keep a general eye on the relation between coastwise shipping and operation of the general pool. Definition of coasting trade in various areas would have to be developed. Similar questions must be considered in connection with short seas trades. We would suggest to contracting governments that they prepare papers explaining the coastal and short seas position in relation to their own territories to use as basis for sub-committee's work. Keenlyside [60] and representative of Coastal and Short Seas Division would be MWT's nominees.

(*f*) We would not propose to mention question of smaller craft under paragraph 8 of the Agreement at this stage.

2. We would suggest that Planning Committee might start work in the week beginning September 11th after papers for discussion had been circulated by the conference secretariat. Ministry have suggested that Weston be chairman of Planning Committee. Please advise:

(*a*) Do you approve informal meeting on August 24th and would Brown be authorized to attend for us?

(*b*) Is general line of approach indicated above satisfactory?

(*c*) How soon can you send Mann to undertake necessary Anglo-American advance discussions on rate question?

(*d*) What are your suggestions for American membership on Planning Committee and its sub-committee?

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[59] W. F. Wackrill, assistant secretary, Tanker Division, British Ministry of War Transport.

[60] F. H. Keenlyside, assistant secretary, Division of Foreign Shipping Relations, British Ministry of War Transport.

(*e*) Do you approve Weston as chairman of Planning Committee?

3. Allison has seen this cable. Please inform Berle. [Reed.]

WINANT

800.85/8-2344: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 23, 1944—5 p. m.
[Received August 23—2:30 p. m.]

6821. For Berle and Morse, WSA. Riefler,[61] Brown of MEA and Allison conferred on Monday [62] with Dingle Foot of MEW,[63] Weston of MWT and a Foreign Office representative on the question of approach to Swedes to secure their accession to Agreement on Principles or other arrangement for control of their ships, and Department's 6502 of August 16.

While agreeing to necessity of controlling Swedish shipping, Riefler and Foot are still seriously concerned that invitation to accede to agreement or any other similar arrangement would involve us in at least a moral commitment to allow Swedes use of enough of their ships to lift their minimum requirements, particularly those procured by them in countries not parties to the agreement, e.g. Argentina. They point out that supplies of this type would not be under Combined Board or US/UK control.

MWT and MEA stress absolute necessity of having Swedish ships under control the moment the Baltic is clear. They feel that our Governments committed themselves at the Shipping Conference to take steps to accomplish this control as soon as possible. It could be accomplished by actual Swedish accession to the agreement on principles, or by a tripartite agreement with US and UK, which could come into effect immediately and be merged into the United Maritime Authority when it begins to function. If, however, neither of these steps is deemed desirable because of considerations advanced by Riefler and Foot, MWT and MEA believe that it will be essential for the US and UK Governments to give a firm undertaking to other signatory governments that Swedish shipping will be kept under absolute control by use of US and UK ship warrant mechanisms, and that this control will be maintained even after general cessation of hostilities with Germany. Such a decision would presumably have to be made by the State Department and Foreign Office at a high level.

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[61] **Winfield Riefler, Director of the Economic Warfare Division (EWD), American Embassy at London, with rank of Minister.**

[62] August 21.

[63] **Dingle M. Foot, Parliamentary Secretary, British Ministry of Economic Warfare.**

In accordance with Department's instructions, it was agreed that we would not take any immediate action, but would confer again not later than August 31st, by which time the Swedes may have replied to the joint *démarche* which has been made to them.[64]

We would appreciate your further instructions as soon as possible.

WINANT

103.9164 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 24, 1944.
[Received August 24—10 : 24 p. m.]

6889. To Morse, WSA, from Reed by Brown. Referring telephone conversation with Brown yesterday, Weston confirms agreement that Anglo-United States consultation on items 1(*a*) and (*b*) in our 6782 of August 21st [*22nd*] should take place in Washington and that British representatives would be sent to Washington for this purpose if necessary. Wackrill will be coming to Washington early in September and will be authorized to discuss 1(*b*). Weston hopes however that we are thinking along sufficiently similar lines so that discussions with Maclay could develop agreement on Anglo-American view on 1(*a*) without necessity of sending special representatives from here. Maclay is being authorized today to hold these discussions with you on (*a*) [;] paper cabled you in our 6734 of August 19th [65] might be basis for discussion.

Weston did not understand nor did we that it was intended to have the Planning Committee itself meet in Washington to discuss these points. The Annex to the Agreement as signed states that the Planning Committee will begin work in London. The Allies have nominated their representatives in London to serve on the Planning Committee and it was not suggested to them by either of us that the Planning Committee might meet in Washington nor that there would be a Washingon section of the Planning Committee. The Norwegians have of their own initiative already brought some of their Washington personnel to London to work with the Planning Committee. Some of the Allies would probably not wish to delegate the main authority to negotiate to their representatives in Washington who are unfamiliar with the background of discussions at Conference. However, Allied personnel who are discussing the allocation machinery will probably in many cases also be dealing with other problems on the agenda. To bring the whole sub-committee on allocation machinery to Washington would necessarily involve delay and transportation difficulties.

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[64] For the joint *démarche*, dated August 24, see vol. IV, p. 626.
[65] Not printed.

We understand the reasons why it would be desirable to have some of the Planning Committee meetings in Washington but in view of the practical considerations outlined above and the great speed at which events are moving on the continent we urge that Anglo-American agreement be reached in Washington on these points and that such agreement be first presented to the Allies here by our permanent representative on the Planning Committee.

We have suggested that first meeting of the Executive Board should be held in Washington at which report of the Planning Committee could be received and acted upon. This would be more practical to arrange than to divide the work of the Planning Committee itself. Weston thinks Ministry would probably be agreeable. Would this meet your point? Informal meeting with Allies is set for tomorrow. [Reed.]

WINANT

103.9164 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, August 25, 1944—6 p. m.

6807. SD 3969. To Reed for Brown from Land by Morse. Reference Embassy's 6666, 6734 [66] and 6782.

First. There has been some delay in receipt of your cables. There is no objection to holding informal meeting with the allies for discussion of Planning Committee Agenda. However this should not be considered a meeting of the Planning Committee itself and no commitments of any kind should be made. We agree that Brown attend this meeting for the United States.

Second. In principle your proposals for subcommittees as stated in Embassy's 6782 are acceptable, however we feel that United Kingdom–United States agreement should be reached on all major points in advance of discussions with signatory governments.

Third. Within next few days we expect to nominate WSA representative on Planning Committee in London and contemplate sending him to London by first week in September. He will be accompanied by experts on freight rates and ship warrants.

Fourth. Weston as chairman of Planning Committee London is acceptable on assumption that Morse will be chairman in Washington.

Fifth. We reply to the numbered paragraphs of Embassy's 6666 not answered in the above as follows:

Your paragraphs 2 and 3 we agree.

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[66] Telegram 6734 not printed.

Your paragraph 4 please refer to State Department cable No. 6502.[67] We would emphasize that postponement should be limited.

Your paragraph 5 will advise.

Your paragraph 6 as well as Embassy's 6734 our views will follow but it must be understood that matters of allocation are not to be discussed by Planning Committee in London but rather are to be discussed by Planning Committee in Washington and we believe that the allocation machinery should be centralized in Washington.

Your paragraph 7(*a*) (*b*) (*c*) answered above. We wish to give further consideration to point noted in your 7(*d*).

Sixth. Full text of agreement should only be made public with consent of all contracting governments and should be available to contracting governments for simultaneous publication. We are not yet ready to agree that document be made public and feel that this should not be done until Sweden has been given an opportunity to subscribe to the principles.

Seventh. The point noted above that matters of allocation are to be discussed by the Planning Committee sitting in Washington is most important and was agreed to by Weston. Efforts of the Ministry to bring these questions before the Planning Committee in London should be resisted. We are willing to exchange views with the Ministry by cable through your office prior to their sending representatives to Washington but we are not agreeable to the presentation of our views or the presentation of the Ministry's views to the other contracting governments in advance of the meeting of the Planning Committee called for the purpose of discussing these matters in Washington. Advise when we can expect British representatives here for preliminary discussions. [Land.]

HULL

103.9164 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 26, 1944.
[Received August 27—6 a. m.]

6964. For Morse, WSA, from Reed by Brown. Preliminary meetings with Allied nominees to Planning Committee, plus Speekenbrink for Dutch, was held this morning. Informal paper on scope of Planning Committee's work generally following lines of our 6782 of August 21st [*22nd*] was presented. Copy is being sent you by air pouch. All agreed (*a*) that sub-committees of the Planning Committee be formed to deal with allocation of dry cargo ships and tankers

[67] Dated August 16, p. 678.

ship warrants and arrangements for dealing with coastal and short sea trades and (*b*) that matter of freight rates should be taken up first in Planning Committee itself with a sub-committee to be formed later if necessary. Several Allies urged importance of beginning work promptly and expressed desire for concrete Anglo-American suggestions to guide discussions. We said we hoped to be able to present Anglo-American papers on the four subjects to be considered in sub-committees in the near future. Discussions in each sub-committee could begin upon receipt of such papers.

Allies were invited to nominate their members to the four sub-committees.

After the meeting Hurcomb [68] suggested to Brown and Speekenbrink that chairmanship of the sub-committees might be divided between the nations represented on the Executive Board.

We would appreciate your comments, particularly advice on the following subjects:

1. Name of American nominee to Planning Committee.
2. Your decision on points discussed in our 6889 of August 24th.
3. Names of American nominees to the four sub-committees of the Planning Committee.
4. Your thoughts on how chairmanship of sub-committees should be handled.
5. Your views on proposed paper dealing with allocation of dry cargo ships.

Report of meeting is being sent by air pouch. We are cabling separately on one other non-procedural point which was raised. [Reed.]

WINANT

103.9164 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, August 31, 1944—midnight.

7048. SD 3986. From Berle and Land, WSA. Reference Embassy's 6821. In view reply to joint *démarche* is expected within period of not more than 10 days, State Department and WSA agree that invitation to Swedes to accede to agreement on principles may be delayed until such reply is received.

Immediate consideration is being given to possibility of advising Norwegians, Belgians and Dutch in detail as to reasons for delay. Pending decision on this question, however, you will have to temporize with informal assurance to Norwegians and other signatory

[68] Sir Cyril Hurcomb, Director General, British Ministry of War Transport.

nations if they request such assurance that United States and United Kingdom are delaying invitation to Swedes for good and sufficient reasons vital to war effort and that United States and United Kingdom are willing to reiterate their commitments in respect of Swedish shipping made at Shipping Conference. [Berle and Land.]

HULL

103.9164 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 5, 1944.
[Received September 5—9:06 p. m.]

7262. To Morse, WSA, and Berle from Reed by Brown. In view of likelihood that questions about UMA [69] may be asked at forthcoming UNRRA conference, British have suggested that we agree to a form of statement to be made if necessary; they suggest the following might be suitable:

"As a result of a conference in London the Governments of Belgium, Canada, Netherlands, Norway, Poland, United Kingdom and United States have accepted as a common responsibility the provision of shipping (among other purposes) for the supplying of all liberated areas. The contracting governments are now engaged in detailed discussions on necessary adjustments to be made in existing machinery for the control of ships' employment.

The arrangements to be made will not extend beyond six months after the general suspension of hostilities in Europe or the Far East which ever may be the later.

When the contracting governments have further worked out the details of the new machinery they will consult with UNRRA on the relation between the proposed shipping organization and UNRRA. In general terms it may be stated that the responsibility for determining requirements programs for liberated territories will of course rest with the appropriate programming and supply authorities and will fall outside the ambit of the shipping machinery approved. Requirements programs will however require to be converted into shipping programs and their tonnage implication examined at this stage. Suitable provision will be made for consultation between the Shipping authorities and UNRRA and the national government concerned."

Please let us have your comments.

The Allies are pressing for action in Planning Committee pointing out that Agreement was signed a month ago and that events are moving so rapidly on the Continent that if we do not act quickly we may not be ready in time. [Reed.]

WINANT

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[69] United Maritime Authority.

103.9164/9-544 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 5, 1944—3 p. m.

7164. SD 3992. To Reed for Brown, WSA, from Admiral Land and Morse. ReEmbs 6964 and 6889.[69a]

(1) (A) We withdraw suggestion that there be a Washington section of the Planning Committee on understanding that first meeting of the Executive Board be held in Washington at which report of Planning Committee will be presented and acted upon and on further condition that Anglo-American agreement on matters of allocations be reached in Washington before such matters are discussed by Planning Committee in London.

(B) We still think it would be desirable for obvious reasons to have London experts on dry cargo as well as tanker allocations meet with us in Washington. We want British Allocations Representatives to bring with them an employment table and detailed allocation statement of all BMWT controlled tonnage including exposition of current and anticipated requirements. It is essential that Anglo-American conferees here have all of this U.K. data together with similar U.S. data in order to agree upon plans for presentation to Allocations Sub-committee in London. For your personal information our allocations experts feel MWT has not fully reciprocated in disclosure of vessel employment data and WSA must take position that full exchange of such information be prerequisite to any discussions on plans for allocations machinery under UMEB.

(2) We agree to suggestion that subcommittees be divided between nations represented on Executive Board and suggest that there be a U.S. chairman for dry cargo allocations, Norwegian chairman for tanker allocations, U.K. chairman for warrants and Dutch chairman for coastal and short sea trade.

(3) Percy Chubb [70] will be the U.S. Representative on the Planning Committee. He will be assisted by John Mann on ships warrants and by Philip Everett [71] and John F. McArt [72] on freight rates and possibly by another general advisor.[73] Entire party expect to leave for London by plane about the 8th or 9th of September. We will advise exact date later. Consider it inadvisable to set definite

[69a] *Ante*, pp. 686 and 684, respectively.

[70] Deputy Administrator for Fiscal Affairs, War Shipping Administration.

[71] Assistant to Deputy Administrator, War Shipping Administration.

[72] Director, Division of Freight Rates and Surcharges, War Shipping Administration.

[73] Department's telegram 7181, September 5, 10 p.m., stated that Trygve Holmgren would assist Chubb as General Adviser and that Chubb's party would be leaving about the 7th or 8th of September (103.9164/9-544).

date to begin Planning Committee meetings until our delegation arrives and they have had an opportunity to discuss points in question with British.

(4) We have had some discussions regarding notification of UNRRA. However, as this is an international body, we believe that joint U.S.–U.K. notification through State Department and Foreign Office is desirable but that it should be simultaneous with publication of full text of agreement. However neither should be done until Swedish situation is clarified and Sweden invited to subscribe to principles. [Land and Morse.]

HULL

103.9164/9–544 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 11, 1944—8 p. m.

7369. ReDepts 6807, August 25, 1944, 6 p. m. and 7164, September 5, 1944, 3 p. m. Informed that technical discussions with respect to Agreement on Principles signed by various governments represented August 5, 1944 at London, are to begin shortly. Instructions have been given to technical representatives to keep Embassy fully advised as to developments.

HULL

103.9164 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 11, 1944—9 p. m.

7370. SD 4008. From Berle and Land to Winant and Reed. ReDepts 6502, August 16, 1944, 9 p. m. ReEmbs 6821, August 23, 1944, 5 p. m.; 7262, September 5, 1944; 7320, September 7, 6 p. m.[74]

(1) In line with Depts 6502, authorization is now given for joint approach to Sweden.

(2) Notification to Yugoslav Government as suggested in Embassy's 7320 is agreeable.

(3) Prompt date for simultaneous release of text of Agreement to press in line with Depts 7164 (SD 3992), paragraph 4, should be agreed upon by signatory governments. Joint US–UK notification through State Department and Foreign Office to UNRRA should be simultaneous with release of text. Form of statement to UNRRA (ReEmbs 7262) agreed to. Notification, however, should not include

[74] No. 7320 not printed.

this statement. It should only be used if inquiries at forthcoming UNRRA Conference make it necessary. A brief note transmitting copy of Agreement to UNRRA should be sufficient notification.

(4) We propose that CSAB should notify other combined boards merely by forwarding text of Agreement simultaneously with notification to UNRRA and with press release.

Department concurs in the foregoing. [Berle and Land.]

HULL

103.9164 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 14, 1944.
[Received September 15—2:21 a. m.]

7587. To Land, Conway and Morse, WSA, from Reed, Brown and Chubb. Please transmit to Land in Quebec.[75]

1. We have been pressing British to join with us in suggestion to Planning Committee that first meeting of Executive Board be held in Washington to receive and act on report of Planning Committee. Ministry officials here are in accord but have referred matter to Leathers from whom no reply has been received. You may wish to discuss this matter direct with Leathers.

2. Concerning allocations. Ministry has agreed that Nicholson who is now with Leathers shall proceed to Washington at a mutually convenient date to discuss policy aspects of allocation with you. We believe he will have data you require.

3. Understand Wackrill is now in Washington briefed to discuss tanker allocations.

4. Aside from the more fundamental questions as to the policy which shall govern operation of the allocation machinery which Nicholson will be discussing with you, there are the pure questions of allocations policy mechanics outlined in MWT'S proposal cabled to you August 19th, 6734.[76] We understand that no questions of allocations policy may be discussed until we receive further instructions from you after your talks with Nicholson, but we believe it would be helpful to give Allies our suggestions as to allocations machinery as distinct from policy at the earliest possible date so that they can make their plans to have the necessary qualified personnel in Washington and London at the time the Agreement goes into operation. We are anxious to get started on this so that machinery will be ready in the event UMA has to get started at short notice. Memorandum on allo-

[75] Documentation on the Second Quebec Conference, September 11–16, 1944, is scheduled for publication in a subsequent volume of *Foreign Relations*.

[76] Not printed.

cations attached to Admiral Land's instructions to Chubb of September 4th [77] indicate that you are in general accord with proposals outlined in 6734. We suggest you advise us of any suggested modifications to these proposals and authorize us jointly with MWT to submit them so modified to the Allies as a basis for discussion so that Allies may have time to study proposed machinery and be prepared to act promptly upon conclusion of policy discussion with Nicholson.

5. Discussions on all other phases proceeding satisfactorily with British. We anticipate first meeting of full Planning Committee early next week. [Reed, Brown, and Chubb.]

WINANT

103.9164 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 16, 1944—3 p. m.
[Received September 16—11:10 a. m.]

7633. For Berle and Land, WSA, from the Ambassador and Reed. ReDepts 7370, September 11, 9 p. m. The matter of a joint approach to Sweden has been discussed at length with Foreign Office and MWT, as well as with Stone [78] of EWD and Dingle Foot of MEW, and there is still lack of agreement as to the timing of the joint approach.

EWD and MEW reiterate comments reported in Embassy's 6821, August 23, 5 p. m. and point out that approach at this time would run counter to economic warfare objectives and would immediately raise in acute form the question of what portion of Swedish shipping could be reserved for Swedish domestic requirements thus posing the question of future supply quotas. In view of possibility of changed Swedish attitude after their elections on September 17, as reported in Stockholm's 3515 to the Department,[79] which was similarly reported to the Foreign Office by Mallet,[80] MEW and EWD feel strongly that approach to Swedes should not be made for a week or 10 days after the Swedish elections.

MWT and WSA representatives here stress point that supply questions are outside scope of shipping agreement and that, as Department pointed out in its 6502, August 16, Swedish accession to Agreement does not mean that rights to control her imports are forsworn. They also point out that no supply commitments of any sort have been made to any of the contracting governments and that there

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[77] Not found in Department files.
[78] William T. Stone, Director, Economic Warfare Division, American Embassy at London, replacing Winfield Riefler, who had resigned his post.
[79] Telegram of September 6, 7 p. m., not printed.
[80] Sir Victor A. L. Mallet, British Minister in Sweden.

would be no reason to take a different stand with Sweden. Their feeling that an early approach should be made to the Swedes is based on the following considerations:

(*a*) The Planning Committee will convene formally on September 20 and it is expected that questions will be asked by several of the smaller powers regarding the position of Sweden.

(*b*) MWT feels it is committed to place the Agreement before Parliament, in the form of a White Paper, when it reconvenes on September 26. Presumably the text of Agreement would be given to press at same time.

(*c*) It is considered important to approach the Swedes and give them a copy of the Agreement prior to its publication in the press.

MEA concurs in the view of WSA and MWT that early approach should be made.

If Swedish Government should take some affirmative action shortly after the elections to meet Anglo-American demands regarding trade with Germany, then way would appear to be open for going ahead at once with approach on Shipping Agreement. The Foreign Office is inclined to feel that Swedes will take some such action. However, should no action be taken and the Swedish Government maintain the attitude taken in its reply to the Anglo-American *démarche*,[81] the question arises of what action we are prepared to take. Would the extension of an invitation to the Swedes to accede to the Shipping Agreement cut across any contemplated action? If so, would you wish to leave them out of the Agreement under those circumstances and control their shipping through United States–United Kingdom ship warrant scheme, recognizing that such control might not be fully effective?

In view of divergency of viewpoint between MWT and MEW, Foreign Office hesitates to state an official British position. The Northern Department of the Foreign Office is inclined to feel that from political point of view it would be better to delay approach at least until a few days after the Swedish elections. The General Department of the Foreign Office, which handles the shipping matters, is inclined to favor the point of view of MWT and press for an early approach. However, both Departments would probably be willing to compromise on some date between September 21 and 23 inclusive.

If the Department feels nevertheless that an immediate approach to the Swedes should be made, the Foreign Office has indicated it will go along providing it receives definite assurance from the Department that it is satisfied an early approach is not inconsistent with the Department's broad political aims respecting Sweden. The Department's instructions are urgently requested. [Winant and Reed.]

WINANT

[81] For Swedish reply of September 4, see vol. IV, p. 635.

800.85/9–1644 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 16, 1944—10 p. m.

7560. ReEmb's 7633, September 16, 1944, 3 p.m. It is suggested that the invitation procedure to Sweden be fully prepared for action between September 21 and 23, inclusive. Should developments warrant an earlier approach consistent with the last paragraph of your telegram, the Department will advise you immediately. If any change is contemplated in the text or procedure of notification to UNRRA, please advise.

Please advise also form of press statement in regard to text of agreement. If agreement is placed before Parliament in the form of a White Paper on September 26, it will be published in the *Federal Register* here and released to the press at the same time.

It is important that last minute confusion in issuing press releases at this end be avoided. Three releases and two cancellations were required in connection with the press statement issued in regard to the Inter-Allied Shipping Conference in London. Please advise by September 20.

War Shipping Administration concurs.

HULL

800.85/9–1644

The Netherlands Ambassador (Loudon) to the Secretary of State

HAS–6704

The Netherlands Ambassador presents his compliments to the Honorable the Secretary of State and has the honor to invite Mr. Hull's attention to the following:

The Netherlands Government has signed an agreement on principles concerned with the continuance of co-ordinated control of Merchant Shipping, reached as a result of a conference held in London from July 26th [*19th*] until August 5, 1944.

The Netherlands Government has entered into this agreement notwithstanding the grave anxiety it feels on account of the measures it will have to take, after contact with the territories in Europe or in the Netherlands Indies has been made through liberation of these territories or part of them, to ensure that the repatriation of internees and prisoners of war will be effected. For the Netherlands East Indies this will be primarily a problem of sea-transport.

A further very important problem which the Netherlands East Indies will have to face is the transport of the civil servants who will be needed to restore civil administration in the liberated parts of the Netherlands East Indies territories.

The Netherlands Government anticipates some difficulties with regard to these needs, owing to the provision in the above-mentioned agreement that in order to meet the special case of military requirements those ships which have been taken up under agreements made by the United States Government and/or the United Kingdom Government with the other Government having authority for those ships, for use as troopships, hospital ships and for other purposes in the service of the armed forces, shall remain on charter as at present to the War Shipping Administration and/or the Ministry of War Transport as the case may be, under arrangements to be agreed between the Governments severally concerned.

An extensive part of the Netherlands Merchant Fleet comes under this clause.

The Netherlands Ambassador therefore has been instructed by his Government to inform Mr. Hull that the Netherlands Government is confident that in respect of the use of the ships falling under the above-mentioned clause 7(*c*) of the Agreement, the special requirements of the Kingdom of the Netherlands will be given the utmost possible consideration.

WASHINGTON, September 16, 1944.

800.85/9–1644

The American Representative on the Advisory Council for Italy (Kirk) to the Secretary of State

No. 346 ROME, September 16, 1944.
[Received October 4.]

SIR: With reference to my despatch No. 306 of September 8 [82] and previous correspondence regarding the desire of the Italian Government to be allowed to participate in international conferences, I have the honor to transmit herewith a copy of a letter addressed to me on September 9 by the Secretary General of the Ministry of Foreign Affairs [82] requesting that Italy be invited to participate in an international conference on world shipping, which he states was referred to by the Undersecretary at a press conference on August 11.

I shall be glad to be informed by [*of?*] the Department's views.

Respectfully yours, ALEXANDER KIRK

[82] Not printed.

103.9164 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 18, 1944.
[Received September 18—5:22 p. m.]

7712. To Land for Conway and Morse from Reed by Chubb.

1. Hurcomb advises Nicholson has met with our allocations people in Quebec and is bringing back an agreed basis as to allocations machinery. Can you confirm and advise whether we authorized to put this machinery forward to Planning Committee.

2. Please advise progress made with Wackrill on tankers. Do you contemplate machinery similar to that discussed with Nicholson for tankers; if not, can you cable us what machinery is contemplated as we anticipate questions will be raised at Planning Committee.

3. British have agreed to support our request that first meeting of Executive Board be held at Washington.

4. With regard to nations not now signatory and not coming under paragraph 4 of Agreement, I find general feeling here is that, while such nations should in due course be notified, they should not be pressed to become signatories but should be dealt with through warrant control. Allison and Brown as well as Weston were under impression that no decision had been reached to invite such nations to accede, whereas I had gained impression from you that all shipowning nations were to be pressed on this point. It is view of our delegation that we should not at this time seek too broad a group of signatories but if you have different view would appreciate your advices.

5. Regarding chairmanship of sub-committees of Planning Committee, British desire chairmanship of tanker allocations, leaving ship warrants and short sea trades to Dutch and Norwegians or vice versa. Is this acceptable to you?

6. Planning Committee meets Wednesday morning[84] and any urgent instructions should be sent us Tuesday.

7. Coded cables now subject substantial delay; suggest that to extent practicable, you transmit messages by clear cable. [Reed.]

WINANT

103.9164 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 19, 1944.

7644. SD 4029. To Reed for Chubb from Land. Reference Embassy 7712.

[84] September 20.

(1) Re your paragraph (1) and (3) see our NA 9144.

(2) Your paragraph (2) Wackrill just arrived. No discussions as yet. Will advise later.

(3) Your paragraph (4). We agree that nations not now signatory and not coming under paragraph 4 of agreement should in due course be notified and not at this juncture pressed to become signatories. Later developments will indicate whether it will be necessary for such nations to become signatories or whether they can be dealt with through warrant control.

(4) Your paragraph (5). We still believe it would be better to give Norway chairmanship of tanker allocations sub-committee and that logically British should have ship warrants. You can point out that British have chairmanship of Planning Committee. [Land.]

HULL

103.9164 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 20, 1944.
[Received September 20—4:55 p. m.]

7790. To Land for Conway and Morse from Reed by Chubb.

1. Present proposal as to French and Danes is that we keep them fully informed to the extent of letting them see all formal papers and minutes and in addition that we discuss situation with them from time to time, only reservation is that they cannot as non-signatories have observer at meeting. Allison concurs.

2. As to cargo vessels or tankers required for military purposes on time charter basis, British suggest we explore with Allies the following basis: First we ask each signatory to contribute without charge a certain quota of tonnage for military purposes as their contribution to the war against Japan; second, that as to any requirements above that quota a fair and reasonably full time charter rate be tendered. It is the feeling of the British that for a given aggregate cost in charter hire we would have less trouble in our negotiations by tendering an attractive rate on vessels over the quota than by paying hire at a lower rate on all vessels. We feel this proposal distinctly advantageous to us both from point of view of narrowing or eliminating any gap between world time charter and American time charter rates and from point of view of maintaining a relatively full overall time charter rate as a basis for voyage charter rates which would be helpful in supporting American flag costs. In absence of any instructions from you, we will proceed to explore this basis but pending such exploration cannot be sure of the success we will meet. [Reed.]

WINANT

740.00112 E.W./9–1844: Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 20, 1944—6 p. m.

7664. Although an inconsistency may appear between the Department's 7542 [85] and its 7560, September 16, 10 p.m. (your 7683, September 18, 1 p. m.[86]) they are, in fact, closely related. Provided the President approves, this Government intends to take strong measures against Sweden because of its failure to terminate all trade with Germany. Should Sweden persist in refusing to reorient its policy, these measures will be continued beyond the end of the war in Europe. By having Sweden a party to the Inter-Allied Shipping Agreement, we would be able to exercise direct control, until war conditions end, over all Swedish shipping. In the absence of such control, the ability of Sweden to acquire essential raw materials would be materially facilitated, in as much as the ship-warrant scheme would appear to be wholly inadequate (your 7633, September 16, 3 p. m.).

The Department recognized the possibility that Sweden might interpret an invitation as signifying a change in our attitude toward her and therefore was able to obtain the agreement by WSA to delay, for a period of 3 weeks, the issuance of an invitation in the hope that Sweden would reorient its policy toward Germany. This has not occurred and since the Planning Committee will undoubtedly discuss the status of Sweden, it has been deemed necessary to run the risk of a possible misinterpretation by Sweden because of the importance of the primary objectives involved.

An additional reason for having Sweden adhere to the Shipping Agreement arises from the fact that Norway, fearing the competition of "free" Swedish shipping, attempted to condition its acceptance on Sweden being also bound by the Agreement.

HULL

800.85/9–2044: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 20, 1944—8 p. m.
[Received 9:27 p. m.]

7783. For Berle and Land, WSA. ReDepts 7560, September 16, 10 p. m. It is proposed here to extend the invitation to the Swedes on the afternoon of September 22. The procedure will be as follows:

The Swedish Minister will be invited to the Foreign Office and will be handed by Ronald, Superintending Under Secretary in charge of

[85] Telegram of September 10, 9 p. m., not printed.
[86] Not printed.

Economic and Reconstruction Department, memorandum statement to the effect that the Governments of the United Kingdom and of the United States wish to advise the Swedish Government of the shipping discussions which took place and the resulting Agreement, a copy of which will be attached. The memorandum will further state that the Governments of the U. K. and the U. S. desire on behalf of the governments signatory to the Agreement to draw the Swedish Government's attention to article 4 and to invite participation of the Swedish Government in the scheme. The Swedish Government is then requested to appoint representatives who could proceed to London as soon as possible and discuss with representatives of the U. K. and the U. S. Governments the measures necessary in connection with Swedish participation in the Agreement. The memorandum will conclude by pointing out that the Agreement will become effective after the cessation of hostilities in Europe and will propose that the Swedish representative should also be empowered to discuss any arrangements that may be necessary prior to that date to ensure effective coordination of employment of all Swedish tonnage other than that remaining on time charter under existing agreements, should circumstances permit free movement of Swedish tonnage to and from the Baltic before the cessation of hostilities.

Allison is to be present at the time of handing this memo to the Swedish Minister and, in presenting this communication, the U. K. and U. S. representatives will orally stress the urgency and explain that representatives of the signatory governments are at present engaged in completing the preparatory details of this scheme and that it would be most convenient if the Swedish delegation could come to London in the course of the next one or two weeks. The representatives will also make it clear to the Swedish Minister that the Agreement is to be published shortly but that the U. S. and U. K. Governments are anxious that the Swedish Government should be informed before publication. There will be no press release regarding the Agreement before September 26 when it is expected that the Agreement will be placed before Parliament in the form of a White Paper. A suggested press release is now being drafted and will be communicated to the Department on September 23. Should the agreement not be placed before Parliament on the 26th, the Department will be informed well in advance.

The Foreign Office suggests that the simplest method of communicating the Agreement to UNRRA would be for the U. K. and U. S. delegations at the UNRRA Conference, Montreal, be instructed to give a copy of the Agreement to the appropriate UNRRA authorities. If the Department agrees, the Foreign Office will cable its delegates to concert with their American colleagues. Please instruct.

WINANT

627-819—67——45

103.9164 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 21, 1944.

7716. SD 4034. To Reed for Chubb from Land by Morse. ReEmbs 7712 and our SD 4029.[87] Wackrill advises that upon arrival in Washington he contacted Lord Leathers and was advised by him that his conversation with Admiral Land did not reach tankers and in view of later developments Wackrill was not authorized to discuss tanker allocations with us until advised further by Lord Leathers. He does not expect to hear from London on this matter until the middle of next week. [Land.]

HULL

800.85/9–2044 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 21, 1944—midnight.

7726. ReEmb's 7783, September 20, 8 p. m. Department agrees to extension of proposed invitation to the Swedes on the afternoon of September 22, and to method of communicating agreement to UNRRA. It is assumed notification to UNRRA will be coincident with placing agreement before Parliament on the 26th. If agreement is not placed before Parliament on that date, is UNRRA notification to be withheld until official publication and release is made?

HULL

800.85/9–2244 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 22, 1944—7 p. m.
[Received 7:12 p. m.]

7868. ReDepts 7664, September 20 and previous. In accordance with the Department's instructions and in line with the procedure outlined in the Embassy's 7783 September 20, 8 p. m. the Swedish Minister was handed a memorandum this afternoon inviting his Government to participate in the Inter-Allied Shipping Agreement.

The Minister stated that his Government was not entirely unfamiliar with the Agreement and that he had in fact already seen and read a copy. He expressed the opinion that his Government would agree

[87] Department's telegram 7644, September 19, p. 696.

in principle to appoint representatives to discuss Sweden's adherence to the Agreement but he added that his Government would also wish to discuss simultaneously related questions which it felt were intimately tied up with the Shipping Agreement, namely the provision of essential imports such as coal and other commodities. The participation of Sweden in post-war export trade was also mentioned. The Minister was told that questions of supply and access to markets were outside the scope of the Agreement and had not been discussed with the nations signatory to the Agreement. He replied that Sweden as a neutral was in a somewhat different position than the other signatory governments who were members of the United Nations. While they presumably had access to the Combined Boards and UNRRA and could bring up supply questions with them there was no similar competent authority with whom neutral nations could discuss such matters. The Swedish Government would therefore, he felt, wish some assurance that there was somebody with whom these questions could be discussed at the same time as the question of placing Swedish shipping at the disposal of the United Nations was being discussed. The Minister requested that this position of Sweden be made clear to the British and American Governments at the same time that he transmitted the invitation to his Government.

It is evident that the Swedish Government had complete prior knowledge of the Agreement and has decided to make its possible accession to the Agreement a bargaining point for the securing of post-war supply commitments. The Minister was told that his observations would be reported but it was made clear that the Shipping Agreement, as such, was entirely separate from questions of supply.

The Foreign Office has promised to give us their observations after they have discussed the matter with other departments concerned. Other details with regard to notification to UNRRA and press release will be cabled tomorrow.

WINANT

800.85/9–2344 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 23, 1944—6 p. m.
[Received September 23—2 : 55 p. m.]

7912. For Berle and Land, WSA. ReDepts 7726, September 21, midnight. The Foreign Office states that Department's assumption is correct that the notification to UNRRA of the Shipping Agreement will be coincident with placing the Agreement before Parliament. It is now stated that the Agreement will not be placed before Par-

liament before September 27 but the Foreign Office is unable to give an exact date prior to Monday September 25. The Foreign Office now suggests that the United States delegation to the UNRRA Conference at Montreal make the notification on behalf of both our Governments in a manner similar to that contemplated for EITO Agreement.[88]

The Embassy's immediately following telegram gives the text of the proposed press release which is to be placed before the Planning Committee, set up under the Shipping Agreement, on Monday afternoon. While it is possible that representatives of some of the other governments may wish to make minor changes in this release it is believed that there will be no substantial changes in the release as forwarded. The British do not insist upon identic press releases as long as the two releases are in general agreement. Any observations the Department may wish to make would be most helpful if received here by Monday noon.

WINANT

800.85/9–2344 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 23, 1944.
[Received September 23—3:34 p. m.]

7913. To Berle and Land, WSA. Following is the text of the press release regarding the United Nations Shipping Agreement:

"The Agreement on Principles having reference to the continuance of coordinated control of merchant shipping which has now been published will bring about an adjustment in the present arrangements for the control of the employment of United Nations shipping. It can best be understood in relation to those arrangements. At present all British and United States ships (except certain coasters) are under requisition to their respective governments. The great majority of ships under the flags of other United Nations are also on requisition to their Governments and have been chartered for the duration of the war in Europe to the Ministry of War Transport or the United States War Shipping Administration or have been or otherwise made available for employment by one or other of those bodies. In this way two pools of shipping are constituted the employment of which is coordinated through the Combined Shipping Adjustment Boards (CMD 6332 [88a]), with arrangements for consultation between the British and United States and the other United Nations Governments.

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[88] For documentation regarding the European Inland Transport Organization, see pp. 743 ff.

[88a] Reference is to the number of the British White Paper regarding the Combined Shipping Adjustment Board.

At or soon after the general suspension of hostilities in Europe the existing agreements for the use by the Ministry of War Transport and the War Shipping Administration of United Nations ships under other flags will terminate: but the requirements for ships will remain heavy for military purposes as well as for the supply of liberated areas, and all other purposes of the United Nations. In the agreement, the governments which have cooperated in the provision of ships for United Nations purposes have agreed to continue to devote their shipping resources to these needs till the war in the Far East is won.

Machinery is provided for the effective collaboration by governments in the use of available shipping by the establishment of an United Maritime Council and United Maritime Executive Board. Through these bodies which will come into operation on the general suspension of hostilities in Europe, the contracting governments will implement the principles laid down in the agreement. The principles will remain in effect till six months after the suspension of hostilities in Europe or the Far East (whichever is the later) unless terminated or modified earlier by unanimous agreement.

The agreement has been signed by the Governments of Belgium, Canada, Greece, Netherlands, Norway, Poland, United Kingdom and United States of America while the French Committee of National Liberation have signified that all French shipping is and remains at the disposal of the United Nations. The Soviet Government and other interested United Nations Governments have been kept informed. The agreement springs from the close collaboration achieved in the past and now existing between the governments which have mainly contributed to the provision of shipping to meet the needs of all the United Nations and it continues that collaboration for the general benefit into the succeeding phases. The cooperation of all United Nations not presently signatory and other friendly governments will be welcomed and it is contemplated that certain of them will accede to the agreement and participate in the central authority."

WINANT

800.85/9-2644: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 26, 1944—1 p. m.
[Received September 26—10:30 a. m.]

7998. ReEmbs 7965, September 25, 7 [*6*] p. m.[89] The Shipping Agreement will be laid before Parliament at 3 p. m. London time Thursday September 28 according to the Foreign Office. The draft press statement forwarded in the Embassy's 7913, September 23 will be released at the above time. The Planning Committee made some slight changes in the press statement in order to place slightly

[89] Not printed.

less emphasis on the British and American role and give somewhat more credit to the other United Nations but in general the release will be as forwarded.[90]

WINANT

103.9164 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 26, 1944, 8 p. m.
[Received September 27—8 a. m.]

8013. To Land, WSA, for Conway and Morse from Reed by Chubb and Brown. Today Weston and ourselves discussed with Samuelson [91] position of Sweden as to participation in U.M.E.B. Samuelson asked several questions as to status of Sweden on Planning Committee and as associate member of Board in the event of their becoming signatory and received our assurances that an unqualified signature would give them status as full members of Planning Committee and associate member of U.M.E.B. Samuelson also inquired what assurances we could give Sweden as to essential import requirements. It was pointed out to him that the supply question was outside the province of U.M.E.B. but that contact could be arranged between Sweden and the appropriate supply authorities. As to the tonnage position on such essential supplies as those bodies made available, Sweden's position would be as favorable as any other signatory, namely, that subject to certain overall and overriding requirements for tonnage as set forth in Agreement on Principles recognition would be given to Sweden's essential import shipping requirements. Samuelson also inquired as to the position of Sweden in the berth trades and was told that no commitment could be given as to the continuance of existing berths but that in the administration under U.M.E.B. consideration would undoubtedly be given to berth operation as one of the means of providing essential transportation. We gathered the impression that Samuelson was substantially satisfied by our replies and that he would favor Sweden's prompt accession.

We again advanced the suggestion that a Swedish delegation should proceed to London prior to our return to Washington so that if possible the matter could be brought to a prompt conclusion. Will advise any further developments. [Reed.]

WINANT

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[90] For text of press release issued September 28, 1944, see Department of State *Bulletin*, October 1, 1944, p. 357.

[91] A. E. Samuelson, shipping adviser, Swedish Legation in London.

103.9164 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 27, 1944.

7863. SD 4047. To Reed for Chubb from Land by Morse.

1. ReEmbs 7790;[92] concur in proposal your paragraph (1).

2. While we agree you may explore arrangements stated in your paragraph (2) we are not entirely clear as to the scope of this proposal. We see the advantages which you indicate but query whether or not this would result in increased over-all costs to WSA. In this connection is it intended that vessels under 7(*c*) of agreement would be included under the proposed arrangements. Further amplification of the proposal would be appreciated. [Land.]

HULL

103.9164 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 29, 1944.
[Received September 29—9:57 p. m.]

8157. To Land for Conway from Reed by Chubb.

1. Referring memorandum on proposed allocation machinery agreed at Quebec,[93] Nicholson has prepared revised draft which substantially includes all of original draft except paragraphs 2(*a*) (ii) and 2(*d*), 3(*a*) and (*b*). As to paragraph 3(*a*) and (*b*), it is feeling of Ministry that these statements of policy are not within field of Planning Committee which should deal with machinery and that they might best be brought out at first meeting of Executive Board. With regard to paragraph 2(*a*) (ii) of Quebec draft, the substituted wording proposed by Nicholson is substantially in accord with numbered paragraph 1 of Embassy's cable 6734 dated August 19, 1944.[94] In lieu of paragraph 2(*d*), the following wording is proposed:

"Should major changes in either military or civilian requirements necessitate the modification of long-term programmes between quarterly meetings, claimants whose requirements have changed shall submit requests for changes in programmes in the same way as long-term statements or requirements. On receipt of such requests or in the case of major changes in the availability of tonnage, the SEPC[95] most directly concerned shall formulate a proposal for adjustment

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[92] September 20, p. 697.
[93] See first paragraph of telegram 7712, September 18, from London, p. 696.
[94] Not printed.
[95] Shipping Employment and Policy Committee of the Combined Shipping Adjustment Board.

and transmit it to the other SEPC. After agreement upon a modification by both SEPC's, it shall take effect and monthly bids for and allocations of tonnage shall then be made on the basis of the modified programmes."

In addition to the foregoing amendments in the Quebec draft, an introductory preliminary paragraph is added. In addition there is included at the end of 1(*a*) of the Quebec draft a summary of SEPC's tasks to include (1) an estimation of the extent to which programmes transmitted to UMEB can be covered by available shipping. (2) The establishment of broad principles for the employment of tonnage to ensure its most economic use. (3) The analysis of any deficiency. There is also proposed a new final paragraph covering the allocation of particular ships against each programme and stating that this will in general be done on a month-to-month basis. It is our feeling that none of these changes conflict with the Quebec draft as agreed by you and, in the absence of contrary instructions from you, we propose to concur in this as an Anglo-American paper to the Planning Committee.

2. Has any progress been made on tanker allocations machinery?

3. Referring SD 4047,[96] we will explore, bearing in mind your suggestion that we should avoid increase overall cost to WSA. It is not contemplated that this proposal would include vessels under 7(*c*) of Agreement, but this point might be further explored. [Reed.]

WINANT

800.85/9–3044 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 30, 1944.
[Received October 1—2:50 a. m.]

8192. For Berle and Land, WSA. The Embassy has received a letter from the Foreign Office regarding the procedure to be followed for governments desiring to adhere to the Allied Shipping Agreement. It reads in part as follows:

"Paragraph 2 of the Annex to the Agreement clearly indicates that participation as contracting governments in the Agreement has been accepted of 'all other governments whether of the United Nations or of neutral countries' which desire to participate. There thus seems to be no need to obtain the consent of all parties to each new individual accession.

All that we have to do, I think, is to remedy the failure of the Agreement to lay down the procedure for accession. We would suggest that this procedure should take the form of a communication addressed

[96] Department's telegram 7863, September 27, *supra*.

by each acceding government to His Majesty's Government as the 'headquarters' government, His Majesty's Government formally notifying all the other governments parties to the Agreement. Would you let me know if your Government would prefer that the acceding governments should also address a note to the United States Government?

We are anxious to lose no time in suggesting to the Governments of Australia, New Zealand, South Africa and India that they should accede, but before doing so we shall be grateful to learn if the procedure for accession indicated above is acceptable to the United States Government."

The Department's instructions are requested with respect to whether or not a government desiring to accede to the agreement should communicate only with the British Government or also with the United States Government. It is felt here that the United States might wish to suggest names of countries other than those mentioned in the above letter which might wish to accede to the Agreement and that it might be well for a general discussion of this point to take place while the Planning Committee is still in session. The observations of the Department and of WSA would be appreciated.

WINANT

103.9164 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 2, 1944.

8059. SD 4060. To Reed for Chubb from Land by Morse. The following memorandum has been agreed with visiting member of MWT and represents our joint views. Suggest you consult Meyer who can give any additional information required about Anglo-American overall tanker programing machinery and can explain the methods of coordination between Government agencies and industry. Please supply copy to Ministry of War Transport.

1. The U.M.E.B. is not concerned with supply questions and will not set up any new machinery for determining allocations of oil or places of shipment from which supplies of a particular country shall be met. The employment of tankers must however be determined in accordance with authorized programs of oil supplies. It is essential therefore, that the present system of ascertaining and coordinating oil requirements shall continue and that the existing Anglo-U.S. machinery for overall planning and consultation remain untouched. For example, the six monthly review of the oil and tanker position should be continued and the A.T.C.C.'s [96a] in Washington and London

[96a] Allied Tanker Coordinating Committee.

should remain in existence to watch over the efficient operation of tanker tonnage and to make recommendation to the agencies concerned including the Army and Navy.

2. The requirements of the liberated countries will have to be taken into account in oil and tanker programing and the authorized programs will fix the quantities to be made available and the sources of supply. In fact, the requirements for the liberated countries are included in the present overall survey now being made. It may be that the liberated countries within the limits of the authorized program will wish to direct control over their oil imports and they will also probably wish to arrange a suitable procedure for reception and distribution within their own countries. It is recommended that they follow the practice which has been adopted in other areas to coordinate supply programs and for this purpose set up industry committees or analagous bodies, which would formulate detailed proposals for shipping their requirements within the authorized program e.g. advising on ports of discharge, stocks and desired replenishments, having regard to ullage[,] local needs, etc. The programing of supplies to liberated countries could then be fitted into the overall programing machinery without difficulty as explained later.

3. The oil requirements of ex-enemy territories in Europe will be formulated through the Control Commission and brought into the U.M.E.B. picture if necessary through the existing U.S. and British machinery for allocating supplies in the overall program.

4. Supplies becoming available from ex-enemy territories would be brought into the overall program and would not be the direct concern of U.M.A., except in so far as the changes affected the employment of tankers. Similarly, if Russia becomes a source of oil for export during the U.M.A. period, the overall program will be adjusted, after the disposition of the oil has been agreed between the three Governments.

5. The present division of the world into two spheres of programing responsibility, one controlled from Washington and one from London, will continue and will determine the respective spheres of direct responsibility of the two branches of the U.M.E.B. With the defeat of Germany, continental Europe will come within the area of London responsibility.

6. Within the area of the two branches of the executive board, the existing machinery will be used to coordinate short term requirements with the authorized long term program.

7. The coordination of the short term program falling within the purview of the existing organizations (e.g. in London the Tanker Advisory Committee) and the short term programs for the liberated countries must depend on the form of control which the Governments

of those countries wish to adopt, but it is essential that a fully co-ordinated supply program be prepared which would be the basis for the work of U.M.E.B. in making the tankers of contracting Governments available to meet it.

8. In the two branches of U.M.E.B., a tanker allocation committee representative of the four Governments on U.M.E.B. should be established, bringing into consultation associate members of U.M.E.B. in matters affecting their interests.

9. It will be necessary to bring before the Tanker Allocation Committees periodically as may be convenient, an overall statement of the oil and tanker plans affecting their respective areas resulting from the Anglo-U.S. consultations. These statements would normally be based on the periodical surveys of the oil and tanker position and the studies arising therefrom.

10. The employment of any tankers under the control of contracting Governments is a matter for determination by U.M.E.B. acting through the appropriate branch allocation committee and the main function of the branch committee will be to exercise a general supervision over the allocation of tankers within the general framework. Consultation with other Governments must be a reality and they must be given an opportunity to make proposals as to the disposition of tonnage under their control. For this purpose, it is proposed that consultation should take place at staff level in Washington between WSA and the tanker experts of other Governments and in London between the Ministry of War Transport and such tanker experts when the provisional supply program is under consideration. It will not be possible to present the branch allocation committee with a cut and dried tanker allocation plan covering a considerable period ahead, but a provisional program of allocations could be agreed between WSA or MWT and the staff experts of other Governments at appropriate intervals and with effective cooperation at staff level with the other Governments, the branch tanker allocation committee might confine itself to general supervision of the proposals, giving authority for such day-to-day adjustments as flexibility may demand.

11. France is not at present a contracting Government and will not be represented in the U.M.E.B. machinery until she becomes one. Until then, the disposal of French tankers and the provision of other flag tankers will be for separate agreement, between the USA, the UK and the French Governments through the Tripartite Allocation Committee set up under the March agreement. Any such arrangement will be sponsored before U.M.E.B. by W.S.A. and the Ministry of War Transport.

12. All tanker tonnage will be under requisition. Each Government will make use so far as practicable of tonnage under its own

flag for oil destined for its area. It will be for each contracting Government to decide whether it charters this tonnage to users in which case charters will be on a voyage basis. It is undesirable that tankers should be time chartered to commercial users.

13. The U.S. and British Governments may wish to consider whether they should time charter some tonnage on direct charter for voyage chartering to users. This may be necessary to maintain the present flexibility in the use of tonnage. Other European allied tonnage made available for other countries should be chartered direct between the requisitioning Government and the users of the tonnage on a voyage basis, and it is probable that the Governments of importing companies will work through the oil companies.

14. The machinery for controlling all tanker voyage rates under U.M.E.B. is under consideration. These rates should also apply to tankers carrying supplies to the country to which they belong.

15. If, in your judgment, it would be more expeditious and appropriate to have tanker allocations considered by Planning Committee as a whole, we have no objections. [Land.]

HULL

103.9164 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 2, 1944.
[Received October 2—5 p.m.]

8248. To Land, WSA, for Conway and Morse from Reed by Chubb.

1. Referring article 8 of Agreement on Principles, Canadian Delegation indicates it will take position based on instructions from Ottawa that coastwise and short sea vessels do not come within UMEB machinery. We feel this is in direct conflict with agreed interpretation of article 8 and also in direct conflict with paragraph 5 of the Annex. It may be you will wish to discuss this point with Lawes [97] or MacCallum.[98] All other contracting nations agree without interpretation that while paragraph 8 exempts coastwise and short sea trades from specific machinery contemplated by paragraph 7(*b*), such trades are within the control of UMEB, first, as to total tonnage allocated to such trades and, second, as to determination that tonnage so allocated is being utilized in accordance with the Agreement on Principles and that the significance of paragraph 8 is to permit special regional machinery rather than centralized ma-

[97] Albert L. Lawes, representative in Washington of the Canadian Shipping Board.

[98] Andrew L. W. MacCallum, Chairman of the Canadian Shipping Board.

chinery for dealing with the employment vessels allocated to such trades by the Central Authority. Norway and others, however, have indicated that they may wish to modify their position in the event Canada successfully maintains its vessels in such trades are exempt from UMEB control.

2. Referring Embassy's 7927,[99] suggest that Archie Stevenson[1] contact with Paul Lacques and endeavor expedite reply.

3. In the event it is possible for us to dispose of tanker allocations machinery, we will endeavour to complete our work here this week. [Reed.]

WINANT

103.9164 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 4, 1944.
[Received October 4—4 : 02 p. m.]

8337. To Land, WSA, for Conway and Morse from Reed by Chubb. Referring SD 4060,[2] we have carefully studied agreed memorandum and had preliminary conference with Meyer. This memorandum most helpful as guide to Anglo-American policy but it is our considered judgment, in which Meyer concurs, that it would be a mistake to include in the paper to be put before the Planning Committee any discussion of supply and requirements machinery as these are outside the scope of the UMEB. In general, it is our thought to present to the Planning Committee a simplified paper which merely deals with the machinery of allocating tankers on the basis of programmes cleared with the petroleum authorities before submission to the UMEB. We propose to incorporate in this paper a statement that any deficiencies in tonnage or any supply or requirement problems will be dealt with by the appropriate petroleum authorities outside the scope of UMEB. We feel that any other course would give rise not only to difficult questions as to the tanker paper and involve us in supply questions with which UMEB is not concerned but might also cause the already agreed dry cargo allocations paper to be reopened. We are meeting with British and Meyer tomorrow and will prepare a simplified paper along foregoing lines. Would be glad to have you cable any comment you may care to make. [Reed.]

WINANT

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[99] Dated September 23, not printed; it contained a message from John W. Mann for Paul Lacques, counsel for the American Institute of Marine Underwriters (103.9164 London).

[1] Assistant General Counsel, War Shipping Administration.

[2] Department's telegram 8059, October 2, p. 707.

103.9164 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 5, 1944.

8155. SD 4068. To Reed for Chubb from Land by Morse. ReEmbs 8248, October 2. We have consulted Lawes who just returned from Ottawa where subject matter was discussed with MacCallum. Lawes states that Canadian delegation was not instructed to take position that coastwise and short sea vessels do not come within UMEB machinery. Their position as stated in instructions to Canadian delegation is that they consider there is distinction between coastwise and short sea trades. They take exception to paragraph 1 of the resolution (a copy of which we have not seen) submitted to the coasting and short sea trades sub-committee for approval. The Canadian position is that while all seagoing merchant vessels are subject to the agreement and therefore subject to the general supervision of UMEB, vessels engaged in domestic coasting trade are exempt from the provisions of clause 7*b* of the agreement and that their allocation and employment while in such trade are subject to the national authority only. Canada does not mean by this that vessels in short sea or coastal trades are not subject to withdrawal for the overall purposes of the agreement. We agree with this position and your attention is drawn to conference minutes CSC M3 July 20.[3] Both Canada and we are in general accord with Planning Committee paper number 4.[4] Lawes has seen above statement accredited to him and approves and further adds that MacCallum does also. Possibly this difficulty arises out of the use of the word "jurisdiction" in the first paragraph of the proposed resolution. Canada is cabling its delegation. [Land.]

HULL

103.9164 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 5, 1944.
[Received October 5—10:31 p. m.]

8367. To Land for Conway and Morse from Reed by Chubb. Following long discussions with British today in which Meyer and Humphrey participated the following paper as to machinery was tentatively approved for submission to the Planning Committee:

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[3] Minutes not printed.

[4] Not found in Department files.

["]It is contemplated that specific trades or areas will be allotted to the Washington and London branches respectively for the purposes of discharging the functions of UMEB in connection with tanker allocations. It is further contemplated that within each of these branches the organization for dealing with tanker allocations will be as follows:

(A) A tanker allocations committee of the branch to be composed of representatives of the four members of the UMEB; representatives of the associate members of the UMEB shall be entitled to participate in discussions affecting the interests of their governments in accordance with paragraphs 8 and 10 of the Annex to the Agreement on Principles.

(B) Secretariat of the tanker allocations committee. Preparation of necessary data and any necessary executive action will be carried out on behalf of the secretariat of the tanker allocations committee by the appropriate administrative machinery of the WSA or the MWT.

2. Under this organization it is contemplated that the following procedure will prevail:

(I) UMEB will receive through the shipping authorities of one or more contracting governments from the appropriate governmental or inter-governmental bodies semi-annually or at such other periods as may prove convenient statements of the requirements of tanker tonnage to meet the needs of the United Nations and to fulfill the purposes of the Agreement on Principles. These statements will include requirements of tankers for other liquid cargoes as well as petroleum products.

(II) The tanker allocations committees will establish an overall layout of available tanker tonnage to meet the requirements so stated for suitable short periods ahead.

(III) The tanker allocations committees may delegate to the secretariats in consultation with the contracting governments concerned the responsibility of day-to-day allocations of specific vessels. Such delegation shall be designed to permit flexibility in the carrying out of such programmes on a basis consistent with the maximum efficient utilization of available tanker tonnage.

(IV) The tanker allocations committees acting through their secretariats shall maintain liaison with the appropriate military and naval authorities in order to ensure full provision for war needs."

This will be preceded by a preamble setting forth the general problems involved in coordinating supply with tanker allocation and explaining the necessity of different procedure on tankers than dry cargo vessels.

Barring unforeseen difficulties we anticipate concluding Planning Committee meetings this weekend and returning promptly. [Reed.]

WINANT

800.85/9-3044 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 6, 1944.

8189. SD 4067. To Winant and Reed from Berle and Land. Re-Embs 8192, September 30. State Department and WSA stress the importance of continuing joint U.S. and U.K. action and recommend that the representatives of the signatory governments who are now meeting in the Planning Committee should indicate that the U.S. and U.K. acting jointly may receive on behalf of all signatories the agreement of other United Nations or neutral governments wishing to participate in UNMA. U.K. and U.S. could upon receiving agreement of any such other governments advise the other contracting governments, such notification being given jointly by the U.S. and U.K. representatives on the United Maritime Executive Board to the other members and associate members of the board. We prefer that acceding governments send identical communications to H.M.G. and U.S. government.

We have no present intention of specifically suggesting to any particular nations that they accede to agreement. However we have no objections to British making such suggestions to countries named in your 8192 inasmuch as we believe that under paragraph 2 of annex to the agreement the way is open to all United Nations and neutrals to accede if they so desire and it would not in our opinion be inappropriate or out of order for any signatory nation to suggest to a particular country that it should accede to the agreement. [Berle and Land.]

HULL

103.9164 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 6, 1944.
[Received October 6—6 a. m.]

8393. To Land, WSA, for Conway and Morse from Reed by Chubb. After consideration of misgivings expressed in your 4047 [5] we decided to defer exploration of proposal as to time charters contained in Embassy 7790.[5a] Accordingly have not approached Allies and will not raise matter until discussions following our return to Washington. [Reed.]

WINANT

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[5] Department's telegram 7863, September 27, p. 705.
[5a] Dated September 20, p. 697.

103.9164 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 6, 1944.

8177. SD 4073. To Reed for Chubb from Land by Morse. ReEmbs 8157, September 29. We understand from Shipping Mission here that revised memorandum on dry cargo allocation machinery has been submitted to Planning Committee and accepted with reservation that signatory governments can suggest alterations later. We are in general accord with revisions indicated in Embassy 8157. However we detect a tendency on the part of the British to delegate work and authority to special committees which in our opinion should be handled by London and Washington SEPC's. In order to coordinate properly the work of both SEPC's it appears essential that their respective organizational set-ups should be as nearly parallel as practical and not complicated by too great decentralization.

We also recommend a clause to the effect that the several national shipping authorities should regularly furnish the SEPC's with forward estimates of availability of their tonnage in all loading areas. [Land.]

HULL

[The minutes of the meetings of the Planning Committee from September 20, 1944, to October 7, 1944, are not printed (840.70/11-2744). For text of the Committee Report, see U.M.A., *Report of the United Maritime Authority Planning Committee, London, September/October 1944* (printed under authority of His Majesty's Stationery Office by Keliher, Hudson and Kearns, Ltd., London).]

103.9164 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 9, 1944.
[Received October 9—10:14 p. m.]

8528. To Land, WSA, for Conway and Morse from Reed by Chubb.

I. Referring SD 4068.[6] Canadian position now satisfactorily adjusted.

II. Your SD 4867 [*4067*] [7] received during closing hour of final Planning Committee meeting and accordingly no opportunity presented for discussing this informally with representatives of other governments. We brought your proposals directly before the Plan-

[6] Department's telegram 8155, October 5, p. 712.
[7] Department's telegram 8189, October 6, p. 714.

ning Committee however and they have agreed subject to stipulation that before actual execution of documents by new signatories notification should be given to existing signatories. This does not imply necessity of getting consent of existing signatories which would be recognized as contrary to paragraph 2 of Annex. We feel this stipulation arose from lack of opportunity for full consideration of problem by other nations and reflects primarily a fear that certain ex-enemy neutrals may wish to accede. We do not feel this reservation presents any practical difficulties.

III. Your SD 4073 [8] arrived after adjournment of final meeting of Planning Committee. I will have opportunity however of discussing this matter with British prior to departure. In general I understand British propose operate on basis of one SEPC and one allocations committee whereas notwithstanding strong pressure from Norwegians we have declined to commit WSA to establishment of allocations committee on our side. Nicholson will be in Washington by end of month and this point can be further explored before first meeting of Executive Board. Regarding your final sentence Planning Committee report includes provision that each nation shall submit periodical statements of its requirements "together with statements of tonnage of each government available to meet its own and other requirements." Am confident there would be no objection in practice to extending foregoing to include availability by loading areas.

IV. Work of Planning Committee completed and report unanimously agreed on basis consistent with our views. Five of us returning Pan American flight 3298. Please advise families. [Reed.]

WINANT

103.9164 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 18, 1944.

8614. SD 4096. To Reed for Brown and O'Boyle [9] from Land by Morse and Chubb.

1. Planning committee report discussed and approved at WSA internal meeting today.

2. Conway has suggested that weekly meetings of SEPC could be used to coordinate all matters coming up to branch of the board from the various other committees. Purpose is to provide a general overall policy steering committee at somewhat lower than the branch of the board. We feel that such an arrangement could be carried out through

[8] Department's telegram 8177, October 6, p. 715.

[9] Charles R. O'Boyle, Chief, Wartime Insurance Division, War Shipping Administration, who had recently joined Chubb and his associates and was remaining in London through the early stages of UMEB.

paragraph 9 of main report and that SEPC members could either act in that capacity or in capacity of a sub-committee of the branch of the board.

3. Proposal is that first meeting of executive board be held here on November 14 and that board's work should be completed that week.

4. Suggestion is that invitation to meeting should go out over signatures of Land and Leathers as chairmen in Washington and London respectively. Following tentative wording is suggested for your approval:

"Pursuant to paragraph 6 of the annex to the agreement on principles the War Shipping Administration and Ministry of War Transport as chairmen of the United Maritime Executive Board hereby notify you that a meeting of that board has been called to meet in the offices of the War Shipping Administration in Washington at 10:30 a. m. Tuesday, November 14, 1944. The purpose of that meeting will be to take such steps as may be necessary to prepare for the coming into operation of the central authority established by the agreement on principles. The planning committee established pursuant to paragraph 12 of the annex to the agreement on principles having prepared its report and submitted the same to the contracting governments for consideration and adoption, this meeting of the United Maritime Executive Board will provide an opportunity for formal action as to such adoption, and pursuant to the recommendation of the planning committee it is recommended that the contracting governments authorize their representatives as members of the executive board to act on that report on their behalf at this meeting."

5. With regard to appendix 9 of the planning committee report Radner[10] suggests that words "territories and possessions" be substituted for the words "territorial possessions" wherever used. If agreement not already printed and circulated suggest this editorial collation. [Land.]

HULL

103.9164: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 24, 1944.
[Received October 24—10:28 p. m.]

9156. To Land, WSA, for Morse and Chubb from Reed, Brown and O'Boyle. Supplementing our 9130, October 24.[11] Have discussed agenda for first UMEB meeting with Weston who agrees that following items mentioned Chubb's memorandum to the Administrator October 13th[12] and in Planning Committee discussions should be included.

[10] William Radner, General Counsel, War Shipping Administration.
[11] Not printed.
[12] Not found in Department files.

1. Adoption of Planning Committee report.
2. Report of subcommittees on coastal and short sea trades.
3. Consideration of paragraph 6 of Planning Committee report.
4. Question of currencies and brokerage.
5. Position of USSR, Brazil, Yugoslavia, France, Denmark, Dominions, et cetera.
6. Personnel requirements.

Weston suggests that the above items should be circulated to Allies before meeting as being major items likely to be discussed. Detailed agenda might be prepared when he arrives in Washington not later than November 12th.

Weston agrees that matter of agency arrangements on vessels allocated to berth services should be discussed but wants to talk this over with us in advance and therefore suggests it be omitted from main agenda. His feeling is that while it would be desirable to invite Allies to selected meetings of committees such as SEPC's at early date for educational purposes actual establishment of UMEB freight rate and voyage charter committees should be deferred as long as possible. This should not, however, preclude early Anglo-American discussions on rate questions.

Weston also agrees that Allies should be given general idea of tonnage situation but feels this might more appropriately be done in SEPC rather than UMEB. He suggests omitting it from main agenda.

We are not clear as to what questions of allocations policy you had in mind in paragraph 1 of Chubb's memorandum of October 13th to the Administrator. Can you elucidate?

Please advise if foregoing meets with your approval.

Speekenbrink is leaving with Nicholson's party.

Samuelson advised today that Carlsson [13] and Boheman, chief permanent civil servant in Swedish Foreign Office, are arriving here November 6th to discuss UMA. We told him that Weston is leaving November 8th for Washington meeting and urged that they come several days earlier. Assume you wish us to meet them with Weston? Please instruct. [Reed, Brown, and O'Boyle.]

WINANT

103.9164 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 25, 1944.

8888. SD 4114. To Reed for Brown and O'Boyle from Chubb and Morse.

[13] Gunnar Carlsson, Chairman of Swedish Shipowners Association.

1. ReEmbs 9059, October 21.[14] Believe when final agenda agreed it should be circulated to all contracting nations.

2. Following schedule is suggested: Tuesday morning November 14 Executive Board to meet together with associate members upon following agenda: (A) Convening formalities and statement by chairman; (B) Approval of planning committee report by contracting governments; (C) Arrangement for educational meeting of S.E.P.C.; (D) Arrangement for appointment of freight rate and other committees recommended in planning committee report; (E) Discussion of currency question—appointment of currency committee; (F) Discussion of brokerage and other policy questions raised at planning committee sessions. Possible appointment of sub committees to report on foregoing questions; (G) Report on European short seas set up.

Wednesday morning and afternoon and Thursday morning should be devoted to meetings of the S.E.P.C. and of committee on currency and of other committees appointed at Tuesday meeting. Thursday afternoon or Friday morning Executive Board and associate members to meet upon following agenda: (A) Reports from committees; (B) Tentative plans for future meetings and for commencement of operations. Assuming that foregoing general program meets with approval we suggest British delegation arrive here several days prior November 14 for discussions looking to agreed Anglo-American position on all matters on agenda. In interim if you concur we will cable drafts of our preliminary suggestions on these matters and will keep British Mission here posted.

3. Please advise British reaction to these suggestions and proposed arrival date their delegation in U.S. [Chubb and Morse.]

STETTINIUS

758.61/10-2644 : Telegram

The Minister in Sweden (Johnson) to the Secretary of State[15]

STOCKHOLM, October 26, 1944—5 p. m.
[Received October 26—5 p. m.]

4364. Through a Swedish publicist there has come to us what purports to be an indirect reflection of Foreign Minister Gunther's views on certain questions of interest to the Soviet Union. In the matter of participation in merchant marine pool, the Minister is said to hold opinion that Swedish negotiators must refuse to enter Sweden in the pool. Reason for this is Swedish Government's belief that Moscow would not like Swedish participation. The Russians are said to have given the Swedes a broad hint to this effect and to have intimated that in event of refusal, Sweden will receive Russian support.

[14] Not printed.

[15] The Minister in Sweden, upon instructions from the Department, repeated this telegram to London as No. 1408, November 2, 10 a. m.

A further indication of Gunther's cautiousness concerning the Soviet Union is noted in his having had the Swedish newspapers instructed to tone down their depiction of Baltic developments as being tragic. His general guiding principle in Sweden's present position is reported to be a determination to follow the Russian line rather than the Anglo-American line whenever the two are contradictory.

JOHNSON

800.85/10–2744 : Telegram

The Chargé in Brazil (Donnelly) to the Secretary of State

RIO DE JANEIRO, October 27, 1944—7 p. m.
[Received October 27—1 p. m.]

3868. The Brazilian Embassy in Washington has informed Velloso [16] that the WSA is holding up the transfer of two tankers recently purchased by Brazilian interests on the grounds that Brazil has not yet agreed to enter the shipping pool of the United Nations. Velloso asked me to inform the Department that a committee in the Foreign Office has just completed a study of the shipping pool plan and that the Ministry will recommend to President Vargas that Brazil subscribe to the agreement. In view thereof he hopes that the WSA will facilitate the tanker transaction.

DONNELLY

800.85/10–2844 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, October 28, 1944.
[Received October 28—6 p. m.]

9330. To Land, WSA, for Morse and Chubb from Reed by O'Boyle and Brown.

1. The following text of invitation has been agreed upon with the Ministry.

2. Text of invitation:

"As secretaries of the Conference on Shipping Control we have been instructed by Admiral Emory S. Land and Lord Leathers to inform you that in accordance with the agreement reached by the United Maritime Authority Planning Committee, the first meeting of the United Maritime Executive Board will be held in Washington in the offices of the War Shipping Administration at 10:30 a. m. Monday, November 20th, and Admiral Land and Lord Leathers will be glad if your Government will arrange to be represented.

"The purpose of the meeting will be to consider further the steps that may be necessary to prepare for the coming into operation of

[16] Pedro Leão Velloso, Brazilian Minister for Foreign Affairs.

the Central Authority established by the Agreement on Principles. The Planning Committee established pursuant to paragraph 12 of the Annex to the Agreement on Principles having submitted its report to the contracting governments for consideration and adoption, this meeting of the United Maritime Executive Board will provide an opportunity for its adoption and pursuant to the recommendation of the Planning Committee it is requested that your Government authorize their representative on the Executive Board to act on that report on their behalf at this meeting.

"A provisional agenda for the meeting is attached.

Winthrop G. Brown,
F. H. Keenlyside, Joint Secretariat."

3. Provisional agenda for Executive Board meeting:

"The agenda for the first meeting of the UMEB will include the following matters. Formal and detailed agenda will be circulated in Washington:

"1. Adoption of Planning Committee report.

"2. Consideration of paragraph 6 of Planning Committee report.[17]

"3. Report of sub-committees on coasting and short sea trades.

"4. Questions of brokerage.

"5. Plans for familiarizing contracting governments with working of present allocation machinery.

"6. Discussion of personnel requirements of the contracting governments for their representation on committees of UMEB.

"7. Discussion of accession of other governments to the agreement."

4. Upon receipt of your approval of the foregoing invitations shall be sent out, including cabled invitation to Canada. [Reed.]

GALLMAN

800.85/10–3144 : Telegram

The Acting Secretary of State to the Chargé in the United Kingdom (Gallman)

WASHINGTON, October 31, 1944.

9095. SD 4130. To Brown and O'Boyle from Morse and Chubb.

1. Referring our night letter October 20 [18] and final sentence paragraph 3 minutes of planning committee meeting October 7 [19] it was my understanding that O'Boyle and Brunt would prepare an extract of the various minutes of the planning committee covering policy questions raised but remitted to Executive Board for action. If practical would like to receive this well in advance of Executive Board meeting.

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[17] Paragraph 6 of report recommended that consideration be given by contracting governments to establishment by UMEB of certain of the committees in advance of the UMA period.

[18] Not found in Department files.

[19] Minutes not printed.

2. Have various contracting nations indicated informally their advance approval of planning committee report as suggested at final meeting of planning committee?

3. In view of many questions requiring joint Anglo-American consideration we are hopeful Weston will arrive well before November 20.

4. Proposed form of invitation meets with our approval as does proposed agenda on understanding latter is provisional only.

5. At meeting with representatives of Mission today we submitted proposed listing of detailed matters to come up before Executive Board together with schedule of meetings. Copy of this being forwarded you by air pouch today. In general this calls for discussion on your points 1, 2, 3, 4, 6 and 7 on Monday November 20 by full UMEB. Proposal is that following three days be devoted to meetings of SEPC, of committee on currency and of other committees appointed by UMEB at opening session and that on Friday November 24 final meeting of Executive Board be held at which reports of foregoing committees will be considered and a program established for the transition of UMEB from a paper organization to a going concern.

6. In connection with last item we today discussed with Mission proper machinery for dealing with situation which may arise prior to cessation of hostilities with Germany, if any vessels falling within the UMEB framework go off charter prior to that date. This might arise through exercise of charter termination privileges by liberated governments as to vessels required for their essential import requirements or might arise in the case of certain neutrals not now signatory. We have always considered that these problems would be taken care of by tri-partite agreement but suggestion was made today that we consider an addendum to the agreement on principles authorizing the commencement of the operation of the central authority with respect to such vessels prior to the cessation of hostilities with Germany. Our feeling is that this might avoid necessity of short term interim arrangements and that control through UMEB might have advantages over tri-partite arrangements. This suggestion does not represent a definite view on our part but suggest you cable us your reaction and if you feel it advisable discuss informally with British. [Morse and Chubb.]

STETTINIUS

800.85/11-144 : Telegram

The Minister in Sweden (Johnson) to the Secretary of State

STOCKHOLM, November 1, 1944—9 p. m.
[Received November 1—7:13 p. m.]

4461. I have been informed by Mr. Boheman that Swedish Government is sending him to London next week together with Mr. Gunnar

Carlsson, chairman of Swedish Shipowners Association, for talks with Allied authorities regarding the international shipping pool. Boheman indicated his Government and Swedish shipping circles are worried regarding demands which may be made on Sweden in connection with international shipping pool. He says his Government has very clear ideas of what its own needs will be and that it is not yet clear that these needs will be met by Sweden's entering proposed arrangements. One thing which is considered vital is that Sweden retain control of her own shipping. Boheman did not go into any particular details as to the line he would take but made it clear that Swedish views are going to be pressed and defended vigorously. He mentioned importance of small craft (under 3,000 tons) to Swedish needs and necessity for Sweden to have large fleet of ships of this category under her entire control. He expects to be gone about a week. That Swedes are going to make a fight to maintain their own substantial shipping trade regardless of what international shipping situation may be I think can be taken for granted. Although there are numerous indications that both Government and shipping circles as well as opinion generally are inclined to be skeptical of Sweden's entering the shipping pool and are keenly aware of the Russian attitude, I think Sweden could in any case be counted on to recognize moral obligation that a portion of her shipping fleet be employed in relief work of various kinds such as bringing food supplies and equipment to war ravaged areas of Europe.

My 1407 to London repeats this.

JOHNSON

800.85/11–244 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 2, 1944.
[Received November 2—7:15 p. m.]

9522. To Land, WSA, for Morse and Chubb from Reed by Brown and O'Boyle. Reference your SD 4130.[20]

(1) Weston planning to leave by plane about November 12th which should give him 4 to 7 days in Washington for Anglo-American discussion prior to Board meeting. Hurcomb going by ship approximately same time.

(2) Poland and Greece are not sending representatives from London but will be represented by their Washington staffs.

(3) Canadians have appointed James MacKinnon, Minister of Trade and Commerce, as their member of the Council, and MacCallum

[20] Department's telegram 9095, October 31, p. 721.

as their member of UMEB. They are enquiring who the other nations' representatives are and would like to announce their appointments shortly. Weston has told Langley that we hope to discuss this with MacCallum in Washington since United Kingdom and other Allies are not prepared at this time to make final appointments and are merely sending representatives to the meeting. Brown suggested matter be handled by simply announcing the meeting and the names of the men representing the various nations. As you know the reason for Allies' reluctance is that they do not wish to commit their Governments any more than they have to before their return home.

(4) Discussed proposal in your paragraph 6 informally with Weston who feels idea has definite possibilities, will discuss further and advise.

(5) Ministry has been considering question of possible contribution by Allies of quota of their tonnage for military requirements and will have some specific proposals early next week which we will cable. If this question is to be raised at UMEB meeting do you not think Allies should be given some advance notice?

(6) Reference to your (1) cabling detailed extract from minutes of policy raised during Planning Committee meetings. [Reed.]

GALLMAN

800.85/11-144 : Telegram

The Acting Secretary of State to the Minister in Sweden (Johnson)

WASHINGTON, November 3, 1944—8 p. m.

2207. ReEmbs 4461, November 1, 9 p. m. If you can see Boheman informally prior to his departure for London will you bring to his attention the following points:

It was the sense of the conference in London that Sweden would be expected to accede to the Shipping Agreement which would place all Swedish tonnage subject to control by the United Maritime Authority.

If any portion of Swedish tonnage were permitted to remain free from control, it would give Swedish shipping an advantage over the other maritime nations and permit Sweden to profit at the expense of other nations whose ships remain under wartime controls so as to more effectively cooperate in the war effort and in the rehabilitation of war-torn areas.

Norway and Holland agreed not to condition their acceptance upon guarantees that their full import requirements would be met. Questions regarding programming of supplies are not within the scope or purview of the United Maritime Authority beyond the obligations accepted in paragraph 1 of the Agreement.

It should be emphasized that the success of the Shipping Agreement is predicated upon an adequate control of all tonnage. This control will be exercised through the warrant scheme and by such other measures as may be necessary to insure that ships under all flags are used in conformity with the purposes of the United Nations. Under the circumstances, it is hoped that Sweden will realize the advantages of cooperation through participation in the control scheme.

Sent to Stockholm, repeated to London.[21]

STETTINIUS

800.85/11-344 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 3, 1944—8 p. m.
[Received November 4—2:10 a. m.]

9562. To Land, WSA, from [*for?*] Morse and Chubb from Reed, Brown and O'Boyle.

1. Reference paragraph 1, your SA [*SD*] 4130.[22] It's now [*not?*] practical to submit extracts from minutes of the Planning Committee meetings relating to policy questions. These are specific and detailed items many of which are blanketed in CW items on provisional agenda cabled to you in our 9330.[23]

(1) Position of Sweden, Brazil, USSR, Yugoslavia, France and Denmark. (Refer item 7 on provisional agenda.)
(2) Question of employment shipbrokers. (Refer minutes 7, item 3, page 6.)
(3) Question of agency arrangements of vessels allocated to BA services.
(4) Norway's reservation regarding procedure for allocations in Washington. (Refer minutes 6, item 3.)
(5) Advance survey of respective tonnage position.
(6) Question of establishment of committees which will need to begin operation immediately. (Refer paragraph 6, Planning Committee report.)
(7) Currency in which freight payments are to be made. (Refer paragraph 6, Planning Committee report.)
(8) Progress report on preliminary work on the settling [*setting?*] up of machinery to deal with coasting and short sea zones initiated by MWT. (Refer paragraph 7, Planning Committee report.)

2. In addition to foregoing it appears desirable that following should be included in the agenda for Anglo-American discussion for which Weston will be prepared:

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[21] Sent to London as telegram 9207 for Allison and Reed.
[22] Department's telegram 9095, October 31, p. 721.
[23] October 28, p. 720.

(*a*) Clarification of method by which Finnish tonnage now under control of Soviet High Command is to be used in the general interest of the Allies. (Refer minutes 1, item 2.)

(*b*) Examination of position with reference to revision of freight rates. (Refer paragraph 6, planning Committee report.)

3. We understand currency question presently being discussed by Ministry with fiscal and other appropriate authorities here. Accordingly British delegates will be thoroughly prepared to discuss this matter in Washington.

4. We assume formal agenda for Board meeting will be prepared in Washington and in all probability not finally agreed upon prior to Weston's arrival. [Reed, Brown, and O'Boyle.]

GALLMAN

103.9164 : Telegram

The Acting Secretary of State to the Chargé in the United Kingdom (Gallman)

WASHINGTON, November 4, 1944.

9247. SD 4145. To Brown and O'Boyle from Morse and Chubb. ReEmbs 9522, November 2.

1. We agree Brown's suggestion your item 3.

2. We agree your suggestion allies should be given advance notice of any possible suggested quota tonnage contribution but before notifying allies we would prefer await your cable outlining British suggestions. [Morse and Chubb.]

STETTINIUS

800.85/11-644 : Telegram

The Minister in Sweden (Johnson) to the Secretary of State

STOCKHOLM, November 6, 1944—6 p. m.
[Received 7:25 p. m.]

4542. My 4364, October 26, 5 p. m., 1408, November 2, 10 a. m. to London.[24] The report that the Russians have intimated to the Swedish Government that they would prefer the Swedes not to enter the shipping pool was confirmed last night by the Norwegian Foreign Minister, Mr. Trygve Lie, who, however, added that he believes he has persuaded the Swedish Foreign Minister, Mr. Gunther, that Sweden cannot afford to stay out of the pool. In this connection Mr. Lie said he had informed Mr. Gunther that the Norwegians had offered the Russians 25 ships but that the Russians had not taken advantage of the offer. Mr. Lie added that he made it clear to Mr. Gunther that the

[24] Regarding latter telegram, see footnote 15, p. 719.

Norwegians would not understand Sweden's staying out of the pool and profiting at the expense of its neighbors. It is Mr. Lie's impression that both Mr. Gunther and Mr. Boheman (my 4461, November 1, 9 p. m., 1407 to London) are in favor of Sweden's joining the pool but that private Swedish shipping interests are bringing strong pressure to the contrary.

My 1440, November 6, 6 p. m. repeats this to London.

JOHNSON

103.9164 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 9, 1944—7 p. m.
[Received November 10—12:05 p. m.]

9759. To Land from Reed for Morse, Conway and Chubb by Brown and O'Boyle.

1. Reurtel 9247, October [*November*] 4, SD 4145. Have discussed further with Weston idea that Allies should contribute a quota of their tonnage for military requirements. He feels that to set aside a quota of each Ally's tonnage to be utilized for military purposes would run counter to the general UMA concept of all tonnage as a common pool equally available for the common task and might present practical difficulties in administration of the allocation machinery. On this latter point, however, he would be guided by Nicholson and Conway and our allocation experts. He still feels that there is merit in the suggestion reported in our 7790 of September 20 that a portion of the Allied tonnage which is allocated to military service should be contributed without charge. He will bring with him data which might serve as basis for working out the extent of such contributions for initial discussion with you and he suggests that if we both agree that the thought is worth pursuing it should be raised informally first with the Dutch and then with other Allies before being raised formally in UMEB.

2. Your 9095, October 31, SD 4130. Weston divides this problem into two parts: (1) It is likely that as liberation progresses some coastal tonnage may need to be allocated to the contracting governments and to the French for their own national requirements. He feels that existing machinery of the tripartite committee, MEDBO [25] et cetera, would be the most effective way of exercising the necessary general supervision over the use of these vessels. (2) The Norwegians cannot terminate any of their charters prior to the end of the German

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[25] Mediterranean Board.

war and the Dutch can only terminate *Jay* charters. Weston feels that the very tight port situation in northwest Europe which is likely to continue makes it necessary to maintain the strictest control over all ocean-going tonnage. Difficulties are already arising as Allies endeavor to get shipping for cargoes in addition to those included in the military programs. These considerations outweigh in his mind the advantages which he saw at first in the possibilities that the early establishment of UMEB might permit the release to the Allies of a good many ships now under charter. Moreover, it would be difficult to see just how the allocation machinery would work if only a small number of ships whose charters had been denounced were involved.

3. A quite different situation would be presented if Sweden should accede and the Baltic should open. There would then be a substantial volume of tonnage with which the allocation machinery of UMEB could work and it might be very desirable to put this machinery into immediate operation.

4. We gathered that the Ministry now feels that freight rate committees should begin to function at an early date. Brown and Weston meeting Carlsson and Samuelson today. Will report. [Reed.]

GALLMAN

800.35/11–1144 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 11, 1944—6 p. m.
[Received November 11—5:45 p. m.]

9849. For [*To?*] Berle and Land, WSA, for Conway and Morse. Gunnar Carlsson arrived in London on November 9 to discuss adherence of Sweden to Allied Shipping Agreement. As a result of Foreign Office representations he was not accompanied by Boheman at this time. After consultation with Hayter, acting head of the General Department of the Foreign Office, it was agreed that it would be preferable for the initial talks with Carlsson to be held with Weston of MWT and Brown of MEA and thus be confined purely to the Shipping Agreement. It was felt that if the Foreign Office and Embassy was represented it would be easier for the Swedes to bring up broad supply questions which neither the British nor we wish to discuss at this moment.

The following is Brown's summary of three conferences which have been held at Ministry of War Transport. Weston is bringing copies of informal memoranda used at the discussions. Brown's report of the meeting as well as additional copies of the memoranda are being forwarded by air pouch. Allison was told at the Foreign Office this

morning that Boheman was pressing to come to London in the near future but that it was hoped to persuade him to postpone his trip still further.

Summary begins.

Conferences with Carlsson have been highly satisfactory. They have shown Sweden is anxious to accede to the Agreement on Principles and does not want to be in a position of remaining outside and seeming to take advantage of other contract in [*contracting*] governments. Carlsson states they are prepared to bring all their tonnage under the Agreement provided they can make recommendations as to its use for their own import needs and that any alterations in their recommendations would be subject to mutual agreement and not be decided by vote. They recognize that situations may arise where the Swedish recommendations will have to be altered in the common interest. We have pointed out this is quite in accord with the Agreement on Principles.

Sweden would, however, wish to make two reservations:

(1) Swedish tonnage could not be used for carriage for troops to theatres of war or direct military cargoes. Swedes propose that the clause relating to transportation of military cargoes and transportation for war purposes which is in the Anglo-Swedish tonnage agreement of 1939 should be included in any document covering Swedish accession to the Agreement on Principles.

(2) They state they would not be able to requisition all their ships as Swedish Government has no legal power of general requisition. A new statute would be required and they regard this as impossible. They are prepared, however, to take steps to ensure [that] the employment of Swedish ships can be effectively directed in accordance with the Agreement on Principles and particularly article 7(*f*) (ii) thereof if necessary by some form of pooling of revenues and adjustment as between individual Swedish owners.

Weston and I have explained that our Governments and the Governments of the Allies attach great importance to having all ships under requisition and that it will present real difficulties to us if Swedish ships are not requisitioned.

Carlsson said at the end of our talk this morning that he wanted to make it clear that Boheman was coming to London to discuss supply and payment questions and might wish to include accession to the Shipping Agreement as part of an over all settlement and that he did not want anything he said to be taken as a commitment that his Government would accede to UMA as an independent matter. We pointed out that this was naturally a matter for the Swedish Government to decide but decision on supply questions were wholly outside the Shipping Agreement; that there were distinct advantages to Sweden in joining the Agreement as a purely shipping matter and

that their early accession might make a very desirable impression on the American and British Governments generally.

We pointed out further that the organization of UMEB is moving rapidly and that it would be desirable for Sweden to participate in its activities as early as possible. We believe he personally agrees with this and will urge it on his Government.

Carlsson agreed that it would be desirable for the substance of these talks to be communicated to the Allies at the UMEB meeting to see whether we and they would agree to Sweden's accession with the two reservations noted above.

[*End of Summary.*]

Carlsson will be here at least until 18th and possibly the 25th so we can talk further with him if you wish to do so after getting the full story from Weston.

It was clearly understood that talks to date have committed nobody.

Sent to Department as 9849; repeated to Stockholm as 700.

GALLMAN

800.85/9–1644: Airgram

The Acting Secretary of State to the American Representative on the Advisory Council for Italy (Kirk)

WASHINGTON, November 23, 1944—11:40 a. m.

A–97. With reference to your despatch number 346 of September 16, 1944, relating to "Italian Desire to Participate in Proposed International Conference on World Shipping", the Department's views are as follows:—

(1) The reference to Under Secretary Stettinius' statement that "an international conference on world shipping is being organized" is incorrect. The statement was that shipping was "one of those post-war economic matters of which we have many but we have not made any definite arrangements yet for such a conference". This statement still holds true.

(2) With respect to "the possibility of Italy's participation, even under the form of adherence, in the agreement recently reached on post-war shipping between the United States" and other countries, it should be pointed out that this agreement is solely a wartime control measure which will remain in effect only until six months after the end of the war with Japan, or with Germany, whichever may be the later.

See Radio Bulletin of October 1 for the text of agreement.[27]

STETTINIUS

[The first session of the United Maritime Executive Board was held at Washington, November 20–24, 1944. The minutes of the meet-

[27] See bracketed note, p. 676.

ings are not printed (SD files, lot 52–107, box 1). For information concerning the session, see Department of State *Bulletin*, December 3, 1944, page 655.]

800.85/9–1644

The Secretary of State to the Netherlands Ambassador (Loudon)

The Secretary of State presents his compliments to his Excellency the Ambassador of the Netherlands and has the honor to refer to his note No. HAS–6704 of September 16, 1944 with regard to the control of certain categories of Netherlands shipping.

The special shipping requirements of the Kingdom of the Netherlands referred to by the Ambassador were the subject of a special conference in London on July 26, 1944, attended by the Netherlands Minister of Shipping and Fisheries and Minister of Colonies, the British Minister of War Transport, and a representative of the United States Government. It was agreed that the points raised by the Netherlands Government would be met by the inclusion of the following language as a separate paragraph under Section 7(*c*) of the "Agreement on Principles", which at that time was being discussed there by the Inter-Allied Conference on Shipping Control.

"The fact that these ships are assigned to military requirements shall not prejudice the right of the Governments concerned to discuss with the central authority the measures to be taken to provide shipping for their essential requirements within the scope of paragraph 1."

This paragraph was later accepted by the Conference and included in the "Agreement on Principles".

The Department is of the opinion that the language quoted above is adequate to protect the special interests of the Kingdom of the Netherlands to which the Ambassador has reference.

WASHINGTON, November 24, 1944.

800.85/11–2944

The Brazilian Embassy to the Department of State

MEMORANDUM

The Brazilian Government mindful of the necessity of a coordinated control of world's trade in the transition period wishes to express its concurrence to the Agreement on Principles having reference to the

Continuation of a Coordinated Control of Merchant Shipping, drawn up in London on August 5, 1944.

2. In expressing its willingness to subscribe to the aforementioned agreement, the Brazilian Government wishes to make it clear that it understands clause VIII of the Agreement as meaning a recognition by the other shipping nations of the right of the Brazilian Government to exercise exclusive control on coastwise shipping which by law is restricted to Brazilian ships and on such short trade lines as are now or may be established between Brazilian ports and ports of nearby countries such as: Uruguay and Argentina to the South, Paraguay in the Paraná River, and the Guianas, Venezuela and Colombia to the North.

3. The Brazilian Government begs to invite the attention of the United States Government to the fact that in September 1942, when the shipbuilding program of the United States had not reached its prodigious production records which have enabled the armed forces to wage total war in both the Atlantic and Pacific fronts, the Brazilian Government, well aware of the urgent need of the United States for merchant ships for the prosecution of the war, leased, under symbolic charter, 12 ships of its merchant fleet, in spite of complete disruption of its maritime transportation system. It might also be recalled that in the common effort for the prosecution of war, thirty six units of the Brazilian Merchant Marine were lost at sea through enemy action.

4. The present destitute situation of the Brazilian Merchant Marine made it impossible for Brazil even to maintain shipping contact between the Brazilian expeditionary forces now fighting with the Fifth Army in Italy and their homes—a contact of importance under the material point of view, but more so yet under the point of view of the morale of the troops.

3 [*5*]. Anxious to render the fullest possible cooperation to the United Nations cause and to share the responsibilities assumed by the Merchant fleets of the countries participating in the London Agreement of August 1944 and desirous of eventually being assured of the operation of the transatlantic lines considered indispensable to its post-war trade, the Brazilian Government wishes to request from the United States Government, the transfer to Brazil under Lend-Lease arrangement or under symbolic charter of 43 units of the emergency "Liberty" type ships.

6. In view of the restrictions imposed by Clauses III and VII(*a*) of the Agreement on Principles signed in London in August 1944, the Brazilian Government expects that the proposed transfer of tonnage be made now—before the termination of hostilities in Europe.

WASHINGTON, November 29, 1944.

800.85/11-1344 : Telegram

The Secretary of State to the Chargé in Brazil (Donnelly)

WASHINGTON, December 1, 1944—4 p. m.

3575. Your 4058, November 13, and 4039, November 11.[28] The Department for some time has been discussing with the War Shipping Administration Brazilian requirements for vessels of various types.

It appeared for a time that it would be possible to obtain for Brazil the two tankers as well as a few small ships for coastwise service. However, the present shipping position is such that it is not possible to authorize the release of any ships. For the Embassy's confidential information, it is stated by officials of the War Shipping Administration that the present shipping position is worse than it ever has been; that a number of ships are being withdrawn from service in the Caribbean to meet urgent war requirements and that every effort must be made to reduce commercial shipments for the same purpose.

Referring to the tankers, the application for transfer has been denied. The vessels are in service and are still required by the United States. Furthermore, there is reasonable doubt that Brazil would be benefitted by the acquisition of these vessels in as much as War Shipping Administration possibly would take the view that the acquisition of these tankers by Brazil would permit the withdrawal of others from Brazilian service.

Also, questions have been raised as to propriety of our transferring vessels to a country not signatory to the recent control agreement. While the Department does not desire to use pressure to have Brazil enter into the shipping pool, it must be recognized that it would not be entirely consistent to transfer vessels almost immediately after agreeing to continue our shipping under present controls.

The Department will keep before the War Shipping Administration the urgent need of Brazil for additional shipping with the view to having ships made available just as soon as the military situation permits.

STETTINIUS

800.85/12-944 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 9, 1944.

[Received December 9—11 : 58 p. m.]

10946. To the Department and Land, WSA, for Morse from Reed and Allison. Foreign Office has advised that Australia has indicated

[28] Neither printed.

her desire to accede to Agreement on Principles by a note which states they have also notified United States Government [29] they make no reservations according to UMEB paper 1.[30] If you agree we propose to notify other contracting governments by letters signed by Weston and Brown that Australia is acceding without reservation. Embassy will cable separately on form of notification to Australia that her accession is accepted.[31] [Reed and Allison.]

WINANT

800.85/11-2944

The Department of State to the Brazilian Embassy

MEMORANDUM

The Department of State has received the Brazilian Embassy's memorandum of November 29, 1944 expressing the willingness of the Government of Brazil to subscribe to the Agreement on Principles having reference to the continuation of coordinated control of merchant shipping, signed in London on August 5, 1944, and requesting the transfer to Brazil of forty-three Liberty ships.

With reference to the matter of adhering to the London Agreement, a formal procedure has been adopted by the United Maritime Executive Board to be followed by any United Nation or neutral country that wishes to adhere. This procedure is as follows:

1. The Government of the country desiring to accede will communicate its desire through diplomatic channels to the United States and United Kingdom Governments simultaneously, acting on behalf of the other contracting Governments;
2. United States and United Kingdom Governments will notify other contracting Governments through the United Maritime Executive Board;
3. The accession of any Government will be recorded in a Protocol of Accession in appropriate terms.

It is not possible for the Government of the United States to consider at this time transfer of any Liberty ships to Brazil. While the Department of State has for some time given careful, sympathetic consideration to the shipping needs of Brazil, the great demand made upon United States shipping as the result of current military operations are such that it is impossible to release any vessels whatsoever.

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[29] By note dated December 16, 1944, the Australian Legation confirmed an informal notification made to the Department by telephone on November 28.

[30] Not printed; it contained the formal procedure for accession of other governments given in the second paragraph of the note of December 13 to the Brazilian Embassy, *infra*.

[31] Telegram 10415, December 14, to London, stated that the Department and WSA agreed to proposal and assumed that in due course formal protocol of accession would be executed (103.9164 London).

With reference to transfer of vessels under Lend Lease arrangements, it is pointed out that transfers under such arrangements are at this time restricted to military supplies and equipment.

The Government of Brazil may be assured that, when the military situation permits the transfer of vessels, the Department of State will make every effort to have made available to Brazil ships which Brazil requires for the maintenance of essential services. The question of the transfer of vessels for post-war operation is one which must be deferred in as much as the policy of the Government of the United States still is in process of formulation.

WASHINGTON, December 13, 1944.

800.85/12–1344 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 13, 1944.
[Received December 13—3:25 p. m.]

11050. For Shipping Division, Department, and Land, WSA, for Morse. With reference to the Department's 9505 of November 11 [32] concerning accession of other Governments to the Shipping Agreement, the Foreign Office has now stated that points 1, 2 and 3 are entirely acceptable. However with regard to point 4 the Foreign Office is not certain whether a formal signature by each acceding government is really necessary and it states "We should have thought that if it could be arranged that the US and UK sent identical but separate replies to the communication received under point 1 from the government desiring to accede to the Shipping Agreement and those two communications should bear the same date this should suffice as a sufficient accession by the government in question as from the date of the communication from the US and UK Governments." Foreign Office points out that there is of course no objection to a formal signature wherever this is convenient. It merely wishes to simplify the formal procedure as much as possible.

In this connection it should be pointed out that UMEB paper 1/1 [33] regarding accession of other governments states in point 3 "The accession of any Government will be recorded in a Protocol of Accession in appropriate terms." The question arises as to whether the procedure suggested by the British may be interpreted as constituting a protocol of accession. Brown of MEA feels that if the exchange of notes can be duly communicated to all contracting governments and filed with the central records of UMEB that this procedure would

[32] Not printed.
[33] The note to the Brazilian Embassy, *supra*.

be satisfactory. Allison agrees with him as do the Foreign Office and Ministry of War Transport. The views of the Department and WSA are urgently requested.

WINANT

800.85/12–1344 : Telegram

The Secretary of State to the Ambassador in the United Kingdom, (Winant)

WASHINGTON, December 21, 1944.

10614. ReDept's 9505, November 11, 1944,[34] it is understood that first three points have been incorporated into UMEB paper 1/1, formal procedure for accession, which has been approved at first session of UMEB.

ReEmbassy's 11050, December 13, 1944, Department and War Shipping Administration concur in the following:

1. Signature—Acceding government will not sign shipping agreement but will send separate identical communications to US and UK Governments.
2. Date of Accession—Identical but separate replies of the same date sent by US and UK Governments to the acceding government will give effect to accession as of the date of the replies.
3. Protocol of Accession—The UMEB joint secretariat will record any accession in a Protocol of Accession, notice of which will be sent to each of the other contracting governments.

Following is a suggested form of Protocol of Accession.

"PROTOCOL OF ACCESSION

Whereas the Government of blank by its separate but identical letters of blank date to the Governments of the United States and United Kingdom has communicated its desire to accede to the Agreement on Principles and to become a contracting party thereto,

And Whereas the Governments of the United States and United Kingdom by their separate but identical communications of blank date to the Government of blank acknowledged receipt of the latter's respective communications now therefore in accordance with the procedure authorized at the first meeting of the United Maritime Executive Board, it is attested and confirmed by this Protocol of Accession that the accession of the Government of blank to the agreement aforesaid became effective on and from month day year. Done in blank this blank day of blank nineteen forty blank."

It is also recommended that a form of communication, to be informally suggested to the Governments requesting accession, be prepared and agreed upon by the United States and United Kingdom Governments, and similarly a form of reply.

STETTINIUS

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[34] Not printed.

103.9169/12–1444 : Telegram

The Secretary of State to the Minister in Sweden (Johnson)

WASHINGTON, December 28, 1944—8 p. m.

2588. Reference is made to Legation's 5120, December 14, 1944, 6 p. m., [35] containing a statement attributed to Mr. Carlsson to the effect that in his conversations with Huntington Morse, WSA, he was advised that "if Sweden joined the pool, the United States would see to it that Sweden got the essential supplies she required in 1945."

The Department and WSA desire to clarify what is undoubtedly an unintentional misinterpretation. What Morse actually assured Mr. Carlsson was that, if Sweden did accede to the Agreement on Principles under the terms and conditions of the protocol of accession, such acceptance at this time would not only improve the atmosphere surrounding Sweden's negotiations, but would also be helpful to Sweden in working out her requirements for supplies. The implication of a guarantee was carefully avoided. It was made clear that, while Swedish accession would create better atmosphere, it would not necessarily create supplies.

It is to be added, however, that if Sweden accedes to the Agreement, it is most important that Sweden should not, later on, be given cause to doubt the good faith of our statements.

STETTINIUS

[35] Not printed.

AGREEMENT IN PRINCIPLE BY THE UNITED STATES TO PARTICIPATE IN A PROVISIONAL INTERNATIONAL ADMINISTRATION OF THE DANUBE PROPOSED BY THE BRITISH GOVERNMENT

840.811/10–944

The British Embassy to the Department of State

AIDE-MÉMOIRE

His Majesty's Ambassador [1] has the honour to inform the State Department that His Majesty's Ambassador at Moscow [2] has been instructed to propose to the Soviet Government the institution, immediately after cessation of hostilities, of a provisional international administration to cover the whole navigable area of the Danube. Sir A. Clark Kerr is to state that His Majesty's Government will be ready to participate in the administration, the object of which would be to restore as rapidly as possible, and maintain the use of, the Danube as an important international means of communication. He is to say that the proposed Danube administration would be brought within the framework of the projected European Inland Transport Organisation [3] when it is established. He is to point out the necessity for speedy clearance of British mines laid in the river and to offer to contribute an adequate mine-sweeping force for this purpose (which would be withdrawn as soon as the mines are cleared), a few officers for administrative duties and one gunboat plus four defense motor launches.

2. Lord Halifax has the honour to express the hope that the United States Government will agree to participate in the proposed International Danube Administration and also, if the general idea is acceptable to them, that they will so inform the Soviet Government.

3. Should the United States Government find themselves unable for any reason to participate, it is hoped that none the less they will express to the Soviet Government their concurrence in the proposal.

WASHINGTON, October 9, 1944.

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[1] The Earl of Halifax.
[2] Sir Archibald J. K. Clark Kerr.
[3] For documentation on this subject, see pp. 743 ff.

840.811/10–944

The Department of State to the British Embassy

AIDE-MÉMOIRE

Reference is made to the *Aide-Mémoire* of the British Embassy dated October 9, 1944 informing the Department of State that instructions had been issued to the British Ambassador at Moscow to propose to the Soviet Government the institution, immediately after the cessation of hostilities, of a provisional international administration, to cover the whole navigable area of the Danube. It is stated that the objective of this provisional international administration, in which the British Government is prepared to participate, would be to restore as rapidly as possible the Danube as an important international means of communication.

It is noted that this administration would be brought within the framework of the projected European Inland Transport Organization when it is established. It is anticipated that the mechanics of such an arrangement will be the subject of discussion.

The British Embassy is informed that the United States Government agrees in principle to the establishment of the proposed provisional international administration for the Danube and likewise in principle is prepared to participate in its establishment.

The United States Ambassador at Moscow will be instructed [4] to inform the Soviet Government that the United States Government agrees in principle to the proposal of the British Government and that the United States Government in principle is prepared to participate in the establishment of such a provisional international administration of the Danube.

WASHINGTON, October 21, 1944.

[4] Telegram 2485, October 20, 8 p. m., to Moscow (repeated as telegram 8726 to London), not printed.

ANGLO-AMERICAN AGREEMENT FOR THE TRANSFER OF AMERICAN CARGO VESSELS TO THE BRITISH FLAG FOR TEMPORARY WARTIME DUTY (THE LAND-LEATHERS AGREEMENT)

L/T Files

The Administrator of the War Shipping Administration (Land) to the British Minister of War Transport (Leathers)

[WASHINGTON,] November 24, 1944.

MY DEAR LORD LEATHERS: I am transmitting herewith a memorandum setting out the terms upon which the vessels referred to in the President's letter of May 23 [*28*], 1943 to the Prime Minister [1] have been transferred to the British flag under Lend Lease arrangements for temporary wartime duty and I should be glad to have your confirmation that these terms are adequately set out in the memorandum. You will see that the memorandum deals in broad terms with certain matters on which it may be necessary to work out more detailed operating arrangements. Thus the provision that United States dollar revenues earned by the vessels shall be accounted for will require detailed arrangements to be agreed by you with the Foreign Economic Administration. Again, when the question of redelivery arises it will be necessary for us to agree as to the place and time at which redelivery is to take place. Finally, although not expressly stated in the memorandum, it is my understanding that you will consult with me before any major structural alterations are undertaken in respect to any of the vessels.

The enclosed memorandum specifically refers only to the vessels transferred in accordance with the above-mentioned letter from the President to the Prime Minister. The original intention was that this letter should cover 200 Liberty ships. In fact, as a result of various modifications which have been agreed to suit our mutual convenience, the vessels transferred have consisted of 182 Liberty ships and 13 C–1 ships, the additional five Liberty ships having been released to the United States Navy Department for conversion to meet special requirements of the British Admiralty. Though the memorandum ex-

[1] Documentation relating to the "Trident" Conference held at Washington in May 1943 between President Roosevelt and Prime Minister Churchill, with their advisers, is scheduled for publication in a forthcoming volume, *Foreign Relations*, The Conferences at Washington and Casablanca, 1941–1943.

pressly refers only to the 195 vessels, we ask that if you approve of the terms thereof you also agree that the same terms shall be applicable to other vessels which have been or may hereafter be transferred to the British flag for temporary wartime duty on Lend Lease terms, except as to any particular vessels which it may be agreed are to be excluded from the effect of a bareboat arrangement under these terms.

I shall be glad if you will confirm that the enclosed memorandum is satisfactory to you and that the further points I have mentioned above are also agreeable to you.[2]

Sincerely, E. S. LAND

[Enclosure]

MEMORANDUM OF AGREEMENT

Having reference to the arrangements set forth in the President's letter of May 23 [*28*], 1943 to the Prime Minister whereby a number of vessels were to be transferred to the British flag on a bareboat basis for temporary wartime duty, it is agreed that the following shall constitute the terms of the bareboat charter under which these vessels have been transferred.

1. The vessels which have been transferred "as is, where is" in accordance with the President's directive shall remain under the British flag until six months after the termination of the present war as proclaimed by the President of the United States, or such earlier time as the Congress of the United States by concurrent resolution or the President of the United States by proclamation may designate.

2. The vessels shall be employed in accordance with policies approved by the Combined Shipping Boards or their successors.

3. The hire for the vessels during the currency of these arrangements shall be as determined under the Mutual Aid arrangements from time to time in force between the contracting governments. Net United States dollar revenues earned by the vessels shall be paid over to the United States in accordance with arrangements to be agreed between the Ministry of War Transport and the Foreign Economic Administration and such payments shall be reflected in the determination of hire.

4. The vessels shall be manned, victualled, navigated, operated and maintained in a thoroughly efficient state by the Ministry of War Transport and upon the expiration of this agreement the vessels, unless lost, shall be redelivered in such condition as the vessels are in on the termination of their service and an estimate shall be made of the cost to restore each vessel to her original condition, fair wear and

[2] Lord Leathers, in a letter dated at London, December 9, 1944, replied to Admiral Land as follows: "I have pleasure in confirming that I accept the terms of your letter and the accompanying Memorandum as placing on record the understanding between us in this matter." (L/T Files)

tear excepted, such estimated costs to be reflected in the determination of hire referred to above. The Ministry of War Transport shall not declare any of these vessels to be a constructive total loss without the consent of the War Shipping Administration. The total loss of any vessel shall be dealt with in accordance with the mutual aid arrangements from time to time in force between the contracting governments on the basis that it is a Ministry of War Transport liability.

5. Subject to any agreement between the contracting governments for settling claims and meeting liabilities, the Ministry of War Transport shall indemnify and render harmless the War Shipping Administration and each of the vessels against any liabilities, of whatsoever nature, arising out of the operation of any of the vessels during the currency of this agreement.

6. The provisions of the British Master Agreement of February 23, 1942 are applicable to this agreement.[3]

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[3] The preliminary agreement between the United States and the United Kingdom regarding principles applying to mutual aid in the prosecution of the war against aggression was signed at Washington on February 23, 1942; for text, see Department of State Executive Agreement Series No. 241, or 56 Stat. (pt. 2) 1433. For statement issued by the White House on February 24, with explanation and text of agreement, see Department of State *Bulletin*, February 28, 1942, p. 190.

DISCUSSIONS REGARDING THE ESTABLISHMENT OF A EUROPEAN INLAND TRANSPORT ORGANIZATION; CONFERENCE HELD AT LONDON, OCTOBER 10, 1944, TO SEPTEMBER 27, 1945 [1]

[On October 28, 1942, the Inter-Allied Committee on Post-War Requirements, of which Sir Frederick Leith-Ross was chairman, established the Technical Advisory Committee on Inland Transport (TACIT), under the chairmanship of Dr. Hondelink of The Netherlands, and on October 9, 1943, the Department of State established a Special Committee on Inland Transport, with Paul T. Culbertson as chairman. See *Foreign Relations*, 1942, volume I, page 143, and Department of State, *Postwar Foreign Policy Preparation, 1939–1945* (Washington, Government Printing Office, 1949), pages 86, 140, 180, 243, and 544.

The British Embassy, in an *aide-mémoire* of November 4, 1943, to the Department of State, referred to the possibility that the problem of transport needs in Europe might arise during the deliberations at the meeting of the UNRRA Council to be held at Atlantic City on November 10, and transmitted a copy of an earlier memorandum proposing that "the Governments of the United Kingdom, United States of America, and the U.S.S.R., as well as all the Continental European Allies might participate in the establishment of an European Inland Transport Organisation which would work within the framework of any wider body established by the United Nations and charged with planning or co-ordinating economic affairs in Europe" (840.50/3408).

The Department of State replied, in a memorandum of December 21, 1943, that the United States approved of the suggestion for the immediate creation of a tripartite committee to formulate plans and that it agreed that the British memorandum might serve as a basis of discussion (840.50/3408). The British Embassy then proposed that the matter be remitted to the recently established European Advisory Commission to make recommendations as to the proper form, composition, and terms of reference of the committee (*aide-mémoire* No. 60, Ref. 482/6/44, January 31, 1944, filed under 840.50/3684). In a memorandum of March 7, 1944, the Department of State, noting that the Soviet Union had not yet indicated its acceptance of the British Gov-

[1] The Conference was not in continuous session. After several meetings in October and November 1944, no meetings of the Conference were held until August 22, 1945, although certain delegations, including the American delegation, continued meetings during the interim.

ernment's original proposal, expressed the view that the function "envisaged for an Inland Transport Authority for Europe would seem to go beyond the present activities of the Advisory Commission". The United States therefore thought the original British proposal preferable to that of January 31. (840.50/3408)

After further discussions British officials prepared a Provisional Draft Agreement for European Inland Transport Organization (April 26, 1944, 840.50/3760), and on May 13 the British Embassy presented to the Department of State an invitation to send representatives to London to meet with representatives of the Soviet Union and the United Kingdom (840.50/3771). The United States accepted the invitation. On May 23 the British Ambassador at Moscow received a note from Foreign Minister Molotov agreeing that it would be desirable to create a European Inland Transport Organization but stating that until the Soviet Government had had time to examine the text of the proposed draft agreement it could only be represented at London by an observer (telegram 1876, May 25, 1944, from Moscow, 840.50/3786).

The following persons served as United States representatives: Walter A. Radius, divisional assistant, Aviation Division, Office of Transportation and Communications; Robert G. Hooker, Jr., executive assistant to Assistant Secretary of State Berle; and Brigadier General Frank S. Ross, Chief of the Transportation Section of the European Theater of Operations, United States Army.]

840.50/7–1544

Report to the Governments of the United Kingdom and of the United States of America on Proposals for a European Inland Transport Organization, June 27, 1944

1. Representatives of the United Kingdom and the United States Governments were convened in London to discuss the problem of the organisation and rehabilitation of inland transport in Europe after the respective territories have been liberated. Fifteen meetings have been held between the 30th May and the 27th June. A Drafting Sub-Committee has also held frequent meetings.

2. Representatives of the Foreign Office, Ministry of War Transport, Treasury, War Office and Ministry of Production took part in our discussions on behalf of the United Kingdom Government. Representatives of the State Department and E.T.O.U.S.A.,[2] with the United States Embassy, took part on behalf of the U.S. Government. In addition, a representative of the Supreme Commander, Allied Expeditionary Force, has participated in the discussions. The fol-

[2] European Theater of Operations, United States Army.

lowing Report and the Draft Agreement annexed to it represent the views unanimously reached at our meetings.

3. The Government of the U.S.S.R. was represented at these discussions by M. D. G. Borisenko as observer.

4. Our meetings were held at the Foreign Office, initially under the Chairmanship of Mr. N. B. Ronald.[3] On his being called away to other work, the Chair was taken over by Mr. W. G. Weston.[4] We wish to express our appreciation of the very able assistance given to us by Mr. P. A. Brunt,[5] who throughout acted as Secretary.

Conclusions of the Discussions

5. We have agreed that it is necessary to set up at the earliest possible moment a European Inland Transport Organisation, the members of which should be the Governments of the U.K., U.S.A., and U.S.S.R., the European Allied States and, at a later stage, Switzerland and Sweden. We accordingly recommend that such an Organisation should be set up on the lines of the Draft Agreement annexed to this Report. We have also agreed that even before the completion of such an Agreement the Governments of the U.K., U.S.A. and U.S.S.R. should *immediately* set up an Interim Commission on European Inland Transport (paragraphs 28–33 below).

Purposes of the Organisation

6. An Organisation of the kind proposed appears to us to be necessary for the following reasons:—

(*a*) After the liberation of Allied territories and occupation of enemy territories in Europe there will be widespread shortage and maldistribution of all forms of transport equipment and material and a general dislocation of the transport systems. Equipment will need to be secured for Allied countries. Displaced Allied equipment will have eventually to be restored to its original owners but may temporarily be required for use elsewhere. Transport equipment and material released by the Military Authorities will become available for civilian use. The fair distribution of all such equipment will require the existence of a central authority for allocation.

(*b*) As the liberation of Europe proceeds international traffic will include military traffic required by the Allied Commanders-in-Chief, relief traffic and the movement of millions of displaced persons. It is of common concern to the United Nations that this traffic should move freely. So long as a general deficiency of transport equipment in Europe continues, and conditions of social and political disorder obtain either generally or in parts of Europe, the pre-war arrangements for the movement of international traffic cannot be expected to work smoothly. It is probable that, in the absence of a co-ordinating

[3] Nigel Bruce Ronald, British Assistant Under-Secretary of State for Foreign Affairs.

[4] Head of the Foreign Shipping Relations Division, British Ministry of War Transport.

[5] Of the British Ministry of War Transport.

body, various national administrations would impose serious restrictions on the movement of rolling-stock out of their own territory. The effect of such a situation would be to retard the work of relief, to aggravate disorder and chaos and to add heavily to the responsibilities of the Allied Commanders-in-Chief. It is true that in areas of military operations the ultimate control of the transport systems will be a military responsibility. The Allied Commanders-in-Chief will, however, presumably divest themselves of this responsibility as soon as military necessities permit, and in the meantime are likely to welcome the existence of a body which can give them technical advice and smooth their relations with national administrations on transport questions. There will also be other, non-operational areas, where they never assume direct control. Wherever national responsibility for transport is assumed there should be effective means of ensuring not only the rapid movement of traffic of common concern to the United Nations, but also the co-ordinated development of measures for reorganising the national transport systems. This requies an inter-Allied Organisation armed with adequate powers.

(*c*) At a later stage, the co-operation established through the Organisation may help the Governments concerned to devise or administer satisfactory long-term arrangements for the movement of international traffic and the co-ordination of the various European transport systems. The work done by the Organisation could thus play an important part in furthering the social and economic progress of Europe.

Phases of the Organisation's Work

7. The work of the proposed Organisation will fall into three phases. In the first phase its main purpose will be to help fulfil the common military needs of the United Nations. Wherever an Allied Commander-in-Chief retains direction over control of the transport system, the Organisation will assist him in a technical and advisory capacity. In areas in which the Allied Commanders-in-Chief are not directly responsible the Organisation will, with their consent, be in full exercise of its functions.

8. In the second phase the Organisation's primary duty will be to facilitate the movement of military traffic, required by the occupation authorities, of relief goods and of displaced persons. It will also facilitate the rehabilitation of the transport system of Europe.

9. In the third phase the Organisation will facilitate the return to normal conditions. In this phase the question of making long-term arrangements for the co-ordination and improvement of European transport will have to be considered, and we have envisaged that the Governments concerned may wish the Organisation to take the lead in this work. Our Draft Agreement provides for this possibility.

The Draft Agreement

10. The Draft Agreement annexed to this Report has been drawn up in general terms so as to confer on the Organisation sufficiently wide powers to enable it to meet any of the possible contingencies with

which it will be faced. We do not think that it would be wise or possible at this stage to lay down in precise and technical detail the work the Organisation should do and the methods which it should employ. This should be the task of the Interim Commission. Much preparatory technical work has been done by the Inter-Allied Technical Advisory Committee on Inland Transport (Hondelink Committee) set up by the Allied Post-War Requirements Bureau.

11. We have considered the question of the possible attachment of the Organisation to an authority of wider scope such as the proposed United Nations Commission for Europe. In the absence at present of any such general authority which would encompass both the civil and military purposes of the Organisation, there seems no alternative but to set the Organisation up as an independent agency. The following provisions indicate its relationship to other authorities and agencies:—

(*a*) Under Article XI, the Organisation is not to begin to operate (except in an advisory capacity) in any territory until the Allied Commanders-in-Chief are satisfied that military necessities permit and then subject to such special conditions as they may find it necessary to impose.

(*b*) In exercising its powers for the allocation of equipment and control of traffic, the Organisation is to work within the framework of priorities determined by the appropriate authorities of the United Nations. (Article VII, Sections 2, 3 and 6.)

(*c*) It is prescribed that the Organisation should collaborate with appropriate authorities and agencies of the United Nations, particularly the Allied Commanders-in-Chief. (Article VII, Section 15.)

(*d*) If any international body is created to co-ordinate the activities of specialised international organisations, the Organisation is to correlate its activities with those of such a body. (Article IX.)

The Constitution of the Organisation

12. Subject to financial control by a Council representative of all the member States, the powers of the Organisation are vested in an Executive Board of five members, of whom the Governments of the U.K., U.S.A. and U.S.S.R. are to nominate one each. This special position for the three Governments is necessary at least during the first period of the Organisation's existence because—

(*a*) Initially the Organisation's primary task will be to facilitate the fulfilment of common military needs for which these Governments are responsible.

(*b*) These Governments will be largely concerned with the provision of transport equipment and of the relief supplies which will have to be carried.

13. The Executive Board would collectively direct the policy and control the operations of the Organisation; we suggest that their directions would be transmitted for execution through a Director-

627-819—67——48

General, who would be responsible to the Board for day-to-day administration and operation.

Administrative Expenses (Article V, Section 1).

14. A very rough estimate suggests that the administrative expenses of the Organisation when it is in full operation might amount to 1¼ million pounds per annum. About one-fifth of this would be accounted for by the cost of the Headquarters, the rest by various regional and local offices, including those of River Commissioners. No accurate estimate can be made until more detailed planning of organisation has been done, and we suggest that this should be left to the Interim Commission. These expenses might be met in a number of ways. For instance, it might be possible to impose a levy on international traffic. This method would be based on the principle that the cost of organisation is naturally to be regarded as part of the cost of transport. If this method were adopted some means would have to be found of financing the Organisation before it began to earn revenue. Alternatively, the administrative expenses might be allocated between member Governments in accordance either with any scale adopted for other international organisations or in accordance with a scale specially appropriate to the Organisation. We recommend that this question should be explored by the Interim Commission.

Operational Expenses (Article V, Section 2).

15. In order to carry out its work effectively, the Organisation may have to engage in certain operations:—

(*a*) It may have to control the operation of, or even to own, a mobile reserve of rolling-stock to facilitate the movement of traffic of common concern. Such a reserve might be drawn, for example, from rolling-stock requisitioned from the enemy or imported from U.K. or U.S.A. The cost of providing this rolling-stock should be met by some self-liquidating procedure such as receipt from payments for use and from eventual sales. It is hoped that any dollars or sterling necessary to purchase equipment for such a reserve in the U.S.A. or U.K. might be found by the European countries jointly, possibly with the help of UNRRA. An initial loan financed or guaranteed by the U.K. and U.S. Governments might also be considered. We consider that this financial question should be pursued by the Interim Commission.

(*b*) In exceptional circumstances it may be necessary for the Organisation to undertake, as the agent of the local Government or of UNRRA, to operate transport on certain routes or in certain areas. The Organisation might also need to place urgent orders for the repair of transport facilities at vital points. In principle, the costs incurred should be borne by the Government for whose benefit this work is undertaken. In so far as such costs were in foreign exchange which the Government was unable to find, the costs could probably be borne by UNRRA.

Allocation of Transport Equipment (Article VII, Sections 2 and 3, Article VIII, Sections 2 and 4).

16. The Organisation will be responsible for the allocation for use of transport equipment and material—

(*a*) imported into Continental Europe or made available by the Allied Commanders-in-Chief;

(*b*) made available for export from any territory of Continental Europe under the authority of a member Government to any other such territory;

(*c*) made available to the Organisation by occupation authorities from the transport equipment and material under their control.

As regards (*a*) and (*b*), the Organisation's function will not overlap with that of the Combined Boards. The Combined Boards would decide what transport equipment and material can be made available to Europe from overseas; the Organisation will determine within that allocation the proportions to be allotted to each European country. It is a corollary of the Organisation's power of allocation of this equipment that the supplying countries should undertake not to export such equipment to the territories of member Governments in Continental Europe except with the Organisation's consent. As regards (*c*) the extent to which enemy equipment can be made available for other countries would be determined by the occupation authorities in consultation with the Organisation. Equipment in categories (*a*), (*b*) and (*c*) may be allocated temporarily, so that it can be transferred elsewhere if needs change, and the Organisation may also impose conditions as to allocation, e.g., that the equipment allocated or its equivalent be made available for international traffic.

17. The Organisation would also be responsible for assisting the appropriate authorities, e.g., a Reparation and Restitution Commission, to return to its original owners Allied equipment which has been removed from national territory. Such return will be desirable as soon as practicable both on political and technical grounds. In order to avoid dislocation in the European transport system, however, the Organisation will be enabled to defer such return where it deems it necessary. (Article VII, Section 3).

Control of Transport Equipment (Article VII, Sections 6 and 7).

18. The Draft Agreement gives authority to the Organisation to direct the movement of traffic of common concern; this implies that the national administration should provide suitable transport equipment for the purpose of such movement at request of the Organisation. The establishment of conditions in which the normal movement of traffic across the national frontiers is possible is the Organisation's goal. There may, however, be obstruction or delay in such movement. In such cases the Organisation's powers of allocation, described in

Paragraph 16, should provide it with an important sanction; but it may also be necessary for it to have under its more immediate control a small mobile reserve of rolling-stock for use entirely in traffic of common concern. The questions whether such a mobile reserve should be owned by the Organisation or owned by some other agency and held at its disposal and to what extent it should be responsible for administration of rolling-stock in such a mobile reserve are questions which can best be settled by the Interim Commission or by the Organisation in the light of the conditions actually obtaining and of the funds available (see Paragraph 15 above).

Co-ordination of European Transport Systems (Article VII, Sections 11–14).

19. The Organisation should set up or re-establish as soon as possible appropriate machinery for co-ordination of the various transport systems.

20. As regards railways, the Organisation should be responsible for bringing the Berne Conventions into force with such modifications as may be necessary to fit them to emergency conditions. These Conventions form the basis for determining the obligations and rights of railway administrations and users in international traffic. Many of the pre-war or existing associations of railway administrations which provide machinery for regulating international through working of railways and for securing uniformity in railway practice among the European administrations should continue to operate or should be revived under the auspices of the Organisation.

21. The Organisation is also to initiate the establishment of suitable provisional administrations for the international waterways of Europe. It is unlikely that the revival of the pre-war Conventions concerning the International Commissions for the Danube, Rhine, Elbe and Oder will be appropriate to post-war conditions. These Conventions will certainly be inadequate during the emergency period as they do not provide for the control of employment of inland water craft. The provisional administrations would be responsible not only for ensuring the navigability of the inland waterways, maintenance of the permanent installations, etc., but also for exercising the Organisation's control over traffic in respect of the international waterways.

22. The Organisation will also make arrangements to ensure that road vehicles move freely across frontiers.

23. The Organisation will recommend to member Governments measures to secure co-ordination both between the different national transport systems and between different methods of transport.

Relations With the Occupation Authorities (Article VI, Sections 3 and 4).

24. The central position of the enemy countries requires that control over their transport systems should be co-ordinated with European transport generally. For this reason we have so drafted the proposed Agreement that it would apply in ex-enemy as in Allied territories. The member Governments which assume control over ex-enemy territory would accept the same obligations in respect of such territory as would the Allied Governments in respect of their own national territories in Continental Europe. During the period of military control the Organisation would function in enemy territory (as in Allied territory) to the extent requested by the Allied Commander-in-Chief. When civilian control replaces military, however, the Organisation would exercise its full functions in ex-enemy territory, working through the occupation authorities on all matters on which it would work through Allied Governments in respect of their own national territory.

Amendment and Withdrawal (Articles XI and XIII).

25. The Agreement as drafted would remain in force until two years from the date of general cessation of hostilities by Germany and could only be amended by unanimous consent. Member Governments undertake not to withdraw in this period. At the end of this period it is probable that more normal conditions will have been restored and that there will be less need for an Organisation with the wide powers proposed in the draft. We have, therefore, proposed that the provisions of the Agreement may then be amended or terminated by a two-thirds majority of the Council provided that no alteration is made which extends the financial liability or obligations of a member Government without that Government's consent. At that time it would be open to a member Government to withdraw.

26. If the Organisation has done valuable work we hope that the countries directly concerned will wish to preserve it in a modified form. The Governments of the U.K., U.S.A. and U.S.S.R. may, however, no longer wish to participate so closely or may prefer to leave the Organisation.

Procedure in Approaching the Allied Governments

27. In our view, the establishment of the Organisation is a matter of great urgency if it is to be ready in time to operate when and where required. We recommend, therefore, that our Governments should give the most urgent consideration to the Draft Agreement annexed to this Report. We also express the earnest hope that the Government of the U.S.S.R. will feel able, at an early stage, to give its general approval to the proposals. When the Draft Agreement has been approved by the three Governments we suggest that the U.K. Govern-

ment should send a copy to each of the European Allied Governments, together with an invitation convening them to a Conference to be held in London as soon as possible. In our view such a Conference should not be postponed beyond the end of July.

Proposed Interim Commission

28. The Draft Agreement contains inevitably some controversial features and there will consequently be a lapse of time (which may be considerable) between its presentation to and its acceptance by the Allies. Meanwhile there are urgent problems in the field of transport demanding collaboration between the Governments of the U.K., U.S.A. and U.S.S.R., and the European Allies, and pointing to the necessity for the immediate establishment of some more informal body under the auspices of the three Governments. Thus:—

(*a*) The military authorities will require technical assistance in many transport questions, particularly those relating to arrangements for through movement of traffic across national frontiers and the possible continuance or revival of machinery for facilitating such movement.

(*b*) It is clearly desirable that production capacity in U.S.A. and U.K. should be allocated before it disappears, for the manufacture of transport equipment which will be urgently needed in the post-military period. For this purpose estimates of requirements must be sponsored with the appropriate Combined Board and orders placed within the allocation which it makes.

(*c*) In order that the Organisation, when set up, may be ready to operate promptly and efficiently, it is desirable that detailed plans should be laid and staff engaged or earmarked in advance. In particular, arrangements should be made to ensure—

(i) continuity in transport control between the military and post military periods and

(ii) availability to the Organisation, when set up, of full and accurate information about the transport conditions obtaining during the military period.

29. During the interim period, in which such a stopgap body will work, control of the transport systems in liberated or occupied territory will rest with the military authorities. The Draft Agreement provides that the Organisation, if in existence in this period, would act only in an advisory capacity. The proposed stopgap body should also be advisory in character. It could not exercise in its own right the executive functions attributed to the Organisation under the Agreement until the Allied Governments have accepted the correlative obligations which that Agreement provides. We suggest that it should be set up as an "Interim Commission on European Inland Transport" and that it should be responsible to the Governments of the U.K., U.S.A. and U.S.S.R., who, through the Allied Commanders-in-Chief, will at this stage be in control of the European transport systems concerned. The Commission should consist of one member appointed

by each of the Governments of the U.K., U.S.A. and U.S.S.R., who should possess the qualifications necessary for membership of the Executive Board of the Organisation when set up. The administrative expenses of the Commission should be borne by the three Governments in agreed proportions and possibly by arrangements with the Allied Governments for the payment of salaries of any of their nationals who might be assigned to the Commission.

30. The Interim Commission's primary purpose will be to advise and assist the Allied Commanders-in-Chief so far as required by them. Its other functions will include the study of the existing state of transport facilities in Europe, the detailed planning of the Organisation and of the eventual operations, the preparing and perhaps sponsoring of estimates of requirements for transport equipment.

31. The Commission (and thereafter the Organisation) will start with the benefit of the considerable work already done in planning in the field of European transport, including the work of the Inter-Allied Technical Advisory Committee on Inland Transport. The Commission might suitably draw for its staff on the Secretariat of that Committee, and also on qualified Allied nationals.

32. The Commission will need expert staff, many of whom the Allied Governments can best provide. While, therefore, the Governments of the U.K., U.S.A. and U.S.S.R. should establish the Commission the collaboration of the Allied Governments in the work of the Commission and in the provision of its staff should be sought as soon as possible. In laying the Draft Agreement before them, the Governments should explain the compelling reasons which had led them to establish the Interim Commission. The Allied Governments should also be invited to agree to the re-establishment of the Technical Advisory Committee on Inland Transport to act in an advisory capacity to the Commission.

33. The Commission should work under a Directive on the lines of the annexed draft directive.

(For the United Kingdom)
W. G. WESTON
(For the United States of America)
WALTER A. RADIUS

27 JUNE, 1944

[Annex I]

Draft Agreement for a European Inland Transport Organization

WHEREAS, after the liberation of any territories of the United Nations in Europe, and after the occupation of any enemy territories in Europe, it is expedient for the fulfilment of the common military needs of the United Nations and in the interest of the social and economic progress of Europe, to provide for co-ordination both in

the control of traffic and in the allocation of transport equipment and material with a view to ensuring the rapid movement of supplies both for military forces and the civil population and for the speedy repatriation of displaced persons, and also with a view to creating conditions in which the normal movement of traffic can be more rapidly resumed;

The Governments or Authorities whose duly authorised representatives have subscribed hereto;

Have agreed as follows:—

Article I

There is hereby established the European Inland Transport Organisation, hereinafter called "the Organisation."

Article II.—*Membership*

The members of the Organisation shall be the Governments or Authorities signatory hereto and such other Governments or Authorities as may upon application for membership be admitted thereto by the Council.

Wherever the term "member Government" is used in this Agreement it shall be construed to mean a member of the Organisation, whether a Government or an authority.

Article III.—*Constitution*

1. The Organisation shall consist of a Council and an Executive Board with the necessary headquarters, regional and local staff.

The Council

2. Each member Government shall name one representative and such alternates as may be necessary upon the Council. The Council shall, for each of its sessions, select one of its members to preside at the session. The Council shall determine its own rules of procedure. Unless otherwise provided in this Agreement or by action of the Council, the Council shall vote by simple majority.

3. The Council shall be convened in regular session not less than twice a year by the Executive Board. It may be convened in special session whenever the Executive Board shall deem necessary and shall be convened within 30 days after request therefor by one-third of the members of the Council.

4. The Council shall perform the functions assigned to it under this Agreement and review the work of the Organisation generally.

The Executive Board

5. The Executive Board shall consist of five members who shall be appointed by the Council for their knowledge of inland transport and administrative capacity and shall include one member nominated by

each of the Governments of the Union of Soviet Socialists Republics, of the United Kingdom, and of the United States. Each member of the Executive Board shall be provided with a deputy similarly nominated and appointed. The members and their deputies shall be appointed in the first place for one year.

The Executive Board shall choose its own Chairman, subject to ratification by the Council.

6. The Executive Board shall perform the executive functions assigned to the Organisation. It shall act, if necessary, in accordance with the ruling of the majority of its members. It shall present to the Council such reports on its performance of its functions as the Council may require.

7. The Executive Board shall appoint such headquarters, regional and local staff as it shall find necessary and may delegate to them such of its powers and on such conditions as it may deem appropriate.

8. Each member Government may appoint a representative for purposes of consultation and communication with the Executive Board. Such representative shall be fully informed by the Board of all activities of the Organisation.

Article IV

The Organisation shall have powers to acquire, hold and convey property, to enter into contracts and undertake obligations, to designate or create agencies and to review the activities of agencies so created, to manage undertakings and in general to perform any legal act appropriate to its object and purposes.

Those powers are vested in the Council. The Council may, however, delegate such of these powers as it may deem necessary to the Executive Board, including the power of subdelegation. The Executive Board shall be responsible to the Council for the upkeep and administration of any property owned by the Organisation.

Article V.—*Finance*

1. The Executive Board shall submit to the Council an initial budget and from time to time such supplementary budgets as may be required, covering the necessary administrative expenses of the Organisation. Upon approval of a budget by the Council the total amount approved shall be raised in such manner or be allocated in such proportions as may be agreed between the member Governments. Each member Government undertakes, subject to the requirements of its constitutional procedure, promptly to contribute to the Organisation, in such currency or currencies as may be agreed with the Executive Board, its share of the expenses. Each member Government shall also provide such facilities as are required for the pur-

poses of the Organisation, for the transfer of sums held by the Organisation in that Government's own currency into other currencies.

2. The Organisation shall not incur any expenses, other than necessary administrative expenses, except under the authority of the Council. Proposals for such expenses shall be submitted by the Executive Board to the Council, and when approved by the Council such expenses shall be met by contributions which a member Government or Governments may agree to make or in such other manner as may be agreed between Governments.

Article VI.—*The Scope of the Organisation*

1. The Organisation shall exercise the functions set out in Article VII in respect of any territory in Continental Europe, under the authority of any member Government, in respect of which it has commenced operations in accordance with Article XI.

2. In respect of any territory in Continental Europe in which the Allied Commanders-in-Chief retain responsibility for the direction of the transport system, the Organisation shall give advice or assistance to the Allied Commanders-in-Chief, if so requested by them, on all questions with which it is empowered to deal under Article VII.

3. The term "territory under the authority of a member Government" shall be construed to mean territory either in the sovereignty of a member Government or territory over which a member Government or Governments are exercising authority or control. Throughout this Ageement the term "Continental Europe" shall mean all territories on the mainland of Europe under the authority of member Governments, but shall not extend to territory of the United Kingdom or of the Union of Soviet Socialist Republics.

4. The Organisation shall treat with any occupation authorities set up by member Governments in respect of any territory in which the occupation authorities are exercising effective control in place of the sovereign Government of such territory on all matters on which the Organisation would treat with such sovereign Governments if they were member Governments.

Article VII.—*Executive Functions*

The executive functions of the Organisation shall be generally to take action towards the rehabilitation and re-equipment of the transport system in Continental Europe and to co-ordinate the movement of traffic of common concern in these transport systems and, in particular, shall include the following:—

Transport Equipment and Material

1. The Organisation shall estimate the requirements of transport equipment and material for the territories under the authority of the member Governments in Continental Europe.

2. The Organisation shall to the extent necessary for the fulfilment of its purposes, allocate and determine the distribution for use to the member Governments concerned, on such conditions as it may prescribe and within the framework of priorities determined by the appropriate authorities of the United Nations, of transport equipment and material—

(*a*) imported into Continental Europe or made available by the Allied Commanders-in-Chief;
(*b*) made available for export from any territory of Continental Europe to any other such territory;
(*c*) made available to the Organisation by occupation authorities from the transport equipment and material under their control.

The Organisation may from time to time set apart any such transport equipment and material referred to in (*a*), (*b*) and (*c*) above as it may deem necessary for facilitating traffic of common concern, and retain or take direct control over its use for such period or periods as it may deem necessary.

The Organisation shall keep full records of transport equipment and material allocated and set apart in accordance with the provisions of this section.

3. In respect of equipment belonging to a member Government or to persons or bodies under the authority of a member Government and found during the liberation of Europe outside the territories under the authority of that member Government, the Organisation shall endeavour to arrange the restoration of such equipment to its rightful owners as soon as is practicable and convenient, acting in accordance with the general policies of the appropriate authorities of the United Nations regarding restoration and restitution of property removed by the enemy. Where immediate restoration would unduly prejudice the operation of essential transport in any area, the Organisation may make arrangements for the temporary use of equipment pending its restoration.

4. The Organisation shall at the earliest practical time organise a census of rolling-stock in Continental Europe and of such other transport equipment and material there as may appear necessary for the proper discharge of its functions.

Traffic

5. The Organisation may make such recommendations to the appropriate authorities as it deems necessary with respect to particulars of projected movements of supplies, stores or persons, having regard to the transport facilities available for the movement of such traffic.

6. The Organisation may direct, within the framework of the priorities determined by the appropriate authorities of the United Nations, the movement of traffic of common concern on all routes of transport in Continental Europe.

7. The Organisation may take any practicable step to supervise and regulate the use and movement of transport equipment engaged in the carriage of traffic of common concern.

Charges

8. The Organisation shall recommend to member Governments the principles by which transport charges for traffic of common concern in Continental Europe should be fixed by them in accordance with the provisions of Section 8 of Article VIII with a view to securing that such charges shall be as low and simple and as uniform in the various territories as may be practicable. This paragraph shall not apply to military traffic under the control of the Allied Commanders-in-Chief except at their request.

Rehabilitation of Transport Systems

9. The Organisation may make recommendations to any member Government designed to promote the rehabilitation of the transport systems in Continental Europe, and as to the priority in which works or projects in respect of the rehabilitation or improvement of transport facilities shall be carried out.

10. While it remains the task of each member Government to provide for the efficient operation of the transport systems in Continental Europe for which it is responsible, the Organisation may exceptionally, at the request of any member Government, give any practicable assistance in the rehabilitation or operation of transport in any territory in Continental Europe under the authority of such Government on such conditions as may be agreed between such Government and the Organisation.

Co-ordination of European Transport

11. The Organisation shall initiate and co-ordinate common action to secure the maintenance or resumption of international arrangements for through working of railways and circulation of rolling-stock, and shall promote the establishment of appropriate machinery for co-operation between railway administrations.

12. The Organisation shall initiate the establishment of suitable administrations for the international waterways of Europe designed to promote their restoration and maintenance and to ensure the greatest possible freedom of movement. Such administrations may be established provisionally pending international regulation of the matter.

13. The Organisation shall take such steps as may be practicable to facilitate the movement of road transport vehicles across frontiers.

14. The Organisation shall make recommendations to the member Governments designed to promote adequate co-ordination of all European transport for the fulfilment of the common military needs

of the United Nations or in the interests of the social and economic progress of Europe.

Relations With Other Agencies

15. The Organisation shall collaborate as may be required with appropriate authorities and agencies of the United Nations and other international organisations. It shall give any assistance in its power to the Allied Commanders-in-Chief in the fulfilment of the common military needs of the United Nations.

16. The Organisation shall arrange for consultation through appropriate machinery with representatives of persons employed in inland transport.

Miscellaneous

17. The Organisation may advise the member Governments and any appropriate authorities of the United Nations on the priority to be given in the interests of the rehabilitation of European transport to the repatriation of displaced transport personnel and skilled and other workers required for the production, maintenance or repair of transport equipment and material, and when requested by the responsible authorities the Organisation shall endeavour, with the co-operation of the Governments, to secure additional transport personnel or other suitable workers for any areas in which shortages of workers in any category may have occurred.

18. The Organisation shall give all practicable assistance through the appropriate authorities to any member Government when requested by that Government in obtaining supplies of fuel, power and lubricants to meet the needs of traffic of common concern in order that that Government may fulfil its obligations under Section 6 of Article VIII.

ARTICLE VIII.—*Obligations of member Governments*

1. Every member Government shall, upon request, provide the Organisation with such information as is essential for the performance of its functions.

2. Every member Government undertakes that—

(i) it will facilitate the execution of Section 3 of Article VII and will recognise the arrangements for temporary use made by the Organisation under that Section;

(ii) it will not, except with the consent of the Organisation—

(*a*) seize nor make use of any transport equipment and material in Continental Europe found outside the territories under its authority, even though belonging to it or to persons or bodies under its authority;

(*b*) seize nor make use of transport equipment and material found within territory under its authority but not belonging to it or to persons or bodies under its authority;

(*c*) seize nor make use of transport equipment and material coming within territory under its authority under arrangements made under the auspices of the Organisation for the movement of traffic of common concern.

The provisions of this Section shall not affect the rights of the Allied Commanders-in-Chief within any territory in respect of which the Organisation has not begun to exercise its functions under Article VII.

3. Every member Government undertakes to co-operate fully in the census for which provision is made in Section 4 of Article VII.

4. So long as the Organisation deems necessary for the exercise of its functions under Section 2 of Article VII every member Government undertakes that, except with the consent of the Organisation, it will not—

(*a*) permit the import into territories in Continental Europe under its authority of any transport equipment and material;

(*b*) permit the export from its own territories of transport equipment and material to any territories in Continental Europe under the authority of member Governments.

The provisions of this Section shall not debar the Allied Commanders-in-Chief from importing or exporting or permitting the import or export of transport equipment and material into or out of any territory. The provisions of this Section shall apply to the disposal of military transport equipment and material provided that the Allied Commanders-in-Chief are satisfied that military necessities permit.

5. Every member Government shall put into effect directions as to movement of traffic given by the Organisation in accordance with Section 6 of Article VII.

6. Every member Government shall take all measures practicable and necessary to ensure in respect of the territory under its own authority that adequate supplies of fuel, power and lubricants are available for the movement of traffic of common concern through or within any territory in Continental Europe.

7. Every member Government undertakes not to levy nor permit the levy of customs duties or other charges, other than transport charges and admissible transit charges, on traffic of common concern in transit through territories in Continental Europe under its authority.

8. Every member Government undertakes to secure that transport charges made within territories in Continental Europe under its authority on traffic of common concern, including such traffic in transit through such territories, shall be as low and simple and as uniform with those in other territories (to which this Agreement applies) as is practicable. Every member Government shall give the fullest consideration to recommendations made by the Organisation

in accordance with Section 8 of Article VII and report to the Organisation on the action taken.

9. Every member Government undertakes to co-operate with the Organisation in the exercise of its functions under Sections 11, 12 and 13 of Article VII.

10. Every member Government shall use its best endeavours in its relations with any other international organisations, agencies or authorities to give effect to the provisions of this Agreement.

11. Every member Government shall give the fullest consideration to any recommendations made by the Organisation, in accordance with Sections 9 and 14 of Article VII and report to the Organisation on the action taken.

12. Every member Government shall grant all facilities to and confer authority on members of the staff of the Organisation so far as such facilities and authority are necessary to the performance by the Organisation of its functions in accordance with Article VII.

13. Every member Government shall in territory under its authority take all steps in its power to facilitate the exercise by the Organisation of any of the powers referred to in Article IV.

Article IX

1. The Organisation shall correlate its activities with those of any international body which may be set up to co-ordinate the activities of international organisations with specialised responsibilities.

2. The Council shall approve arrangements for defining the relationship of the Organisation to any such body.

Article X

The functions of the Organisation shall relate to all forms of transport by road, rail, waterway or pipeline, within the territories of the Continent of Europe in which the Organisation operates, but shall not include seagoing shipping save such shipping as may from time to time be agreed between member Governments and the shipping authorities of the United Nations to be available for coastwise traffic within any territory in Continental Europe under the authority of that Government, and for so long as it may be available for that traffic.

In regard to the handling of traffic in ports where seagoing vessels are discharged or loaded, the Organisation shall co-operate with the appropriate authorities of the member Governments and any shipping organisation set up by them to ensure—

(*a*) the rapid turn-round of ships;

(*b*) the efficient use of port facilities in the best interests of the prompt clearance of cargo of common concern.

Article XI

1. This Agreement shall come into force on . . . . . It shall remain in force for two years from the date of general cessation of hostilities by Germany and shall thereafter remain in force, subject to the right of any member Government to give six months' notice in writing to the Council of its intention to withdraw from this Agreement.

2. The Organisation shall begin to exercise its functions under the provisions of Article VII (other than Section 1 thereof) and Article X in any territory in Continental Europe as soon as the member Government concerned becomes the effective authority for transport in that territory, provided that the Allied Commanders-in-Chief are satisfied that military necessities permit, and under such conditions as they may find it necessary to impose.

Article XII

In the event of there being any inconsistency between the provisions of this Agreement and the provisions of any Agreement already existing between any of the member Governments, the provisions of this Agreement shall, as between such member Governments, be deemed to prevail.

Article XIII

Until the end of the period of two years after the cessation of hostilities by Germany, the provisions of this Agreement may only be amended, suspended, or terminated by a unanimous vote of the Council. At any time, however, after that date any provision of this Agreement may be amended, suspended or terminated by a two-thirds majority of the Council, provided that no alteration shall be made in the provisions of this Agreement so as to extend the financial liability or obligations of any member Government without that Government's consent.

Article XIV.—*Definitions*

For the purpose of this Agreement the following definitions have been adopted:—

(i) The term "transport equipment and material" shall include, so far as the Executive Board deems it necessary for the execution of the functions of the Organisation—

(*a*) any items of fixed and mobile equipment, stores (other than fuel), plant and spares and accessories of all kinds required for use of transport undertakings, including equipment required for use in ports whether ashore or afloat or required for use in connection with pipelines;

(*b*) material for the rehabilitation or construction of roads, railways, bridges, ports, pipelines and inland waterways;

(*c*) major plant and tools specifically required for use in the repair, manufacture or production of equipment for use by transport authorities.

(ii) The term "traffic of common concern" shall include—

(*a*) personnel, stores, supplies or other traffic to be moved in accordance with the requirements of the Allied Commanders-in-Chief;

(*b*) displaced persons to be repatriated and other civilians to be moved in accordance with the priorities determined by the appropriate United Nations authority;

(*c*) supplies for civil needs to be moved in accordance with the priority determined by the appropriate United Nations authority.

(iii) The term "persons or bodies under the authority of a member Government" shall mean "persons or bodies operating within territory under the authority of a member Government."

(iv) The term "transport charges" shall include, in addition to freight or conveyance charges, any other incidental charges, such as tolls, port charges, charges for warehousing and handling goods in transit, which may affect the cost of transport.

(v) The term "Allied Commanders-in-Chief" shall mean "those Commanders-in-Chief designated by the appropriate authorities of the Union of Soviet Socialist Republics, United Kingdom and United States of America for commands on the Continent of Europe".

[Annex II]

Draft Directive to Interim Commission on European Inland Transport

You, with the representatives of the Governments of the

U.K. and U.S.A.
U.S.A. and U.S.S.R.
U.K. and U.S.S.R.

will constitute the Interim Commission on European Inland Transport.

1. The Commission will give any advice and assistance in its power to the Allied Commanders-in-Chief so far as they may require such advice or assistance.

2. In particular the Commission will assist them in making arrangements to facilitate the free movement of through-traffic across national frontiers, including arrangements for the continuance or revival, so far as may be necessary, of any existing or pre-war machinery for this purpose. If necessary it will send representatives to Switzerland to ascertain how much machinery has been working during the war and to concert plans for future arrangements with the Swiss Federal railways.

3. The Commission will appoint representatives at the headquarters of the Allied Commanders-in-Chief and at such points in the field as the Allied Commanders-in-Chief think requisite.

627-819—67——49

4. The Commission will, as far as possible, obtain and keep up-to-date information on all matters affecting the transport situation in Europe, which may be necessary to enable it to carry out its tasks, or which may be required by the European Inland Transport Organisation when set up.

5. The Commission will be responsible for preparing and sponsoring with the supply authorities up-to-date estimates of requirements for transport equipment so far as these relate to the post-military period.

6. The Commission will, within the funds to be made available by Governments, engage such staff as may be required for the fulfilment of the responsibilities entrusted to it above. In selecting such staff it will bear in mind the desirability of employing a proportion of qualified officers familiar with the national transport systems concerned. It will also prepare plans for the future staff of the Organisation, having regard to the desirability of maintaining continuity with the Organisation developed during the military period.

7. The Commission will in general work towards the fulfilment of the purposes of the Draft Agreement for a European Inland Transport Organisation. It will be responsible for developing plans for the work to be done by the Organisation when set up. It will also be responsible for making recommendations to the Governments on the means of providing for and allocating both administrative and other expenses of the Organisation.

8. The Commission will report to the Governments of the U.K., U.S.A. and U.S.S.R. It will also make arrangements to keep in touch with the Allied Governments, with the E.A.C., U.N.R.R.A., and other appropriate United Nations agencies.

840.50/7–1544 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, July 15, 1944—midnight.

5567. Department has approved the draft directive to Interim Commission on European Inland Transport and approved in substance the report and the draft agreement subject to amendments indicated below, with a few possible additions which do not affect the substance. You will be promptly notified of these, probably shortly after July 19. Amendments to draft EITO agreement follow:

Article II, lines 2 and 3. Delete "upon application for membership". This phrase is regarded as unnecessary in as much as any government seeking membership in the Organization would indicate its desire informally. Moreover such government would not be obliged

to jeopardize its prestige as it would were formal application made and rejected by the Council.

Article III, paragraph 5, line 3. Interpolate "for their" before "administrative capacity". In second paragraph of paragraph 5, substitute "confirmation" for "ratification".

Article VI, paragraph 1, lines 2 and 3. Delete the commas around "under the authority of any member Government".

Article VI, paragraph 3, line 2. Add "in Continental Europe" after "territory" in order explicitly to limit the activities of the Organization to the European region.

Article VI, paragraph 4, line 2. Interpolate "ex-enemy" after "any" in the interest of clarity.

Article VII, paragraph 11. Interpolate "inauguration", before "maintenance or resumption". This is desirable in as much as it may seem expedient to EITO to have new international arrangements for through workings of railways in place of previously existing arrangements.

Article VII, paragraph 12. At end of first sentence interpolate "on and between the several waterways, their tributaries and connecting canals". This is necessary to make it clear to all concerned that the international regimes to be established for the several international waterways will have jurisdiction over the navigable tributaries and connecting waterways. A provision of this nature was incorporated in Part 12 in the treaties of Versailles [6] and was found to be very useful when a test case was made in connection with the navigation of the Oder River before the Permanent Court of International Justice. Unless such a clause is inserted, it will not be altogether clear that the international regimes will have such jursidiction.

Article VII, paragraph 14. Interpolate at the end of the paragraph "and of the general well-being of the nations", in order to exclude any autarchic implications.

Article VIII, paragraph 5, line 2. Interpolate "in Continental Europe" after "movement of traffic".

Article VIII, paragraph 6, line 2. Interpolate "in Continental Europe" after "territory".

Article IX. The following substitute text for both paragraphs of Article IX is proposed as more suitable for inclusion in the agreement, and is in keeping with current thought in the Department on the relationship of specialized organizations to the proposed general international Organization. "The Organization shall be related to any general international organization to which may be entrusted the coordination of the activities of international organizations with specialized responsibilities."

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[6] Article 331, *Foreign Relations*, The Paris Peace Conference, 1919, vol. XIII, p. 655.

Article IX, paragraph 2 should be deleted, since the functions of the Council are specified in other Articles. This paragraph, as written, is confusing.

Article XI, paragraph 1, line 4. Interpolate "after the expiry of 18 months" after "member Government".

Article XIII, line 2. Delete "only" and insert "only" after "terminated" in line 3.

Article XIV. Interpolate a new Section (i) and renumber the present Sections (i) through (v) accordingly. New Section (i) to read "The term 'inland transport' shall comprise all forms of transportation listed in Article X of this agreement."

Article XIV former Section (i) (*a*), line 2. Interpolate "specifically intended and" before "required for use". The purpose of the subject is to limit the scope of the provision explicitly to items properly within the province of the Organization.

Article XIV, former Section (i) (*b*), line 1. Interpolate "specifically intended and required" after "material".

Article XIV, former Section (i), (*c*). Delete "manufacture or production" in second line. The Department believes that the text of the draft is too broad in its grant of power.

Article XIV, former Section (2) (*c*). Interpolate "in continental Europe" after "to be moved".

It is anticipated that the above proposed amendments will be approved, but the possibility of changes or additional amendments in the draft agreement or draft directive is not excluded.

HULL

840.50/7-1844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 18, 1944—5 p. m.
[Received July 18—2:40 p. m.]

5667. Regarding Department's 5567, July 15, midnight. We note Department is considering amendment to article VI, paragraph 4, line 2 of draft EITO agreement by interpolation "enemy" after "any".

In redrafting agreement in collaboration with British, the use of term "enemy" has been avoided, since EITO will function primarily after hostilities have ceased. Would Department's desire for clarity be satisfied by interpolating "in continental Europe" after "territory" in same line? We believe other suggestions are satisfactory, and when amendments have been approved, we will discuss them with British and notify the Soviet observer.

WINANT

840.50/7–1544 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, July 18, 1944—9 p. m.

5632. For Radius from Berle. It has been suggested that paragraph 5 of the draft directive be reworded to exclude the implication in the present language that the Interim Commission might have sole responsibility for the screening function that is now being exercised by the FEA [7] with respect to requirements presented to the Combined Boards. The following substitute paragraph has been suggested as meeting this point and being more in accord with the statement of procedures contained in UNRRA Resolution 17, Section II, paragraph 2: [8]

"The Commission will present to the appropriate intergovernmental allocating agencies such recommendations as it may deem necessary to meet import requirements and, to obtain a fair distribution of, inland transport equipment and material in Continental Europe, so far as these relate to the period after the military have relinquished primary responsibility for inland transport. The Commission will be accorded by the agencies to which requirements for inland transport equipment and material are submitted by the national authorities in Continental Europe, the right to review and comment on such requirements."

This telegram should be read with and considered as an addition to the Department's 5567 of July 15. While additional amendments to the draft agreement or draft directive are still possible, none are presently anticipated and it is hoped that the final approval of the Department will be on the basis of the amendments proposed in these two telegrams. [Berle.]

HULL

840.50/7–1944

The Counselor of the British Embassy (Wright) to the Assistant Secretary of State (Berle)

Ref: 482/58/44 WASHINGTON, 19 July, 1944.

DEAR MR. BERLE: I refer to the report to the Governments of the United Kingdom and the United States on "Proposals for an European Transport Organization" signed in London by Mr. Weston for the United Kingdom and Mr. Walter Radius for the United States on June 27th last.

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[7] Foreign Economic Administration.

[8] For text of resolution No. 17, see Department of State Conference Series No. 53: *First Session of the Council of the United Nations Relief and Rehabilitation Administration, Selected Documents, Atlantic City, New Jersey, November 10–December 1, 1943* (Washington, 1944), p. 50.

We have now received instructions to inform the United States Government that His Majesty's Government have approved this report and its proposals.

We are further instructed to suggest that if, as is hoped, the United States Government also approves the report, an early joint approach be made to the Soviet Government asking for their concurrence in

(1) the immediate convocation of the proposed meeting with the other Allied Governments,
(2) the early setting up of the Interim Commission.

His Majesty's Government would be grateful to learn the views of the United States Government on this suggestion.

Yours sincerely, MICHAEL WRIGHT

840.50/7–1944

The Assistant Secretary of State (Berle) to the Counselor of the British Embassy (Wright)

WASHINGTON, July 22, 1944.

MY DEAR MR. WRIGHT: The Department of State has considered the report to the Governments of the United Kingdom and of the United States on "Proposals for a European Inland Transport Organization", and has approved them in substance, subject only to certain suggested amendments for the purpose of clarification and to define more sharply the scope of the Organization's control over inland transport equipment and material.

These suggested amendments are being communicated to the Embassy in London with instructions to take them up with the Government of the United Kingdom and to make them known to the Soviet observers.

This Government is in full accord with the suggestion that an early joint approach be made to the Soviet Government in the sense indicated in your letter of July 19, 1944, and will so instruct the American Ambassador in Moscow as soon as the final agreement has been reached with respect to the suggested amendments referred to above.

Sincerely yours, ADOLF A. BERLE, JR.

840.50/7–2244 : Telegram

The Secretary of State to the Ambassador in the Soviet Union (Harriman)

WASHINGTON, July 22, 1944—6 p.m.

1751. Department is advised that the Embassy in London has furnished you with copies of "Report to the Governments of the United

Kingdom and of the United States of America on Proposals for a European Inland Transport Organization", and of draft agreement and of draft directive.

Department has been informed by the British Embassy of H.M.G.'s approval of these documents and the suggestion has been made that a prompt joint approach be made to the Soviet Government seeking their approval of the prompt calling of a meeting with the other Allied Governments in Europe and the prompt creation of the Interim Commission. The Department is informing the Embassy and the Ambassador in London of its approval of this suggestion, subject to agreement upon certain suggested amendments to the draft agreement and the draft directive.

The Department is however suggesting to the Embassy in London that this matter should be initiated by brief preliminary conversations prior to the convocation of a formal meeting in order to avoid the appearance of presenting the continental governments with a *fait accompli.* Soviet participation in the preliminary conversations, or at least its consent thereto, as well as its participation in the formal meeting should be sought.

The suggested amendments to the draft agreement are as follows:

[Here follow nineteen paragraphs of suggested amendments to the draft agreement on EITO which are the same as those transmitted in telegram 5567, July 15, midnight, to London, printed on page 764; also two paragraphs regarding a change in the draft directive establishing the Interim Commission which are the same as the first two paragraphs of telegram 5632, July 18, 9 p. m., to London, printed on page 767.]

No reply has as yet been received from the Embassy in London as to its views with respect to this latter suggestion and it may therefore be subject to modification. With this exception, these suggestions constitute the definitive position of the Department with respect to the text of the above referred to documents.

As soon as final agreement has been reached with H.M.G. you will be advised and requested to join with the British Ambassador at Moscow [8a] in approaching the Soviet Government.

In approaching the Soviet Government for concurrence in the draft directive establishing the Interim Commission and the draft agreement on EITO you may wish to point out that the Department attaches importance to the prompt establishment and implementation of these bodies because of their direct bearing and assistance to the military and civilian requirements in the areas in Europe which are being liberated.

HULL

[8a] Sir Archibald J. K. Clark Kerr.

840.50/7–1844 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, July 22, 1944—midnight.

5766. For Radius from Berle. Your 5667. Department approves your suggestion for amendment to Article VI, paragraph 4, line 2 of draft EITO agreement.

Department has been advised by British Embassy that HMG has approved the EITO report and proposals and suggests that as soon as possible the two Governments jointly ask the approval of the Soviet Government for prompt calling of a meeting with the other interested European powers and the prompt formation of the Interim Commission.

Department is advising the British Embassy that it approves in substance the report, draft agreement and draft directive, subject to the amendments suggested in our 5567 and 5632 as modified by your 5667.

Department believes that a meeting with the other interested governments should not be called before sufficient preliminary talks with the other interested governments, if possible with Soviet participation or at least approval, have been had in order to avoid the appearance of presenting them with a *fait accompli.* These conversations should begin as soon as possible after agreement has been reached on the proposed amendments, provided Soviet approval can be obtained, without awaiting further instructions from the Department. Possibly the governments in refuge are already sufficiently familiar with the proposal to make this unnecessary, but we have no record of this.

Harriman is being advised, and as soon as you can inform us of the reaching of an agreement on the proposed amendments he will be requested to act jointly with the British Ambassador in approaching the Soviet Government to attain the objectives proposed in the British Embassy's letter. (Department understands from Embassy's despatch 16553 [9] that Embassy in Moscow has been furnished copies of report, draft agreement and draft directive.)

There will be forwarded to you for your information copy of British Embassy's formal notification of British approval of EITO documents as well as the Department's reply. [Berle.]

HULL

[9] Dated June 29, not printed.

840.50/7-2944 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 29, 1944—noon.
[Received July 29—11:25 a. m.]

6033. For Berle from Radius. ReDept's 5632, July 18, 9 p. m., and 5567, July 15, midnight, 5766, July 22, midnight and Embassy's 5667, July 18, 5 p. m.

The British have accepted the amendments to the EITO agreement and directive suggested by the Department with the following amendment to the substitute paragraph 5 of the directive stated in Department's 5632, July 18, 9 p. m. In line 3 after "necessary to meet import requirements" insert "for" and place a comma after "fair distribution of".

The British also recommend the following amendments to the draft agreement: Article XI, lines 2 and 3 substitute the word "suspension" for "cessation" and the word "with" for "by".

Article XIII, line 1 amend "cessation of hostilities by Germany" to read "general suspension of hostilities with Germany."

If these final amendments meet with Department's approval will you please telegraph to Moscow. The Foreign Office are sending the following message to their Embassy in Moscow:

"Please concert with your U. S. colleague, who will be receiving instructions shortly, a joint communication to the Soviet Government on the subject of the proposed European Inland Transport Organization along the following line:

The report, the draft agreement, and the draft directive, the texts of which have been communicated to the Soviet observer that [*at*] the talks in London, have now been approved in substance by the U.S. and U.K. Governments subject to certain drafting amendments which have already been communicated to the Soviet observer (text of the amendments will be cabled to your U.S. colleague shortly and you should pass them to the Soviet Government).

The U.S. and the U.K. Governments are now ready to proceed with the proposed discussions with the other European Allied Governments and to participate in the establishment of the interim commission. They hope the Soviet Government is also now ready to join them in taking these two steps.

Please press for early reply."

As you may note we have not raised the question of informal preliminary talks with Soviet approval because we feel efforts should first be made to secure full Soviet participation immediately. If the Soviets indicate they are not ready to take the steps indicated in the British instructions then we should seek their approval to proceed with informal discussions and the establishment of the Interim

Commission with their participation as observers. It is felt here that if this latter alternative were suggested to the Soviets by us at the present time it might be used as an excuse to postpone active participation.

With respect to actual invitations to the other governments after receiving Soviet approval it is suggested that either the U.S. or the U.K. acting on behalf of the three governments issue the invitations to the other Allies. This procedure is suggested in order to minimize the confusion that would result in efforts to present invitations jointly to all of these governments. The experience with respect to the invitations for the shipping conference, when only two governments were acting jointly, illustrates the difficulties that would arrive in endeavoring to follow a similar procedure in the case of the proposed inland transport discussions. [Radius.]

WINANT

840.50/7–2944 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, August 2, 1944—midnight.

6101. Your 6033, July 29, 1944. Department approves the British suggested changes in the EITO agreement. The Department also approves the effort to procure full Soviet participation immediately. The Department notes that the Foreign Office wire to the British Embassy in Moscow does not refer to preliminary talks, but the Department assumes that if full Soviet participation is secured, they will be asked to participate also in the preliminary talks. On this assumption it approves the contemplated procedure of not raising the question of proceeding with preliminary talks with Soviet approval, in order to avoid the possibility that the Soviets might use it as an excuse to postpone active participation; it being understood that if they are not ready to participate fully at once, then their approval would be sought to proceed with informal talks and the establishment of an interim commission with their participation as observers. The Department assumes that the British are in accord with this view although the text of the Foreign Office wire to the British Embassy in Moscow does not specifically so indicate. Our instructions to AmEmbassy, Moscow are on this assumption.

There is no objection to the UK acting on behalf of the three Governments in issuing the invitations to the other Allies, provided it is made sufficiently explicit that they are acting on behalf of all three Governments, or, in the absence of Soviet participation, on behalf of this Government also. Department requests that it have submitted

to it for approval in advance the text of any contemplated British invitation.

Department assumes that you approve informal preliminary talks with the other Allies before formal invitations are issued, if possible with Soviet participation and if not, with Soviet approval. (ReDepts 5766, July 22).

Embassy in Moscow is being advised of the foregoing and requested to act jointly with the British Ambassador in the contemplated approach to the Soviet Government.[10]

STETTINIUS

840.50/8–544 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 5, 1944—8 p. m.
[Received 11 p. m.]

6286. Berle from Radius. ReDept 6101, August 2, midnight. The matter of informal preliminary talks with the Continental Allies has been discussed with British and Hondelink. It is our view that when the draft EITO agreement is transmitted to the continental governments a date should be set for the conference. Preliminary informal discussions could take place in the interim.

Hondelink who is in close touch with the Allies believes that the latter understand that an agreement has been drafted based upon the work and proposals of their representatives in TACIT.[11] He further believes that the draft EITO agreement is substantially in accord with their views. The Allies would not feel that we were presenting them with a *fait accompli* in inviting them to a conference to consider the draft EITO agreement if due recognition were given in the invitation to the work the Allies have already done. On the other hand a series of scheduled preliminary talks at this stage would be time consuming and might give the impression that we were introducing a new proposal. If the agreement were put to the Allies as the next step in the development of the work of the TACIT Committee there would be little need for extended preliminary discussions. The invitation could indicate that the inviting governments would be glad to meet with any of the Allied Governments prior to the conference to explain informally any points which needed clarification. No steps would be taken without Soviet participation or approval.

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[10] Telegram 1838, August 2, 8 p.m., to Moscow, not printed.
[11] Technical Advisory Committee on Inland Transport.

It is also our view that the conference should follow the pattern of the shipping conference; i.e., an initial meeting of the full delegations to agree that (1) there is a need for an organization like EITO and (2) that draft agreement provides a satisfactory basis for discussion. The work of going over the draft in detail could then be referred to a main committee of experts. It is quite probable that in most cases the governments would designate their TACIT representatives to this committee.

A draft of invitation will be transmitted shortly to Department. Does Department agree to Embassy proceeding along lines indicated above? [Radius.]

WINANT

840.50/8–844 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State

Moscow, August 8, 1944—6 p. m.
[Received August 8—2:31 p. m.]

2900. ReDeptels 1751, July 22, 6 p.m., and 1838, August 2, 8 p.m.[12] I have today transmitted to the Commissariat for Foreign Affairs the report, draft agreement and draft directive concerning the European Inland Transport Organization. Copies of these documents have also been transmitted to the Commissariat by the British Ambassador. The British Ambassador has had no specific instructions on the question of the preliminary talks but our communications to the Commissariat for Foreign Affairs are so worded as not to preclude such a proposal if the Soviets agree to full participation.

HARRIMAN

840.50/8–544 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, August 10, 1944—11 p. m.

6333. Department approves Embassy's proceeding along lines indicated in Embassy's no. 6286 of August 5, 1944 provided due recognition is given in the invitation to the work the Allies have already done and provided that emphasis is laid on the fact that the proposals presented to them are based upon the work and proposals of their representatives in TACIT. The interval between the transmittal to the continental governments of the draft EITO agreement and the date set for the conference should be utilized, in conjunction with the

[12] Latter not printed.

British and Hondelink, in clearing up any possible misapprehensions that may be found to exist.

AmEmbassy Moscow is being advised.[13]

STETTINIUS

840.50/8–1944 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 19, 1944.
[Received August 19—5:45 p. m.]

6733. For Berle, Hooker and Radius.[14] The proposed text of the joint communication to Moscow concerning EITO follows:

(1) The Governments of the United Kingdom and the United States are impressed with the increasing urgency of the need for establishing a European Inland Transport Organization. In view of the progress of military operations in Europe, the military authorities are concerned that there should be set up at an early date a central organization capable of coordinating control of transport in all the liberated areas. Moreover, the other Allied Governments concerned are expressing anxiety at the absence of indications of progress in this field. As the success of the plans under consideration depends on effective cooperation by the European Allies, the United Kingdom and United States Governments feel that early consultation with them can no longer be delayed.

(2) The two Governments, therefore, feel it essential to set a date for the convocation of a conference to consider the draft agreement and consider this date should be not later than September 25th. It seems desirable that the European Allies should have an opportunity of considering the draft agreement well in advance of this date and it is therefore proposed to communicate it to them on September 1st. They would at the same time be invited to attend the proposed conference in London on September 25th. The United States and United Kingdom Governments earnestly hope that the Soviet Government will be by then in a position to join in the invitation. If not, however, the United States and United Kingdom Governments consider that the preparatory work for the conference on September 25th could, nevertheless, be put in hand and they would propose to communicate the draft agreement to the Allies on September 1st indicating that it is the intention to hold a conference toward the end of September. The United States and United Kingdom Governments propose also to indicate to the Allies that the draft agreement has their general approval and that the Soviet Government has stated that it attaches

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[13] Telegram 1910, August 10, 11 p. m., to Moscow, not printed.
[14] Radius had departed from London on August 16.

great importance to the early creation of a special organization of the United Nations for the restoration and coordination of European inland transport in the period following the end of hostilities on the European Continent and that the Soviet Government has been kept fully informed of the discussions leading to the draft agreement on which, however, it is not yet in a position to indicate its attitude. At the time of the communication of the draft agreement to the Allied Governments, it would be indicated to them that the draft is based to a large extent on the work done by their experts on the Technical Advisory Committee on Inland Transport. The Allied Governments would also be informed that their comment on the draft agreement would be welcomed and that any inquiries they might wish to make on the subject would be discussed with them informally.

(3) In view of the increasing tempo of military operations, the United Kingdom and United States Governments feel that the establishment of the proposed Interim Commission should not be further delayed. The United Kingdom and United States Governments hope that the Soviet Government will be ready to participate in this Commission by early September. In the event of its preparations not being complete, the Soviet Government might consider appointing an observer to the Interim Commission until such time as they are ready to designate a full commissioner.

(4) In the first communication made to them, the Allied Governments would be informed of the imminent establishment of the Interim Commission and invited to designate a member to serve on an Advisory Committee to the Commission.

WINANT

840.50/8–2144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 21, 1944—6 p. m.
[Received August 21—3 p. m.]

6756. For Berle, Hooker and Radius. See Embassy's 6033, July 29, and Departments's 6103 [*6101*], August 2. In response to inquiries by the Foreign Office concerning the reaction of the Soviet Government to the joint communication of the United States and United Kingdom concerning EITO, the British Ambassador in Moscow has replied that there was no reaction.

It is now proposed to transmit to the Soviet Government a communication drafted by us with the British, the communication to be presented jointly by our Ambassadors in Moscow, the text of which is contained in our telegram 6733, August 19. Will the Department inform us if it approves. If so we will inform the Foreign Office

who will telegraph the communication to the British Ambassador in Moscow with instructions to present it to the Soviet Government jointly with Harriman. If the Department approves this procedure will you please instruct the Embassy in Moscow to concert with the British Ambassador in presenting this communication.

Radius is familiar with the proposed communication except for minor revision. The original draft has been revised in part by amendments on which we agreed before he left London and in part by British amendments.

WINANT

840.50/8–2144 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, August 24, 1944—midnight.

6778. Your 6733 of August 19 and 6756 of August 21 approved subject to following modifications in text of proposed joint communication to the Soviet Government:

In paragraph no. (2), sixth sentence, it is suggested that the word "great" be deleted before "importance" and that the words "creation of a special organization of the United Nations for the" be deleted. It is felt that the language as it stands carries greater emphasis and is more specific than the Soviets might be willing to admit and that it tends to put them on the spot in a manner that might cause them to disapprove of the suggested procedure.

In paragraph no. (3), it is suggested that the last sentence read as follows: "If the Soviet Government is not prepared at this time to participate formally in the Interim Commission, it is hoped that it might consider appointing an observer to the Interim Commission until such time as it is ready to designate a full commissioner."

The Department is instructing Harriman [15] to secure text from and concert with his British colleague in presenting proposed communication as modified.

HULL

840.50/8–2644 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 26, 1944—5 p. m.
[Received August 26—4:15 p. m.]

6933. For Berle, Hooker and Radius. ReDept 6778, August 24. Foreign Office is today telegraphing joint EITO communication to

[15] Telegram 2026, August 24, 7 p. m., to Moscow, not printed.

Moscow with Department's modifications, instructing British Ambassador to provide Harriman with the text and concert with him in presenting it to the Soviet Government. In paragraph 2 of the communication, September 5th is substituted for September 1st as the date of communicating the EITO draft agreement to the European Allies in view of the lateness of the present date.

WINANT

840.50/8–3144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 31, 1944—8 p. m.
[Received August 31—5:25 p. m.]

7096. For Berle, Hooker and Radius. ReEmbs 7060, August 30.[16] Embassy's immediately following telegram No. 7097 contains the texts of the alternate drafts of the communication to the European Allies transmitting the draft EITO agreement. Drafts were prepared jointly by British with us. If Department approves drafts, we will notify Foreign Office which wishes to communicate them immediately to EIT [*its*] Ambassador in Moscow where draft A would be agreed upon with the Soviet Government if latter is ready to join in the communication. If the Soviet Government is not ready for this, its concurrence would be sought to the words in draft B referring to its attitude.

Will Department please let us know if it approves this procedure.

WINANT

840.50/8–3144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 31, 1944.
[Received August 31—9:19 p. m.]

7097. For Berle, Hooker and Radius. The following are the texts of drafts A and B of the communication to the European Allies transmitting the draft EITO agreement:

DRAFT A

1. The Governments of the United Kingdom, United States of America (and USSR) have had under consideration the problem of the organization and rehabilitation of inland transport in Europe after liberation.

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[16] Not printed.

2. It must be assumed that after the liberation of United Nations' territories and the occupation of enemy territories in Europe there will be widespread shortage and maldistribution of all forms of transport material and a general dislocation of the transport systems. It will be necessary to secure additional equipment for United Nations' territories and to redistribute equipment at present under enemy control. For these purposes a central authority for allocation and distribution of transport equipment and material will be required. Moreover, in the conditions prevailing on the cessation of hostilities in Europe there will be need for an organization able to ensure the rapid movement of traffic of common concern to the United Nations such as relief and military traffic and the coordinated development of measures for rehabilitating the national transport systems.

3. The need for an organization to deal with these and related problems was recognized in the proposals that have already been submitted to your Government and the other Allied Governments by the Technical Advisory Committee on Inland Transport set up by the Inter-Allied Committee on Postwar Requirements.

4. The Governments of the United Kingdom, United States (and USSR) have further consulted on the subject and now submit in the form of the annexed draft agreement a proposal for the immediate establishment of an European Inland Transport Organization. The provisions of the draft agreement are based to a large extent on the work done by and the proposals of the Allied experts on the Technical Advisory Committee on Inland Transport.

5. The progress of the United Nations' armies in Europe and the necessity for considerable planning to be done before an organization of the kind proposed could operate effectively make it a matter of high urgency that such an organization should be set up as soon as possible. The Governments of the United Kingdom, United States of America (and USSR) therefore propose that there should be early discussions among the Governments of the United Nations concerned and for this purpose His Majesty's Government in the United Kingdom will be glad if your Government will arrange to be represented at a conference to begin in London on 25th September.

In the interim between the present date and the convening of the conference on September 25th, the Governments of the United Kingdom, United States (and the USSR) will be glad to receive the comments of your Government and to discuss with representatives of your Government any enquiries that your Government may wish to make on the proposals contained in the draft agreement.

6. Some time must inevitably elapse before an agreement on the lines of the annexed draft can become effective. It is hoped that there will be a minimum of delay. Meanwhile, however, there are urgent problems in the field of transport demanding immediate plan-

627-819—67——50

ning and collaboration between the United Nations concerned. For instance:

(A) The military authorities will require technical assistance in many transport questions, particularly these relating to movement of traffic across national frontiers and the possible continuance or revival of machinery for facilitating such movement.

(B) Estimates of requirements for transport equipment need to be sponsored with the appropriate supply authorities and orders placed within the allocations made.

(C) In order that the European Inland Transport Organization when set up may be ready to operate promptly and efficiently detailed plans need to be made and staff to be engaged or earmarked in advance. In particular, arrangements need to be made to ensure:

(1) Continuity in transport control between the military and post military periods and

(2) Availability to the organization when set up of information about the transport conditions obtaining during the military period.

7. With these considerations in mind the Governments of the United Kingdom, United States of America (and USSR) have decided to establish immediately an Interim Commission on European Inland Transport to provide for the period during which all of the governments concerned are considering arrangements for a European Transport Organization along the lines of that proposed in the draft agreement and to fill the gap until such an organization can be established. The Commission will work under a directive, a copy of which is annexed, and will be responsible to the Governments of the United Kingdom, United States of America (and USSR).

8. In order to carry out its work effectively the Interim Commission will need the services of experts who are nationals of the European countries concerned. It is hoped that your Government will facilitate the provision of such staff.

9. The Commission will also need to be in contact with the Governments of the European United Nations concerned. It is, therefore, proposed to establish an advisory committee to the Commission upon which it is hoped that your Government will designate a member.

10. A similar communication has been addressed to the Governments of (countries to be specified) and the French Committee of National Liberation.

Draft B

As in draft A but omit words in parentheses and substitute following alternative paragraphs for paragraphs 4 and 5 of draft A.

"4. The Governments of the United Kingdom and United States of America now submit in the form of the annexed draft agreement proposals for the immediate establishment of an European Inland

Transport Organization. The draft agreement has their general approval. The Government of the USSR has stated that it attaches importance to the early restoration and coordination of European Inland Transport in the period following the end of hostilities on the European Continent and has been fully informed of the discussions leading to the draft agreement on which, however, it is not yet in a position to indicate its attitude. The proposals made in the draft agreement are based to a large extent on the work done by the Allied experts on the Technical Advisory Committee on Inland Transport.

5. The Governments of the United Kingdom and United States of America hope that it will be possible to hold a conference to discuss the draft agreement towards the end of September. In the meantime they will be glad to receive the comments of your Government and to discuss with representatives of your Government any enquiries that your Government may wish to make on the proposals contained in the draft agreement."

WINANT

840.50/8-3144 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 2, 1944.

7117. Department approves the proposed text of drafts A and B referred to in Embassy's 7097 of August 31, 1944 with the following amendments:

Draft A.

Paragraph 1: Delete "the problem of the organization" and insert "the post-hostilities problems of coordination" and delete "after liberation".

Paragraph 2: Substitute for the first three sentences of this paragraph the following: "Upon the liberation of United Nations' territories and the occupation of enemy territories in Europe a shortage and maldistribution of all forms of transport material and a general dislocation of the transport systems may be expected. A central control authority will be necessary to ensure the fair allocation of new equipment for United Nations' territories in Europe and the redistribution of displaced equipment and equipment at present under enemy control".

In the last sentence of this paragraph, change "relief and military" to "military and relief".

Paragraph 4: Delete "the immediate establishment of".

Paragraph 5: In second sentence, insert after "propose that", "the annexed draft agreement be the basis for" and delete "there should be"; after "His Majesty's Government in the United Kingdom" insert "on its own behalf and acting on behalf of the Government(s) of the United States of America (and USSR)".

Paragraph 6(B): Substitute the following: "Estimates of requirements for transport equipment need to be reviewed and developed and recommendations made to the appropriate supply authorities with respect to allocations".

Paragraph 6(C): Delete balance of first sentence after "detailed" and insert "operational plans must be prepared and staff requirements should be considered".

Delete the balance of paragraph (C) and substitute a new paragraph as follows: "(D) Arrangements need to be made to ensure that (1) there will be continuity in transport control between the military and post-military periods, and (2) the organization when established has available information concerning the conditions of transport obtaining during the military period".

Paragraph 7: Substitute the following for the first sentence: "With these considerations in mind the Governments of the United Kingdom, United States of America (and USSR) have agreed to establish immediately an Interim Commission on European Inland Transport to provide for the period which will elapse until a European transport organization can be established".

Paragraph 8: Delete "provision" and insert "Commission's acquisition".

Paragraph 9: In the second sentence delete "upon which it is hoped that" and substitute "to which it is hoped".

Draft B.

Alternative paragraph 4: In the first sentence delete "the immediate establishment of". In the third sentence, "inland transport" should be in small letters.

Your draft B is based upon the assumption that the Soviet Government will not be participating on the Interim Commission. However, since our joint communication to the Soviet Government has suggested that the USSR might appoint an observer to the Interim Commission, an addition to paragraph 7 might be necessary to meet this contingency. We submit the following if applicable to the circumstances: "The Government of the USSR has agreed in principle to the establishment of the Interim Commission and initially will appoint an observer to the Interim Commission".

In the event that the Soviet Government is neither prepared to participate formally in the Interim Commission or to appoint an observer we feel that as a minimum we should have an expression of Soviet concurrence to the establishment of the Interim Commission by the US and UK Governments. In such an event we submit the following alternative text: "The Government of the USSR has agreed in principle to the establishment of the Interim Commission on European Inland Transport".

With reference to Paragraph 10 of draft A, we assume that the communication would be addressed to the Governments of Norway, the Netherlands, Belgium, Poland, Czechoslovakia, Yugoslavia, Greece, Luxembourg and the French Committee of National Liberation.

The Department approves the procedure suggested by the Embassy for submitting the drafts to the Soviet Government for its concurrence.

The Department hopes to be able to inform you of the name of the United States Commissioner within a few days. The person previously considered by the Department is not available.

HULL

840.50/9-244 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 2, 1944—5 p. m.
[Received September 2—2:15 p. m.]

7184. For Berle, Hooker and Radius.

1. A slight alteration is proposed in the procedure outlined in Embassy's 7096, August 31. In showing Draft B of communication (see Embassy's 7097, August 31) to Soviet Government, Foreign Office thinks delay might result if concurrence of Soviet Government is sought to the words in paragraph 4 referring to its attitude. It is proposed instead to tell the Soviet Government that if it is not ready to join in the communication, Draft B will be circulated to the Allies. If the Soviet Government should volunteer any objections, they would, of course, be taken into account in the procedure followed.

2. Foreign Office urgently wishes to know if the Department agrees with its view that invitations to the EITO Conference should be addressed to the following: The Governments of the Netherlands, Luxembourg, Czechoslovakia, Poland, Yugoslavia, Greece and Norway and the French Committee of National Liberation. It is further proposed to ask the Danish Legation here if it wishes to be represented by an observer.

WINANT

840.50/9-444 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 4, 1944.
[Received September 4—7:05 p. m.]

7216. For Berle, Hooker and Radius. Department's 7117, September 2, 1944. Department's amendments to proposed text approved by British. However, as indicated in Embassy's telegram dated Sep-

tember 2, on reconsidering procedure to be followed in Moscow, British fear that if concurrence of Soviet Government to the texts or its choice of alternative texts is sought, this will result in further delay unless some deadline is put on the time allowed the Soviet Government for consideration. They fear that the danger of delay would be heightened by the proposal of the Department to secure the Soviet Government's concurrence in the establishment of the Interim Commission by the United States and United Kingdom Governments. As the Soviet Government has not given any indication of its attitude in response to previous communications, they fear that additional weeks might pass while we were waiting for an expression of attitude with respect to the Interim Commission and they proposed that the United States and United Kingdom Governments proceed with its establishment if an immediate expression of opinion is not forthcoming from the USSR Government. They suggest that the Soviet Government's attitude might be learned and delay avoided by asking the British Ambassador in Moscow to follow the procedure indicated in the telegram quoted below. According to this procedure, only one draft of the communication to the Allies would be shown the Soviet Government initially, that previously referred to as "Draft B" into which would be incorporated the Department's first alternative addition to paragraph 7: "The Government of the USSR has agreed in principle to the establishment of the Interim Commission and initially will appoint an observer to the Interim Commission." The Soviet Government would be asked to indicate by September 9 whether it concurred in the references to its position in the draft communication. If it should give no indication, the references would be removed and the communication would be sent to the Allies without reference to the USSR. Should the USSR when shown Draft "B" indicate [willingness to join in?] invitation to the Allies, it would be shown what has been known as "Draft A" and asked to express its concurrence in the text.

The following is the proposed text of the telegram to the British Ambassador in Moscow:

"My telegram No. 2701. Although no reply has been received from the Soviet Government, the Governments of the United Kingdom and the United States feel that they can no longer delay their approach to the European Allies. They have accordingly prepared a draft communication (see text in my telegram No. . .) to the Governments concerned. You will see that this draft contains references to the attitude of the Soviet Government towards the draft agreement and the Interim Commission. If the Soviet Government feel unable to agree to the draft in this form or to indicate such modifications as they desire by September 9th, the Governments of the United States and the United Kingdom would propose to omit these references from

the communication which would then be issued forthwith as so amended.

If, however, you find that the Soviet Government are willing to associate themselves with His Majesty's Government and the United States Government in inviting the other Governments concerned to a conference, you should inquire whether they would agree to the issue of an invitation in the terms of the draft contained in my telegram No. . . ."

The Department's instructions at the earliest possible moment would be appreciated.

WINANT

840.50/8–1944 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 4, 1944—midnight.

7153. ReEmb 7184, September 2, 5 p. m. The Department believes that some sort of reply to the joint communication mentioned in Embassy's 6733 of August 19, as amended, should be received before any communication is made to allied governments. The mere rejection of immediate participation as envisaged in draft A is not sufficient to warrant our communicating draft B to the other governments without Soviet permission. This is particularly true since the concept of the Interim Commission was developed subsequent to the original Soviet statement agreeing in principle to an EITO.

The Soviet Government might wish to participate in the Interim Commission while reserving its position with respect to the invitations to a conference and therefore it would be unwise not to give the Soviet Government the opportunity of indicating the extent of its concurrence in the actions we propose to take. While the Department recognizes the urgency of this matter, it does not feel that it should become committed to bipartite action without some direct statement from the Soviet Government with respect to its attitude.

The Department is instructing Harriman to concert with Kerr to again approach the Soviet Government to press for a reply to the joint communication. It is hoped that the Foreign Office will agree to this procedure and issue the necessary instructions to Kerr.

Department notes that Embassy's 7184 does not include Belgium as one of the Governments to whom invitations should be addressed. We assume this is an oversight.

Department has no objection to asking the Danish Legation if it wishes to be represented by an observer.

HULL

840.50/9–544: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 5, 1944.
[Received September 5—9:58 p. m.]

7238. For Berle, Hooker and Radius. With further reference to Embassy's 7216, September 4, 1944 and Department's instructions regarding procedure to be followed in Moscow with respect to the communication to the Allied Governments, we have discussed the matter again with the Foreign Office on the basis of the Department's instructions. The Foreign Office proposes to substitute the telegram quoted below for the one contained in our 7216. Draft B as referred to in the telegram would include in paragraph 7 the sentence quoted in this connection in our 7216.

British feel the matter of greatest urgency is the communication to the Allies of the draft agreement with or without mention of the Interim Commission.

Foreign Office wishes if possible to send a telegram to Moscow today September 5 and we therefore hope for an immediate reply.

The proposed telegram to the British Ambassador in Moscow follows:—

"My telegram number 2701.

1. Although Soviet Government have given no indication of their attitude, the Governments of the United Kingdom and the United States feel that they can no longer delay their approach to the European Allies.

2. I shall therefore be glad if you will speak urgently to M. Molotov and ascertain definitely whether the Soviet Government are willing to associate themselves with the Governments of the United Kingdom and the United States in inviting the other Governments concerned to a conference; if they are so willing you should request their concurrence before September 9th in the issue of an invitation on the terms of the draft contained in my telegram No. . .

3. In case the Soviet Government have still not made up their minds or are unwilling to join in an invitation the Governments of the United Kingdom and the United States have prepared an alternative communication to the Governments concerned (see my telegram number . .). If the Soviet Government feel unable to indicate by September 9th whether they desire to participate in the Interim Commission or whether they would agree to its establishment by the United Kingdom and the United States Governments, the Governments of the United Kingdom and the United States propose to omit paragraphs 6, 7, 8 and 9 from this communication. If by September 9th the Soviet Government had not expressed their concurrence in the reference in paragraph 4 to their attitude to the draft agreement this would also be omitted."

WINANT

840.50/9–544 : Telegram

The Secretary of State to the Ambassador in the Soviet Union (Harriman)

WASHINGTON, September 5, 1944—6 p. m.

2134. The Department has agreed with the British Foreign Office that you and Kerr in concert should immediately speak to Molotov to ascertain definitely the Soviet position on the proposed European Inland Transport Organization. The Department has approved the text of proposed instructions from the Foreign Office to Kerr which you may secure from him.

Department's approval was with the following added suggestion:

"Department feels that in addition to instructions contained in proposed telegram to British Ambassador in Moscow, Harriman and Kerr should also make clear to Molotov that the taking of this step at this time is for the purpose of preserving an opportunity to bring about the coordination in the field of European inland transport which is made urgently necessary by the progress of military operations in Western Europe, and that in view of the pace of events this opportunity may be lost by further delay. They should go on to say that this opportunity, it is believed, may thus be kept open for the benefit of all, including the Soviet Government, and that its participation at the earliest possible moment is and will continue to be most earnestly desired."

For your information, Department considers it most important to secure immediate full tripartite action if possible rather than to proceed on a bipartite basis.

HULL

840.50/9–544 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 5, 1944—9 p. m.

7180. Department approves suggestion contained in your 7238 of September 5 on assumption that Kerr and Harriman will act in concert in approach to Molotov and is instructing Harriman in this sense.

Department feels that in addition to instructions contained in proposed telegram to British Ambassador in Moscow, Harriman and Kerr should also make clear to Molotov that the taking of this step at this time is for the purpose of preserving an opportunity to bring about the coordination in the field of European inland transport which is made urgently necessary by the progress of military opera-

tions in Western Europe, and that in view of the pace of events this opportunity may be lost by further delay. They should go on to say that this opportunity, it is believed, may thus be kept open for the benefit of all, including the Soviet Government, and that its participation at the earliest possible moment is and will continue to be most earnestly desired.

HULL

840.50/9–944: Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State

Moscow, September 9, 1944—9 p. m.
[Received 11:59 p. m.]

3403. ReDepts 2134, September 5, 6 p. m. In a communication to the British Embassy dated September 8 and received September 9 the Soviet Foreign Office states that it would be difficult for the Soviet Government to join in the invitation to a conference on European inland transport since the invitation raises a number of questions which are still under examination.

The Soviet Government has no objection, however, to the inclusion in the invitation of a reference to its opinion of the projected organization in the wording proposed by the British and American Governments.

No reference was made in the Foreign Office communication to our request that we be authorized to say that the Soviet Government had agreed to the establishment of an Interim Commission and intended to appoint an observer to the Interim Commission.

HARRIMAN

840.50/9–1144: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 11, 1944—7 p. m.
[Received September 11—5 p. m.]

7457. For Berle, Hooker and Radius. See my 7238, Department's 7180. Foreign Office on September 7 received a telegram from the British Ambassador in Moscow stating that the British and American Ambassadors had approached the Soviet Government concerning the communication of the draft EITO agreement to the Allies in accordance with their instructions but had made the approach in letters to

Vyshinski [17] as they thought this method more likely to produce results than an oral approach to Molotov.

The telegram indicated that the Soviet Government was pressed for a reply by September 9 concerning the sections of the communication referring to the draft agreement but that it was considered unfair to press for a reply on that date with respect to those sections referring to the Interim Commission as the Soviet Government had not previously expressed any opinion concerning such a body whereas they had previously indicated their agreement to the need for a European Inland Transport Organization.

On September 9 the Foreign Office received a further telegram from the Ambassador stating that Vyshinski had replied that it was difficult for the Soviet Government to join in the invitation as the text covers questions which were still being examined but that they agreed to Draft B in so far as it applied to the draft agreement, including the reference in paragraph 4 to the attitude of the Soviet Government but that the reference in paragraph 7 to their attitude toward the Interim Commission had not been approved.

On the basis of the latter telegram, the Foreign Office is today or tomorrow forwarding Draft B minus paragraphs 6, 7, 8 and 9, together with copies of the draft agreement to its Embassies and Missions for transmission to the Allied Governments to which they are accredited. We are informing Schoenfeld.[18]

WINANT

840.50/9–1144 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 12, 1944—midnight.

7414. ReEmbs 7457, September 11. Following self-explanatory telegram has been sent to Moscow: [19]

"ReEmbs 3403 of September 9, 9 p. m. Department feels that march of events makes it urgently necessary to set up Interim Commission as soon as possible.

Unless you feel therefore that it would be futile or harmful to approach Soviet Foreign Office again so soon on this subject, you should immediately approach Soviets concerning their attitude to the establishment of the Interim Commission, expressing the sincere hope that the Soviet Government will fully participate in the Commission if possible and at least appoint an observer.

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[17] Andrey Yanuaryevich Vyshinski, Soviet Assistant People's Commissar for Foreign Affairs.

[18] Rudolf E. Schoenfeld, Counselor of Embassy with rank of Minister near the Governments in Exile of Belgium, Czechoslovakia, the Netherlands, Norway, and Poland.

[19] Telegram 2194, September 12, 8 p. m.

This is your authority to concert with Kerr when he has received appropriate instructions to approach Soviets concerning the Interim Commission.

Department hopes that Soviets will be in a position to participate fully in the London Conference when it convenes. Failing full participation, Department assumes Soviets are prepared to have an observer at Conference. If this has not been indicated, you should make every effort to persuade Soviets to participate at least to this extent."

Department anticipates that Foreign Office is agreeable to giving Kerr similar instructions for concerted approach to Soviets on Interim Commission.

When Soviet attitude is known, it is assumed that Foreign Office intends to address further communication on part of the U.S., U.K. and possibly U.S.S.R. to other allied governments informing them of the establishment of the Interim Commission in the sense of paragraphs 6, 7, 8 and 9 of Draft B (Embassy's 7097, August 31) as amended, which are being omitted in Foreign Office's present communication forwarding draft agreement. Department requests the opportunity to approve text of such a subsequent communication.

For the confidential information of the Embassy only: The Department has selected a civilian as the United States Commissioner to the Interim Commission. His name is now before the President for approval. The Embassy will be duly advised.

HULL

840.70/9–1844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 18, 1944—1 p. m.
[Received September 18—11:30 a. m.]

7684. For Berle, Hooker and Radius. Foreign Office have informed us that Soviet Government is now ready to send a full delegation of seven or eight to London to discuss EITO. The delegation is prepared to leave Moscow on the 19th or 20th. British feel that while it will be impossible to hold the formal conference before October 2 or 3, Soviet Government should be encouraged to send its delegation immediately so that informal talks can be held in advance of the conference. In view of this the Department may also wish to send its delegate in advance as suggested in Department's 7418, September 13.[20]

Before receiving this information the Foreign Office was preparing instructions for the British Ambassador in Moscow telling him to

[20] Not printed.

join his United States colleague in an approach to the Soviet Government along the lines indicated in the Department's 7414, September 12. Now the British are inclined to leave the question of the Interim Commission until the Soviet delegation arrives in London. Does the Department concur?

WINANT

840.70/9–1844 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State

Moscow, September 18, 1944—3 p. m.
[Received 5 p. m.]

3556. ReDepts 2194, September 12, 8 p. m.[21] The Soviet Foreign Office has informed the British Embassy that the Soviet Government is prepared to send a delegation of seven or eight persons to the Conference on European Inland Transport. The delegation is expected to arrive in Teheran by September 20 and onward transportation from there is being arranged by the British.

The Soviet decision to participate in the Conference was reached without a renewed approach by Clark Kerr and myself.

The British Embassy has received no instructions to make another approach concerning Soviet representation on the Interim Commission and I have accordingly made none, since my instructions were to concert with Clark Kerr. Now that the Russians have decided to be represented in London, I assume that further questions will be taken up with their delegates there.

HARRIMAN

840.70/9–1844 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 18, 1944—midnight.

7613. ReEmbs 7684, Department glad of Soviet participation and arrival of delegation well in advance of conference, and assumes that this thought will be expressed to Soviets by Foreign Office in such terms that they will not feel they have been led to send delegation unnecessarily early.

Department concurs in British view that question of Interim Commission can be left until Soviet delegation arrives in London.

In view of inability of Radius to travel for several weeks and Hooker's participation in earlier conversations, latter appears to be most

[21] See footnote 19, p. 789.

suitable person to send from here. It is assumed that Miss Moats [22] will be available and if necessary Allison [23] also, but Department would appreciate Ambassador's comments and will naturally be guided by his views.

Please advise if General Ross and/or Colonel Case will be available on behalf of War Department, and whether if they are not designation of other officer or officers can be arranged by Embassy in London or should be taken up here with War Department.

HULL

840.70/9–1944

The Ambassador in the United Kingdom (Winant) to the Secretary of State

No. 18095 LONDON, September 19, 1944.
[Received September 29.]

SIR: Referring to the Embassy's despatch No. 16553 of June 29, 1944,[24] telegrams No. 5667, July 18, 6033, July 29 and the Department's telegrams No. 5567, July 15, 5766, July 22 and 6101, August 2, I have the honor to forward copies of a revised draft of the agreement incorporating amendments subsequently agreed to between the United States and United Kingdom Governments.

Respectfully yours,

For the Ambassador:
W. J. GALLMAN
Counselor of Embassy

[Enclosure]

Draft Agreement for European Inland Transport Organization [25]

WHEREAS, after the liberation of any territories of the United Nations in Europe, and after the occupation of any enemy territories in Europe, it is expedient for the fulfilment of the common military needs of the United Nations and in the interests of the social and economic progress of Europe, to provide for co-ordination both in the control of traffic and in the allocation of transport equipment and material with a view to ensuring the rapid movement of supplies both for military forces and the civil population and for the speedy repatriation of displaced persons, and also with a view to creating conditions in which the normal movement of traffic can be more rapidly resumed;

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[22] Helen M. Moats, principal economic analyst, Foreign Economic Administration, London Mission.

[23] John M. Allison, Second Secretary of Embassy at London.

[24] Not printed.

[25] This draft agreement was presented to the Conference as a printed text, and is referred to in later documents as the printed text.

The Governments or Authorities whose duly authorised representatives have subscribed hereto;

Have agreed as follows:—

ARTICLE I.

There is hereby established the European Inland Transport Organisation, hereinafter called "the Organisation."

ARTICLE II.—*Membership.*

The members of the Organisation shall be the Governments or Authorities signatory hereto and such other Governments or Authorities as may be admitted thereto by the Council.

Wherever the terms "member Government" is used in this Agreement it shall be construed to mean a member of the Organisation, whether a Government or an Authority.

ARTICLE III.—*Constitution.*

1. The Organisation shall consist of a Council and an Executive Board with the necessary headquarters, regional and local staff.

The Council.

2. Each member Government shall name one representative and such alternates as may be necessary upon the Council. The Council shall, for each of its sessions, select one of its members to preside at the session. The Council shall determine its own rules of procedure. Unless otherwise provided in this Agreement or by action of the Council, the Council shall vote by simple majority.

3. The Council shall be convened in regular session not less than twice a year by the Executive Board. It may be convened in special session whenever the Executive Board shall deem necessary and shall be convened within 30 days after request therefor by one-third of the members of the Council.

4. The Council shall perform the functions assigned to it under this Agreement and review the work of the Organisation generally.

The Executive Board.

5. The Executive Board shall consist of five members who shall be appointed by the Council for their knowledge of inland transport and for their administrative capacity and shall include one member nominated by each of the Governments of the Union of Soviet Socialist Republics, of the United Kingdom, and of the United States. Each member of the Executive Board shall be provided with a deputy similarly nominated and appointed. The members and their deputies shall be appointed in the first place for one year.

The Executive Board shall choose its own Chairman, subject to confirmation by the Council.

6. The Executive Board shall perform the executive functions assigned to the Organisation. It shall act, if necessary, in accordance with the ruling of the majority of its members. It shall present to the Council such reports on its performance of its functions as the Council may require.

7. The Executive Board shall appoint such headquarters, regional and local staff as it shall find necessary and may delegate to them such of its powers and on such conditions as it may deem appropriate.

8. Each member Government may appoint a representative for purposes of consultation and communication with the Executive Board. Such representative shall be fully informed by the Board of all activities of the Organisation.

ARTICLE IV.

The Organisation shall have powers to acquire, hold and convey property, to enter into contracts and undertake obligations, to designate or create agencies and to review the activities of agencies so created, to manage undertakings and in general to perform any legal act appropriate to its object and purposes.

Those powers are vested in the Council. The Council may, however, delegate such of these powers as it may deem necessary to the Executive Board, including the power of subdelegation. The Executive Board shall be responsible to the Council for the upkeep and administration of any property owned by the Organisation.

ARTICLE V.—*Finance.*

1. The Executive Board shall submit to the Council an initial budget and from time to time such supplementary budgets as may be required, covering the necessary administrative expenses of the Organisation. Upon approval of a budget by the Council the total amount approved shall be raised in such manner or be allocated in such proportions as may be agreed between the member Governments. Each member Government undertakes, subject to the requirements of its constitutional procedure, promptly to contribute to the Organisation, in such currency or currencies as may be agreed with the Executive Board, its share of the expenses. Each member Government shall also provide such facilities as are required for the purposes of the Organisation, for the transfer of sums held by the Organisation in that Government's own currency into other currencies.

2. The Organisation shall not incur any expenses, other than necessary administrative expenses, except under the authority of the Council. Proposals for such expenses shall be submitted by the Executive Board to the Council, and when approved by the Council such expenses shall be met by contributions which a member Government or Governments may agree to make or in such other manner as may be agreed between Governments.

ARTICLE VI.—*The Scope of the Organisation.*

1. The Organisation shall exercise the functions set out in Article VII in respect of any territory in Continental Europe under the authority of any member Government in respect of which it has commenced operations in accordance with Article XI.

2. In respect of any territory in Continental Europe in which the Allied Commanders-in-Chief retain responsibility for the direction of the transport system, the Organisation shall give advice or assistance to the Allied Commanders-in-Chief, if so requested by them, on all questions with which it is empowered to deal under Article VII.

3. The term "territory under the authority of a member Government" shall be construed to mean territory in Continental Europe either in the sovereignty of a member Government or territory over which a member Government or Governments are exercising authority or control. Throughout this Agreement the term "Continental Europe" shall mean all territories on the mainland of Europe under the authority of member Governments, but shall not extend to territory of the United Kingdom or of the Union of Soviet Socialist Republics.

4. The Organisation shall treat with any occupation authorities set up by member Governments in respect of any territory in Continental Europe in which the occupation authorities are exercising effective control in place of the sovereign Government of such territory on all matters on which the Organisation would treat with such sovereign Governments if they were member Governments.

ARTICLE VII.—*Executive Functions.*

The executive functions of the Organisation shall be generally to take action towards the rehabilitation and re-equipment of the transport system in Continental Europe and to co-ordinate the movement of traffic of common concern in these transport systems and, in particular, shall include the following:—

Transport Equipment and Material.

1. The Organisation shall estimate the requirements of transport equipment and material for the territories under the authority of the member Governments in Continental Europe.

2. The Organisation shall to the extent necessary for the fulfilment of its purposes, allocate and determine the distribution for use to the member Governments concerned, on such conditions as it may prescribe and within the framework of priorities determined by the appropriate authorities of the United Nations, of transport equipment and material—

(*a*) imported into Continental Europe or made available by the Allied Commanders-in-Chief;

(*b*) made available for export from any territory of Continental Europe to any other such territory;

(*c*) made available to the Organisation by occupation authorities from the transport equipment and material under their control.

The Organisation may from time to time set apart any such transport equipment and material referred to in (*a*), (*b*) and (*c*) above as it may deem necessary for facilitating traffic of common concern, and retain or take direct control over its use for such period or periods as it may deem necessary.

The Organisation shall keep full records of transport equipment and material allocated and set apart in accordance with the provisions of this section.

3. In respect of equipment belonging to a member Government or to persons or bodies under the authority of a member Government and found during the liberation of Europe outside the territories under the authority of that member Government, the Organisation shall endeavour to arrange the restoration of such equipment to its rightful owners as soon as is practicable and convenient, acting in accordance with the general policies of the appropriate authorities of the United Nations regarding restoration and restitution of property removed by the enemy. Where immediate restoration would unduly prejudice the operation of essential transport in any area, the Organisation may make arrangements for the temporary use of equipment pending its restoration.

4. The Organisation shall at the earliest practical time organise a census of rolling-stock in Continental Europe and of such other transport equipment and material there as may appear necessary for the proper discharge of its functions.

Traffic.

5. The Organisation may make such recommendations to the appropriate authorities as it deems necessary with respect to particulars of projected movements of supplies, stores or persons, having regard to the transport facilities available for the movement of such traffic.

6. The Organisation may direct, within the framework of the priorities determined by the appropriate authorities of the United Nations, the movement of traffic of common concern on all routes of transport in Continental Europe.

7. The Organisation may take any practicable step to supervise and regulate the use and movement of transport equipment engaged in the carriage of traffic of common concern.

Charges.

8. The Organisation shall recommend to member Governments the principles by which transport charges for traffic of common concern in Continental Europe should be fixed by them in accordance with

the provisions of Section 8 of Article VIII with a view to securing that such charges shall be as low and simple and as uniform in the various territories as may be practicable. This paragraph shall not apply to military traffic under the control of the Allied Commanders-in-Chief except at their request.

Rehabilitation of Transport Systems.

9. The Organisation may make recommendations to any member Government designed to promote the rehabilitation of the transport systems in Continental Europe, and as to the priority in which works or projects in respect of the rehabilitation or improvement of transport facilities shall be carried out.

10. While it remains the task of each member Government to provide for the efficient operation of the transport systems in Continental Europe for which it is responsible, the Organisation may exceptionally, at the request of any member Government, give any practicable assistance in the rehabilitation or operation of transport in any territory in Continental Europe under the authority of such Government on such conditions as may be agreed between such Government and the Organisation.

Co-ordination of European Transport.

11. The Organisation shall initiate and co-ordinate common action to secure the inauguration, maintenance or resumption of international arrangements for through working of railways and circulation of rolling-stock, and shall promote the establishment of appropriate machinery for co-operation between railway administrations.

12. The Organisation shall initiate the establishment of suitable administrations for the international waterways of Europe designed to promote their restoration and maintenance and to ensure the greatest possible freedom of movement on and between the several waterways, their tributaries and connecting canals. Such administrations may be established provisionally pending international regulation of the matter.

13. The Organisation shall take such steps as may be practicable to facilitate the movement of road transport vehicles across frontiers.

14. The Organisation shall make recommendations to the member Governments designed to promote adequate co-ordination of all European transport for the fulfilment of the common military needs of the United Nations or in the interests of the social and economic progress of Europe, and of the general well-being of the nations.

Relations with Other Agencies.

15. The Organisation shall collaborate as may be required with appropriate authorities and agencies of the United Nations and other international organisations. It shall give any assistance in its power

to the Allied Commanders-in-Chief in the fulfilment of the common military needs of the United Nations.

16. The Organisation shall arrange for consultation through appropriate machinery with representatives of persons employed in inland transport.

Miscellaneous.

17. The Organisation may advise the member Governments and any appropriate authorities of the United Nations on the priority to be given in the interests of the rehabilitation of European transport to the repatriation of displaced transport personnel and skilled and other workers required for the production, maintenance or repair of transport equipment and material, and when requested by the responsible authorities the Organisation shall endeavour, with the co-operation of the Governments, to secure additional transport personnel or other suitable workers for any areas in which shortages of workers in any category may have occured.

18. The Organisation shall give all practicable assistance through the appropriate authorities to any member Government when requested by that Government in obtaining supplies of fuel, power and lubricants to meet the needs of traffic of common concern in order that that Government may fulfil its obligations under Section 6 of Article VIII.

ARTICLE VIII.—*Obligations of member Governments.*

1. Every member Government shall upon request, provide the Organisation with such information as is essential for the performance of its functions.

2. Every member Government undertakes that—

(i) it will facilitate the execution of Section 3 of Article VII and will recognise the arrangements for temporary use made by the Organisation under that Section;

(ii) it will not, except with the consent of the Organisation—

(*a*) seize nor make use of any transport equipment and material in Continental Europe found outside the territories under its authority, even though belonging to it or to persons or bodies under its authority;

(*b*) seize nor make use of transport equipment and material found within territory under its authority but not belonging to it or to persons or bodies under its authority;

(*c*) seize nor make use of transport equipment and material coming within territory under its authority under arrangements made under the auspices of the Organisation for the movement of traffic of common concern.

The provisions of this section shall not affect the rights of the Allied Commanders-in-Chief within any territory in respect of which

the Organisation has not begun to exercise its functions under Article VII.

3. Every member Government undertakes to co-operate fully in the census for which provision is made in Section 4 of Article VII.

4. So long as the Organisation deems necessary for the exercise of its functions under Section 2 of Article VII every member Government undertakes that, except with the consent of the Organisation, it will not—

(*a*) permit the import into territories in Continental Europe under its authority of any transport equipment and material;

(*b*) permit the export from its own territories of transport equipment and material to any territories in Continental Europe under the authority of member Governments.

The provisions of this Section shall not debar the Allied Commanders-in-Chief from importing or exporting or permitting the import or export of transport equipment and material into or out of any territory. The provisions of this Section shall apply to the disposal of military transport equipment and material provided that the Allied Commanders-in-Chief are satisfied that military necessities permit.

5. Every member Government shall put into effect directions as to movement of traffic in Continental Europe given by the Organisation in accordance with Section 6 of Article VII.

6. Every member Government shall take all measures practicable and necessary to ensure in respect of the territory in Continental Europe under its own authority that adequate supplies of fuel, power and lubricants are available for the movement of traffic of common concern through or within any territory in Continental Europe.

7. Every member Government undertakes not to levy nor permit the levy of customs duties or other charges, other than transport charges and admissible transit charges, on traffic of common concern in transit through territories in Continental Europe under its authority.

8. Every member Government undertakes to secure that transport charges made within territories in Continental Europe under its authority on traffic of common concern, including such traffic in transit through such territories, shall be as low and simple and as uniform with those in other territories (to which this Agreement applies) as is practicable. Every member Government shall give the fullest consideration to recommendations made by the Organisation in accordance with Section 8 of Article VII and report to the Organisation on the action taken.

9. Every member Government undertakes to co-operate with the Organisation in the exercise of its functions under Sections 11, 12 and 13 of Article VII.

10. Every member Government shall use its best endeavours in its relations with any other international organisations, agencies or authorities to give effect to the provisions of this Agreement.

11. Every member Government shall give the fullest consideration to any recommendations made by the Organisation, in accordance with Sections 9 and 14 of Article VII and report to the Organisation on the action taken.

12. Every member Government shall grant all facilities to and confer authority on members of the staff of the Organisation so far as such facilities and authority are necessary to the performance by the Organisation of its functions in accordance with Article VII.

13. Every member Government shall in territory under its authority take all steps in its power to facilitate the exercise by the Organisation of any of the powers referred to in Article IV.

Article IX.

The Organisation shall be related to any general international organisation to which may be entrusted the co-ordination of the activities of international organisations with specialised responsibilities.

Article X.

The functions of the Organisation shall relate to all forms of transport by road, rail, waterway or pipeline, within the territories of the Continent of Europe in which the Organisation operates, but shall not include seagoing shipping save such shipping as may from time to time be agreed between member Governments and the shipping authorities of the United Nations to be available for coastwise traffic within any territory in Continental Europe under the authority of that Government, and for so long as it may be available for that traffic.

In regard to the handling of traffic in ports where seagoing vessels are discharged or loaded, the Organisation shall co-operate with the appropriate authorities of the member Governments and any shipping organisation set up by them to ensure—

(*a*) the rapid turn-round of ships;
(*b*) the efficient use of port facilities in the best interests of the prompt clearance of cargo of common concern.

Article XI.

1. This Agreement shall come into force on . . . . . It shall remain in force for two years from the date of general suspension of hostilities with Germany and shall thereafter remain in force, subject to the right of any member Government after the expiry of

eighteen months to give six months' notice in writing to the Council of its intention to withdraw from this Agreement.

2. The Organisation shall begin to exercise its functions under the provisions of Article VII (other than Section 1 thereof) and Article X in any territory in Continental Europe as soon as the member Government concerned becomes the effective authority for transport in that territory, provided that the Allied Commanders-in-Chief are satisfied that military necessities permit, and under such conditions as they may find it necessary to impose.

Article XII.

In the event of there being any inconsistency between the provisions of this Agreement and the provisions of any Agreement already existing between any of the member Governments, the provisions of this Agreement shall, as between such member Governments, be deemed to prevail.

Article XIII.

Until the end of the period of two years after the general suspension of hostilities with Germany, the provisions of this Agreement may be amended, suspended or terminated only by a unanimous vote of the Council. At any time, however, after that date any provision of this Agreement may be amended, suspended or terminated by a two-thirds majority of the Council, provided that no alteration shall be made in the provisions of this Agreement so as to extend the financial liability or obligations of any member Government without that Government's consent.

Article XIV.—*Definitions.*

For the purpose of this Agreement the following definitions have been adopted:—

(i) The term "inland transport" shall comprise all forms of transportation listed in Article X of this Agreement.

(ii) The term "transport equipment and material" shall include, so far as the Executive Board deems it necessary for the execution of the functions of the Organisation—

(*a*) any items of fixed and mobile equipment, stores (other than fuel), plant and spares and accessories of all kinds specifically intended and required for use of transport undertakings, including equipment required for use in ports whether ashore or afloat or required for use in connection with pipelines;

(*b*) material specifically intended and required for the rehabilitation or construction of roads, railways, bridges, ports, pipelines and inland waterways;

(*c*) major plant and tools specifically required for use in the repair of equipment for use by transport authorities.

(iii) The term "traffic of common concern" shall include—

(*a*) personnel, stores, supplies or other traffic to be moved in accordance with the requirements of the Allied Commanders-in-Chief;

(*b*) displaced persons to be repatriated and other civilians to be moved in accordance with the priorities determined by the appropriate United Nations authority;

(*c*) supplies for civil needs to be moved in Continental Europe in accordance with the priority determined by the appropriate United Nations authority.

(iv) The term "persons or bodies under the authority of a member Government" shall mean "persons or bodies operating within territory under the authority of a member Government."

(v) The term "transport charges" shall include, in addition to freight or conveyance charges, any other incidental charges, such as tolls, port charges, charges for warehousing and handling goods in transit, which may affect the cost of transport.

(vi) The term "Allied Commanders-in-Chief" shall mean "those Commanders-in-Chief designated by the appropriate authorities of the Union of Soviet Socialist Republics, United Kingdom and United States of America for commands on the Continent of Europe."

840.70/9–2544 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 25, 1944—7 p. m.
[Received 10 p. m.]

7966. For Berle and Hooker from Allison and Moats. British are impressed with urgent need for an Interim Commission. Certain matters are pressing for action. For instance, SHAEF is urgently asking for liaison arrangements and UNRRA is posing questions with respect to the movement of displaced persons. Meanwhile it is feared that a delay of at least a few weeks may occur before EITO is in a position to act. The Foreign Office now suggest that the initiation of the originally convened Tripartite Interim Commission virtually simultaneously with the convening of the EITO Conference might be confusing. They wonder if it might not be better for the Conference itself to set up an interim body which could take immediate action. They suggest they try to work out with United States and the Soviet representatives in advance of the Conference a proposal to this effect to be submitted to the Conference at the outset.

The Department's views would be appreciated. [Allison and Moats.]

WINANT

840.70/9–2544 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 25, 1944—midnight.

7821. ReEmbs 7824, September 21.[26] Department agrees to transmittal by the Foreign Office in the name of the two Governments, of copy of EITO Draft Agreement to UNRRA, presumably under similar letter of transmittal as Foreign Office has used to send copies to Allies but without reference to participation at conference. Department will endeavor to keep UNRRA here informed of subsequent EITO developments. Department has no objection to Foreign Office's proposal to instruct British Ambassador in Moscow to inform Soviet Government that ACC for Italy is being invited to send representatives to EITO conference, although Soviet Government will presumably be informed through its representative on ACC for Italy. However, Department is not prepared at this time to concur in the Foreign Office's proposal that suggestion be made to Soviets that Control Commission for Rumania be represented at EITO conference. Hooker will explain on arrival.[27] ReEmbs 7869, September 22.[26]

HULL

840.70/9–2644 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 26, 1944—7 p. m.
[Received 10:30 p. m.]

8010. ReDepts 7821, September 25, midnight. Fear Department must have received garbled version of Embassy's 7824, September 21 [26] as Foreign Office suggestion was that Department transmit draft agreement to UNRRA since headquarters of latter are in Washington.

Foreign Office asks Embassy to transmit their apologies as, through misunderstanding, they had already instructed the British Embassy in Moscow to mention to the Soviet Government that the ACC [27a] for Italy had been invited to send representatives to the Conference and to ask if the Soviet Government thought that the Control Commission for Rumania should be similarly invited. United States Government was not mentioned in connection with this inquiry.

EITO Conference is now set for 11 a. m. October 6. Foreign Office feared that October 3 would not allow enough time for preliminary talks with Russians. Foreign Office is today instructing its repre-

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[26] Not printed.
[27] He arrived in London on September 28.
[27a] Allied Control Commission.

sentatives to Allied Governments to inform latter of date of Conference.

WINANT

840.70/9–2744 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 27, 1944—7 p. m.
[Received September 27—3:58 p. m.]

8053. ReDepts 7613, September 18, midnight; Embassy's 7815, September 20, 11 p. m.[28] Soviet delegation to EITO Conference leaving Moscow on September 28. It consists of six members and interpreter and contains two Major Generals, one of them as head of delegation.

British delegation is not yet definite but will probably be headed by Lord Leathers.[29] It may contain two or three Ministers as delegates and a number of experts, perhaps seven. The Foreign Office explains that in fact the delegation will not be as large as this in practice for a number of the persons named to it will be unable to attend much of the time. Unlike the foreign delegations which come from abroad to devote full time to the Conference most of the members of the British delegation will be Ministers or civil servants devoting only part time to it.

WINANT

840.70/9–2644 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 29, 1944—midnight.

7960. ReEmbs 7869, September 22[30] and Department's 7821, September 25. The Department's hesitancy in concurring in the Foreign Office's proposal that the ACC for Rumania be represented at EITO conference was due to the feeling that such an invitation would be premature, as the Control Commission is only now in the process of organization.

Since the matter has already been taken up with the Soviet authorities (reEmbs 8010, September 26) by the British Ambassador at Moscow, the Department would like to know the views of the Soviet Government as communicated to the British Ambassador before expressing a definite view on the question.

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[28] Latter not printed.
[29] British Minister of War Transport.
[30] Not printed.

The Department assumes that British indicated to the Soviets that the views of the U.S. Government would be sought on the Foreign Office's suggestion that the ACC for Rumania be represented at the EITO conference, before any definite action or invitation was issued.

HULL

840.70/9–3044 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 30, 1944—5 p. m.
[Received—6:31 p. m.]

8182. For Berle from Allison, Moats and Hooker. ReDepts 7868, September 27, 9 [*3*] p. m.[31] At a meeting yesterday afternoon at the Foreign Office with Hayter [32] and representative of Ministry of War Transport, we took the position that the formation of the Interim Commission should not be referred to the Conference or otherwise delayed beyond discussing it with Soviet delegation immediately after their arrival which will be Monday, October 2, at the earliest. British stated that they had now gone beyond the view transmitted to the Department in the Embassy's 7960 [*7966*], of September 25, and questioned whether anything could be gained by setting up the Commission at this late date. In reply we stated that the original reason for creating the Commission (that is to plan the technical work of the organization, establish liaison with the military and generals so as much as can be done in advance of the formation of the organization) still existed with full force. Another meeting with the British is to be arranged for Monday, October 2 at which we will again urge that the Commission be set up immediately after ascertaining the Soviet point of view, with or without their participation. The British attitude appears to be based largely on the belief that EITO itself will be established immediately and that the Interim Commission will not therefore be necessary. They assume that the Conference would be brought to a successful conclusion within two weeks, although upon being pressed, they admit to no tangible reason for such optimism. They conceded that if it becomes apparent that the Conference may last substantially longer, the Commission should then go ahead. It is hoped on Monday to make further progress along this line. It is doubtful, however, if the British will commit themselves until the Soviet attitude has been ascertained, both with respect to the Interim Commission and to modifications in the draft agreement discussion of which might delay the speedy termination of the Conference.

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[31] Not printed.
[32] William G. Hayter, First Secretary, British Foreign Office.

ReDepts 7900 of September 28.[33] In view of the above it is questionable if Clay [34] should leave as early as planned if his only activities are to be in connection with the Commission. If, however, the Department wishes him to participate in the Conference, we would welcome his appointment to the delegation.

While it should be useful to have someone on Clay's staff familiar with CPRB [35] and WPB [36] procedures, we feel that his personal staff should all be on the Department's payroll and responsible only to him and Clay, there should be no such equivocal relationship as Eaton's suggestion [37] would entail. In this connection, it is, of course, understood that our Government's contribution to the expenses of the Commission will not be limited to salaries and expenses of Clay and his staff but will include our share of the expenses of the Secretariat and other staff to be hired by the Commission as such, in accordance with paragraph 6 of draft directive, and that United States citizens responsible to the Commission as a whole may well be included.

In view of the shortage of stenographic assistance in the Embassy, it is suggested that Clay bring a stenographer when he comes. [Allison, Moats, and Hooker.]

WINANT

840.70/9–2844 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 30, 1944—midnight.

8007. ReEmbs 8130, September 28 [33] and 8053, September 27. If you concur you are hereby designated head of U.S. delegation to EITO Conference.

Department has no objection if you and Hooker believe it would be useful to include Mr. Reed [38] or member of his staff in MEA [39] in U.S. delegation.

Department has been informally advised that War Department is designating Brigadier General Frank Ross and Lieutenant Colonel

[33] Not printed.

[34] In telegram 7782, September 23, to London, the Department notified the Embassy that it was appointing Cassius M. Clay, General Solicitor of the Baltimore and Ohio Railroad, as U.S. Commissioner on the Interim Commission of EITO (840.70/9–2344).

[35] Combined Production and Resources Board.

[36] War Production Board.

[37] Frederick M. Eaton, deputy member, United States Section, Combined Production and Resources Board; Solicitor for War Production Board. His suggestion, transmitted in Department's 7900, September 28, to London, was that one or two transportation men from WPB be detailed to the Mission for Economic Affairs, to be at the disposal of the Ambassador, who could then assign them to Mr. Clay. (840.70/9–2844)

[38] Philip D. Reed, Chief of Mission for Economic Affairs, American Embassy, London.

[39] Mission for Economic Affairs, American Embassy, London.

Case of ETOUSA as War Department delegates to conference. If they are not available suitable alternates will be designated. Department has brought to the attention of War Department rank of Generals in Soviet delegation and suggested that the War Department bear this in mind in designating an alternate for General Ross. In this connection it might be helpful if Embassy contacted appropriate ranking officer in ETOUSA.

HULL

840.70/10–244 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 2, 1944—8 p. m.
[Received October 2—5:30 p. m.]

8233. To Berle from Allison, Hooker, Moats. Re Department's 8017, September 30.[40] At a meeting with Ministry of War Transport and Foreign Office representatives Monday, October 2, British adhered to view that the setting up of the Interim Commission as a formal body at this time would be impractical and confusing to Conference. They suggested, however, as their nominee to the Commission, who was also their nominee to the Executive Board, would be a member of their delegation to the Conference, that if our nominee to the Commission were here also they could be constituted a committee by action of the two Governments, without reference to the Conference, to function in accordance with the terms of the draft directive insofar as they are applicable to the SHAEF area. They conceded the necessity for this step because of the growing pressure for action in the existing transport crises in France and Belgium.

The Soviets, who have arrived and with whom we expect to meet tomorrow, are to be invited to join in this formal arrangement, at the beginning or at any time they wish. At such time the area covered would be expanded to include all of that falling within EITO's proposed scope. So long as they do not wish to participate, they will not be asked to send an observer since the committee at that time would limit its functions to the SHAEF area.

We feel that this arrangement secures the substance that we sought in the immediate setting up of the Interim Commission, the differences being that the committee, in order to avoid confusing the Conference, will not be publicized and will be considered an informal body.

Clay and Williams[41] should therefore leave as soon as possible and it would be appropriate for Clay to be a member of the delegation.

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[40] Not printed.

[41] Ernest Williams of the War Production Board. Department's telegram 8017 indicated that he was being considered as a personal assistant to Clay. (840.70/-9–2544)

Re Embassy's 8820 [*8220*], October 1.[42] We will inform you further with respect to the prospects for the Conference after we have seen the Russians. [Allison, Hooker, and Moats.]

WINANT

840.70/10–244 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 3, 1944—9 p. m.

8092. For the Ambassador, Hooker, Allison and Moats from Berle. ReEmbs 8233, October 2, 8220, October 1 [42] and 8182, September 30. We are unable to understand changed British attitude toward Commission. However, if in your considered judgment (and in your discretion after consultation with our military) you believe our objectives can be attained by suggested British indirection, we would go along reluctantly, because British arguments are not convincing whereas the necessities for the originally contemplated Commission are glaring. We hope that the Russians will participate so the whole area will be adequately covered in practice, despite a hesitating and faltering start.

Under the circumstances we would designate Clay as a delegate to the conference and get him off as soon as practicable after hearing from you. He would not arrive for opening but shortly thereafter. [Berle.]

HULL

840.70/10–444 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 4, 1944—3 p. m.
[Received October 4—1:29 p. m.]

8312. For Berle from Allison, Hooker and Moats. ReEmbs 8233, October 2. First meeting with Soviets postponed until 6 p. m., Wednesday, October 4.

French Delegation to be headed by Massigli [43] or his deputy and to include Jean Levy, former French representative in TACIT. Czech Delegation is headed by Masaryk.[44]

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[42] No. 8220 not printed.

[43] René Massigli, Minister for Foreign Affairs, French Committee of National Liberation.

[44] Jan Masaryk, Minister for Foreign Affairs, Czechoslovak Government in Exile.

Delegation has arrived from Italy including British Colonel from SACMED,[45] American Colonel and civilian from ACC and Italian General who we understand is managing director of Italian State Railways.

We have been informed that Major General Ross and Lieutenant Colonel Case will attend the Conference and that Ross will be here for the opening meeting and Case will remain through the Conference. [Allison, Hooker, and Moats.]

WINANT

840.70/10–544 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State

Moscow, October 5, 1944—8 a. m.
[Received 9:06 a. m.]

3793. ReEmbs 3556, September 18, 3 p. m. I have received a letter from Vyshinski dated October 1 informing me that he now finds it possible to state the point of view of the Soviet Government regarding the proposed European Inland Transport Organization. The Soviet Government considers the creation of such an organization timely and desirable, but believes it should not be an operational organization as suggested in the Anglo-American draft agreement but an organization exercising consultative and coordinating functions during the closing stages of the war and the early post-war period. Its duties would thus include coordinating the employment of all types of transport to the best advantage in terminating the war, bringing about the restoration of normal conditions of economic life and assisting the Allied Commanders-in-Chief during the war and the occupation authorities after the war in maintaining the required transport capacity.

With the letter there was enclosed a copy of a revised draft agreement which the Russian Delegation will submit at the London Conference. I am informed that the Soviet Delegation left Moscow September 28 and is now probably in London. Unless instructed to the contrary I shall not telegraph the Russian draft since I assume the Department will receive it from our representatives at the Conference.

HARRIMAN

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[45] Supreme Allied Commander, Mediterranean.

840.70/10–544 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 5, 1944—6 p. m.
[Received October 5—4:27 p. m.]

8366. To Berle from Allison, Moats and Hooker. ReEmbs 8312, October 4; reDepts 8092, October 3. At the first meeting with the Soviets Wednesday evening October 4, they stated their approval of the Interim Commission subject to amendments to the draft directive which they will submit, probably Friday, and their willingness to participate as the third member. One of the main British arguments for not going on with the Interim Commission as such and [*has*] been their belief that the Russians would not join us. After a SHAEF representative, to whom we talked yesterday before the meeting with the Russians, had reiterated SHAEF's endorsement of the draft directive to the Interim Commission, the British had agreed that if the Russians would join us the informal committee would have the scope and functions of the Interim Commission, the principal difference being the smaller degree of publicity which the committee would receive. Since, however, the substitution of a different body for the Interim Commission might have led to delay and confusion on the part of the Russians, the British were persuaded to return to the original idea. The Russians meanwhile agreed that the organization of the Interim Commission should be carried on quietly without publicity so far as the continental Allies were concerned. (The representatives of the ACC for Italy at a meeting this morning agreed with SHAEF in endorsing the draft directive for the Interim Commission.)

The Soviets were informed that the British and American members of the Commission would be ready to go to work next week and they indicated their satisfaction, but it is not yet clear whether their nominee to the Commission will be prepared to do likewise. The British state that Barrington-Ward will probably be their member. He has attended our meetings with SHAEF and the Italian ACC in the last two days. Clay and Williams should, therefore, leave as soon as possible.[46] (ReDepts 8092, October 3.)

The Soviets then stated their approval of the draft agreement subject to amendments which they also will submit, probably Friday. They indicated they felt the organization should not be an "economic and directive body but coordinating and consultative". This implies some misunderstanding of its intended powers and functions.

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[46] The Department announced the scheduled departure of Clay in telegram 8206, October 7, and of Williams in telegram 8511, October 14 (840.70/10–744, 10–1444).

At the request of the Soviets, who expressed a desire to review the draft agreement thoroughly with us before the Conference convenes, the opening date of the Conference will be postponed until Tuesday, October 10, on the ground that not all of the nations invited have yet replied. The opening meeting will be purely formal and if the tripartite discussions are not then complete the next meeting of the Conference can be put off several days. The Soviets stated they felt this arrangement gave sufficient time to complete the tripartite discussions, it being understood that they will be held during the weekend.

It was agreed that while English is to be the language of the Conference the final documents will be in both English and Russian.

ReDepts 7960, September 29. The Foreign Office states that the Soviet Delegation state they are instructed to represent also the Rumanian Control Commission and that a Rumanian expert may be appointed later by agreement between the Soviet Government and the Control Commission for Rumania. We have agreed with the British that UNRRA, SHAEF, SACMED and the ACC for Italy may not participate in plenary sessions of the Conference and may participate only as observers with a right to be heard at other sessions or committee meetings but not as members. Membership would be limited to representatives of the Governments invited. In the light of these circumstances, has the Department any instructions as to the position we should take with respect to the Soviet Delegation's representing the Rumanian Control Commission?

The British have now informed us that Noel-Baker, Parliamentary Secretary of MWT, will be head of their Delegation. [Allison, Moats, and Hooker.]

WINANT

840.70/10-544 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 6, 1944—midnight.

8188. For Hooker, Allison and Moats from Berle and Plakias.[47] Reference penultimate paragraph Embassy's 8366 October 5. Department feels same principle should govern participation of Rumanian Control Commission at EITO Conference as applied to ACC for Italy, SHAEF et cetera, namely, participation as observers only.

However the Department feels that representation of Control Commission for Rumania should await full establishment of the Commission and the naming by the full Commission of a delegate as observer.

[47] John N. Plakias, special assistant, Office of Transportation and Communications.

(We have no objection in principle to the Soviet delegate being this observer, but feel that the appointment should be made by the Commission itself.) [Berle and Plakias.]

HULL

840.70/10–544 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 6, 1944—midnight.

8190. For Hooker from Berle and Plakias. The following is Moscow's No. 3793 of October 5, 1944:

[Here follows text of telegram 3793, October 5, 8 a. m., from Moscow, printed on page 809.]

It is difficult to appraise extent of Soviet position on the basis of the foregoing telegram. However Department is apprehensive lest the Soviet revised draft may eliminate from proposed EITO, powers of sanctions which would reduce its immediate effectiveness and possibly seriously limit its long-term potentiality to benefit European transport. [Berle and Plakias.]

HULL

840.70/10–744 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 7, 1944—midnight.

8248. For the Ambassador and Hooker from Berle. The President has approved the appointment of Ambassador Winant and Major General Frank Ross as delegates to the Inland Transport Conference opening in London on or about October 10. It is assumed that Clay, Hooker, Allison and Moats will be part of the delegation, together with anyone else the Ambassador may consider useful, which might well include Reed or his designee. In view of the informality of the Conference, probably the procedure, titles and so forth are not particularly important. At his discretion, Ambassador Winant may assign titles such as Adviser or Technical Adviser to them or any of them, if this appears useful in the proceedings. Please inform Department of complete U.S. delegation with respective designations.

It is assumed Embassy will appropriately inform Foreign Office of composition of U.S. delegation. [Berle.]

HULL

840.70/10–844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 8, 1944—1 p. m.
[Received 1:30 p. m.]

8486. To Berle from Allison, Moats and Hooker. Copy of Soviet amendments to EITO agreement and of their statements at first meeting with them are en route by pouch.[48] As indicated in Department's 8190, October 6, midnight, effect of amendments is to deprive organization of any effective power. At three-hour meeting yesterday (to be followed by meeting today) Soviet Delegation took position that powers contained in article VII, sections 2 and 6, which are the most important sections from our point of view, and which they wish stricken out, constitute an infringement on the sovereignty of the member nations and an interference with their internal economic affairs. They further contend that the amendment to article VII offered by them is sufficient to permit the operation of the sanctions inherent in sections 2 and 6. This is clearly not the case. They profess to favor the sanctions explained by us, to be contained in sections 2 and 6 but do not favor the retention of these sections.

To the question: what are the Soviet reasons for wishing to limit the character of the organization to coordinating and consultative functions and to eliminate powers of allocation with respect to certain categories of transport equipment and material and over traffic of common concern, they replied that their amendment to article VII was sufficient to accomplish the purpose.

It is obvious from the above that little if any progress was made on either side in understanding what was in the minds of the other. It is hoped at today's meeting to take the Soviet proposals one by one and elicit the reasons for each. [Allison, Moats, and Hooker.]

WINANT

840.70/10–1344

Amendments to the Draft EITO Agreement Proposed by the Soviet Delegation[49]

ARTICLE I *should read as follows:*

"*Character and Tasks of the Organisation.*

There is hereby established the European Inland Transport Organisation hereinafter called 'the Organisation'.

[48] For text of Soviet amendments to EITO agreement, see *infra*. Notes of the first meeting held by the American, British, and Soviet delegates are not printed.

[49] Transmitted to Assistant Secretary of State Berle in an undated letter from Mr. Hooker; received October 12, 1944.

The Organisation is established as a coordinating and consultative organ with a view to coordinating the efforts to utilise all transport means and facilities for the successful conclusion of the war and improvement of transport communications that will provide the restoration of normal conditions of economic life and also for providing assistance to the Allied Commanders-in-Chief during the war and to the Occupation Authorities during the first period after the war to maintain the carrying capacity of transport."

ARTICLE III, *Section 5, should read:*

"The Executive Board shall consist of five members who shall be appointed by the Council for their knowledge of inland transport and administrative capacity and shall include one member nominated by each of the Governments of the Union of Soviet Socialist Republics, of the United Kingdom and of the United States. Each member of the Executive Board shall be provided with a deputy; the member of the Board and his deputy shall be appointed in the first place not longer than for one year.

The Executive Board shall choose its own Chairman, subject to ratification by the Council."

ARTICLE IV *should read:*

"The Organisation shall have powers to perform any legal acts appropriate to its object and purposes.

Those powers are vested in the Council. The Council may, however, delegate such of these powers as it may deem necessary to the Executive Board, including the power of subdelegation. The Executive Board shall be responsible to the Council for the upkeep and administration of any property owned by the Organisation."

ARTICLE V, *Section 1, should read as follows:*

"*Finance.*

The Executive Board shall submit to the Council an initial budget and from time to time the supplementary budget, covering the necessary expenses of the Organisation as may be required and the Organisation will try to attain all possible economy with a view to reducing contributions of Member Governments which as a result of war are in straitened financial conditions. Upon approval of a budget by the Council the total amount approved shall be raised in such manner or be allocated in such proportions as it may be agreed between the Member Governments. Each Member Government undertakes, subject to the requirements of its constitutional procedure, promptly to contribute to the Organisation, in such currency or currencies as may be agreed with the Executive Board, its share of the expenses. Each Member Government shall also provide such facilities as required for the purposes of the Organisation, for the transfer

of sums held by the Organisation in that Government's own currency into other currencies."

ARTICLE VII *should read as follows:*

"*Executive Functions of the Organisation.*

The Organisation, with a view to maintaining and increasing the carrying capacity of the National Transport systems shall carry out thorough study of technical and economic conditions of transport and shall give to the interested Governments technical consultations and recommendations directed to the quickest restoration of the transport and to its most effective use and prevention of difficulties in operation.

In case of difficulties of any of the countries in carrying out the recommended measure by reason of material and economic character the Organisation should investigate the means of practical help to this country with the co-operation of the Governments of the U.S.S.R., the United Kingdom and the United States.

In the field of activity of the Organisation the following tasks are included:

a) to provide all possible assistance to the Allied Commanders-in-Chief in their needs for transport facilities and to improve the use of these facilities for the successful fulfilment of military operations.

b) to work out draft conventions and agreements concerning the international traffic and to recommend them to the interested Member Governments.

c) to study the conditions of transport in individual countries and to recommend technical measures directed to the quickest restoration of transport facilities and their most effective use.

d) to study and work out the problems dealing with the International rail, waterway, road, and traffic which uses all these forms of transport in Continental Europe.

e) to work out the exchange routine of rolling stock of the Continental European countries for carrying out International transportation.

f) to work out tariffs (unification of tariffs, terms and conditions of transportation, etc.)

g) to set up a system of the mutual accounts concerning traffic operations between different countries.

h) to assist in the organisation of the transportation of war prisoners and also displaced persons being repatriated.

i) to assist in organisation of the transportation of relief and rehabilitation materials for the liberated territories which suffered from aggression.

j) to advise on questions concerning the restitution of the rolling stock and equipment to the countries which are the rightful owners.

k) to assist the realisation of the orders of Member Governments for transport equipment, materials and rolling stock taking in due consideration the priority for the countries which have suffered most from the aggression of Hitler's Germany and her satellites.

ARTICLE VII, *Section 2, should be eliminated.*

ARTICLE VII, *Section 3, should read as follows:*

"In respect of equipment belonging to a Member Government or to persons or bodies under the authority of a Member Government and found during the liberation of Europe outside the territory under the authority of that Member Government the Organisation shall endeavour to arrange the restoration of such equipment to its rightful owners."

ARTICLE VII, *Section 4, should read:*

"The Organisation shall at the earliest practical time organise a census of rolling stock in Continental Europe and of other transport equipment and material there."

ARTICLE VII, *Section 6, should be eliminated.*

ARTICLE VII, *Section 7, should be eliminated.*

ARTICLE VII, *Section 12, should be eliminated.*

ARTICLE VII, *Section 17, should read:*

"The Organisation may advise the Member Governments and any appropriate authorities of the United Nations on the priority to be given in the interests of the rehabilitation of European transport to the repatriation of displaced transport personnel and skilled and other workers required for the production, maintenance or repair of transport equipment and material."

ARTICLE VIII, *Section 1, should read:*

"Every Member Government the territory of which is in the field of activity of the Organisation shall upon request provide the Organisation with such information as is essential for the performance of its functions."

ARTICLE VIII, *Section 2, Paragraph 1, should read:*

"Every Member Government, the territory of which lies in the field of activity of the Organisation, undertakes that:

1. "It will facilitate the execution of Section 3 of Article VII.["]

ARTICLE VIII, *Section 4, should be eliminated.*

ARTICLE VIII, *Section 5, should be eliminated.*

ARTICLE VIII, *Section 9, should read:*

"Every Member Government undertakes to co-operate with the Organisation in the exercise of its functions under Sections 11 and 13 of Article VII."

ARTICLE X *should read:*

"The functions of the Organisation shall relate to all forms of transport by road, rail, waterway, within the territories of the Continent of Europe in which the Organisation operates, but shall not include seagoing shipping save such shipping as may from time to time be agreed between Member Governments and the shipping authorities of the United Nations to be available for coastwise traffic within any territory in Continental Europe under the authority of that Government and for as long as it may be available for that traffic.

In regard to the handling of traffic in ports where seagoing vessels are discharged or loaded, the Organisation shall co-operate with the appropriate authorities of the Member Governments and any shipping organisation set up by them to ensure:—

(*a*) the rapid turn round of ships.
(*b*) the efficient use of port facilities in the best interests of the prompt clearance of cargo of common concern.["]

ARTICLE XI, *Section 1, should read:*

["]1. This Agreement shall come into force from the day of its ratification by the Member Governments. It shall remain in force for two years from the date of general cessation of hostilities by Germany and shall thereafter remain in force, subject to the right of any Member Government after the expiration of eighteen months to give six months' notice in writing to the Council of its intention to withdraw from this Agreement.["]

ARTICLE XII.

Article XII is accepted without changes but to this Article a supplementary protocol should be made reading as follows:

"Since the activity of the Organisation does not touch the territories of the United Kingdom and of the U.S.S.R., it is established that Article XII of the Agreement, which provides for the primacy of the present Agreement over all other transport Agreements, does not affect the Agreements of the U.S.S.R. and the United Kingdom with other countries of Continental Europe.["]

ARTICLE XIV: A supplementary Section No. 7 should be added:

"The term 'Continental Europe' does not include the territories of the U.S.S.R. and the United Kingdom.["]

840.70/10–844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 8, 1944—2 p. m.
[Received October 8—1:38 p. m.]

8488. To Berle from Allison, Moats and Hooker. Massigli has informed the Foreign Office that he intends to demand formal inclusion of France in Article III, Section 5, EITO draft agreement, as fourth power with right to nominate a member of the executive board. It was expected that a French member would be nominated by the council to one of the two remaining places on the executive board and Massigli has been so informed confidentially, but we understand they will be satisfied only if the agreement specifically includes them. If this is refused they might, as in the case of the shipping agreement, refuse to sign.[50] In this connection we feel bound to point out that unlike the shipping agreement the EITO agreement can not be effective without French participation. Their inclusion by name in the agreement would undoubtedly introduce complications with respect to the remaining small powers as only one place on the executive board would remain. Some formula would have to be found to cover this.

However, before going into question of formula, we urgently request the Department's instructions regarding French demand. The Foreign Office has asked us in view of the possible bearing on France's participation in other international organizations to obtain the Department's views. [Allison, Moats, and Hooker.]

WINANT

840.70/10–844 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 9, 1944—10 p. m.

8298. For Hooker from Berle, reEmbs 8488, October 8, 2 p. m. Department believes France should be included in Article III, Section 5, EITO draft agreement as fourth power with right to nominate a member of the executive board, and that the revised draft agreement submitted to the conference for discussion after it has convened should include the French *de facto* Authority. It should at once be made clear to the French that the U.S. fully supports their inclusion on the executive board.

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[50] See pp. 639 ff.

The Department believes little difficulty would result from leaving one place on the board open for council determination. However, the conference itself might decide this question if it arises, and designate the fifth power in the final agreement. Department tentatively believes that Czechoslovakia would be the logical choice for fifth power. [Berle.]

HULL

840.70/10–944 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 9, 1944—10 p. m.
[Received October 9—8:48 p. m.]

8534. For Berle from Hooker, Allison and Moats. As a result of yesterday's and today's meetings with Soviet EITO Delegation, the position now is as follows:

The discussion has revolved chiefly around Article VII, sections 2 and 6, and the Soviets have made clear their opposition to the powers provided for in these sections.

In general the British have indicated a willingness to accept the view that the organization's functions should be primarily coordinating and consultative with the reservation that in certain particulars they still think that some administrative and control functions may be required. They have agreed to substitute for the powers contained in Article VII, sections 2 and 6, the function of consulting and making recommendations with respect to the subject matter of the sections, provided there is some general obligation on the part of the member governments to cooperate fully. The Soviets have indicated general agreement provided there is no such specific obligation as to permit the imposition of specific sanctions. They believe enforcement of the recommendations must depend upon persuasion, publicity and the weight of the opinion of the cooperating members as against the non-cooperating member, including its possible expression in a failure of the organization to interest itself in the problems of a non-cooperating member.

We believe that the organization can function effectively only with the continuing consent and cooperation of its members and that the British concessions to the Soviet views are therefore realistic. It appears that the Soviets have read greater operating and administrative powers into the draft agreement than were intended and that after the full explanations that have been made they may be persuaded to accept the imposition of some obligations on the members. However, these obligations must be expressed, it is believed, in such

general terms as to preclude specific sanctions. The Soviets may also accept some limited administrative and control functions provided they are carefully circumscribed. [Hooker, Allison, and Moats.]

WINANT

840.70/10–1044 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 10, 1944—3 p. m.
[Received October 10—11:20 a. m.]

8538. ReDepts 8284 [*8248*], October 7, midnight. The United States Delegation to the EITO Conference is as follows:

Ambassador Winant, Major General Ross, Mr. Reed, Mr. Hooker, Mr. Clay, Miss Moats, Mr. Allison, Mr. Winthrop Brown of MEA, Lt. Colonel Case alternate for General Ross. The members of the British, Soviet and other Delegations are all being designated simply as members of their respective Delegations without specific titles and it has been decided to follow the same procedure with respect to the United States Delegation.

WINANT

840.70/10–1044 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 10, 1944—8 p. m.
[Received October 11—6:35 a. m.]

8575. For Berle from EITO Delegation. Formal opening of the EITO Conference was held this afternoon at Lancaster House under chairmanship of Mr. Noel-Baker, Parliamentary Secretary of War Transport Ministry. Formal statements were made by the Ambassador and the heads of the other Delegations and the Conference approved the draft agreement as a basis for discussion. The next session will be Thursday morning October 12 when the Conference will meet as a committee under chairmanship of Sir Cyril Hurcomb, Director General of MWT.[51]

While most speeches this afternoon were in general terms, the French and Greek spokesmen expressed the opinion that the organization when set up should be purely temporary and have a definite date for termination. Some of the other delegates stated they would have amendments to propose later.

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[51] British Ministry of War Transport.

A short press release was decided upon by the Conference which stated in general terms the purpose of the Conference as being to discuss arrangements regarding inland transport in Continental Europe after the liberation of United Nations territories in Europe as well as after the occupation of any enemy territory. These arrangements would be with a view to ensuring rapid movement of military and civil supplies as well as the transport of displaced persons and also to creating conditions favorable to the early restoration of normal traffic. The nations represented were listed.

In accordance with the Department's 8298, October 9, 10 p. m., the Embassy informed the French of the Department's approval of their specific inclusion in Article III, section 5, of the draft agreement. The British have also informed the French of their approval and while the Russians have stated they too had no objection to the inclusion of the French they insisted that the matter not be brought up at today's meeting. [EITO Delegation.]

WINANT

840.70/10-944 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 11, 1944—10 p. m.

8386. For Hooker from Berle, reEmbs 8534, October 9th, 10 p. m. The Department is reluctant to see the authority of EITO too drastically reduced particularly as Article VII, Sections 2 and 6 are already restricted by the phrase "within the framework of priorities determined by the appropriate authorities".

Department believes use of the term "sanctions" in connection with these sections of the agreement places too much emphasis on punishment of a "noncooperating" country and that this aspect of the functions should be minimized. The authority granted to EITO in Sections 2 and 6 should be looked upon as a coordinating function to permit the formulation and execution of decisions at the technical level with a minimum of delay and a maximum of efficiency. Only by such centralized coordination can the essential traffic be most expeditiously handled during the difficult period of transport shortage and disruption. These points might be clarified by full explanation to Soviets and British and, if necessary, amendments could be made with these objectives in view. Perhaps an amendment circumscribing the use of powers as penalties would adequately overcome Soviet objections without weakening the ability of EITO to function expeditiously. In the last analysis, the countries whose transport systems are directly involved stand to gain most by establishing a technical

body which can act quickly when circumstances require, and the powers provided in the agreement are in the nature of inducements to secure cooperation. Action with respect to noncooperative states would be a matter for consideration at a political level and need not involve technical administration.

As you know, it is our policy not to assume major responsibility for EITO, and therefore after presenting our view as to authority necessary for efficient coordination (minimizing "sanctions") Department is prepared to consider requisite modifications to satisfy British and Soviet views and those of other governments.

For your confidential information, if Soviets not satisfied by foregoing explanation, Department would give some thought to suggestion that the Executive Board might act by unanimous vote of its members which might overcome Soviet objection to Sections 2 and 6 of Article VII, as this would give them equal control. Your reaction requested. [Berle.]

HULL

840.70/10–1244 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 12, 1944—4 p. m.
[Received October 12—1 : 15 p. m.]

8631. For Berle from EITO Delegation. The Soviet Delegation have suggested the omission of section 12 of Article VII of the draft EITO agreement which deals with international waterways. The French Delegation have proposed to amend it to read as follows:

"The organization would act in the manner indicated in section 11 in the matter of international waterways."

In a meeting Monday night the Soviet Delegation stated that they objected to the proposed organization initiating the establishment of administrations for international waterways as in some cases international regimes for such waterways had not previously existed but in other cases, for example the Danube, the question of the rightful regime was a matter for separate consideration. The United Kingdom and United States Delegations have so far reserved their positions on this point.

The Foreign Office tells us that a short time ago it suggested, through the British Embassies in Washington and Moscow, that a provisional international administration be set up as soon as possible for the Danube [52] and that such an administration would be required

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[52] For text of British note, dated October 9, see p. 738.

to take into account any future international agreements, presumably such as EITO, which might be made.

It is believed that the whole question of international waterways, including the Danube, has definite political implications and that the political aspects of the matter may be discussed at the coming EITO meetings. The Department's instructions on this point are therefore urgently requested. [EITO Delegation.]

WINANT

840.70/10–1244 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 13, 1944—midnight.

8468. ReEmbs 8631, October 12, 4 p. m. The Department would like to retain the centralized coordinating functions of EITO with respect to waterway traffic, although this may already be adequately covered by Article VII, paragraphs 6 and 7.

Question of EITO jurisdiction over waterway administrations in paragraph 12 involves broader questions. While Department prefers to see provision made for coordination of such administrations, this government would not press the issue, provided suitable arrangements were made for dealing with such administrations on the same matters and on the same basis as EITO deals with national governments.

French proposal not entirely clear because of basic difference between "railway arrangements" and "waterway administrations." Would following amendments meet French point: In paragraph 12, first sentence after "initiate" delete "the establishment of suitable administrations" and insert "and coordinate common action to secure the inauguration of new international arrangements, or the maintenance or resumption with modifications if desirable of existing international arrangements", and in second sentence delete "administrations" and insert "arrangements."

If this amendment does not meet Soviet objection, could something be worked out along lines of second paragraph of this telegram.

The British proposal for a provisional administration for the Danube is under consideration by the Department and should not confuse the issues arising in the EITO conference.

HULL

840.70/10–1444 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 14, 1944.
[Received October 14—6:40 p. m.]

8759. Following is the complete text of press release regarding EITO Conference.[53]

"A Conference is taking place in London, on the invitation of the United Kingdom and United States Governments, to discuss arrangements regarding inland transport in Continental Europe after the liberation of territories of the United Nations in Europe and the occupation of any enemy territories, with a view to insuring rapid movement of supplies both for military forces and the civil population and to provide for the transport of displaced persons and also with a view to creating conditions in which the normal movement of traffic can be more rapidly resumed.

"The countries participating in the Conference [are] Belgium, Czechoslovakia, France, Greece, Luxemburg, The Netherlands, Norway, Poland, the United Kingdom, the United States, the USSR and Yugoslavia. The Danish Minister in London has been invited to send an observer.

"The first meeting of the Conference took place at Lancaster House, St. James, yesterday, under the chairmanship of Mr. P. J. Noel-Baker, Parliamentary Secretary to the Minister of War Transport."

WINANT

840.70/10–1444 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 14, 1944—8 p. m.
[Received 10:08 p. m.]

8753. To Berle from EITO Delegation. At close of the week American and British EITO Delegations stand together in insisting that, having agreed that Article VII, sections 2 and 6, shall provide only for recommendations by the organization, Article VIII, sections 2, 4 and 5, must, for the organization to command respect and function effectively, contain specific commitments to carry out its recommendations made under the relevant sections of Article VII. Soviets insist that specific commitments deprive the organization of its coordinating and consultative character to which they say they thought they had secured our agreement, enable it to issue orders, and are in derogation of the sovereignty of the member governments. They so far refuse to go farther than to accept in these sections of Article VIII

[53] Similar press release issued by the Department of State, October 17; see Department of State *Bulletin*, October 22, 1944, p. 480.

general commitments to cooperate fully with the organization in carrying out its functions under the relevant sections of Article VII. Our position is that while we agree the organization should be primarily coordinating and consultative, it must have the minimum of specific commitments mentioned above if it is to meet the needs for which it is being created.

While the Soviets say their instructions on these points are unequivocal, we believe there is a reasonable possibility that they are sufficiently impressed by our arguments and the firmness of our stand to change their position if they have the discretion, or to seek new instructions. In the meantime the Soviet amendments to the draft agreement upon which we are in accord are being distributed to the conferees by the Soviets and will be supported by ourselves and the British. Soviets will reserve their position on the points where we are in disagreement in the hope that we may all agree later so that the British and ourselves can then support amendments that they will offer.

Soviets have not yet designated their nominee to Interim Commission. Clay however has been in contact with Barrington-Ward and with SHAEF, SACMED, ACC, etc. We suggest Department should execute and forward at once instructions to Clay in the terms of the draft directive. [EITO Delegation.]

WINANT

840.70/10–1644 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 16, 1944—7 p. m.
[Received 8:28 p. m.]

8791. Soviet Delegation advises that, after fullest consideration over the weekend, they have decided, in submitting proposed amendments to EITO draft agreement to the main committee of the Conference, to reserve their position in Article IV, first paragraph; Article VII, section 2 (*a*) through (*c*), section 3, and section 12; Article VIII, sections 2 (ii), 4 and 5; and Article XII. This means they are still in doubt on a number of points on which, as indicated in Embassy's 8753 of October 14, 8 p. m., we thought we had reached agreement. They state, however, that they will probably be able to agree with us on Articles IV and VII on whose wording we had previously agreed but that they are in doubt about sections 4 and 5 of Article VIII.

As the Soviets say that it will be two days before they can inform us further concerning their position, we assume that they await new instructions from Moscow. We consider it urgently necessary to ask

the Embassy in Moscow to place before the Soviet Government the considerations which in our view are fundamental to the successful operation of the organization, in time to receive consideration before Soviet Government has given new instructions to its EITO Delegation here if possible.

In discussions with the Soviets, we have accepted the principle that the organization should be mainly coordinating and advisory and we have agreed to so state in the opening paragraph of Article I but we believe that the agreement must contain certain specific commitments on the part of the members of the organization. Thus, while we agreed to rephrase Article VII dealing with the executive functions of the organization so that the latter would have power only to make recommendations, we have insisted that Article VIII, sections 2, 4 and 5, should be so worded that the member governments in signing the agreement promise to carry out the recommendations of the organization as to the export and import of rolling stock and the movement of priority traffic provided under Article VII. We have suggested substantially the following wording for sections 4 and 5 of Article VIII:

"Every member government undertakes that it will cooperate fully with the organization in the exercise of its functions under Article VII, sections 2 and 6, and in particular by carrying out the recommendations of the organization made under these sections."

Without such a promise, we do not feel the organization can be effective. In support of our position we have pointed out to the Soviets that during the occupation, the three great powers will have long lines of communication across the territories of other member governments, and that it is essential that nothing should interfere with the movement of traffic which they require and the provision of transport equipment and material necessary to ensure that movement. We and the British have pointed out that we are willing that decisions on these points should be made by the organization and we think it only appropriate that member governments should agree to carry out the organization's recommendations. The continental governments will also have an interest in the movement of certain types of priority traffic, such as repatriation and relief traffic. All member governments will be consulted in the making of the organization's decisions affecting them.

The Soviet Delegation have said they agree that member governments ought to carry out recommendations of the organization, and that they undoubtedly will do so because of the sanctions which the great powers will always be able to impose on a member government. We and the British have stated that we would prefer to rely on the promise of a member government to abide by the organization's rec-

ommendations than to rely on the fact that the three Governments can apply sanctions if necessary.

Of the governments whose transport systems are involved, the French have reserved their decision on these sections, while no other government has raised any objection to the commitments in our original draft.

The Soviets have raised another awkward point of principle in the form of a suggested additional paragraph to Article XII, reading as follows: "Since the activity of the organization does not touch the territories of the United Kingdom and the USSR, it is established that Article XII of the agreement, which provides for the primacy of the present agreement over all other transport agreements, does not affect the agreements of the USSR and the United Kingdom with other countries of Continental Europe." We have consistently opposed this amendment, explaining the details of the obvious reasons for our opposition. The Soviet Delegation have consented to reconsider the paragraph and are meanwhile reserving their position.

While other points remain in doubt, we feel that it is basic to secure agreement on the question of principle in Article VIII and to prevent the suggested addition to Article XII. We feel that the Embassy in Moscow might be able to help in explaining our point of view and the reasons for it. If Department agrees, it is hoped Embassy Moscow will be instructed to approach Soviet Foreign Office along the lines of this message and the Embassy's 8753 which have been repeated to Moscow. British are instructing Clark Kerr to concert with our Ambassador and support any action he may take.

WINANT

840.70/10–1644 : Telegram

The Secretary of State to the Ambassador in the Soviet Union (Harriman)

WASHINGTON, October 17, 1944—7 p. m.

2452. The Department understands that the Embassy in London has repeated to you its telegrams to the Department 8753 of October 14 and 8791 of October 16 concerning the position Soviets have taken at conference on EITO draft agreement.

For your background information, there are quoted pertinent portions of a previous exchange of cables between the Department and Embassy in London:

[Here follow the texts of telegram 8534, October 9, 10 p. m., from London, and telegram 8386, October 11, 10 p. m., to London, printed on pages 819 and 821 respectively.]

Please concert with your British colleague and approach Soviets immediately as suggested in last paragraph of London's 8793 [*8791*]

of October 16, in order that Soviet agreement might be secured on points of difference. In your discretion you may use positions taken by U.S. Delegation and the Department in the aforementioned telegrams to support your approach.

You should point out to the Soviet Government that the U.S. Government feels that in order to achieve the effective coordination of European transport in accordance with the principles of the EITO agreement, it is desirable to have the nations undertake to carry out by mutual agreement the recommendations of the central body. Any amendments to Articles VII or VIII should retain commitments on the part of the members of the Organization substantially as set forth in the draft agreement. Department hopes that you will be able to explain our position to the Soviet Government with a view to having them instruct their Delegation at least to withdraw their reservations to Article VIII.

With respect to the Soviet amendment to Article XII, the Department fears that such a restriction could be used to nullify the EITO agreement. If necessary, Department might consider Soviet amendment if it provided that any such bilateral agreements should be consistent with the objectives of the EITO agreement. This could be assured if they were submitted to the EITO executive board. The Department recognizes the right of participating governments to make bilateral transportation agreements but feels such agreements should be consistent with EITO agreement and with coordinating machinery and procedures established thereunder.

Sent to Moscow, repeated to London.[54]

HULL

840.70/10–1844 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State

Moscow, October 18, 1944—3 p. m.
[Received 5:15 p. m.]

3975. I have today addressed a letter to Molotov setting forth the Department's position with respect to the EITO draft agreement as stated in the Department's telegram 2452 of October 17, 7 p. m. The British Ambassador is addressing a similar communication to Molotov going into somewhat greater detail.

I hope that these representations will lead to a liberalization of the instructions of the Soviet delegates at the Conference. In the event that this should not be the case, I should like to make the

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[54] As telegram No. 8592.

following general observations although I have not sufficient information to judge whether they would be applicable in this instance.

As a general practice in matters of this kind, I feel we should not unduly weaken arrangements for technical collaboration simply to be able to say that we have secured Soviet participation. Having put the matter clearly before the Soviets and having given full weight to their desires and point of view, we should not hesitate to say that unless they can assure their effective collaboration, there will be no agreement. Only in this way can we bring home to them the full measure of their responsibility for the position they are taking. I am not sure that in many instances they would not prefer in the end to compromise with their exaggerated ideas of security and independence of action rather than to have it said that no agreement could be reached because of their attitude.

With respect to the matter at hand, the Soviet Government is probably motivated by political rather than technical or humanitarian considerations, and has in mind the achievement of its own complete independence of operation in territories under its control rather than the interests of orderly reestablishment of European transport in general. Unless these conceptions can be corrected and unless the Soviet leaders can be brought to see the necessity of some sacrifice on their own part in the interests of general rehabilitation in Europe, there is little point in getting them into an international transport organization at all.

Repeated to London as 223.

HARRIMAN

840.70/10–1844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 18, 1944—8 p. m.
[Received October 19—7:06 a. m.]

8900. To Berle from EITO Delegation. Soviets and British have expressed hope that upon signature of EITO agreement the Conference can resolve itself into the council.

This would be possible by drawing from each delegation its nominee to the council. Since it is intended that agreement will become effective on signature there appears to be nothing to prevent this procedure provided the Department feels that the United States could participate. Confirmation by the President by an executive agreement rather than ratification by the Senate would in view of the desirability of prompt action appear preferable unless there are countervailing considerations of which we are not aware. In this

connection if the question arose whether the United States could participate provisionally in the council it appears to us that this might be more readily arranged if we were awaiting confirmation rather than ratification. So far as we know all the other conferees expect to treat it as an executive agreement. We would appreciate being informed of the Department's views and what we might appropriately advise the British and Soviet Delegations.

The Soviets advise that they hope to receive final clarification of their position by Friday October 20.

The main committee of the Conference held two meetings on Tuesday, October 17. No questions of substance were discussed pending receipt by the Soviet Delegation of new instructions. The next meeting of the committee will be held on Friday. [EITO Delegation.]

WINANT

840.70/10–1844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 18, 1944—8 p. m.
[Received October 19—12:45 p. m.]

8895. Berle from EITO Delegation. ReDepts 8569, October 17.[55] The principal points on which the United States and British Delegations had agreed with the Russians to amend the draft agreement were covered in Embassy's 8791, of October 16. As indicated there the Soviet Delegation have reserved their position with regard to the paragraphs of Articles IV and VII on whose wording we had previously agreed as well as on the sections of Articles VIII and XII which were mentioned. Thus they have not circulated their amendments on these Articles to the Conference. In view of the extent of the Soviet reservations which was greater than they had led us to believe, on our suggestion we and the British reserved our positions with respect to the paragraph in Article I describing the character of the organization of [*as?*] advisory and consultative until we learn the Soviet position on the commitments in Article VIII.

Copies of the Soviet amendments as circulated to the Conference are coming to the Department by pouch.[56] [EITO Delegation.]

WINANT

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[55] Not printed.
[56] Transmitted in despatch 18701, October 18, from London; not printed.

840.70/10-1644 :Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)[57]

WASHINGTON, October 19, 1944—11 p. m.

8685. For EITO Delegation. Department understands Embassy Moscow has repeated to you as its 223 its reply[58] to Department's telegram repeated to you under number 8592 of October 17.[58a]

Department believes you should examine Moscow's observations carefully in the light of the position which the Soviet Delegation may take on its proposed amendments and reservations as result of U.S. and U.K. intercession at Moscow. Please submit to Department with comments, your proposed action on Soviet position before taking definite stand. Please repeat such a telegram to Moscow.

HULL

840.70/10-2544 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 25, 1944—2 p. m.
[Received October 25—12:10 p. m.]

9167. For Berle from Hooker, EITO Delegation. The Soviets received their instructions at the end of last week. As a result of meetings Saturday and Monday morning[59] with them and the British at which no substantial agreement was reached on the points at issue, a meeting of the heads of the three Delegations was held Monday afternoon to discuss particularly Articles III, IV, VII, section 2 (*c*) and (*d*) and Article VIII, sections 4 and 5. The Ambassador was accompanied by Hooker with Mosely[60] acting as advisor and interpreter while Noel-Baker and Sir Cyril Hurcomb represented the British and Major General Obydin and Dr. Boyar the Soviets.

Every effort was made particularly by the Ambassador to explain to the Soviets the need of an organization with at least certain limited powers if an effective job is to be done. Obydin states frankly that the Soviets feared an organization which might become an instrument for the domination and control of European transport and he ignored the many safeguards against such a possibility particularly in the section on legal powers and a revised provision on "pool equip-

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[57] Repeated to Moscow as telegram 2475.
[58] Telegram 3975, October 18, from Moscow, p. 828.
[58a] See footnote 54, p. 828.
[59] October 21 and 23.
[60] Philip E. Mosely, Chief, Division of Territorial Studies; temporarily assigned to the Embassy at London to assist in the work of the European Advisory Commission.

ment" which we and the British have indicated we would support. At the end of the meeting it was apparent that the Soviet instructions gave their Delegation no latitude. However as a result of Soviet claims that their proposals would meet with the approval of the Continental delegates, particularly those on Article III which will be explained below, it was suggested that the whole subject be permitted to come up for discussion at the next meeting of the main committee Wednesday morning which was postponed from Friday October 20. The Soviets agreed to this procedure.

Besides the other issues concerning the powers of the organization as to which the Department has been fully informed, an issue has arisen during the past week over Article III, sections 5 and 7. The nine Continental Powers have objected to the provisions for a five-man executive board and the lack of specific provision for a director general. Hondelink has played a large part in raising the latter points. The United States and United Kingdom Delegations on Saturday October 21, meeting with Levy of the French Delegation and Hondelink acting as spokesmen for the nine powers secured assurances that they would secure the agreement of the Continentals to Article III, section 5, increasing the leadership [*membership*] of the Executive Board from five to seven after the general suspension of hostilities and an amendment to Article III, section 7, providing specifically for a chief executive officer to be called director general, appointed by the Executive Board, subject to confirmation by the Council and that the headquarters, regional and local staff should act under his supervision. This represented a substantial modification of earlier demands by the Continentals.

The Soviets were fully informed of the views of the Continentals on the same day. At the meeting on Monday morning, October 23, they advocated a seven-man board (to which they had previously stated before the main committee they were opposed) from the outset, and proposed that the chairman of the Executive Board should exercise the functions of a director general.

This Delegation in the light of the general purport of the Department's telegrams to date, unless instructed differently by the Department, proposes to state its views as clearly and candidly as possible on all points, but make clear that we are prepared to cooperate fully in the work of an organization set up according to the general sense of the Conference on the issues presented. To this we will make one exception at the appropriate time in connection with the Soviet proposal for the deletion of subsection (*c*) from section 2 of Article VII. Our position is that we cannot agree to the discrimination against our export trade that would result from the deletion of (*c*) and the retention of (*a*) in Article VII, section 2. As a matter of tactics we feel we must now accede with good grace to the Soviet proposal for a

seven-man Executive Board from the outset. If we do this we feel there is a very fair chance of getting support from some of the Continental Allies, especially France, for our provisions affecting the powers of the organization.

In general we consider our position is much improved by throwing the basic issues into the main committee. The Soviets having agreed to this step, we feel it will be difficult for them not to abide by the result. To the extent that the result may be at variance with our views, we consider it proper and desirable, so long as our interests are not importantly affected, to respect and go along with the will of the majority. Most important, we are now free of the dilemma of having to choose between acceding to the Soviets alone or risking their withdrawal, of which there has so far been no suggestion, and the consequent onus that would be thrown on the United States and United Kingdom. Of course it is possible that the action of the majority will not be acceptable to them. In this connection it is not intended to permit a vote in the main committee. We will not commit ourselves to a vote in the Conference on any issue on which we are not sure the Soviets will accept the result, without prior instructions.

ReDept's 8685, October 19, we have not been in a position to give the Department our views at an earlier date because of the uncertainty of our position vis-à-vis the Continental Allies in connection with the discussions of Article III, uncertainties in the French position on Articles VII and VIII, which we believe have been at the last moment resolved in our favor, and the uncertainty of the Soviet position pending receipt of their instructions. Our comments above cover our views on the points raised in Harriman's wire of October 18 to the Department,[61] repeated to Embassy as Moscow's 223 of that date, to the extent that they are now relevant. [Hooker, EITO Delegation.]

WINANT

840.70/10–2544 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, October 25, 1944—midnight.

8904. For EITO Delegation from Berle. Embassy's telegram 9167 [62] received late today. Please attempt avoid commitments on controversial points until Department has an opportunity to study and comment on your telegram and send you such instructions as are necessary. [Berle.]

STETTINIUS

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[61] No. 3975, p. 828.
[62] Dated October 25, p. 831.

840.70/10-2544 : Telegram

The Acting Secretary of State to the Chargé in the United Kingdom (Gallman)

WASHINGTON, October 26, 1944—midnight.

8950. For EITO Delegation. ReEmbs 9167, October 25, 2 p. m. Department would not wish to see Executive Board reduced to status of an advisory committee to a Director General. It should be a policy making board with the Director General its instrument for carrying out policy. Accordingly, Department would be prepared to give sympathetic consideration to amendments setting up the Executive Board substantially along the following lines:

(1) A seven man Board, from the outset if necessary, if conference vetoes five man Board;

(2) Specific provision for a chief executive officer under the Executive Board to be called a Director General who would be appointed by the Executive Board, subject to confirmation by the Council;

(3) The Director General might act as the ex officio chairman of the Executive Board, but in no event should he be a full member of the Board or have a vote.

In return for these concessions with respect to the Executive Board it is hoped that the other nations will be willing to give EITO functions and powers substantially in line with the Anglo-American draft agreement.

The Department's views are based upon the following considerations:

The Department believes that should the opinion prevail that EITO be limited to a coordinating and consulting body without administrative controls, we would have to examine from a different concept the disposition of surplus military transportation equipment and the allocation of other such equipment provided from outside sources. The draft agreement was based on the assumption that the U.S. and the U.K. would be willing to have EITO assume a prominent role in the allocation and distribution of such equipment if EITO would also be able to supervise and regulate the use of equipment on international routes for traffic of common concern. Unless EITO is in a position to ensure the effective utilization of such equipment and material, the whole question of disposal of equipment and material declared surplus by military authorities may need further examination. A liberal view by this Government on disposal of military surplus equipment might be an inducement to the continental governments to give EITO administrative powers. (Very Secret: For your strictly confidential personal information a rough informal estimate indicates that the U.S. military, by early 1945, may have in Western Europe, including Italy, as many as 2,000 locomotives and 45,000 freight cars.)

Since the ultimate control, not only over military equipment but also over important transportation routes in Europe, lies with the military occupying authorities, i.e. U.S., U.K. and U.S.S.R., the willingness of the military to relinquish such authority to civilian control may well depend upon the ability of the civil authorities to ensure the effective utilization of equipment and the efficient movement of traffic. This Government would prefer to see the earliest possible restoration of civil control over transport in Europe consistent with military and occupational needs. It believes that this process would be hastened by the establishment of an organization with powers adequate to ensure that those needs will be fulfilled. The sovereignty of countries would be impaired to a greater extent by prolonged military control over transport than it would be by their undertaking obligations to accept the recommendations of an administrative body on which they were represented.

STETTINIUS

840.70/10–2744 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, October 27, 1944—5 p. m.
[Received 8:35 p. m.]

9258. From EITO Delegation; seen by Mosely.

I. In view of the serious political implications that may be involved, there follows a detailed account of the meeting of the main EITO Committee on Wednesday, October 25. At the insistence of the Soviet Delegation, consideration was first given to Article I and the proposed Soviet amendment. The Soviet Delegation made a statement of its view that the organization should be merely consultative and coordinating, referring at some length to Articles IV, VII and VIII, that was couched in uncompromising terms, at times not far short of truculent. They again stressed the view that the powers provided for would interfere with the internal affairs and impair the sovereignty of the member states. The United States Delegation took the position that in its view the organization would be a more effective instrument to do the job that the Continental countries desperately need to have done if it is endowed with limited, carefully safeguarded, specific powers, but that the decision must necessarily be theirs. That after making such contribution as we could in the discussion, we would gladly go along with their decision. The comments by the Continental Allies substantially favored our view of the character and functions of the organization, with some reserve noticeable on the part of the Czechoslovakian and Yugoslav Delegations.

The chairman, Sir Cyril Hurcomb, then directed the discussion to Article VII, which led immediately to the Soviet proposal for the deletion of section 2, subsections (*c*) and (*d*), which are (*b*) and (*c*) of the printed text,[63] the new (*b*) being the second clause of the former (*a*).

ReDepts service of October 24.[64] We stated that just as we expected to go along with the Continental Powers in their determination as to character and functions of an organization that necessarily affects them more directly than the three Non-Continental Powers, by the same token, since the deletion of (*c*) with the retention of (*a*) constitutes a clear discrimination against us, we felt justified in stating with the fullest emphasis that we could not accept it. The meeting was then adjourned for lunch.

At the afternoon meeting the Continental delegations expressed themselves generally in accord with our view. In particular Masaryk, after stating he had consulted his Government during the noon hour, declared emphatically that Czechoslovakia would be willing, if necessary to the effective operation of the agreement, to give up for a temporary period any small degree of national sovereignty if by so doing lives could be saved and the rehabilitation of Europe advanced. As a representative of the largest locomotive producing power in Continental Europe, he said he had no objection to the retention of (*c*) of section 2 of Article VII.

The Soviets suggested they would be willing to see the elimination of subparagraph (*a*) as well as (*c*). We replied that while we would be guided by the decision of the Continental Powers as to the deletion of both (*a*) and (*c*), we felt that in the interests of the effective functioning of the organization it was preferable to retain both rather than delete both subsections, and that we had no objection to (*a*) so long as the Continental Powers were willing to accept (*c*). Since several delegations which had expressed themselves generally as indicated above were nevertheless awaiting instructions, further consideration of the point was deferred and the rest of the meeting was devoted to the remaining and relatively non-controversial sections of Article VII.

The texts of the articles and sections on which tentative agreement has been reached will be forwarded shortly by pouch.[65]

II. We invite the attention of the Department to the fact that the verbal differences between our position and that of the Soviets are not great, so far as Article VIII, the most important article, is

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[63] See text transmitted in despatch 18095, September 19, from London, p. 792.
[64] Not identified.
[65] Transmitted to the Department in despatch 18878, October 28, from London; not printed.

concerned. It is the difference between commitments merely to cooperate fully, and additional commitments to carry out the recommendations of the organization with respect to the three primary functions of expediting traffic of common concern, the so-called "pool" arrangement, and the allocation of transport equipment and materials from enumerated sources. (In Article IV the Soviets want to forbid specifically the organization to own any transport equipment and material. In Article VII they want to emasculate the allocation provision by striking out subparagraphs (*c*) and (*d*) of section 2.)

This difference has taken on the significance of a difference of fundamental principle, in the light of the discussions that have taken place. The Soviets have insisted that, with the sanctions the three great powers can apply, a merely consultative organization will have effective power and effective coordinating function. They have insisted that advance commitments of the nature mentioned above are not needed and that current agreement can be reached on all important points without prior commitment. In one breath they say that regardless of commitments no power will accept a decision of the organization that is contrary to its interests; and that all decisions, since they will be made after full consideration of the interests of all, will be in the interest of all and are therefore sure to be honored even without specific commitment. We have found it hard not to conclude that their objective is to keep their own hands free at all times. We fear that if we agree to the Soviet proposals, after the discussions that have taken place, it will simply amount to an invitation to all participants to sign with mental reservations. In short, we believe there is now no hiding or evading the implications of the Soviet position, and we doubt therefore whether the organization could acquire sufficient prestige, if set up on the basis of the Soviet proposals, to function effectively, even though it might have had no discussions taken place.

III. Unless the Soviet Delegation changes its uncompromising attitude, we foresee the possibility that this, together with its inept tactics, may crystallize opinion in opposition to its views to a point where it may have no alternatives between full acceptance and complete rejection of the decisions of the Conference, unless all the other powers yield to them, or go ahead without them, or the project is abandoned. We assume that going ahead without them, or abandoning the project with the consequent admission of the failure of the Conference, cannot be contemplated. We also assume the Department would reject the only remaining possibility, that is, of an agreed retirement from the scene by the three great powers, leaving the Continental Allies to form an organization primarily to expedite traffic of common concern, with which the United States and United Kingdom might cooperate to assure a fair distribution of transport equipment and material from such sources as they control.

We believe that if the present trend continues (and there is no indication to the contrary) with the possibilities of compromise becoming more and more difficult, a point may be reached where we and the other powers may feel we cannot afford to yield. In fact we fear that three weeks of attempting to reason with the Soviets without yielding our position may have already brought us past the point where we can yield without encouraging the Soviets to follow the same tactics in future negotiations of this nature.

In considering what may have been their motives in sending a large and imposing delegation apparently without any discretion to take other than an adamant stand against the organization's having any real powers, we cannot ignore the possibility that their main purpose is to see that an emasculated organization shall emerge from the Conference. If this is the case we are fast heading toward a situation where we shall have to make a very difficult choice.

IV. Ronald of the ForOff has suggested, and we have agreed, that after the next meeting of the main committee on Friday, October 27, the main committee meetings will be recessed until the middle or end of next week, and that in the meantime we resume tripartite meetings with the Soviets. We believe we should take this means of pressing upon the Soviets the desirability of adopting the position taken at the meeting on Monday October 23, by our Delegation; namely, that we would accept the decisions of the Continental Allies. He advises that at a long meeting on Thursday afternoon, October 26, with Koukin, Counsellor of the Soviet Embassy, and Boyar of the Soviet Delegation, he urged this point without success; and that they insisted that if our three delegations could agree the Continental Allies would "follow our lead". He nevertheless expresses an optimism which we see no reason to share that the Soviets will eventually accept our view. He proposes that at the tripartite meetings we prepare an agreed statement of the issues on all points of difference for submission to our respective Governments. The Department may wish to consider the desirability at that time of taking the matter up again in Moscow on a basis of the utmost urgency.

Please bring this to the attention of Ambassador Winant.[65a]

This answers the Department's 8904 of October 25. [EITO Delegation.]

GALLMAN

[65a] The Ambassador was temporarily in the United States.

840.70/10-2844 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, October 28, 1944—1 p. m.
[Received October 28—10:27 a. m.]

9316. For Berle from EITO Delegation. ReEmbs 9258, October 27. At its meeting on Friday, October 27, the main committee discussed Article VIII of the draft agreement, particularly sections 4 and 5 of that Article. The tendency of the Continentals to agree with the United States–United Kingdom position in opposition to the Soviets continued. The Soviet Delegation reiterated its arguments against section 4 which it wishes to delete and section 5 which it wishes to amend to read "every member government shall fully facilitate the exercise of the functions of the organization under section 6 of Article VII," leaving out the specific obligation of members to put into effect the recommendation of the organization. (The committee had agreed to substitution of the word "recommendations" for "directions" in the original text.) We emphasized, in discussing section 5, the fundamental differences in concept behind the apparently verbal differences between the two versions, as well as the point raised by the Department's 8950 of October 26. In both cases only the Yugoslavs supported the position of the Soviet Delegation, the others (Luxemburg being absent) agreeing that section 4 of Article VIII is inseparable from section 2 of Article VII, while discussion of section 5 brought statements from all the delegations other than the Yugoslavs that the organization to be effective needs some authority along the lines of section 5.

At the conclusion of the discussions of these sections the chairman asked the Soviets in view of the virtual unanimity of opinion expressed if they would not think the matter over. After discussion of other controversial sections of Article VII, the committee then adjourned until Monday morning, October 30, when it was planned to discuss the relatively non-controversial articles following Article VIII and possibly also Article III. However at the request of the Russians this Monday meeting has now been postponed. A meeting on Monday afternoon between the United States, United Kingdom and USSR Delegations and possibly the French is being considered. The British and Czechs believe the Russians have asked to see the head of the Czech Delegation over the weekend. He believes they wish to suggest that the latter Delegation offer a compromise solution.

GALLMAN

840.70/10–2744 : Telegram

The Acting Secretary of State to the Chargé in the United Kingdom (Gallman)

WASHINGTON, October 28, 1944—midnight.

9033. For EITO Delegation, reEmbs 9258, October 27, 1944, 5 p.m. On receipt of "agreed statement of the issues on all points of difference", Department will give consideration to the position it should adopt.

Department recognizes far-reaching consequences of position it may take towards the Soviets and the continental powers at the EITO Conference, and therefore requests your considered opinions, and the basis for such views, on the following questions:

(1) What is the position of each of the continental countries?

(*a*) Are they strongly in favor of vesting EITO with authority in line with draft agreement?

(*b*) Will the Czechs continue to support vesting EITO with authority?

(*c*) What support may be expected from the Yugoslavs for a strong EITO?

(2) To what extent will the British stand firm on present position if backed by the Continentals?

(3) What is the prevailing view among British and Continental Delegations as to the ability of EITO to function with any effectiveness under Soviet concept?

(4) If the continental powers and the British are not prepared to stand firm for an EITO with authority, is it possible that the British and the Western European powers might wish to establish an authoritative organization confined to Western European countries? Could the British reconcile the establishment of such an organization with their interests in the Balkans?

You will recognize in the foregoing that, in accordance with the position you have taken at the Conference, this Government would not wish to be placed in the position of being the spearhead of a minority or of being the lone opposition to the Soviet point of view.

STETTINIUS

840.70/10–2844

The Soviet Ambassador (Gromyko) to the Secretary of State

[Translation]

WASHINGTON, October 28, 1944.

YOUR EXCELLENCY: In connection with the Conference of Allied Countries now being held in London on Internal European Transport, I am instructed by my Government to inform you as follows: The

Polish Committee of National Liberation has approached the Government of the USSR with a declaration in which it draws attention to the circumstance that at the Conference which is studying a very important problem of the national economic life of the allied countries—the problem of transport, which directly and specifically concerns also Polish territory, the interests of Poland are not represented and are not protected. The participation in the Conference of representatives of the Polish *émigré* government, which has no connection whatsoever with Polish territory, cannot obviously be regarded in any sense as a representation safeguarding the interests of Poland. In view of this fact the Polish Committee of National Liberation requests the Soviet Government to inform the Government of the United Kingdom and the Government of the United States that the Polish Committee of National Liberation, which is functioning on Polish territory, insists that instead of the Polish *émigré* government the Polish National Committee be invited to participate in the Conference on Internal European Transport, and, that the Committee will appoint for that purpose its delegation.

The Soviet Government finds the request of the Polish Committee of National Liberation well founded and just.

The Soviet Government declares that without the participation of the Polish Committee of National Liberation in the Conference on Internal European Transport, it will not find it possible to take any further part in the work of the above mentioned Conference. A similar communication is being simultaneously conveyed to the British Government by the Ambassador of the USSR in London.

Accept [etc.] A. GROMYKO

840.70/10–3044 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, October 30, 1944—7 p. m.
[Received October 30—5:32 p. m.]

9364. From EITO Delegation.

1. Williams advises that on V-Day WPB proposes to terminate all control with respect to locomotives and rolling stock. If this is the case, it would seem that we would lack the machinery to carry out any recommendations that might be made under Article VII, section 2, subsection (*a*) of draft agreement and would not be able to honor any commitments we might have made to carry out such recommendations without setting up new machinery.

If, for example, some European nation were to place larger orders in the United States than EITO felt it should have, there might be

no means for preventing delivery. Likewise, if foreign orders should exceed all productive capacity, our Government might have no means of enforcing EITO's recommendations regarding priority of delivery or proportionate delivery to the several continental nations.

2. Unless means of financing were found for some countries, the provisions of Article VII, section 2 and Article VIII, section 4 for a fair allocation of equipment (except such as might become available without necessity for payment) as contemplated by Article VII, section 2, subsection (*d*) and possibly under certain circumstances subsection (*b*) on the basis of need would be impossible to carry out. It was not intended that if these provisions contain binding commitments, they would be interpreted to require member countries supplying the equipment also to make available the financing. In other words these provisions contemplated the existence of but did not provide for appropriate financing.

Under these circumstances the question arises whether in the absence of international machinery for financing, the United States would wish to enter into commitments intended to permit the fair allocation of equipment exported to Continental Europe if it will be impossible to give effect to them without providing financing.

3. Having this situation in mind, we are inclined to feel that if the opportunity should arise to reach a compromise with the Soviets involving the sacrifice of specific commitments covering recommendations made under Article VII, section 2 in return for satisfactory commitments covering recommendations for movement of traffic of common concern, we should be disposed to accept such a compromise. Obydin who has been "indisposed" asked to see Noel-Baker personally this morning and later cancelled the appointment. We are awaiting new information of new arrangements for their meeting. If this should mean the Soviets are prepared to compromise, we believe something along the lines above indicated may be the most practicable. Urgent reply requested. [EITO Delegation.]

GALLMAN

840.70/10–3044 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, October 30, 1944—9 p. m.
[Received 10:48 p. m.]

9385. Ronald this afternoon, Monday, October 30, advised Hawkins [66] and Hooker of the receipt of a note signed by Koukin, Counsellor of the Soviet Embassy, to the effect that the Polish Committee of National Liberation had called the attention of the Soviet

[66] Harry C. Hawkins, Counselor of Embassy for Economic Affairs at London.

Government to the fact that a conference is taking place in London dealing with transport in Europe and necessarily vitally affecting Poland, at which the Polish *émigré* government, having no connection with the soil of Poland, purported to represent the interests of Poland; and stating the view that the committee should represent Poland at the Conference in the place of the *émigré* government. The note stated that the Soviet Government considered the position of the Committee well taken and, therefore, until the suggested substitution was made, could not any longer take part in the work of the Conference. It stated that a similar note was being addressed to the United States Government.[67]

Ronald raised the question whether informal discussions with the Soviet Delegation on the provisions of the EITO agreement might continue. The opinion was expressed that such a procedure might prejudice the position of our Government in respect of the larger issues involved in the Soviet note and that we could not participate in any further discussions with the Soviet Delegation in the absence of instructions from the Department.

Ronald raised the question whether a meeting of the Conference should be called, at which the Soviet Delegation might formally withdraw after stating its reasons. It was observed, in reply, that since the United States participated with the United Kingdom in the invitation to the Conference it was assumed that our Government would be consulted before any decision as to procedure was made, to which Ronald acceded.

If such a course were contemplated and assuming that the Soviet Delegation would consent to attend a meeting of the Conference for such a purpose the EITO Delegation would, of course, need instructions as to its procedure. It does not appear to us, however, that such a course would serve any useful purpose. The question, of course, remains as to whether the Conference should be suspended or recessed pending decisions on the larger issues involved or, if not, what other procedure should be adopted.

The EITO Delegation await instructions on the questions raised above and except for maintaining informal contacts with the British Delegation and such contacts with the other delegations as courtesy requires will take no further action of any kind until instructions have been received.

GALLMAN

[67] Note of October 28 from the Soviet Ambassador, p. 840.

840.70/10–2744 : Telegram

The Acting Secretary of State to the Chargé in the United Kingdom (Gallman)

WASHINGTON, October 31, 1944—10 a. m.

9074. For EITO Delegation. The Department wishes to emphasize the importance of questions raised in its 9033, October 28, midnight, and the necessity of the most comprehensive and considered replies that you can furnish.

In view of the Soviet's position indicated in Embassy's 9258, October 27, 9316, October 28 and preceding telegrams and the far reaching consequences of the decision to be reached, the Department would wish to consult other interested agencies such as the War Department. Therefore it may be 10 days after receipt "of the agreed statement" and your replies, before the Department will be in a position to give you further instructions.

Accordingly, you might suggest to your British and Soviet colleagues that the Main Committee be recessed for an appropriate period.

STETTINIUS

840.70/10–3144 : Telegram

The Acting Secretary of State to the Chargé in the United Kingdom (Gallman)

WASHINGTON, October 31, 1944—11 a. m.

9075. You will probably have learned from the Foreign Office of a note dated October 28 from the Soviet Ambassador, similar to one addressed to us, to the effect that the Soviet delegation at the EITO Conference would not participate further in the Conference unless the present Polish delegation were replaced by one representing the Polish Committee of National Liberation. In another telegram we are advising the delegation that the technical issues raised by the Soviet position are of such importance that we will not be able to send definitive instructions within a minimum of 10 days and that accordingly we would have no objection to the Conference recessing. In the meantime we are considering the best method of dealing with the problem raised by the Soviet note.

STETTINIUS

840.70/11–144 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 1, 1944—7 p. m.
[Received November 1—5:05 p. m.]

9448. ReEmbs 9434.[68] Ronald has informed the Embassy by letter of the substance of the Foreign Office's communications to Halifax [68a] about the Soviet withdrawal from the EITO Conference. To us here, the tenor of the proposed note to the Soviets questioning the validity of their withdrawal seems too sharp. In particular, the reference to the fact that "given good will on the part of all concerned" agreement might be reached, and the statement that the grounds of withdrawal are "both insufficient and irrelevant" seem to us to be unnecessarily strong and to reduce the possibility of effective collaboration with the Soviets in this field when and if the Polish issue is satisfactorily settled. It might, for example, be considered desirable to carry on the Interim Commission inviting the Soviets to participate fully now or at such later date as they find possible and in the meantime to send an observer; and something similar might be considered with reference to the Conference itself. The tone of the proposed British note seems to us to preclude such possibilities. Without questioning the substance of the position proposed by the British we do question whether anything is to be gained by a tone indicative of resentment.

GALLMAN

840.70/11–144 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 1, 1944—7 p. m.
[Received November 2—9:38 a. m.]

9446. To Berle from EITO Delegation. ReDepts 9033, October 28; 9074, October 31. The following analysis is without reference to the present Soviet withdrawal.

1. As indicated in Embassy's 9316, October 28 and 9258, October 27, the Continental Delegations—with the exception of Yugoslavia which at the meeting held on October 27 associated itself with the position of the USSR with respect to the commitments of sections 4 and 5 of Article VIII—expressed themselves as in accord with the general view of the organization taken by the US and UK Delegations and with their position on the commitments of Article VIII. Minutes of the meeting in question containing the statements of the Delega-

[68] Dated November 1, 1944, not printed.
[68a] The Earl of Halifax, British Ambassador in the United States.

tions are enclosed in Embassy's despatch No. 18928.[69] The line-up was particularly clear-cut with respect to section 5 of Article VIII. The remarks of the Continental Delegations ran as follows: In supporting the printed text with the French amendment substituting "recommendations" for "directions" as against the Soviet text, Levy of the French Delegation said that, "If the organization were to have no executive powers at all, it might be doubted whether it was worthwhile setting it up." The Greek Delegation agreed with the text as amended by the French Delegation. The Netherlands Delegation supported draft as amended by French, stating that, "in their view the wording of the Soviet amendment weakened the organization to such an extent that its purpose became vague and the whole scheme risked becoming null and void." Norwegian Delegation "warmly supported the position taken by the Netherlands Delegation." The Polish Delegation agreed with the French amendment. The Czechoslovak delegate after remarking that there was not a great difference in the wording proposed by the French and Soviet Delegations, said "there was, however, a difference between the two conceptions of the organization held by the Soviet Delegation and the American Delegation." They approved the change from "directions" to "recommendations" and supported the French proposal. The Belgian delegate stated the readiness of his Delegation "to accept any arrangement which would facilitate the resumption of traffic. They are in favor of international cooperation and international action, particularly in the field of transport, and hence they much preferred to remain in the spirit of the printed text." The Yugoslav delegate supported the Soviet proposal, stating this to be the case especially after the explanation given by M. Khachaturov [69a] ["]that member governments would voluntarily execute as far as possible the recommendations of the organization and this attitude was strengthened by the new section proposed by the Soviet Delegation." The Luxembourg delegate was not present at this meeting.

2. The British have shown no tendency to take a position different from ours but believe that they would join us in a compromise with the Russian position along lines suggested in Embassy's 9364 of October 30 if we think that it is desirable.

3. The British have always indicated their belief that the effectiveness of the organization would be greatly reduced if its functions were purely advisory. It is our opinion that the prevailing view of the Continental Delegations is in agreement with this belief. Some of their remarks to this effect were quoted above. Masaryk's strong statement was quoted in Embassy's 9258, October 27. Levy has re-

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[69] Dated October 31, not printed.

[69a] T. S. Khachaturov, member of the Soviet Delegation; Director General of Railway Traffic.

peated to us privately a number of times the remark quoted above. The Dutch have similarly expressed themselves. The Belgians told us that they believed that the organization must have "some overriding authority." When we asked if they thought the other Continental Delegations agreed with them, they said that they did think so. From one of the Czech delegates who came to see us last Friday [70] we gathered the impression that while the Delegation felt that the organization must have some powers, they hoped that some compromise could be found which would be satisfactory to the Russians and they believe that the Russians would like to be offered a compromise which they could gracefully accept.

While as indicated above we believe that the Continental Delegations feel strongly that a purely advisory organization would be inadequate to handle quickly the transport problem envisaged, we also believe that while only the Czechs have been articulate on the subject the others would also like to see agreement with the Soviets and would accept a compromise. We believe they would even accept a compromise which would substantially reduce the effectiveness of the organization but that its prestige at the outset would in their eyes be correspondingly reduced. We believe that the reluctance of the French and Dutch to accept the latter would be particularly strong.

4. British views that have been expressed to us have been opposed to the establishment of a transport organization in Europe without the Russians. Such expressions of views it should be noted antedated the present withdrawal of the Soviet Delegation. [EITO Delegation.]

GALLMAN

840.70/11-144 : Telegram

The Acting Secretary of State to the Chargé in the Soviet Union (Kennan)

WASHINGTON, November 1, 1944—8 p. m.

2581. We have received a note dated October 28 from the Soviet Ambassador here stating that the Polish Committee of National Liberation has requested that it be invited "instead of the Polish *émigré* Government" to participate in the Conference on Inland Transport being held in London on the grounds that the London Government does not represent Poland. The note continues that the Soviet Government finds this request of the Polish Committee justified and declares that the Soviet Government will not find it possible to continue its participation in this Conference without the participation of the Polish Committee.

The foregoing is for your information since the Department does not intend to reply immediately to the Soviet note and has, on other

[70] October 27.

grounds, suggested that the Inland Transport Conference in London be recessed for a short interval pending further instructions from the Department. You should not therefore take up or discuss with Soviet officials the question raised in the Soviet note under reference.

STETTINIUS

840.70/10–3044 : Telegram

The Acting Secretary of State to the Chargé in the United Kingdom (Gallman)

WASHINGTON, November 2, 1944—11 p. m.

9175. For EITO Delegation. Department actively considering important points raised your 9364, October 30.

In view developments here since original Anglo-American draft approved, the amendments proposed by conferees to Article VII, section 2 and Article VIII, section 4, and the possible enlargement of executive board in addition to basic question of scope and authority of EITO, Department requests you reserve position on points raised in your 9364 until further instructions can be issued.

STETTINIUS

840.70/11–344 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 3, 1944—11 a. m.
[Received November 3—7 : 19 a. m.]

9528. ReEmbs 9448, November 1, 7 p. m. Ronald last evening told us that the Cabinet had participated in the preparation of the British proposals for replying to the Soviet note about their withdrawal from the EITO Conference. He stated that the Prime Minister was personally responsible for some of the language contained in the proposals.

GALLMAN

840.70/11–444 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 4, 1944—6 p. m.
[Received November 4—5 : 30 p. m.]

9584. For Berle from EITO Delegation.

I. At a meeting Thursday November 2 with Ronald, Hurcomb and Weston, Ronald proposed the following course of action with respect to the EITO Conference:

That a communication be addressed by the United States and the United Kingdom to the Soviets and all the other participants in the Conference whose territories have been fully liberated, setting before them a revision of the EITO draft agreement embodying all the concessions which we are prepared to make to the Soviets; that the communication state that all points of view had been thoroughly set forth at the Conference and that the revision of the agreement substantially reconciles all important differences; that the Conference might be considered therefore to have satisfactorily concluded its work; that the countries addressed were invited to adhere to the agreement and that the other participants would be similarly invited when they found themselves, by virtue of the liberation of their territories, in a position to participate fully on the work of the organization. The purpose of this proposal was, of course, to get around the Polish question. Ronald stated, however, that in his view the United States and United Kingdom should go ahead with the organization, together with such of the Continental Allies as might adhere to it, with or without the Soviets. He also expressed the view that it should be unnecessary to go ahead with the Interim Commission.

We raised three possible objections to this procedure which we said in our view called for consideration:

1. That we felt there was a possibility of its prejudicing the position of our Government with respect to the Polish issue and that therefore we would wish to reserve our position until the Department could express itself on the matter.
2. That by thus placing a proposed text of the agreement before the Soviets on what amounted to a "take it or leave it" basis, we would in effect be presenting the Soviets with a challenge apart from the political question raised below. We stated that we feared this might result in closing the door to their eventual participation which is so important to the proper functioning of EITO.
3. That the course proposed involved the possibility, as a result of Soviet refusal to participate, of ending up as a western European arrangement thus raising a political question of far-reaching implications on which we would like to reserve our position. We stated that therefore this aspect of the proposal also seemed to us to have the elements of a challenge to the Soviets.

II. Using Ronald's proposal as a point of departure, we submit the following proposal for the consideration of the Department:

As indicated in our 9448 of November 1, we here are inclined to feel that that portion of the second part of the reply suggested by the British which after deploring the Soviet withdrawal states that they believe that "given good will on the part of all concerned", agreement could be reached and that the grounds for withdrawal are "both unsufficient and irrelevant" and asking in what manner the Soviet

Government proposed to make known their withdrawal is all in the nature of a reprimand and does not advance the purposes for which the Conference was called.

With a view to suggesting a course which would best advance those purposes and without expressing ourselves on the desirability of a reprimand to the Soviets or on any of the political questions that may be involved, it is proposed that the Department suggest to the British the course indicated below as a substitute for that portion of the second part of their proposed reply to which we refer above:

1. That we follow Ronald's proposed procedure to the extent of presenting the Soviets with a revised draft of the agreement embodying all the concessions that we are prepared to make without characterizing it either as a basis for discussion or as a final offer and asking their adherence; but that we indicate orally to the Soviets that we do not expect to present it to any of the other participants in the Conference until we have received the Soviet reply; that we propose to the Soviets that on their acceptance, this document be submitted in similar fashion to each of the Continental Allies as its territory becomes fully liberated from the enemy; and that we propose an immediate appropriate public announcement of this plan, couched in general terms, which would indicate that it is the result of the work of the Conference and that the Conference may therefore be considered to have successfully concluded its task.

2. That, as a part of the same communication, we remind the Soviets of their statement that they approved the Interim Commission and intended to appoint a member to it; that we inform them that our Commissioners have been appointed and in view of the nature of the emergency propose to proceed immediately with their work; that we invite them to appoint their Commissioner as soon as possible and, if they wish, to have an observer present in the meantime; and that we inform them that it is proposed that the Commission carry on its work with special emphasis on certain of the functions outlined in the draft directive, temporarily deferring its activities with respect to other enumerated functions (making reference, in so far as they are not of fundamental importance, to those functions which the Soviets might be most likely to question).

We have discussed the above proposal in general terms with Weston, who indicates the belief that it is in substantial accord with the British views, except that they would strongly prefer to have Clay and Barrington-Ward go ahead without the Soviets. We feel equally strongly that this is undesirable since it would involve, we believe, prematurely giving up our effort to bring EITO into being. Weston, we believe, personally leans toward our position.

III. The attention of the Department is invited to the following points about the above proposal:

(*a*) It gets around the Polish issue as a stumbling block to concluding the EITO arrangement in the same way that Ronald's proposal does.

(*b*) It avoids any challenge to the Soviets such as is involved in Ronald's proposal, which carries an implied threat of proceeding without them and which deprives them of an opportunity of discussing the draft submitted.

(*c*) It contemplates the continuance of the Interim Commission and thus eliminates any danger of our being immobilized in dealing with the present emergency on account of a Soviet failure to answer our communication. In the event of a favorable Soviet reply that would permit the prompt establishment of EITO, the Commission might be dropped as soon as EITO could be got functioning.

(*d*) Unlike Ronald's proposal, it does not commit us to a course of action which might end up in a western European regional arrangement, with all the political implications that are attached thereto, and thus permits us to defer our decision on such a course of action.

(*e*) If the Soviets reject our proposal, we will, nevertheless, have risked nothing, and our position will be no worse than it is now (aside from possible political implications, as to which we are not in a position to express ourselves).

An outline of our proposed basis for revision of the draft agreement, which we believe acceptable to the British, will be submitted shortly. We believe, as indicated in our 9446 of November 1, that the Continental Allies will accept any reasonable compromise agreed to by the United States, United Kingdom and USSR.

You may wish to show this to Mr. Winant. [EITO Delegation.]

GALLMAN

840.70/11-144 : Telegram

The Acting Secretary of State to the Chargé in the United Kingdom (Gallman)

WASHINGTON, November 4, 1944—11 p. m.

9253. For EITO Delegation. It is noted that the British views contained in paragraph 4 of your 9446, November 1 antedated receipt of the Soviet note. Have the British given any indication since then that they might be prepared to participate in an inland transport organization which did not include the Soviets and Yugoslavs at this time but which would (*a*) provide for their inclusion at a later date, or (*b*) have means of coordinating its activities with those of nonparticipating governments? Would such an organization necessarily be limited to western countries or would eastern countries such as Yugoslavia, Greece and Poland participate?

Have you any suggestions as to procedure by which continued consideration could be given to the technical aspects of EITO? For example, would it be possible to assemble a drafting committee on which participation would be voluntary, consisting of those delegations which favor an EITO with authority. This committee might

draw up an acceptable draft agreement which could be submitted to the conference at large for signature. Do you see any way in which the establishment of such a drafting group, either

(*a*) as a sub-committee of the Main Committee, or
(*b*) as attached to the present bi-partite Interim Commission, might be constituted without precipitating a formal Soviet withdrawal until it came time for final signature.

Have the British suggested any alternative proposals? Your comments and possible solutions would be welcome.

These questions should not be discussed with any delegation. We do not wish to put forward any proposals at the present time.

STETTINIUS

840.70/10–2744 : Telegram

The Acting Secretary of State to the Chargé in the United Kingdom (Gallman)

WASHINGTON, November 4, 1944—11 p. m.

9259. For EITO Delegation and Williams, reEmbs 8900, October 18 and 9259, October 27.[71] The President has approved the signature and ratification of the EITO Agreement as an Executive Agreement on the basis of the Anglo-American Draft submitted to the Conference. Therefore, for purposes of calculations by Interim Commission under Article V., Section 1, agreement may be treated as an Executive Agreement.

Department understands that it might be possible, subject to approval of the President and the Bureau of the Budget, for U.S. contributions to EITO to be made from the President's Emergency Funds. It is assumed annual expenditures of headquarters organization would not be large and that field operations might be made self-supporting.

In applying for use of the President's Fund the following factors should be borne in mind:

(1) Appropriations from such funds for participation in EITO only can be made for a period of one year. After the initial 12 month period, Congressional appropriations are necessary. However, the expenditure of such funds by EITO would not be limited to the 12 month period but could be made over any required period.

(2) In making calculations, consideration might be given to setting up a budget for a 2 year period and the request for contributions be made on that basis. If this budget proves inadequate within the 12 month period, a further contribution based on a supplementary budget could be requested.

(3) The general criteria used by the Bureau of the Budget in passing on appropriations from the President's Emergency Funds are: (1) that the funds will be used for purposes of national defense.

[71] Latter not printed.

(Since EITO would further the needs of our military in occupational and transitional periods, this point seems covered.) (2) That the appropriation is not for the purpose of increasing existing appropriations. (This would not be a factor in contributions to EITO.)

Foregoing should give Clay and Williams sufficient background to work on. Obviously, the form EITO might take will influence their calculations.

STETTINIUS

840.70/11-544 : Telegram

The Acting Secretary of State to the Chargé in the United Kingdom (Gallman)

WASHINGTON, November 8, 1944—2 p. m.

9344. For EITO Delegation. Department notes from last paragraph of Embassy's 9603, November 5, 5 p. m.[72] there is a possibility Soviet Delegation may leave this week. It is our belief that Soviet withdrawal from the conference or departure of their Delegation should be forestalled if possible until our position on the Soviet note can be fully determined.

With this in mind following comments may be made on the proposals contained in your 9584, November 4. It appears that the British are prepared to go along on an EITO organization without the Soviets if necessary. The main U.S. and U.K. interest so far as the military occupation is concerned will be in western Europe. Therefore prime U.S. interest in EITO is to see that our military are adequately serviced. However we would naturally prefer the participation of the Soviets and the eastern European powers.

1) We are not sure that either your formula or the British formula would avoid the Polish issue. It is entirely possible that the Russians may take the position that a part of Poland is liberated and that the Committee of Liberation should be recognized as having jurisdiction over that area at this time.

2) Confining the approach to fully liberated countries would probably leave out at the present time such countries as Holland and Czechoslovakia; thus deserting the Czechs after the strong stand they have taken.

3) Even if the Soviets would accept a re-draft submitted by the U.S. and U.K., it would perforce be presented to the other Continentals on a "take it or leave it" basis, which we do not regard with favor. If the Soviet reply is negative or long delayed valuable time would be lost.

4) Since other Continentals have already been brought into the picture and have supported the U.K. and U.S. position, they might well be antagonized if they were presented with an agreed final draft on which they had not been consulted. We feel UK–US position would be strengthened by full consultation with Continentals.

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[72] Not printed.

5) What prevents Interim Commission from functioning on bipartite basis in consultation with Continentals and military and from including the Soviets whenever they wish to participate? We had assumed Commission was functioning on this basis and that Clay and Williams' telegrams [73] were in connection with their work on the Commission. Please clarify status of Commission.

With the foregoing as background and in order to forestall, if possible, precipitous Soviet action, Department suggests for your consideration and, if you concur, for British consideration the following procedure:—

That the Chairman of the Conference or the Chairman of the Main Committee circularize all Delegations with a letter along the following lines:

There is apparent agreement among all Delegations of the desirability of establishing a European inland transport organization. Many constructive amendments to the draft agreement have been submitted. It is believed that most useful progress can be made to reach a satisfactory agreement by a series of informal discussions among the various Delegations. Accordingly the Chairman proposes that the U.K. and U.S. Delegations, as original drafters, hold informal talks with the other Delegations to consider the various amendments which have been submitted with a view toward reaching an acceptable agreement.

Department recognizes that even with this informal approach Soviets may raise Polish question, however they might be answered orally that this was merely an attempt to arrive at satisfactory solution of technical problems for which Conference had been called. This approach would technically keep the Conference in session; maintain flexibility; and give the U.S. and U.K. Governments adequate time to consider their reply to the Soviet note.

STETTINIUS

840.70/11-844 : Telegram

The Acting Secretary of State to the Chargé in the United Kingdom (Gallman)

WASHINGTON, November 8, 1944—3 p. m.

9345. For EITO Delegation. ReEmbs 9364, October 30, 1944. Department agrees that if during the period of US participation in EITO present controls are liquidated or materially altered it might be impossible for this Government to honor fully its commitments under Article VIII, section 4 as presently drafted.

The text in the immediately following clear telegram has been approved by the interested divisions of ECA [74] and WEA [75] and is

[73] Not printed; they dealt with technical operational matters.
[74] Office of Economic Affairs.
[75] Office of Wartime Economic Affairs.

submitted as a possible substitute. It has not been submitted to the Postwar Program Committee. Your comments are solicited. This new text might also be more acceptable to the British and the continental powers since they too may lack adequate controls to implement this section as originally drafted.

STETTINIUS

840.70/11-844 : Telegram

The Acting Secretary of State to the Chargé in the United Kingdom (Gallman)

WASHINGTON, November 8, 1944.

9346. For EITO Delegation. Possible substitute for present draft of section 4, Article VIII:

"So long as the Organization deems necessary for the exercise of its functions, each member government undertakes to implement the recommendations of the Organization under section 2 of Article VII, by whatever measures are necessary and practicable consistent with laws and regulations of such member government.

The provisions of this section shall not debar the Allied Commanders-in-Chief from importing or exporting or permitting the import or export of transport equipment and material into or out of any territory. The provisions of this section shall apply to the disposal of military transport equipment and material provided that the Allied Commanders-in-Chief are satisfied that military necessities permit."

STETTINIUS

840.70/11-744 : Telegram

The Acting Secretary of State to the Chargé in the United Kingdom (Gallman)

WASHINGTON, November 9, 1944 —9 p. m.

9406. For EITO Delegation, reEmbs 9658, November 7.[76] Department is surprised to learn that Interim Commission is not yet functioning either officially or unofficially as a bipartite body. Department had gained the impression from the urgent request received for instructions for Clay and other communications that Clay and Barrington-Ward were in operation and that the Soviets had not yet determined how they would participate. It seems to the Department that the Commission should begin functioning at the earliest date, and that the British should be urged to appoint and instruct their Commissioner. We hope the British will take appropriate action without delay. The Soviets, of course, can participate whenever they wish. In view of the urgency of transportation and

[76] Not printed.

equipment questions arising, the need for an authoritative body to consult with the military and Continentals seems essential.

As you know, plans are being made in Paris for the establishment of transportation committees to service the military and French requirements. We intend to propose that these committees tie into the Interim Commission. We assume that SHAEF is still anxious to see the Interim Commission established and operating.

STETTINIUS

840.70/11–1044 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 10, 1944—5 p. m.
[Received November 10—4:55 p. m.]

9799. PART 1. ReDepts 9344 of November 8. At the reception at the Soviet Embassy on November 7 on the anniversary of the October revolution, General Obydin stated separately to Hurcomb and Hooker that he felt sure we would come to an understanding on the EITO agreement. Khachaturov has also asked Ronald for information on certain technical questions, implying future discussion. Since there has been no confirmation of the rumor referred to in our 9603 of November 5 [77] that the Soviet Delegation might leave, and the comment on which the rumor was based appears to have referred to the possibility only of a single individual leaving, we feel that there is no immediate danger of the departure of the Soviet Delegation.

In response to Department's point 1, perhaps it should have been made clearer that the Ronald formula calls for the complete liberation of the territory of the Government in question. While it is, of course, possible that the Russians may take the position envisaged by the Department that the Committee of Liberation should be regarded as eligible to become a signatory when only a part of Poland is liberated, this would simply constitute a rejection of the Ronald formula. Such rejection is, of course, possible but we feel it is the only formula so far advanced that makes it possible for the Russians, if they wish, to go ahead with the EITO agreement pending a settlement of the Polish issue. We consider it worthwhile on that account, provided we have assured ourselves in advance that it will be sufficiently acceptable to the other Continental Allies.

As to Department's points 2, 3 and 4, Ronald proposes to avoid the danger of appearing to confront the Continental Allies with a *fait accompli* by discussing the redraft of the agreement, including

[77] Not printed.

the Ronald formula, first with the French, and by securing their aid in presenting it to the other Continental Allies, before presenting it to the Soviets. In general, we all feel that the Continental Allies will go along with anything reasonable on which they consider the United States, United Kingdom and USSR are likely to be in agreement, especially if we keep closely enough in touch with them on an informal basis to avoid offending their sensibilities.

As to Department's point 5, the Interim Commission is prevented from functioning on a bipartite basis by the British failure formally to appoint Barrington-Ward to the Commission. The British now say he is merely their nominee for the EITO Executive Board, although at the first tripartite meeting they stated Barrington-Ward would be their Interim Commissioner.

The British have claimed that the original reason for creating the Commission, i.e. the likelihood of a long delay in setting up EITO, no longer exists. The facts speak for themselves on this point. They also claim that the necessity for associating the Continental Allies in the work to be done makes the Interim Commission as originally planned inappropriate. This we do not regard as valid. The Commission setup can obviously be molded in any way that seems appropriate to meet the needs of the occasion. The British have conveniently forgotten their assent to the joint support by the United States and USSR to the prompt setting up of the Commission, expressed at the first tripartite meeting with the Soviets over a month ago. (The Soviets, it is true, have never mentioned the Commission subsequently, except once 2 weeks later when asked when their Interim Commissioner would be appointed and they replied, "soon".)

PART 2. We believe that Ronald's proposal for sounding out the Continental Allies on the proposed redraft of the agreement, including the Ronald formula, is in substantial conformity with the procedure proposed by the Department save only that it does not involve circularizing the delegations by letter and it expressly contemplates ascertaining the views of the Continental Allies before discussing our proposals with the Soviets.

PART 3. Ronald also now believes that in the event of general concurrence in the redraft of the agreement, there should be some sort of final convening of the Main Committee or of the Conference, which the Soviets need not attend if they do not care to sit at the same table as the Poles. While we question the desirability of this procedure, the issue has not yet presented itself and we mention it merely for information.

GALLMAN

840.70/11–1044 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 10, 1944—9 p. m.
[Received November 10—5:03 p. m.]

9807. Ronald told us this evening that a cable had been sent this afternoon to the British Embassy in Washington instructing it to urge upon the Department the necessity for an early reply to the Soviet note regarding the Polish representation at the EITO Conference.

We were shown an account of a conversation between Mr. Eden [78] and the Soviet Ambassador on November 7 during which Mr. Eden stated that the British Government could in no circumstances assent to the representation of the Lublin Committee at the expense of the Polish Government in London. Ronald also told us that Richard Law [79] had, on October 31, made a similar statement to Mr. Gousev [80] in which he expressed surprise that the Soviet Government had taken such a step while the Polish question was still being considered on the basis of the talks held in Moscow by the Prime Minister and Mr. Eden.

The Soviet Ambassador has requested a written statement of the British Government viewpoint and this the Foreign Office states it cannot give until it knows how the Department intends to answer the Soviet note.

GALLMAN

840.70/11–1044 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 10, 1944—10 p. m.
[Received November 11—11:05 p. m.]

9808. For Berle from EITO Delegation. Following is summary of proposed revision of EITO draft agreement, to which British have agreed and which represents both what we believe we can and should concede to secure agreement with the Soviets and the most we can concede if we are to retain adequate assurance of the organization's having sufficient power:

(*a*) We would accept the Soviet amendment to Article I, as contained in EIT/18 (despatch No. 18928).[81]

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[78] Anthony Eden, British Secretary of State for Foreign Affairs.
[79] Richard K. Law, British Minister of State.
[80] Fedor Tarasovitch Gousev, Soviet Ambassador in the United Kingdom.
[81] Despatch 18928, October 31, not printed.

(*b*) In Article III, section 5, we would agree to a 7-man executive board from the outset, pointing out by way of commentary that under our proposed revision of Article XI (Ronald's proposal to get around the Polish issue) the total membership of the organization would at first be less than 7, and that one or more places of the board might need to be kept open for later signatories, such as the Czech.

(*c*) We would retain Article III, section 7 as in printed text,[82] in accord with Soviet view, and explain to Continental Allies that our agreement to a 7-man executive board gives the board power to create a director general if it wishes. They are aware from our statements during the debates of our support for the creation of that office, on the ground that we regard it as administratively desirable. Clay agrees that it is administratively desirable for the board to have a chief executive officer but thinks that it is not important that the chief executive officer have the title Director General and, in any event, because of ideological connotations that the Soviets attach to that title, controversy over this question should be avoided for the reason it may prejudice our receiving from the Soviets a favorable response to the redrafted EITO agreement. He further feels that as a matter of principle, the executive board should have some discretion in arranging the details of the organization of EITO's organization or in modifying them to meet any exigencies which may arise and which cannot be foreseen in advance.

(*d*) We would accept the Soviet text as in EIT/18, adding the words "without the unanimous consent of the Council" and retaining the second paragraph as in the printed text.

(*e*) We would accept the Soviet preamble to Article VII, as in EIT/18.

(*f*) We would accept the Soviet text of Article VII, section 1 as in EIT/18.

(*g*) Coming to section 2 of Article VII, this ties in with section 4 of Article VIII, which is the subject matter of Department's 9345 and 9346 of November 8.

"The organization shall assist the realization of requirements of member governments for transport equipment and material.

"The organization shall, within the framework of the priorities determined by the appropriate authorities of the United Nations, allocate to member governments in Continental Europe, on such conditions as it may deem necessary, such transport equipment and material as may be made available to it for this purpose by the Allied Commanders-in-Chief, by occupation authorities, or by agencies of any one or more of the United Nations.

"To enable the organization to carry out this obligation effectively, it may consult with member governments on their export and import

[82] See text transmitted in despatch 18095, September 19, from London, p. 792.

possibilities and needs in respect of Continental Europe and shall receive from such member governments notification of all arrangements made in respect thereto."

But the purpose of the original section 2, Article VII and the corresponding section 4 of Article VIII in the printed text was to make the organization effective in allocating transport equipment to member governments in accordance with their needs. To achieve this purpose the organization was given the absolute power of allocating transport equipment from all the enumerated sources and all member governments bound themselves to accept such adjudication. The Soviets have firmly maintained that this violates the principle agreed to in Article I and constitutes a usurpation of national sovereignty. The Czechs informally after Masaryk's speech pointed out also that it might result in forcing an exporting country to forego orders at better prices and credit risks in favor of poorer prices and risks. The latter objection is a corollary of the failure to accompany the power of allocation with provision for financing the requirements of countries unable to pay for equipment.

The text proposed above obviates both objections and removes the need for section 4, Article VIII, by giving the organization the power of allocation only over equipment which will be made available to it for this purpose and gives it the means of effecting the necessary coordination of the allocation of such material with imports and exports by the right to consult with member governments on their export and import possibilities and needs and receive from them advice of all firm commitments.

We respectfully urge that the Department approve the above text, and the consequent deletion of Article VIII, section 4, instead of the text for the latter section proposed by the Department, for the following reasons:

1. This is the part of the agreement to which the Soviets have made the strongest objection. It provides the basis for their contention that the agreement confers powers that interfere with the sovereignty of the member governments, et cetera.

2. In the form presented to the Conference (i.e., the printed text) it implies controls over our own export trade which might give rise to grave political objections, and which might later become difficult to honor without special legislation.

3. The text suggested by the Department in effect gives the member governments an option whether or not to hold themselves bound that is cast in such general terms as to set an undesirable precedent with respect to section 5 of Article VIII to which we attach primary importance and for which we have framed a considerably stronger form of commitment.

4. The Department's proposal for amending section 4 of Article VIII does not seem to meet the point raised in our 9364 of October 30

that the power of allocation in Article VII, section 2, is largely meaningless without providing means of financing.

5. The qualified commitment suggested by the Department will come to the same thing in the end as the outright deletion as recommended by us, since in practice none of the governments will consent to be bound unless all are equally bound.

6. We feel there is much more to be gained in securing Soviet approval of the revised draft as a whole by going the entire way to meet their position on this point rather than striving for a form that appears to regain some vestiges of our position although yielding it in substance.

7. Apart from the deletion of section 4 of Article VIII the Soviets seek the deletion of subsections (*c*) and (*d*) of Article VII, section 2. The Department's proposal does not meet this point, while ours does.

(*h*) Article VIII, sections 1 and 2, are with minor changes the same as proposed by the Soviets in EIT/18.

(*i*) Article VIII, section 4 is deleted, as discussed under (*g*) hereof.

(*j*) Article VIII, section 5 and the next unnumbered section of EIT/18 are combined in the following form to give us in slightly different words the substance of Article VIII, section 5 of the printed text.

"Every member government undertakes to ensure by any means in its power the rapid movement of traffic of common concern in accordance with the recommendations made by the organization under section 6 of Article VII."

The words "by any means in its power" are a concession to the Soviet objections to ironclad forms of commitment. We regard the text as sufficiently strong to save the substance of a valid commitment, but we consider it the farthest limit to which we can go unless we accept an organization that is merely consultative.

(*k*) The following redraft of Article XI embodies the Ronald formula to get around the Polish question:

"1. This agreement shall be open for signature at once by the governments referred to in section 5 of Article III and by such other governments of the United Nations in Continental Europe as are the effective authorities for transport in their territories.

2. It shall also be open for signature by the government of any other United Nation, the European territory of which has been in the occupation of the enemy, from the date on which the said government resumes, by transfer from the Allied Commander-in-Chief concerned or otherwise, responsibility for civil administration in that territory, or from the date on which the said government becomes the effective authority for transport in that territory, whichever is the earlier date.

3. It shall also be open for signature by any other government in Continental Europe upon invitation by the council.

4. This agreement shall come into force for each member government on the date of signature. It shall remain in force for two years from the date of the general suspension of hostilities with Germany

and shall thereafter remain in force, subject to the right of any member government, after the expiry of 18 months from the date of such general suspension of hostilities, to give 6 months notice in writing to the council of its intention to withdraw from this agreement.

5. The organization shall begin to exercise its functions under the provisions of Article VII and Article X in any territory in Continental Europe as soon as the member government concerned becomes the effective authority for transport in that territory, provided that the Allied Commanders-in-Chief concerned are satisfied that military necessity permits, and under such conditions as they may deem necessary."

No other formula better calculated to make possible an agreement on EITO before the Polish question is settled has been suggested. The practical alternatives seem to be:

(1) To do nothing until a settlement of the Polish question;
(2) To push the Interim Commission instead of EITO, pending settlement of the Polish question;
(3) To push some other arrangement more or less similar to the Interim Commission instead of EITO, pending settlement of the Polish question;
(4) To push both EITO (using Ronald's formula) and the Interim Commission, as we have recommended;
(5) To push EITO alone, using Ronald's formula, as the British prefer.

Either of the last two we consider preferable to the first three and we do not know of any other possibilities that would not involve the Polish question directly.

(*l*) We propose adding a proviso to Article XII that it shall not apply to agreements between member governments to facilitate the working of traffic across international borders. Though irrelevant to the original text of the Article it meets the Soviet objection as we understand it.

There are numerous other drafting and other changes for the sake of clarity and in order to meet points raised by various delegations. We regard none of them as substantial.

A copy of the revised text follows by airmail.[83]

We believe there will be much to be gained by the promptest possible action. [EITO Delegation.]

GALLMAN

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[83] Transmitted to the Department in despatch 19188, November 13; neither printed.

840.70/11–1244 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 12, 1944—1 p. m.
[Received 1:57 p. m.]

9879. For Berle from EITO Delegation. ReDepts 9406, November 9.

[I.] Ronald was informed Friday evening[84] of the Department's surprise that the Interim Commission was not functioning on a bi-partite basis, that the Department felt the Commission should set about its activities without further delay and that Russian participation would be welcome whenever they wished to take part.

Ronald raised the objection that to set up the Interim Commission at this stage on a bi-partite basis would be likely to raise a host of delicate questions with the Continental Allies that were better avoided. With respect to Russian participation he expressed the view that with Soviet adherence to the EITO agreement in doubt and with the possibility that activities of the Interim Commission would be confined to the areas of Anglo-American military commands, the British Government would not favor inviting the Soviets to join. The British apparently intend to take a strong line with the Soviets. Ronald therefore believes that it would be much better not to set up the Interim Commission as such at this time.

He acknowledged however, the importance of the immediate job to be done, and proposed that Barrington-Ward and Clay be instructed to get to work forthwith under a directive not dissimilar in substance from the draft directive to the Interim Commission, but under another name, and related especially and explicitly to the transportation committees referred to in the Department's 9406. We stated that we were fully in accord with the proposal that Barrington-Ward and Clay proceed to work along the lines indicated without delay, whether under the draft directive or not, and under whatever designation, in order to meet the needs expressed by SHAEF. We reiterated the view that the Interim Commission should be pushed as such, stressing particularly our belief in its value in dealings with the Soviets, because the Soviets have expressed their approval of it and readiness to participate. Further, if we make known to them that it is actually in operation and that their participation is desired, it may have a value in expediting their favorable consideration of the redraft of the EITO agreement, combining as it would an indication that we have no desire to freeze them out of the picture, or proceed on a limited regional basis without them in a manner that they might regard as inimical but showing at the same time that they cannot immobilize

[84] November 10.

us by noncooperation or failure to reply. Ronald observed that we could not place much reliance on the Soviet statement of approval of the Interim Commission, and that in reminding them of it and asking their participation we might be opening ourselves to a serious rebuff. With regard to Ronald's objection that the [setting] up of the Commission would raise problems with the Continental Allies we stated that the draft directive was couched in such general terms that the Interim Commission had all the flexibility necessary to take care of the interests and sensibilities of the Continental Allies in any of a number of ways. It was left that Ronald would consult with his people and advise us definitely in a few days of their attitude towards the Interim Commission as such. Clay advises that he is sending Williams to Paris next week at SHAEF's request to get information on French requirements for shop tools and equipment as to which SHAEF may lack jurisdiction. Incidentally he will find out what if anything has been done by the transportation committees referred to in Department's 9406 of November 9.

II. Ronald proposes that we should deal with the Continental Allies in sounding them out about the "Ronald formula" and the redraft of the draft agreement through the good offices of Massigli. We offered no comment on this procedure. The Czechs have indicated that in their view it was not entirely agreeable to the Soviets that the French should play too prominent a part in the EITO negotiations, on the ground that there were certain aspects of the *nouveau riche* in the French position. Whether this reflects a Czech ambition to play a mediatory part or actually reflects a Soviet attitude, we are unable to say. Ronald feels that in view of the recent Soviet acknowledgment of the French position in European affairs there are no dangers on this score. He feels that for us to deal directly with the Continental Allies prior to the presentation of the redraft of the agreement to the Soviets might compromise us with the latter. In the light of our information here and the British position as hosts to the Conference we do not feel inclined to take exception to the procedure Ronald proposes. [EITO Delegation.]

GALLMAN

840.70/11–1344 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 13, 1944—1 p. m.
[Received November 13—9 : 40 a. m.]

9884. ReEmbs 9807, November 10, 9 p. m. The Embassy has received a written communication from Ronald recapitulating what

we were told orally Friday evening[85] with regard to the British desire for an early indication of the Department's attitude toward the Soviet note regarding Polish representation at the EITO Conference.

Ronald points out that pending a reply from the State Department to the Foreign Office's telegram of November 1, in which it gave the text of its proposed replies to the Russians, the British and American [De]legations have worked out a redraft of the projected agreement attempting to reconcile as far as possible the draft put in by the Soviet Delegation with those put in by other delegations. He states that consideration is now being given to showing this redraft to the French Delegation as the sponsors of the point [*joint?*] draft put in by the Continental Allies covering their desiderata. Ronald states that, "meanwhile an awkward situation is developing here as a result of the failure of the United States Government to let us know their views on the proper answer to the Soviet note of October 28". He states that until the reply of the United States Government has been received it is impossible for the two Delegations in London to make definite suggestions as to the procedure to be followed after the contemplated consultation with the French Delegation.

This morning Ronald informed us by telephone that in his opinion the British Government can delay no longer in giving a written reply to the Russian Ambassador. He intends to recommend to the Foreign Secretary that such a reply be given Gousev unilaterally in which the oral statements made by Eden, as outlined in the Embassy's 9807, will be confirmed. We have informed Ronald that if such unilateral action is taken it will place us in a very embarrassing position.

GALLMAN

840.70/11–1244 : Telegram

The Acting Secretary of State to the Chargé in the United Kingdom (Gallman)

WASHINGTON, November 13, 1944—7 p. m.

9526. For EITO Delegation.

I. Late on November 11 Department made available informally to British Embassy for transmittal to the Foreign Office, Department's "tentative proposed reply"[86] to the Soviet note on the Polish question. The Department hopes to give final clearance to its reply shortly. The Department proposes to reply that the EITO conference is a technical discussion in which there should not be injected political questions with far reaching consequences and expressing the hope that

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[85] November 10.

[86] The "tentative proposed reply", not found in Department files, presumably was much the same as the reply actually given to Mr. Gromyko on November 22, p. 879.

on review the Soviets will continue to participate. As the Department's reply has not received final approval and of course has not been delivered, it should not be discussed with anyone, including your British colleagues.

It was only after receipt of your 9808 of November 10 that TRC [87] was able to locate your despatch 18928 of October 31 [88] which had inadvertently been misrouted. Obviously Department is not in a position to give instructions on suggested amendments until your full revised text is received and then only after full consideration within the Department and possibly other agencies. This is time consuming.

II. On the other hand the U.S.–U.K. replies to the Soviet notes should not be delayed any more than necessary. Therefore Department proposes that prior to delivery of the U.S.–U.K. replies to the Soviets, the Soviets and the other continental delegations be advised in some informal manner by the Chairman of the Main Committee, possibly orally or by telephone, that informal discussions will be held outside of Committee to arrive at an acceptable text. After this information has been conveyed to the various delegations, the U.S.–U.K. replies to the Soviet notes could be delivered.

This procedure should not be confused with Ronald's proposal for "sounding out" allies on Ronald formula and redraft as set forth in II your 9879, November 12. Department's proposed procedure might well lay the groundwork for any "sounding out" procedure that might be decided on later.

The advantages to this procedure seem to be the following:

1) Steps would be taken to continue the conference at a technical level;
2) Continued Soviet participation in technical discussions will have been solicited without reference to the political questions raised in their notes;
3) Affords a basis for continuing the discussions with the other continental powers irrespective of the action taken by the Soviets;
4) It avoids the necessity of having the Soviets sit at the same table with the Poles;
5) It does not commit us to request the Soviet views first;
6) It gives us time to consider a proposed redraft which has not yet been received by the Department.

Your urgent consideration of this procedure is requested.

III. This procedure seems to afford another advantage, namely that it would permit the Interim Commission to begin functioning and open the way to asking the Soviets whether they intend to participate. Department feels that the establishment of the Interim Commission is particularly important, especially if we are seriously to consider the Ronald formula, as it is difficult to perceive how an agreement with

[87] Office of Transportation and Communications.
[88] Not printed.

only limited participants, as envisaged by the Ronald formula, could effectively operate. In other words, the Interim Commission could be the effective mechanism for carrying out the essential functions of EITO pending the signature of the agreement by the allies whose territory is not yet liberated. The Department requests your views as to how EITO would come into being and would function under the Ronald formula.

STETTINIUS

840.70/11–1544 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 15, 1944—6 p. m.
[Received 8:35 p. m.]

9978. At a meeting last evening, November 14, with Ronald and Noel-Baker, the former read aloud the text of the Department's proposed reply to the Soviet note received from the British Embassy in Washington and characterized it as a "soft answer". He made it clear that the sharp answer favored by the Foreign Office is based on considerations having nothing to do with EITO, and that, so far as EITO is concerned, a soft answer would be more likely to bring about ultimate Soviet participation. In accordance with the Department's instructions (Department's 9526 of November 13) and having no other information, we offered no comment.

2. We are in agreement with the procedure outlined in the second section of the Department's 9526, and do not consider it substantially incompatible with the procedure envisaged by the Foreign Office as reported in the second section of the Embassy's 9879 of November 12.

The Department's proposal that all the delegations be informally advised that informal discussions will be held, and that this information be conveyed prior to the delivery of the United States and United Kingdom replies to the Soviet notes, was not contemplated by the Foreign Office, but judging from Ronald's comments last evening, we do not believe it will be opposed by the Foreign Office.

We believe that the extent to which Massigli can be useful in the discussions with other Continental Allies cannot be ascertained until we have first talked with him. We assume that the Department will have no objection to making use of his good offices to the extent that they may appear to be useful. We have not, however, committed ourselves to the use of Massigli and will be in a position to deal directly with the Continental Allies if the Department should feel that it is for any reason undesirable to use the French.

Ronald made it clear that the Foreign Office "will insist" that at least further meeting either of the Main Committee or the Conference

be held, stating it to be necessary out of courtesy to the Continental Allies but in our opinion actually as an indication of British refusal to be influenced by Soviet insistence on excluding the Polish Government. It appears that the present Foreign Office view is that such a meeting should be held very soon after the start of informal discussions. They envisage that a drafting committee composed of United States, United Kingdom, French, Dutch and Czech representatives might be appointed (on the assumption that the USSR will not be present); and that it might not be necessary subsequently to reconvene the Main Committee or the Conference again. We believe that if a meeting of the Main Committee or the Conference is to be held at all, it would be best to hold it after substantial agreement has been informally arrived at on the text of the EITO document; such a meeting would then be merely a formal gesture and considerably less likely to give offense to the Soviets than a meeting held at the outset of the informal discussions.

3. In response to the query in the last sentence of the Department's 9526, EITO would come into being upon signature of the agreement by those governments eligible to sign under Article XI as redrafted. At present besides the United States, United Kingdom and USSR, France is eligible, and we are informed that Belgium and Greece shortly will be.

Ronald advises that the Foreign Office has again redrafted Article XI with a view to defining adequately the relations of the organization to prospective members not yet eligible to become signatories under section 2 of the Article. In general the purpose is to make clear that the organization will plan for the benefit of prospective as well as current members and that they may be brought into the activities of the organization in advance of actual membership as may appear desirable. This may answer some of the doubts about the Ronald formula, implied in the penultimate sentence of Department's 9526.

The Ronald formula would not affect the functioning of EITO so far as signatory governments are concerned. As to governments whose accession to membership is deferred under the formula, the functions of the organization could be more clearly defined by the latest revision of Article XI which we expect to receive shortly from the Foreign Office. Article XI has not yet been approved by the Foreign Minister but is to be presented to him in the immediate future. Since the above-mentioned Foreign Office redraft of the Article does not affect the eligibility provisions which are the substance of the so-called "Ronald formula", we should appreciate an early indication from the Department whether or not it approves of this formula. It should then be possible to give the informal notification to the other delegations recommended by the Depart-

ment, and when and if an acceptance in principle by the Department of the new text of the agreement is received, we can commence informal discussions, probably beginning with Massigli.

4. Both the Foreign Office and the Ministry of War Transport remain adamant in opposition to the Interim Commission. Ronald was especially emphatic and stated that in his opinion progress could only be made if the idea of the Interim Commission was dropped altogether. Their argument is as follows:

The draft directive presupposes acceptance of the draft agreement by the big three but in fact the USSR has not accepted the draft agreement in substance whereas the Continental Allies have. It is likely therefore that the draft directive would have to be modified to secure Soviet participation, which would cause delay; and in any event it is hardly worth while arranging for finance and staff and other detailed arrangements unless the Commission is to have a life of several months. But the Commission could not be established on a tripartite basis as originally conceived since at least France would now have to be included. Other Allied Governments would have ground for complaint after Soviet refusal to cooperate in the organization if a body is set up in which the Soviets participate and from which they are excluded. The Soviets may well prefer to retain the Commission, since it is only advisory, and sabotage the setting up of EITO. The participation of France may cause jealousy by the other European Governments which might jeopardize their cooperation in a future organization. Moreover, the Commission would have no authority in territories where the responsibility for transport has been handed over to the national government except with that government's cooperation. There are also manifold disadvantages in including France but excluding the USSR.

We stated that we could not drop the idea of the Interim Commission as proposed by Ronald, and reemphasized the Department's feeling that it should be promptly established in order to meet immediate needs. In particular, we stated our belief that the Interim Commission is a flexible instrument no less apt than any other that might be devised for taking full account of the interests and sensibilities of the Continental Allies. We suggested that if the British insist on not having the Interim Commission, they give us some definite indication of what they propose as a substitute, which we can present to the Department. They agreed to do this and will shortly give us a statement of a proposed interim agreement.

5. During the discussion both Noel-Baker and Ronald spoke in the most resentful terms of the Soviet attitude on the whole EITO question. They stated several times that an invitation to the Soviets to come into the Interim Commission while the question of Poland was still in abeyance would in effect take away from the force of Mr.

Eden's strong oral statement to Mr. Gousev as reported in Embassy's 9807 of November 10.

We believe that in essence the Foreign Office opposition to the Interim Commission as well as their insistence upon another formal meeting of the Conference or Main Committee is related to their feeling that stiff, uncompromising attitude must be maintained against the Soviets for broad political reasons. Therefore, we feel that the attitude of the Foreign Office on these points can only be influenced by representations made directly to Eden under specific instructions.

GALLMAN

840.70/10–1644 : Telegram

The Acting Secretary of State to the Chargé in the Soviet Union (Kennan)[89]

WASHINGTON, November 15, 1944—10 p. m.

2682. For your confidential information there follows a summary of the EITO conference from October 17 (see Department's 2452[90]) to date. Ambassador Harriman has seen this telegram.

[The summary of the Conference from October 17 has been here omitted.]

So far as the technical aspects are concerned, various proposals are being considered both in London and at the Department to attempt to find a solution which will skirt the political issues and segregate them from the technical aspects of the proposed transport organization. A solution is being sought which would not only avoid an open break by the Soviets but would attain their participation in whatever organization is agreed upon. If they are obdurate and walk out, the necessity and desirability of establishing a technical transport organization may result in setting up some stop-gap arrangement in which the Soviets would be asked to participate immediately. If they were to decline at this time, the door would be left open to permit them to participate when they are ready.

The Department will welcome suggestions and any comments or reactions which you have noted at Moscow. You will be informed of future developments.

STETTINIUS

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[89] Repeated to the Embassy at London as telegram 9608.

[90] Dated October 17, p. 827.

840.70/11–1244 : Telegram

The Acting Secretary of State to the Chargé in the United Kingdom (Gallman)

WASHINGTON, November 15, 1944—midnight.

9601. For EITO Delegation, reDepts 9526, November 13, 7 p. m. You will appreciate that Department does not wish U.S.–U.K. replies to Soviet notes transmitted until after all delegations have been informally advised by Chairman of Main Committee that informal discussions will be held outside of Committee to arrive at acceptable text.

Please advise urgently if British have approved of such procedure and if Chairman has already advised delegations accordingly.

STETTINIUS

840.70/11–1644 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 16, 1944—noon.
[Received November 16—10 : 35 a. m.]

10021. Department's 9601 of November 15. Ronald advises that the Foreign Minister has not yet had an opportunity to give consideration either to the proposed British reply to the Department's suggested answer to the Soviet note, to the revised text of Article XI embodying the "Ronald formula", or to the procedure suggested by the Department to us in the second section of the Department's 9526 of November 12 [*13*] and, so Ronald informs us, also suggested by the Department to Halifax and by him communicated to the Foreign Office. This procedure, as reported in our 9978 of November 15, was also proposed by us to Ronald.

Ronald this morning says that he does not understand the reasons advanced by the Department for wishing the delegations to be informally advised, in advance of delivery of the United States–United Kingdom replies to the Soviet, that informal discussions will be held outside of committee to arrive at an acceptable text. We informed him that it was the wish of the Department that this procedure be adopted and that the reasons advanced were considered on our part to be valid. We stated moreover that we were unable to perceive any reason whatever why the delegations should not be informally advised in advance of United States–United Kingdom replies to the Soviet as desired by the Department.

Ronald stated that he would endeavor to let us know as promptly as possible whether or not they felt able to approve this procedure.

GALLMAN

840.70/11-1744 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

LONDON, November 17, 1944—6 p. m.
[Received November 17—5 : 20 p. m.]

10071. From EITO Delegation. Ronald just telephoned in haste, prior to leaving the city, to the following effect:

He has consulted with his colleagues in the Foreign Office on the points mentioned in the first paragraph of the Embassy's 10021 of November 16 and they are considering taking the line indicated below, which, however, we should not take as definitive until they have communicated with us later. They proposed that the British reply to the Soviet note on the Polish issue should be "generally of the same softness" as the proposed United States reply "but would take somewhat different lines determined by what Eden said to Gousev." It would end with a plea to the Soviets to reconsider their refusal to participate in the Conference with the Polish Government in London somewhat along the lines of the proposed American note. At the time of the delivery of their note to the Soviets, they propose to say they would contrive that there shall be no meeting of the Conference or of the Main Committee, at which the Soviets would be placed in the embarrassing position of being asked to sit with the Polish Government, during a reasonable period which they intend to specify shall not be more than 4 or 5 days. Thereafter they cannot commit themselves not to reconvene the Conference or the Main Committee.

Subject to confirmation to us later as indicated above, they propose to consult with Massigli on the proposed redraft, including the Ronald formula and particularly to ask his views as to how far he thinks it is necessary to go to insure Soviet participation, not only eventually in EITO, but in current deliberations. Ronald did not specify whether he meant formal or informal deliberations, and did not give us an opportunity to inquire. Depending on Massigli's reactions, they propose to ask him to "try out" the suggested redraft and the Ronald formula on the Continental Allies.

We asked if this meant a definite rejection of the Department's proposal that all the delegations should be informally notified, prior to delivery of the United States–United Kingdom notes to the Soviet, that informal discussions would be held with a view to arriving at an acceptable text for the EITO agreement. He said he did not construe the Department's suggestion as other than a contingent one, and did not make it clear what he considered the contingency to be. At this point he terminated the conversation to catch a train.

Having in mind the sentence in the Department's 9608 of November 15 [91] referring to the proposed procedure in event of Soviet obduracy, and having in mind also the British unwillingness to participate with the Soviets in the Interim Commission, reported in our 9978 of November 15, we, early in the conversation, inquired as to the British attitude towards asking the Soviets to participate immediately in some stop-gap arrangement. Ronald replied that they would be willing only to inform the Soviets of any stop-gap arrangement that was worked out and say they would be willing to have Soviet observers sit with the interim body.

It is our opinion that there is no possibility of securing British acceptance of our position on the Interim Commission and therefore if the British proposal of an alternative interim arrangement appears reasonable and workable, we should recommend it to the Department. In this connection we have also been told by Hondelink that the Continental Allies have learned of the Interim Commission proposal and that many of them are unalterably opposed to it.

We feel it might be helpful, after we receive the British alternative proposal to the Interim Commission, if we consider it sufficiently meritorious to recommend to the Department, that we informally advise the Foreign Office that this is what we intend to do, and indicate that in our personal view, and not speaking for the Department we feel it would be much easier for the Department to give any such alternative proposal sympathetic consideration if the British could see their way clear to meeting our views as to (*a*) full Soviet participation in any interim arrangement, and (*b*) the desirability of informally advising all the delegations, in advance of delivery of the United States–United Kingdom replies to the Soviets, of our intentions to hold informal discussions. Please advise urgently if we can speak to the Foreign Office along the lines indicated above. [EITO Delegation.]

GALLMAN

840.70/11–1644 : Telegram

The Acting Secretary of State to the Chargé in the United Kingdom (Gallman)

WASHINGTON, November 17, 1944—midnight.

9693. For EITO Delegation.

1. It is apparent from Embassy's 10021 of November 16 that official British attitude is still undetermined on several key questions raised in your 9978 and on which Department's views and approval were requested. Unless British official position alters situation materially, the following is for your guidance.

[91] See footnote 89, p. 870.

2. As to question raised in paragraph 5, your 9978, Department desires to segregate as much as possible Polish political issues from the technical issues of EITO. Department's proposed reply to Soviet note clearly indicates this attitude and Department intends to handle the reply to Soviet note on diplomatic level and not associate it with technical or substantive aspects of EITO. Therefore, if British approve procedure suggested in Department's 9526, November 13, for informally advising other delegations of continued discussions on technical level, you should be able to proceed on the basis of this and previous telegrams.

3. The British assumptions and proposed procedure are apparently predicated on Soviet withdrawal. However, as the Soviets have not actually withdrawn there would seem to be no basis for making all plans exclusive of Soviet participation. There appear to be definite advantages in maintaining flexibility in the approach to several questions.

4. It seems somewhat previous to decide whether the approach to the continentals should be through the French good offices or whether this can best be handled by some other means. If the Soviets continue to participate, it may be advisable to use the French good offices since amendments proposed by the French appear to be based to a considerable extent on the Soviet amendments. However, this is a matter of tactics which can be best judged by the delegation on the ground and it is left to the delegation's discretion in light of the foregoing comments.

5. Department understands from last sentence of paragraph 3 of Embassy's 9978 of November 15, 6 p. m. that it is not contemplated to notify the allies that informal discussions will be held until you have received Department's acceptance in principle of the "Ronald formula".

6. We have not yet received the revised text of EITO agreement referred to in your 9808 of November 10. If expression of Department's position is essential at this stage, however, Department would agree in principle to the suggested revisions contained in your 9808 provided Foreign Office revisions of Article XI are in line with the statements outlined in your 9978 of November 15 and provide adequately for the relationship to and participation in the organization by prospective members. The Department reserves its position with respect to the wording of final EITO agreement; particularly in connection with

a. Article XI, (Ronald formula) and

b. your revised section 2 of Article VII, eliminating section 4 of Article VIII which is now being considered by the interested divisions. (In this connection question has been raised concerning the possibility of this Government being able to implement the last clause

of the third paragraph of Article VII, section 2 of your revision. This Government may lack controls which would afford it a basis for knowing all private arrangements which might be made between private firms in the United States and foreign entities. Possibly the matter could be adequately handled by stopping the paragraph after the word "Europe".)

7. The acceptance of the foregoing in principle is predicated on the assumption that you feel

a. this is the best that can be achieved;
b. the interests of the U.S. are adequately protected; and
c. the military, namely General Ross and Colonel Case, are in agreement with the positions which you have indicated. Please indicate specifically agreement by the military.

8. It has been consistently the policy of the Department that the U.S. should not take lead in EITO as this is primarily a European organization. Accordingly, except so far as is necessary to protect U.S. interests, the lead should be assumed by the U.K. and continentals. If necessary you may inform the British that the Department accepts in principle the "Ronald formula" subject to reservations indicated above, and that we would have no objection if the British wish to approach the continentals on the grounds that they (the British) believe that they have a formula which would overcome some of the difficulties which have been presented and which could be used as the basis for informal discussions.

9. Paragraph 4 of your 9978 was received in a garbled state and the Department is therefore forced temporarily to defer commenting on the latest British views on the establishment of the Interim Commission. In any event, it seems best to await receipt of the British substitute in the form of a "proposed Interim Agreement" before commenting.

STETTINIUS

840.70/11–1844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, November 18, 1944—5 p. m.
[Received 7 p. m.]

10121. From EITO Delegation. Embassy's 9385 of October 30 and Department's 9253 of November 4. After careful consideration we feel that it is appropriate to submit certain general observations which we believe should determine our policy in the further conduct of the EITO negotiations:

1. The long delay that has occurred necessarily tends to produce an atmosphere of disillusionment with the whole project among the

Continental Allies. Statements by Hondelink tend strongly to confirm this view. We have not of course been at liberty to talk directly with the Continental Delegations.

Thus, while we lack proof of this development, in our judgment it would be unwise not to consider it highly probable.

2. The unity and concentration of purpose among the Continental Delegations that were apparent during the discussions in the Main Committee thus threaten to become dissipated. How far this trend may go cannot be assessed until we resume discussions on concrete proposals.

3. The factors that brought about this situation are secondary in importance to the fact that in our opinion it exists and has potentialities that may seriously jeopardize the ultimate result.

4. The ultimate result to be desired is some sort of organization (*a*) that the military and later the occupation authorities can rely on and make use of and that will meet relief and rehabilitation needs and (*b*) that the Continental Allies and the Soviets will support. It will be noted that (*a*) to a large extent depends on (*b*).

5. The possible uses of the organization after the military and occupation periods are of indirect interest to the United States and in any event may be determined chiefly by its initial usefulness.

6. Under the circumstances we conclude that:

(*a*) It is more important to get some sort of organization that can meet the requirements of 4 above into being as soon as possible than it is to lose time contending for many points that in themselves may be meritorious.

(*b*) To this end it is more important to judge proposed changes in the redraft by the criterion of whether they will secure the support of the Continental Allies for the agreement without jeopardizing Soviet support or vice versa than by our own ideas of how it would be desirable for the document to read provided it is not rendered unacceptable for military or political reasons.

By way of illustration it may well be that in contending as long as we did with the Soviets in the tripartite meetings and in the Main Committee for the preservation of the original powers provided for the organization and in not proposing earlier the sort of concessions contained in the redraft of the agreement we may have lost more in the end result than the powers for which we were contending were worth. In this connection we are influenced by the fact that, while the Continental Allies supported our position, we feel fairly certain they would also have supported such a redraft if it had had tripartite sponsorship.

We therefore respectfully recommend to the Department that the general principles actuating the proposed redraft be regarded as of at least as great importance as any specific provision and in passing on

proposed textual changes that the Department consider them in the light of the above. [EITO Delegation.]

WINANT

840.70/11–1744: Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, November 18, 1944—9 p. m.

9731. For EITO Delegation, reEmbs 10071, of November 17, 6 p. m.

I. Department desires to segregate political from technical issues of EITO as indicated in paragraph 2 of Department's 9693 of November 17. It would seem that the Ronald formula would succeed in divorcing the political from the technical issues. We had considered this one of its main attractions and the purpose for which it was conceived. Therefore, the British tactics of delivering to the Soviets their reply with a comment that they would try to avoid embarrassing the Soviets by not holding a meeting at which the Polish *Emigré* representatives would be present and then tacking on a time limit of "a reasonable period of not more than 4 or 5 days" again inject technical issues at the political level. If the British adopt the Ronald formula it would seem that the need for a full meeting could be avoided and consequently obviates the necessity for any time limitation.

II. Please advise Ronald informally that the Department views with concern the injection at the time the British deliver their reply to the Soviet note, of technical issues by referring to a meeting of the conference. You may support this position with the above comments.

III. Insofar as consulting Massigli is concerned this seems to be a matter of tactics which was discussed in paragraph 4 of Department's 9693 and which was left to your discretion. Department would have no objection to sounding out Massigli if the delegation sees benefits to be derived therefrom.

IV. Department's suggestion for informal notification to other delegations prior to the delivery of the notes was not based on any contingency but rather it was an effort to avoid precipitating an open break by the Soviets and to keep the situation fluid, as indicated in paragraph III of Department's 9526.[92]

V. A misunderstanding seems to have arisen concerning sentence in Department's informational telegram 9608[93] referred to in Embassy's 10071. The wording "*may* result in setting up some stop-gap arrangement" was used advisedly. This did not exclude an organization such as envisaged by the Ronald formula which would leave the

[92] Dated November 13, p. 865.
[93] See footnote 89, p. 870.

door open for Soviet participation. It was thought possible that an agreement might soon be signed, possibly including the Ronald formula and that the organization might be set up forthwith. If this turned out to be the case, a stop-gap arrangement might not be necessary.

VI. The Department's main interest in the Interim Commission was to have a working mechanism set up before now to assist the military and the continentals and to have a flexible mechanism in the event that an EITO agreement would be long delayed which is exactly what has transpired. Under present circumstances the necessity for an interim organization would seem to depend on

(*a*) whether an agreement can be reached, and
(*b*) if so, how long it would be before an EITO organization could be established and functioning.

If the Soviets are not willing to participate in EITO it would seem inconsistent to have them as full participants in an interim organization which might be set up and which would be occupied primarily with matters of concern to the U.S., U.K. and the western continentals. Presumably provision for their possible participation would be made just as provision would be made for their possible participation in the final EITO organization.

VII. If our full delegation feels that an interim organization under present circumstances is necessary (namely that an EITO agreement and organization will be delayed) and the British alternative interim arrangement appears reasonable and workable, satisfactory to our military and would be acceptable to the continentals, there would be no objection to our delegation informing the Foreign Office that the arrangement had merit and would be recommended to the Department without committing the Department. As for bargaining for the acceptance of the procedure to be followed in advance of the delivery of the notes, as proposed by the Department in its 9526, this is left to your discretion, keeping in mind paragraph 2 of Department's 9693, namely of divorcing political from technical issues. If the British decide to reply to the Soviets along the same lines as the Department, the Department would not wish to hold up the reply. Therefore, the Department does not wish to make an issue of its proposed procedure even though it seems to have obvious advantages.

STETTINIUS

840.70/10-2844

The Acting Secretary of State to the Soviet Ambassador (Gromyko)

WASHINGTON, November 22, 1944.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note of October 28, 1944 relative to the desire of the Polish Committee of National Liberation to send a delegation to the European Inland Transportation Organization Conference which is now taking place in London.

The European Inland Transportation Conference was called for the sole purpose of coordinating technical questions relating to European transport in order to expedite the prosecution of the war against the common enemy and synchronize these efforts during the immediate post-hostilities period. In view of the technical character of the matters under discussion and the importance attached to the successful conclusion of the questions being considered by the conference, the United States Government does not feel that political questions of such a far-reaching nature as those raised by the Polish Committee of National Liberation should be introduced into a conference of this kind. Moreover, it is the understanding of the United States Government that the negotiations initiated recently in Moscow by Premier Mikolajczyk have not been concluded.[94]

For these reasons the United States Government cannot entertain the request of the Polish Committee of National Liberation contained in your note under reference.

The United States Government hopes that the Soviet Government, after giving consideration to the above aspects of the question, will not permit the request of the Polish Committee to stand in the way of continued Soviet participation in the Allied discussion on the problems of European inland transport.

Accept [etc.] E. R. STETTINIUS, JR.

840.70/11-2244 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, November 22, 1944—6 p. m.
[Received November 22—5:48 p. m.]

10265. Noel-Baker met with Massigli last evening November 21, and after explaining to him the background of the present position of the EITO Conference, submitted to him the proposed redraft of the agreement, embodying modifications of the revised draft that is in the hands of the Department, designed to clarify the position of

[94] See vol. III, pp. 1321–1335.

governments whose membership would be deferred by the working of the Ronald formula, none of which modifications substantively affect the formula.

There was no discussion whatever of any interim arrangement and the discussion was confined to the position of the Conference and the proposed plans for bringing EITO into being.

Massigli stated that he would have to consult his Government, which might take some days. He made it clear that the French were most anxious not to raise any issues of controversy with the Soviets, at least until De Gaulle's return from Moscow. Giving his own personal reactions, he said that he doubted whether the Poles would accept the Ronald formula and he gave Noel-Baker the impression that in general he would tend to support the position of the Poles. He also agreed with the position of the United States and United Kingdom in refusing the Soviet request to substitute the Polish Committee for the Polish Government. He indicated doubts as to the acceptability of the Ronald formula to the Soviets, indicating that he feared they would still insist on the participation of the Polish Committee.

He indicated that the French would have no objection, if after considering the proposed redraft they came to the conclusion it had a fair chance of being accepted by the Continental Allies, either to calling a meeting of the Continental Allies or to participating with us in calling such a meeting to consider it.

He also indicated as his personal view that he felt it would be desirable and necessary to go ahead with EITO even if the Soviets should be unwilling to participate, although every effort should be made to bring them in and it should be made clear to them that participation would at all times be held open to them and would continue at all times to be most earnestly desired. He thoroughly endorsed the proposition that there should be such an organization as EITO to deal with the inland transport problems of Europe.

WINANT

840.70/11–2244 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, November 22, 1944.
[Received November 23—1:17 a. m.]

10293. The text of the British proposal for an interim arrangement until the establishment of EITO which we have just received is as follows:

"The further delay which may be expected in the establishment of EITO makes it highly desirable to set up some stopgap body to deal with the more urgent problems which EITO might have tackled.

We have already explained why we do not think that the Interim Commission can in present circumstances be set up. Some body is, however, required to perform substantially the same functions as those laid down for the Interim Commission in the draft directive and also that of advising and assisting the European Governments on transport matters. It should include representatives of those United Nations which have assumed responsibility for their transport system, and should maintain suitably close relations with those which have not. The Soviet Government should be informed of the proposed creation of this provisional organ and should be given every opportunity to participate in its operations but its participation need not be regarded as essential.

"For these purposes we suggest that a bureau be set up by the Allied Governments represented at the Conference. The bureau should report to the Conference. Clay and Barrington-Ward might be appointed as United States and United Kingdom members of the bureau; and France, and if they wish to participate USSR, might similarly appoint members. Existing TACIT Secretariat would form the nucleus of the staff with Hondelink as director, and other experts should be added as required. Expenses could be borne initially by United Kingdom, USA and perhaps France and USSR, such contributions being treated as advances against eventual contributions to administrative expenses of EITO.

"Bureau would collect information on and study transport conditions in Europe, give any possible advice and assistance as required both to military authorities and to Allied Governments, facilitate transition from military to civil responsibility, prepare and co-ordinate estimates or requirements of the transport equipment and material, sponsor them with the Combined Boards and supply authorities and follow up procurement action and in general work towards the fulfilment of the purposes of EITO."

Our comments will follow shortly.

WINANT

840.70/11–2244 : Telegram

The Chargé in the Soviet Union (Kennan) to the Secretary of State

Moscow, November 22, 1944—6 p. m.
[Received November 23—11 : 35 a. m.]

4455. ReDepts 2682, November 15, 10 p. m. I have not been able to obtain any reactions from Soviet circles on the subject of Soviet attitude toward the EITO Conference.

The Department has no doubt noted the similarity of Soviet action in this case to the last minute refusal to participate in the Civil Aviation Conference.[95] These two examples seem to point to the following conclusions:

(*a*) that the Soviet Government is strongly reluctant at this time to bind itself to any arrangements for technical collaboration which

[95] See note dated October 26, from the Soviet Ambassador, p. 571.

would actually limit the freedom of action of its own authorities either in Soviet territory or in any territories under their military or administrative control;

(*b*) that the Soviet Government is aware that if this attitude were to be widely publicized and understood abroad the effect on world opinion might be detrimental to Soviet interests;

(*c*) that for this reason the Soviet Government will generally endeavor to avoid being placed in a position where it would have to go on record publicly and formally as the only country or one of very few countries refusing to enter into such arrangements for collaboration; and

(*d*) that the Soviet Government will not hesitate to make use of political pretexts to avoid being placed in such a position if it sees no other alternative.

Since it seems that the Soviets are not prepared to undertake at this time general obligations for this type of technical collaboration and are resolved to reserve for themselves freedom to act as they see fit in each individual case, I see nothing to be gained by trying to devise special arrangements with a view to fitting them into an international organization for inland transport, particularly if this were to involve giving them the benefits of participation without requiring them to share the equivalent obligations. When the time comes for practical application of the agreement, if they are given the opportunity to collaborate in individual instances and if they find it to their advantage to do so, they will collaborate whether any legal basis exists for such collaboration or not. On the other hand, if they do not want to collaborate in a given instance no international arrangements will be really effective it [*in*] compelling them to do so.

While all the factors involved are not apparent here, I should think that the remaining countries represented at the Conference would do well to make the most effective agreement they can among themselves. They might, however, word the provisions of their agreement in such a way that if at any time, after the agreement has become operative, the Soviets should conclude that it would be advantageous to them to benefit by one or the other of the arrangements envisaged, it would be technically possible for the organization to extend such privileges to them on an *ad hoc* basis in return for equivalent concessions on their side.

[Repeated] to London as 266.

KENNAN

840.70/11–2244 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, November 22, 1944—7 p. m.
[Received November 22—4:58 p. m.]

10271. Ronald advises that Cadogan delivered to Gousev this afternoon the British reply to the Soviet note about the EITO Conference. Gousev, after reading it, commented "then there is complete disagreement" to which Cadogan assented and then proceeded to speak his "prepared piece", in conciliatory vein, saying that there would've been no meeting of the Conference until the Soviets had had time to reply, and that he hoped it would be possible to get on informally with the work of agreeing to the text of an EITO document which would embody the views of the various participants. Gousev's demeanor was icy and he indicated that he was "not impressed" and ended by saying that he would report fully to Moscow.

Ronald advises that the British Embassy in Washington is being fully informed of what transpired and instructed to inform the Department. Ronald himself is of the opinion that the Soviet Delegation will return to Moscow, although he still hopes that the Soviets will ultimately participate in EITO.

WINANT

840.70/11–1744 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, November 22, 1944—12 p. m.

9841. For EITO Delegation. Department assumes that Foreign Office has informed you of British reply to Soviet note. This, we understand, was to be accompanied by oral statement hoping for continued Soviet participation under arrangements made for informal discussions which would obviate necessity of Soviets meeting with Polish delegation. We understand British dropped idea of time limitation for full meeting of conference.

Today I handed Soviet Ambassador the U.S. reply to Soviet note. I also expressed hope that Soviets would continue to participate in informal discussions so that important problems of European inland transport might be resolved without involving Polish question.

Department assumes that EITO delegation was given sufficient authority in Department's telegrams 9693 of November 17 and 9731 of November 18 to participate in informal discussions on basis of No-

vember 10 text of draft agreement.[96] When agreement on text seems likely and final revisions received, agreement will be submitted to appropriate authorities for approval.

Revised text being studied. We await revised Article XI and your comments on Department's suggested amendments to your revised section 2 of Article VII. On the latter, Harry Hawkins [97] might be helpful.

STETTINIUS

840.70/11-2544 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, November 25, 1944—7 p. m.
[Received November 25—4:59 p. m.]

10409. From EITO Delegation. Noel-Baker and Hooker met this morning with General Obydin. They informed him that our two Delegations had devoted themselves in the recent interval to trying to redraft the agreement along lines that we felt should meet the Soviet views as well as the views of the other delegations. They emphasized that SHAEF was pressing very hard for the early establishment of the organization. They said that our hope therefore was to be able to set up an organization as soon as possible that would be one which, so far as technical considerations are concerned, the Soviets would feel able to participate in, and in which, as soon as the political considerations were cleared, they would participate. They then gave him the revised texts of Article III, section 5, Article IV, Article VII, section 2 (pointing out that this entailed the deletion of Article VIII, section 4), and of Article VIII, section 5. They stated that they believed these were the major provisions on which the views of our three Delegations had not been in accord, and that for the moment they were submitting only the redrafts of these provisions, in order to simplify their consideration, and with the expectation that if the Soviets could approve of them, the balance of the text of the agreement should present no great difficulties. They also informed him that a complete revision of the agreement had been put in the hands of Massigli.

Obydin, after stating that there was, of course, another point of paramount importance which had held up the work of the Conference and which remained unsolved, said that he would be glad to go over with his Delegation the provisions which had been handed to him and would make every effort to acquaint us with their views at the

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[96] For summary of proposed revision of draft agreement, see telegram 9808, November 10, 10 p. m., from London, p. 858.

[97] Counselor of Embassy for Economic Affairs at London.

earliest possible moment, although he did not indicate any specific date. He indicated no surprise at our emphasis on the necessity, on military grounds, of proceeding promptly with the formation of EITO, and so far as could be judged from what he failed to say rather than what he said, appeared to take for granted the necessity of our going ahead even without their initial participation.

There was no mention of an interim arrangement or "stop gap" organization.

The atmosphere of the meeting was cordial. [EITO Delegation.]

WINANT

840.70/11–2744 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, November 27, 1944—8 p. m.
[Received 9:13 p. m.]

10464. From the EITO Delegation. ReEmbs 10293, November 22.

I. After a meeting Friday evening, November 24, with Noel-Baker and Ronald (at which they said they were open to persuasion on any of the points in their proposal and are awaiting our reaction), we recommend that the United States participate in the formation of a "stop gap organization", the name to be determined later, provided that:

(1) Its life shall be limited to the interim period prior to the setting up of an EITO, with or without Soviet participation;

(2) It shall not be affiliated in any way with the Conference, need not be acted upon by the Conference, and shall report to the governments which participate in its organization;

(3) The Soviets shall be informed at the outset of our intentions and invited to participate, whether or not it is their intention to participate eventually in EITO, and invited to maintain observers with the "stop gap organization" if they do not wish to participate more fully, with the understanding that they may at any time enlarge the extent of their participation;

(4) The "stop gap organization" to be directed by a board consisting of one representative from each of the participating governments;

(5) The Board will, within the limits of the funds to be made available by the participating governments, engage such staff as may be required for the fulfilment of the responsibilities entrusted to it. (This provision is intended to preclude any prior commitment to employ any particular persons as envisioned in the British proposal. See section III for further comments);

(6) The expenses should be borne equally by the participating governments, with the understanding that this provision may be modified as seems desirable if it should impose undue hardship on any government.

The "stop gap organization" should perform similar functions to those laid down for the Interim Commission in the draft directive, including advising and assisting the several European governments represented at the Conference, including governments that may not be participating directly in it, and would collect information on and study transport conditions in Europe, give any possible advice and assistance as required both to military authorities and to Allied Governments, facilitate transition from military to civil responsibility, prepare and coordinate estimates of requirements of transport equipment and material, sponsor them with the Combined Boards and supply authorities and follow up procurement action; all with primary emphasis on emergency needs and in preparation for the earliest possible setting up of EITO. The precise wording of a new draft directive will be worked out for submission to the Department upon receipt of the reply to this telegram.

II. With regard to the British suggestion that the "stop gap organization" should include representatives of those countries which have assumed responsibility for their transportation systems, our tentative view is that from a practical operating viewpoint it might be preferable to limit the members of the Board to the four nations mentioned in the EITO agreement, making it possible for the Russians to participate should they decide to do so. In practical effect this would mean just the United Kingdom, France and United States if the Russians did not participate. The Department's comments will be appreciated.

III. [Here follows discussion as to the person to be chosen as executive officer.]

In this connection, the matter is not one on which we request the instructions of the Department, since our representative on the Board would necessarily be guided by the Department's views. Under paragraph 5 of our recommendation, the Board, if it so decides, can keep the identity of TACIT separate, making use of its assistance where its special qualifications would make it most desirable.

IV. Now that the British have become insistent on a "stop gap organization", it is our view that we can hardly oppose it merely because we hope that it may be possible to set up EITO promptly. We are influenced on this point by Harriman's personal opinion that any steps that may be necessary to help the inland transport situation in Europe can be taken without creating any risk of antagonizing the Soviets, provided that we keep them fully informed and offer them full participation both in the "stop gap organization" and in EITO. (See also Moscow's 4455, November 22 to the Department, repeated to this Embassy.) [EITO Delegation.]

WINANT

840.70/11–2844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, November 28, 1944—1 p. m.
[Received November 28—11:10 a. m.]

10492. Following telegram has been received from Paris:

November 25, noon. For Clay and Hooker from Williams. Williams has seen Appleton,[98] Napier,[99] McCollester,[1] Gridley and Mathe, finds no compelling reason for establishment Interim Commission arising out of needs here.

French are making excellent progress in restoring facilities and service. Railway organization being rapidly reconstituted with ample technical personnel. Survey of permanent way and facilities proceeding rapidly. Belief here is that French themselves are most competent to judge needs and prepare requirements. Appleton has arranged to make available McCollester and Gridley, the technical men, when necessary to survey conditions on the ground and give technical advice for screening. The Director General of Military Transportation, the Director General of SNCF,[2] representatives of SHAEF, G–5 and G–4 and McCollester and Gridley as economic advisers constitute the Inter-Allied Transportation Committee which is functioning and whose minutes and papers Williams has gone over. Similar organization coming into being in Belgium. Committee deals with operating problems, procurement and decides which lines shall be turned over for civil operations, which shall be retained under military control and which shall be operated jointly. French are very vigorous in making views and needs known. Army is handling spot purchases. Long-term needs will be developed by new French Government Procurement Committee having London and Washington counterparts.

Understand contract for 770 locomotives has been placed and French ready to inquire for 75,000 wagons if long-term credit can be arranged. Some sterling balances are available and French prefer to obtain as much as possible of this in Britain and remainder in U.S. Railway machine tools requirements have been submitted to Washington through Monret and Mathe has a copy which he will bring to London when he and Levy [3] return. These had not be [*been*] submitted through Appleton and were not known to him.

Napier has no specific arguments for immediate constitution of Interim Commission. He simply has a feeling of urgency and is most concerned about what will be done in Germany. Appleton is opposed to introducing a new organization at this time and fears it would complicate and delay matter. [Williams.]

WINANT

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[98] Col. J. A. Appleton, Director of Military Railways.

[99] Gen. Napier, Chief Transportation Officer of SHAEF.

[1] Parker McCollester, special representative of the Foreign Economic Administration in Paris.

[2] Société Nationale des Chemins de Fer Français.

[3] Jean Levy, a member of the French Delegation to the European Inland Transport Conference at London.

840.70/11-2944 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, November 29, 1944.
[Received November 29—6:35 p. m.]

10550. From the EITO Delegation. The text of the new section added to Article XI as section 6 is as follows:

"The organization shall on the request of any government of the United Nations which has not yet become a member government in accordance with the provisions of section 2 of this Article give advice or assistance to such government on any question with which it is empowered to deal under Article VII. The organization shall in any event endeavour to secure that the interests of such governments shall not be prejudiced by the fact that owing to the non-fulfilment of the condition laid down in section 2 of this Article it has not become a member government."

WINANT

840.70/11-2944 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, November 29, 1944—8 p. m.
[Received November 30—3:40 a. m.]

10574. From EITO Delegation.

I. There was a meeting of the heads of delegations called last evening November 28 by Noel-Baker which Hooker attended at his own request and at which the Soviet, French and Greek Delegations were not represented (the first two because the revision of the draft agreement had already been discussed with them). Hondelink also was present at Noel-Baker's invitation. Noel-Baker presented the revision of the draft agreement and explained briefly the changes. There was no discussion and it was agreed that a meeting would be held Thursday November 30 for that purpose.

II. Noel-Baker saying that he was speaking as chairman of the Conference and not as head of the British Delegation and giving only his personal opinion then recommended without any prior consultation with us that a "stop-gap organization" be set up immediately. He expressed the view that the delegates there present should constitute themselves the board of the "stop-gap organization" and should employ a staff with a view to making it easier for both the board and the staff to be merged into the organization of EITO. He also recommended that the "stop-gap organization" should report to and consider itself constituted by the Conference. There was no discussion except for a brief comment by the Netherlands delegate, Huender,

which implied that he did not consider such a device to be altogether necessary. It was agreed that this proposal also would be open for discussion at the meeting to be held on Thursday, November 30.

III. At the close of the meeting Hooker stated privately to Noel-Baker that his action in broaching a "stop-gap organization" had taken us by surprise and put the United States Delegation in an embarrassing position. He reminded Noel-Baker that the British had stated that their proposal was merely tentative and that they were awaiting our suggestions. He also reminded Noel-Baker that we had already made clear that we considered it undesirable and provocative to the Soviets to affiliate or tie in any "stop-gap organization" in any way with the Conference and considered it incompatible with the principle agreed on by both Delegations that the Soviets should be offered full participation in any "stop-gap organization" and that we should endeavor to take [*make*] any such participation possible. Noel-Baker replied (*a*) that Ronald had specially urged him to bring up the matter, (*b*) that he was merely expressing his own personal views and (*c*) that perhaps after all it might not be necessary to have any such "stop-gap organization". Hooker replied that unless [he] received instructions to the contrary from the Department he would be obliged to oppose the formation of any interim body that was in any way affiliated with the Conference, for the reasons given above.

This morning Hooker repeated to Ronald the same observations that he made last evening to Noel-Baker. Ronald stated that he was inclined to doubt the desirability of affiliating any interim body with the Conference.

[IV.] We now understand that there is not unanimity among the British as to the necessity for an interim body. One of the officials of the Ministry of War Transport informed Hooker privately last evening that Hurcomb had stated to the Department that he did not consider any interim body to be necessary. Leathers today made the same statement to Clay and Reed of MEA. We are also informed that General Napier, Chief Transportation Officer of SHAEF, discouraged with the lack of progress on EITO or on the formation of an interim body has instructed his representative here, Brigadier Blakey, to cease insisting on the formation of an interim body and to act merely as an observer.

V. As indicated in the Embassy's 10464 of November 27 it has been our position that since we have been at all times pressing for the implementation of the Interim Commission we cannot very well oppose the formation of "stop-gap organization" that would do substantially what the Interim Commission was intended to do, if it is insisted upon by the British and agreed to by the other interested powers. (Regardless of the actual necessity at this late date of an interim organization, we feel that this position is sound.) Clay states

that he agrees that position is sound procedurally in view of Department's instructions to Delegation. (In view of the existing state of confusion on the subject, however, we believe that we should let events take their course without opposing the formation of such a body if the British becomes crystallized in its favor and it has the approval of the other interested powers.) Provided it is not affiliated with the Conference and the other recommendations in the Embassy's 10464 of November 27 are substantially followed. (We believe we should devote our main efforts to the early formation of EITO itself in the hope that if our progress is sufficiently rapid the "stop-gap organization" proposal will be abandoned.[)] The "stop-gap" idea may well boil down to some very informal means of getting EITO's work started slightly in advance of its formal creation.

VI. The above comments are made in the light of Williams's wire from Paris to Clay and Hooker repeated to the Department as Embassy's 10492 of November 28 which appears to show that need of setting up a "stop-gap organization" at this time is of subordinate importance to need of reaching agreement on technical provisions followed by setting up of EITO on permanent basis either with or without Russian participation. Clay wishes to point out that if the reply which the Russians have promised "at the earliest possible moment" gives no assurance of their eventual participation our comments in point 3 Embassy's 10464, may be applicable to EITO as well as to a "stop-gap organization".

VII. Reed of MEA asks us to say that he agrees with the views expressed by Williams and Appleton. We note in this connection Williams' reference to Napier's "feeling of urgency".

VIII. Ronald informs us that Wormser of the French Embassy has indicated informally that the French are in substantial accord with the revision of the draft agreement including Article XI as revised; but did not wish to play a leading part in presenting it to the other Continental Delegations.

IX. The text distributed to the delegates at last evening's meeting differed from the revised text in the hands of the Department in that it contained an added section more fully defining the obligations of the organization to governments whose participation in EITO is deferred by the working of the "Ronald formula" which will be telegraphed to the Department separately. [EITO Delegation.]

WINANT

840.70/11-2744: Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, November 30, 1944—8 p. m.

10041. For EITO Delegation, reEmbs 10464, November 27.

I. In discussing interim body with Hurcomb and Weston, Radius and Plakias restated the Department's position given in paragraphs VI and VII Department's 9731, November 18, namely that at present necessity for interim organization would depend on prospects of prompt agreement on EITO and whether establishment of EITO would be long delayed. In turn, any interim body should be acceptable to military and continentals. Hurcomb did not appear convinced as to need for establishment of formal interim body. He thought Clay and Barrington-Ward might be attached to SHAEF and could expand their activities to make recommendations to supply authorities in connection with civil requirements for continentals. Their scope could be broad and they could be supplied with necessary staff to carry out their functions, possibly including some TACIT personnel.

II. In the absence of direct comments to questions raised in paragraphs VI and VII Department's 9731, Department assumes that delegation's recommendation is based on satisfactory answers to those questions. Department assumes delegation feels that (1) interim body is necessary, (2) it can be quickly established and begin operations and will in no way delay establishment of EITO, (3) proposed procedure would avoid possibility that Soviets would delay establishment of interim body as they did Interim Commission and that Soviet participation would not delay establishment of EITO, and (4) stop-gap organization would have the approval of French and other continentals. Please indicate your reasons.

III. Delegation's provisos to British proposal appear to conform stop-gap organization to original Interim Commission but under a different name and with inclusion of France. It is not clear how this proposal would avoid objections previously raised by British and others, as reported in Embassy's 10071, November 17; 9978, November 15; 9879, November 12; 9799, November 10.

IV. Department will be prepared to examine a new draft directive in light of your comments on points raised above.

STETTINIUS

840.70/11-2944 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, December 1, 1944—midnight.

10087. For EITO Delegation. Department is disturbed by British unilateral action reported Embassy's 10574, November 29. Department's 10041, November 30, was on way before Embassy's 10574 received. Department reserves comment until report of November 30 meeting received. Meanwhile, please clarify:

1. How does Noel-Baker justify omitting Ronald formula in amendments submitted to Soviets and including it in revised draft presented to November 28 meeting? This would seem to place Soviets, British and possibly ourselves in embarrassing position.
2. Presumably French not used as intermediaries to sound out continentals because of reasons given in VIII your 10574.
3. How do British propose that stop-gap organization should report to conference? Does this mean that conference will be in session indefinitely, possibly until EITO is set up, even though acceptable agreement might be reached shortly?
4. On basis of presently available information and pending clarification of *modus operandi* of British stop-gap organization, Department concurs with position taken by Hooker in not favoring formation of any interim body that would be affiliated with the conference. U.S. main interest in interim organization was to furnish military with satisfactory mechanism and only secondarily to assist continentals.
5. If proposed stop-gap organization reports to conference instead of governments represented on stop-gap organization, interim body may become cumbersome and of limited usefulness to military. The views of U.S. military on British proposal would be appreciated.
6. Because of changed circumstances (delay and possible early agreement on EITO) Department's original position would be qualified by present need for interim body and whether it would serve useful purpose.

STETTINIUS

840.70/12-244 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 2, 1944.
[Received December 2—12:48 p. m.]

10658. Following is the text of Article III, section 7, proposed by Dr. Hondelink at the meeting of heads of delegations held November 30, referred to in our separate wire of even date.[4]

"The executive board shall delegate to a chief executive officer the direction of the technical and administrative work of the organization

[4] *Infra.*

subject to the general supervision of the council and its executive board.

"The chief executive officer shall appoint the staff at headquarters regional and local offices, subject to the approval of the executive board, taking into account the exigencies of the various branches of transport concerned.

"The responsibilities of the chief executive officer and staff shall be exclusively international in character."

WINANT

840.70/12–244: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 2, 1944—9 p. m.
[Received 10:23 p. m.]

10690. From EITO Delegation.

I. A meeting of the heads of delegations was held Thursday afternoon November 30, under the chairmanship of Noel-Baker. Hondelink was present. The Soviet was the only delegation unrepresented. There was no discussion of any interim or "stop-gap" arrangement.

II. The chairman asked the delegates if they were willing that the revision of Article XI, which had been prepared "to meet some hesitations on questions of eligibility for membership felt by our absent friend", should be submitted to "our absent friends". He made it clear that there was no assurance it would be acceptable to them. After considerable discussion, the delegates agreed without dissent that the "Ronald formula" was not acceptable; and agreed to revert to the text of Article XI in the printed draft.[5] No attempt was made to force the "Ronald formula" on the delegates, but it was made clear that a failure to adopt it would be likely to result in abstinence from membership in EITO by the Soviets (which were not mentioned by name) until the considerations which had led them to withdraw from the Conference had been resolved. There was a pronounced atmosphere of sympathy on the part of the delegates for the position of the Poles. The discussion was extremely guarded, particularly since the Foreign Office felt that the Soviets might feel justifiably affronted if their position was discussed at such a meeting in direct terms. A representative of the Polish Foreign Office, Zaluski, remarked that it was the first time that a member of the United Nations had been asked for "unconditional surrender" by another member of the United Nations.

III. Article III was then considered and, with the exception of section 7, was accepted as contained in the revision of the draft agreement in the hands of the Department. A new text of section 7,

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[5] See text transmitted in despatch 18095, September 19, from London, p. 792.

proposed by Doctor Hondelink, which is being transmitted to the Department by separate wire,[6] providing for a "chief executive officer" was accepted without dissent, after considerable discussion. It was made clear to the delegates that the Soviets had privately indicated their objection to an explicit provision for a chief executive officer, on the ground that it was unnecessary, and that the Executive Board would, as a matter of course, appoint such an officer. Hooker pointed out to the delegates that an express provision for a chief executive officer might make the agreement technically unacceptable to the Soviets in view of the opinion they had expressed. He urged the importance to all of them of Soviet participation, and pointed out that in view of the fact that the membership of the Executive Board had been increased to seven there could be little doubt that the Executive Board, even without explicit provision in the agreement, would in fact create the position of chief executive officer, and asked that they give careful consideration to the implications of inserting express provisions in the agreement that might make it more difficult for the Soviets to accept it. The points which he made found no support; although Henzl, the Czech delegate, stated privately after the meeting that he regretted the adoption of the Hondelink proposal, on account of its possible effect on Soviet participation.

In view of the implications of Department's 9731 of November 18, section V; 9693 of November 17, section 8; 9608 of November 15,[7] last part of second paragraph from end; 9344 of November 8, second paragraph; 9253 of November 4, first paragraph; 9033 of October 28, penultimate paragraph; also Moscow's 223 of October 18,[8] and 4455 of November 22 to the Department; and of Harriman's comments to us, we assume the Department is willing to go ahead with EITO, with or without Soviet participation, although on a basis that goes as far as possible to make such participation likely on technical grounds. We, therefore, do not feel that the single objection mentioned above would justify our standing out against the opinion of the other delegates or in delaying the earliest possible setting up of the organization. We are also influenced by the fact that the other delegations, as indicated below, have accepted substantially in total the other concessions made to the Soviet position.

We are further influenced by the fact that the considerable reductions in the powers of the organization conceded to the Soviets should render an explicit provision for a chief executive officer considerably less significant in their view; and that even if no such explicit provision were made, since the Soviets will presumably come into the organization late, it would at that time be in operation with a director-

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[6] *Supra.*
[7] See footnote 89, p. 870.
[8] See last paragraph of telegram 3975, October 18, 3 p. m., from Moscow, p. 828.

general appointed by the Executive Board, so that the presence or absence of an explicit provision for a chief executive officer should at that time be of relatively minor significance.

The general discussions, as well as the language of the Hondelink proposal, make it clear that there was "no desire to see the Executive Board reduced to the status of an advisory committee to a Director-General" (Department's 8950 of October 26); but that it would determine policy, between sessions of the Council, "within the framework of the Board policies determined by the Council". Brigadier Blakey, representing General Napier of SHAEF, who was present, made no objection. Colonel Case, who is on the Continent, stated specifically, before his departure, that the War Department was not concerned with these provisions affecting the organizational setup.

Since the Hondelink proposal is in line with the Department's 8950 of October 26 (and of course differs fundamentally from the original draft of Article III, section 7), we see no reason to oppose its adoption. We believe (*a*) that it is sound on its merits, and (*b*) (since the only possible argument for not adopting it is that it might jeopardise Soviet participation) that we should support it.

Hawkins and Penrose[9] after full consideration approve the above recommendations. Clay is wiring his views in a separate cablegram.[10] Ronald and Hondelink both agree with us that the power to delegate to a chief executive officer implies the power to appoint. This may call for spelling out by a drafting committee.

IV. Article IV was accepted as revised with the notation that a drafting committee would insert appropriate language in the last paragraph indicating that the powers of the Council under Article V, section 2, were not subject to delegation.

V. Article VII, section 2, as revised, was accepted with the notation of a number of points for action by a drafting committee, in particular (*a*) the insertion of suitable language after the word "allocate" to indicate the organization had power to allocate either for use or on a permanent basis, including the transfer of title, (*b*) the striking out of the word "to it" before "for this purpose" in order to avoid any questions of title that might arise under the revision of Article IV, (*c*) suitable language after the words "export and import possibilities" to indicate that it refers only to transport equipment and material.

The delegates also agreed to the deletion of Article VIII, section 4.

VI. The delegates approved of the new section inserted in the revised text between sections 2 and 3 of Article VII, with the

[9] Ernest F. Penrose, Special Assistant to the Ambassador in the United Kingdom.

[10] No. 10691, December 2, from London, not printed.

notation that a drafting committee should prepare a suitable definition of "mobile transport equipment" for insertion in Article XIV.

VII. The delegates approved Article VII, section 3, with the notation of a number of points for drafting committee action, including (*a*) the deletion of the words "during the liberation of Europe", (*b*) clarification of the language following this language, in the same sentence, (*c*) clarification of the reference in the same sentence to "persons or bodies under the authority of a member government," having in mind the definition contained in Article XIV (small IV) and (*d*) the deletion of the last sentence in the section on the ground that it was administratively unworkable. With respect to this last point it was agreed, although the sentence deleted had been proposed by the Soviet Delegation, that since they had previously agreed to the deletion of the original reference in this section to the return of property to "its rightful owners" and had accepted, instead, provision for its restoration "to the member government concerned" as being administratively more workable, this change should not present a serious problem.

VIII. The delegates agreed to Article VIII, section 5, as revised, without any change.

IX. There were general expressions of regret that it had been found necessary to reduce the powers of the organization in reference to the Soviet views.

X. Noel-Baker has written to General Obydin, informing him of the action taken at the meeting (but not mentioning Article XI) and inviting further discussion of the revision of the draft agreement.

XI. The next meeting will be held on Monday, December 4. There was a small meeting December 1, of delegations particularly interested in waterways for consideration of the revised text of Article VII, section 12, upon which we will report by separate wire.

WINANT

840.70/12–244 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 2, 1944—9 p. m.
[Received December 3—2:45 p. m.]

10692. From EITO Delegation. In the light of the developments reported in Embassy's 10574 of November 29 (which crossed Department's 10041 of November 30) and particularly in view of the high degree of agreement reached with the Continental Allies on the revised EITO draft reported in Embassy's 10690 of December 2, we now hope there will be no need for a stop-gap arrangement. As suggested in 10574 of November 29, it is more likely that some informal steps

might be taken toward setting up the EITO organization slightly in advance of the actual signature of the agreement. Noel-Baker, prior to the November 30 meeting, indicated that he now wants to drop the "stop-gap" idea and press for the immediate establishment of EITO. We hope this will continue to be the British view. Since, however, it is still possible that a hitch may occur in the establishment of EITO, necessitating a "stop-gap" arrangement, we should appreciate the Department's reaction to the recommendations in Embassy's 10464 of November 27 in case the subject should come up again in the form discussed in that cable. [EITO Delegation.]

WINANT

840.70/12-544 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 5, 1944—8 p. m.
[Received 8:52 p. m.]

10751. From EITO Delegation.

I. ReDepts 10087, December 1. Ronald formula was submitted to Continentals without being first submitted to Soviets for the reasons indicated in the Embassy's 9799, November 10. (See also Department's 9344, November 8.) We believe the reaction of the Continentals as reported in Embassy's 10690 of December 2 has shown the desirability of this procedure and that we have avoided the embarrassing position that would have resulted had the Ronald formula first been accepted by the Soviets and later rejected by the Continentals. French were not used as intermediaries because as indicated in Embassy's 10574,[12] they did not wish to serve in that role.

II. With reference to Department's questions concerning the stop-gap arrangement, Embassy's 10692 [13] which crossed Department's 10087, December 1, contained our view that in the light of recent developments, it seemed unlikely that a stop-gap arrangement would be needed.

III. Section IV of this cable is inserted at request of Clay and does not represent the views of Hooker, Moats and Allison with respect to Ronald formula (see section V of this cable for comments on Clay's remarks about Hondelink proposal). We assume as indicated in Embassy's 10690 of December 2, section III, that Department is willing to go ahead with EITO with or without Soviet participation, although on a basis that goes as far as possible to make such participation possible on technical grounds. We consider that the opposition of the Continental Allies to the Ronald formula was clearly so pronounced as

[12] Dated November 29, p. 888.
[13] Dated December 2, *supra*.

to show that we would not have been justified in (*a*) risking the loss of valuable time in attempting to secure Soviet approval to the Ronald formula, as to which the Department expressed fears in its 9344 of November 8, fifth paragraph, (*b*) only to incur the probability of rejection by the Continentals.

IV. Clay wishes to point out that as reported in part VIII of Embassy's 10574, November 29, 1944, Ronald formula was acceptable to French; that procedure adopted amounts in effect to an abandonment of Ronald formula, since the purpose thereof was to sidetrack the Polish question and lead the way for the Soviets to sign the agreement, if, after being furnished with the Ronald formula, they approved it. Nothing has occurred to change view of your Delegation stated in first sentence of part II of Embassy's 9799, November 10, 1944, and he feels that before committing ourselves finally, we should have clearer indication than we have yet had from the Department as to whether Department is prepared to go ahead on an EITO in which the Soviets might not participate, particularly since effectiveness of EITO, as an over-all control over supply of transport equipment, et cetera, might be seriously impaired, if it starts out without full cooperation of Continental Allies subject to Soviet influence, such as the Yugoslavs and Czechs. The British have made clear that they are prepared to go ahead on an EITO without Soviet participation.

Referring to part II, Embassy's 10690, December 2, 1944, he is advised that at the meeting referred to, the opposition of the Ronald formula was generally from the heads of the same Continental delegations who at the meeting urged the Hondelink proposal, viz, the Dutch and Poles, with some assistance from the Belgians.

Reference Hondelink proposal and supplementing Embassy's 10690 and 10691, December 3 [*2*], 1944,[14] Clay thinks that it might be helpful to Department to have text of a proposed revision of Article III, section 7, which, prior to distribution to Continental Allies of text of revised agreement and explanatory notes, was handed to Hondelink and placed before other Allied delegations. This read as follows: "The Executive Board shall, subject to confirmation by the Council, appoint a chief executive officer (to be called 'Director General') who shall work under the supervision of, and be responsible to the Executive Board. It shall also appoint such other headquarters, regional and local staff as may be necessary, to act under the supervision of the Director General."

At the time this was satisfactory to Hondelink and Levy, of French Delegation, who advised heads of United Kingdom and United States of America Delegations that they could obtain acceptance of it by smaller Continental Allies. The quoted language is preferable to suggested rewording of first and second paragraphs of Hondelink

[14] Telegram 10691 not printed.

proposal set out in Embassy's 10690, December 2, 1944, with possible substitution of "chief executive officer" for "director-general" to meet point discussed in part 3 of Embassy's 9808, November 10, 1944,[15] Clay would like to have this considered on its merits as one of the alternatives to the Hondelink proposal that might be more acceptable to the Soviets than that proposal.

Within time limits permitted, it has not been possible to consult with regard to subject matter of this cablegram, Reed of MEA and Colonel Case, who presumably still entertain views referred to in Embassy's 10691, December 2, 1944.

V. Hawkins and Penrose have not participated in discussions of Ronald formula, but express their agreement with following comments on Clay's remarks in section IV of this telegram with respect to Hondelink proposal. Hooker, Moats and Allison feel that Hondelink proposal creates a sound administrative set-up which is favored by the Continental Allies and the United Kingdom and that the earlier proposal would not now be acceptable, and if the earlier proposal be regarded as different only in form it would be pointless to urge it, whereas if it be regarded as different in substance it would be justifiably rejected by the Continental Allies and the United Kingdom and that since the only question before the Department is the acceptability of the Hondelink proposal, any discussions of an earlier proposal, long since superseded by later developments, is not at this time relevant.

WINANT

840.70/12-644 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 6, 1944—5 p. m.
[Received December 6—4:46 p. m.]

10778. From EITO Delegation. A third informal meeting was held with the Continental Delegations on Monday, December 4, at which the remaining articles of the revised draft agreement were discussed. The only question of substance raised relates to waterways. The Netherlands Delegation has submitted a proposal for a pool of inland waterway craft available for traffic of common concern on European waterways, modeled on the UMA agreement.[16] They have drafted an agreement on principles and have stated in the inland waterways subcommittee that their signature of the EITO agreement will be contingent on the acceptance of these principles by a certain

[15] i.e., paragraph (*c*), p. 859.

[16] Agreement on Continuance of Coordinated Control of Merchant Shipping, signed August 5, 1944; for text, see Department of State, Treaties and Other International Acts Series No. 1722, or 61 Stat. (pt. 4) 3784.

number of governments. (Draft agreement on principles was enclosed in despatch No. 19656.[17]) They have indicated they would be satisfied if a general statement were included in Article VIII of the draft agreement and the detailed principles were incorporated in an optional protocol attached to the draft agreement. The suggested general statement is along the following lines: "The members of the organization declare that they accept as a common responsibility the provision of inland craft required by the organization for the movement of traffic of common concern." The final draft would make it clear that only the governments signatory to the optional protocol would be affected. The text of the waterway provision in section 12 of Article VII is also still under consideration. The latter provision, together with the Netherlands proposal for a pool, is being considered by the waterways subcommittee composed of representatives of the countries concerned. The subcommittee is meeting again on Thursday, December 7, and it is hoped will be able to report agreed texts immediately after that.

Aside from this question of waterways, the draft agreement has been turned over to a drafting committee, which it is hoped will have the whole agreement in shape for final consideration by the end of the week.

The Soviets have given no indication of their reaction to the articles embodying our efforts to meet them on technical points, although they have had them since November 25 and have subsequently been invited by Noel-Baker to discuss them. [EITO Delegation.]

WINANT

840.70/12-844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 8, 1944—8 p. m.
[Received 11:30 p. m.]

10869. From EITO Delegation. See Embassy's 10778, December 6.

The informal subcommittee on waterways has proposed a new text for section 12, Article VII, and has drafted a new paragraph to be inserted in Article VIII after section 5. The texts of these provisions are contained in Embassy's immediately following telegram. The committee has also revised the draft agreement on principles proposed by the Netherlands Delegation, putting it in form of an optional annex to the EITO agreement. We shall send the text of the annex to the Department as soon as it is available. As indicated previously, the inland waterway provisions are the only questions of substance still

[17] The draft agreement transmitted in despatch 19656, December 4, is missing from Department files.

outstanding in our discussions with the British and Continental Delegations. We wish to call to the Department's attention the fact that the United States as an occupying power would be concerned with the waterway provisions. The drafting committee has completed its work with reference to the remainder of the EITO agreement and the text proposed by the drafting committee will be presented to the next meeting with the Continental Delegations and will be given to the Soviets at the same time. [EITO Delegation.]

WINANT

840.70/12–944 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 9, 1944.
[Received December 9—4:45 p. m.]

10927. The following is draft of optional annex to EITO agreement:

"1. Every member government signatory hereto undertakes, subject to paragraph 5,[18] to assume and maintain such powers of control over all inland vessels which belong to persons or bodies under its authority as will enable it to direct each vessel's use so as to give effect to paragraph 6 of Article VIII of the agreement.[19]

"2. Every member government signatory hereto undertakes to assume and maintain such powers of control over the facilities for inland shipping available in territories under their authority in Continental Europe as may be necessary to achieve the general purposes of the organization.

"3. So far as is consistent with the recommendations of the organization in respect of the provision of inland vessels required for traffic of common concern, every member government signatory hereto may allocate inland vessels under its own authority wholly to cover the essential requirements of its own domestic trade or of its own imports.

"4. The allocation of inland shipping and, if necessary, shipping space for purposes of traffic of common concern shall be determined by the organization in consultation with the governments concerned and shall be appropriate to meet the requirements prevailing in each particular area of Continental Europe. Due account shall be taken in making this allocation of the particulars of the vessel, its equipment and crew.

"5. Every member government signatory hereto agrees not to release from control any inland vessels under its authority or permit them to be employed in international traffic for purposes outside the scope of the organization, except by agreement with the organization, and then only in accordance with a mutually acceptable formula which shall not discriminate against the commercial inland shipping interests of any member government signatory hereto and shall extend

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[18] Reference is to paragraph 5 of this draft annex.
[19] Reference is to paragraph 6 of Article VIII as it appears on page 911.

to all these countries an equitable opportunity for their inland vessels to engage in commercial trades.

"6. The terms of remuneration to be paid by the users of inland vessels for traffic of common concern shall be worked out by the organization in agreement with the governments and/or the authorities concerned on a fair and reasonable basis in such manner as to give effect to the following two principles:

(*a*) inland vessels of all flags performing the same or similar services should receive the same freights;

(*b*) inland vessels must be employed as required by the organization without regard to financial considerations."

WINANT

840.70/12-944: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 9, 1944—3 p. m.
[Received 9:50 p. m.]

10913. At a meeting on Thursday, December 7, to discuss EITO matters, between Noel-Baker, Ronald, General Obydin (chief of the Soviet EITO Delegation) and Hooker, Noel-Baker again took the occasion to emphasize to General Obydin that on account of the pressure for immediate action by the Anglo-American High Command, it was necessary to proceed without delay to set up the European Inland Transport Organization. He and Hooker both emphasized the desire of both the United Kingdom and the United States Delegations to arrive at a form of agreement that, so far as technical arrangements are concerned, will be acceptable to the Soviets and may therefore be participated in by them when they wish to do so. They informed the General that they hoped in the meantime the Soviet Government would maintain an observer with EITO in order to keep fully informed of all its operations and also to assist in working out measures of practical cooperation that might be needed from time to time between EITO and the Soviet Government, pending the latter's joining EITO.

Ronald then stated to General Obydin that this sort of situation would probably arise again with respect to other measures of cooperation that were under consideration. He referred particularly to the proposed coal arrangements,[20] of which the USSR was informed, and stated that other similar less important arrangements affecting other commodities might also come up for consideration; all under circumstances where the United States and United Kingdom Governments would be under pressure from their High Commands to put prompt measures into effect. He stated that he hoped the

[20] See pp. 614 ff.

Soviet Government would understand that in all such cases their full participation was desired, although it was not the wish in any case to press them to participate before they were quite ready to do so. He said that his Government particularly hoped that the Soviets would understand the necessities that prompted the United Kingdom and United States Governments to take prompt action and that the taking of such action by the two Governments, in conjunction with other interested Continental Government[s], would not detract one jot from their earnest wish that the Soviets might participate fully as soon as they saw fit. He pointed out that in every such case it would be the desire to keep the Soviets fully informed, and that they have observers to follow all proceedings pending what was hoped would be their early and full participation.

General Obydin thanked Ronald and said he would inform his Government. Hooker did not participate in this exchange.

WINANT

840.70/12–944 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 9, 1944—6 p. m.
[Received—6:30 p. m.]

10929. From EITO Delegation. General Obydin has informed Noel-Baker that he has as yet not received any instructions from his Government with respect to the revised provisions of the agreement of which he was given copies at the meeting of November 25, or with respect to the Hondelink proposal, of which he was later given a copy. [EITO Delegation.]

WINANT

840.70/1–945

Draft Agreement (EIT/26) Concerning Establishment of a European Central Inland Transport Organization [21]

WHEREAS, upon the liberation of any territories of the United Nations in Europe, and upon the occupation of any enemy territories in Europe, it is expedient for the fulfilment of the common military needs of the United Nations and in the interests of the social and economic progress of Europe, to provide for co-ordination both in the control of traffic and in the allocation of transport equipment and material with a view to ensuring the rapid movement of supplies

[21] Transmitted to the Department in despatch 20259, January 9, 1945, from London; received January 15. A copy of this draft received earlier in the Department as an enclosure to despatch 19765, December 9, 1944, from London, is missing from Department files.

both for military forces and the civil population and the speedy repatriation of displaced persons, and also with a view to creating conditions in which the normal movement of traffic can be more rapidly resumed;

The Governments whose duly authorised representatives have subscribed hereto;

Have agreed as follows:—

Article I

There is hereby established the European Central Inland Transport Organisation, hereinafter called "the Organisation". The Organisation is established as a co-ordinating and consultative organ. It shall co-ordinate efforts to utilise all means of transport for the successful completion of the war and for the improvement of transport communications so as to provide for the restoration of normal conditions of economic life. It shall also provide assistance to the Allied Commanders-in-Chief during the war and to the Occupation Authorities set up by Governments of the United Nations during the first period after the war to maintain the carrying capacity of transport.

Article II—*Membership*

The members of the Organisation shall be the Governments signatory hereto and such other Governments as may be admitted thereto by the Council.

Article III—*Constitution*

1. The Organisation shall consist of a Council and an Executive Board with the necessary headquarters, regional and local staff.

The Council

2. Each member Government shall name one representative and such alternates as may be necessary upon the Council. The Council shall, for each of its sessions, select one of its members to preside at the session. The Council shall determine its own rules of procedure. Unless otherwise provided in this Agreement or by action of the Council, the Council shall vote by simple majority.

3. The Council shall be convened in regular session not less than twice a year by the Executive Board. It may be convened in special session whenever the Executive Board shall deem necessary and shall be convened within thirty days after request therefore by one-third of the members of the Council.

4. The Council shall perform the functions assigned to it under this Agreement and review the work of the Organisation generally to ensure its conformity with the broad policies determined by the Council.

The Executive Board

5. The Executive Board shall consist of seven members who shall be appointed by the Council and shall include one member nominated by each of the Governments of the French Republic, of the Union of Soviet Socialist Republics, of the United Kingdom, and of the United States of America. Each member of the Executive Board shall be provided with a deputy similarly nominated and appointed. The members and their deputies shall be appointed for not longer than one year. The Executive Board shall choose its own Chairman, subject to confirmation by the Council.

6. The Executive Board shall perform the executive functions assigned to the Organisation within the framework of the broad policies determined by the Council. It shall act in accordance with the ruling of the majority of its members. It shall present to the Council such reports on its performance of its functions as the Council may require.

7. The Executive Board shall delegate to a chief officer the direction of the technical and administrative work of the Organisation, subject to its general supervision and in conformity with the broad policies determined by the Council. This officer shall appoint the staff at headquarters, regional and local offices, subject to the approval of the Executive Board, taking into account the exigencies of the various branches of transport concerned. The responsibilities of the chief officer and staff shall be exclusively international in character.

8. Each member Government may appoint a representative for purposes of consultation and communication with the Executive Board. Such representatives shall be fully informed by the Board of all activities of the Organisation. Each time that any important question is discussed concerning the interests of a member Government, its representative shall be entitled to take part in the discussion without right of vote.

Article IV

1. The Organisation shall have power to perform any legal act appropriate to its object and purposes, including the power to acquire, hold and convey property, to enter into contracts and undertake obligations, to designate or create subordinate organs and to review their activity. The Organisation shall not however have power to own transport equipment and material, except with the unanimous consent of the Council.

2. These powers are vested in the Council. Subject to the provisions of paragraph 2 of Article V, the Council may delegate such of these powers as it may deem necessary to the Executive Board, including the power of subdelegation. The Executive Board shall be responsible to the Council for the upkeep and administration of any property owned by the Organisation.

Article V—*Finance*

1. The Executive Board shall submit to the Council an initial budget and from time to time such supplementary budgets as may be required, covering the administrative expenses of the Organisation. Upon approval of a budget by the Council the total amount approved shall be raised in such manner or be allocated in such proportions as may be agreed between the member Governments. Each member Government undertakes, subject to the requirements of its constitutional procedure, promptly to contribute to the Organisation in such currency or currencies as may be agreed with the Executive Board, its share of these expenses. Each member Government shall also provide such facilities as are required for the transfer of sums so contributed and held by the Organisation in that Government's own currency into other currencies.

2. The Organisation shall not incur any expenses, other than administrative expenses, except under the authority of the Council. Proposals for such expenses shall be submitted by the Executive Board to the Council, and when approved by the Council such expenses shall be met by contributions which a member Government or Governments may agree to make or in such other manner as may be agreed between Governments.

3. Nothing in this Agreement shall require any member Government or transport administration under its authority to perform services without remuneration.

Article VI—*The Scope of the Organisation*

1. The Organisation shall exercise its functions in any territory in Continental Europe as soon as the member Government concerned becomes the effective authority for transport in that territory, provided that the Allied Commander-in-Chief concerned is satisfied that military necessity permits and under such conditions as he may deem necessary.

2. In respect of any territory in Continental Europe in which the Allied Commanders-in-Chief retain responsibility for the direction of the transport system, the Organisation shall on request give advice or assistance to the Allied Commanders-in-Chief, and, in consultation with the Allied Commander-in-Chief concerned, to any member Government or to other appropriate authorities of the United Nations, on any question with which it is empowered to deal under Article VII.

3. The Organisation shall treat with any Occupation Authorities set up by Governments of the United Nations in respect of any territory in Continental Europe in which such Occupation Authorities are exercising authority.

ARTICLE VII—*Executive Functions of the Organisation*

Introductory

1. The Organisation shall carry out thorough studies of the technical and economic conditions of transport and shall give to the Governments concerned technical advice and recommendations directed to restoring and increasing the carrying capacity of the transport systems in Continental Europe and to co-ordinating the movement of traffic of common concern on these systems.

2. In case any member Government meets with difficulties in carrying out these recommendations owing to reasons of a material and economic character, the Organisation shall investigate with the member Governments concerned means of practical help.

Information on Transport Equipment and Material

3. The Organisation shall receive and collect information concerning the requirements of transport equipment and material for Continental Europe.

Realisation of requirements for transport equipment and material

4. The Organisation shall assist the realisation of requirements of any member Government in Continental Europe for transport equipment and material.

Allocation and distribution for use of transport equipment and material

5. The Organisation shall, within the framework of the priorities determined by the appropriate authorities of the United Nations, determine the allocation or distribution for use to Governments in Continental Europe, on such conditions as it may deem necessary, of such transport equipment and material as may be made available for this purpose by the Allied Commanders-in-Chief, by Occupation Authorities, or by agencies of any one or more of the United Nations. To enable the Organisation to carry out this function effectively, it may consult with the Governments concerned on their export possibilities and import needs for transport equipment and material for Continental Europe and will receive from such Governments notification of all arrangements made in respect thereto of which they have notice.

Arrangements to make mobile transport equipment and material available

6. In cases where temporary emergency requirements of transport equipment for carrying traffic of common concern arise and normal agreements for the inter-change of mobile transport equipment are inadequate, the Organisation shall arrange with member Governments concerned to make available mobile transport equipment for the purpose of meeting such requirements. Such mobile transport equipment

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shall be made available under agreements made between the member Governments concerned with the assistance of the Organisation.

Restoration of transport equipment and material

7. The Organisation shall arrange, as soon as practicable, to restore to the member Government concerned transport equipment and material belonging to a member Government or to its nationals, found outside the territories under the authority of that member Government and outside its control. These arrangements shall be made in accordance with any general policies which may be determined by the appropriate authorities of the United Nations regarding restoration and restitution of property removed by the enemy. Where immediate restoration would unduly prejudice the operation of essential transport in the area, the Organisation shall work out arrangements with the Governments concerned for the temporary use of equipment pending its restoration.

Census of transport equipment and material

8. The Organisation shall at the earliest practicable time arrange through the member Governments for a census of rolling stock in Continental Europe and of such other transport equipment and material there as may appear necessary for the proper discharge of its functions.

Traffic

9. The Organisation may make such recommendations to the appropriate authorities as it deems necessary with respect to particulars of projected movements of supplies, stores or persons, having regard to the transport facilities available for the movement of such traffic.

10. The Organisation shall make recommendations to the Governments concerned in order to ensure the movement of traffic of common concern on all routes of transport in Continental Europe in accordance with the priorities determined by the appropriate authorities of the United Nations. In respect of traffic of military importance sponsored by the Allied Commanders-in-Chief, the appropriate authority for this purpose will be the Allied Commander-in-Chief concerned.

Charges

11. The Organisation may work out the unification of tariffs, terms and conditions of transport and the like, and shall recommend to the Government concerned the principles by which reasonable transport charges for traffic of common concern in Continental Europe should be fixed by them in accordance with the provisions of paragraph 9 of Article VIII. This paragraph shall not apply to military traffic under the control of the Allied Commanders-in-Chief except at their request.

Rehabilitation of transport systems

12. The Organisation may study the conditions of transport in individual countries and make recommendations to the Governments concerned as to technical measures directed to the quickest restoration of transport facilities and their most effective use, and as to the priority in which works or projects in respect of the restoration or improvement of transport facilities shall be carried out.

Operation of transport

13. While it remains the task of each member Government to provide for the efficient operation of the transport systems in Continental Europe for which it is responsible, the Organisation may exceptionally, at the request of any member Government, give any practicable assistance in the rehabilitation or operation of transport in any territory in Continental Europe under the authority of such Government on such conditions as may be agreed between such Government and the Organisation, having due regard to the rights of other member Governments.

Co-ordination of European transport

14. The Organisation shall work out, and co-ordinate common action to secure the inauguration, maintenance, modification, resumption or, where appropriate, suppression, of international arrangements for through working of railways and exchange of rolling stock of the Continental European countries for carrying out international transport, and, in particular, shall ensure a unified clearing system for traffic operations between the different countries in Continental Europe. In general, it shall promote where necessary the establishment of appropriate machinery for co-operation between railway administrations. In carrying out these functions, the Organisation shall, in accordance with any general policies which may be determined by the appropriate authorities of the United Nations, make use, to the extent practicable and with due respect for existing rights and obligations, of conventions in force between member Governments so as to obtain the greatest benefit therefrom for the fulfillment of its task in this respect.

15. The Organisation shall place its services at the disposal of member Governments and make recommendations with a view to ensuring the most efficient movement of international traffic on any waterways.

16. The Organisation shall take such steps as may be practicable through the Governments concerned to facilitate the movement across frontiers of road transport vehicles engaged in traffic of common concern.

17. The Organisation shall make recommendations to the Governments concerned designed to promote adequate co-ordination of all

European transport for the fulfilment of the common military needs of the United Nations or in the interests of the social and economic progress of Europe and of the general well-being of the nations.

Relations with other agencies

18. The Organisation shall co-operate as may be required with the appropriate authorities and agencies of any one or more of the United Nations and with international organisations.

19. The Organisation shall provide all possible assistance to the Allied Commanders-in-Chief in meeting their needs for transport facilities and improving the use of these facilities for the successful fulfilment of military requirements.

20. The Organisation shall arrange for consultation through appropriate machinery with representatives of persons employed in inland transport on international questions of mutual concern to the Organisation and such representatives within the field of the Organisation's activities.

Miscellaneous

21. The Organisation may advise the Governments concerned and any appropriate authorities of the United Nations on the priority to be given in the interests of the rehabilitation of European transport to the repatriation of displaced transport personnel and to workers required for the production, maintenance or repair of transport equipment and material.

22. The Organisation shall give all practicable assistance through the appropriate authorities to any Government concerned at its request in obtaining supplies of fuel, power and lubricants to meet the needs of traffic of common concern, in order that that Government may fulfil its obligations under paragraph 7 of Article VIII.

ARTICLE VIII—*Obligations of member Governments*

Information

1. Every member Government, in respect of territory which is in the field of activity of the Organisation, shall, upon request of the Organisation, provide it with such information as is essential for the performance of its functions.

Restoration of Transport Equipment and Material

2. Every member Government, in respect of territory which is in the field of activity of the Organisation, undertakes that:—

(i) it will facilitate the execution of paragraph 7 of Article VII;
(ii) it will not, except with the consent of the Organisation,

(*a*) seize nor make use of any transport equipment and material in Continental Europe found outside the territories under its authority, even though such equipment and material may belong to it or to any of its nationals; provided that this sub-paragraph

shall not debar any member Government or any of its nationals from continuing the management of its or his own inland vessels;

(*b*) seize nor make use of transport equipment and material found within territory under its authority but not belonging to it or any of its nationals, provided that a member Government may make temporary use of enemy or ex-enemy transport equipment and material pending any arrangements that may be made in accordance with the provisions of paragraph 5 of Article VII and without prejudice to the ultimate disposal of such transport equipment and material by the appropriate authorities of the United Nations;

(*c*) seize nor make use of transport equipment and material coming within territory under its authority under arrangements made under the auspices of the Organisation for the movement of traffic of common concern.

3. The provisions of paragraph 2 of this Article shall not affect the rights of the Allied Commanders-in-Chief within any territory in respect of which the Organisation has not begun to exercise its functions under Article VII.

Census of Transport Equipment and Material

4. Every member Government undertakes to co-operate fully with the Organisation in arranging any census for which provision is made in paragraph 8 of Article VII.

Traffic

5. Every member Government undertakes to ensure by any means in its power the rapid movement of traffic of common concern in accordance with the recommendations made by the Organisation under paragraph 10 of Article VII.

6. Every member Government undertakes to provide inland vessels under its control in Continental Europe required for traffic of common concern, in accordance with

(i) the recommendations of the Organisation generally, and

(ii) if signatory to the Annex to this Agreement, in accordance with its terms.

Provision of fuel, power and lubricants

7. Every member Government shall take all measures necessary and practicable to ensure in respect of the territory in Continental Europe under its authority that adequate supplies of fuel, power and lubricants are available for traffic of common concern, provided that the Organisation has made suitable arrangements with the Government concerned.

Charges

8. Every member Government undertakes not to levy or permit the levy of customs duties or other charges, other than transport charges and admissible transit charges on traffic of common concern in transit

through territories in Continental Europe under its authority. No discrimination shall be made in respect of import duties levied by any country on goods of common concern, dependent on the route the goods have travelled prior to importation in the country concerned.

9. Every member Government undertakes to secure that transport charges made within territories in Continental Europe under its authority on traffic of common concern, including such traffic in transit through such territories, shall be as low and simple and as uniform with those in other territories (to which this Agreement applies) as is practicable. Every member Government shall give the fullest consideration to recommendations made by the Organisation in accordance with paragraph 11 of Article VII and report to the Organisation on the action taken.

10. Every member Government undertakes to co-operate with the Organisation in the exercise of its functions under paragraphs 14 and 16 of Article VII.

11. Every member Government shall use its best endeavours in its relations with any other international organisations, agencies or authorities to give effect to the provisions of this Agreement.

12. Every member Government shall give the fullest consideration to any recommendations made by the Organisation in accordance with paragraphs 12, 15 and 17 of Article VII and report to the Organisation on the action taken.

13. Every member Government shall grant such facilities to members of the staff of the Organisation as are necessary to the performance by the Organisation of its functions in accordance with Article VII.

14. Every member Government shall in territory under its authority take all steps in its power to facilitate the exercise by the Organisation of any of the powers referred to in Article IV.

Article IX

The Organisation shall be related to any general international organisation to which may be entrusted the co-ordination of the activities of international organisations with specialised responsibilities.

Article X

1. The functions of the Organisation shall relate to all forms of transport by road, rail or waterway, within the territories of the Continent of Europe in which the Organisation operates, but not to sea-going shipping, except that the provisions of paragraph 10 of Article VII and paragraph 5 of Article VIII shall apply in respect of such shipping when employed in coastwise trade or on inland waterways in Continental Europe.

2. In regard to the handling of traffic in ports where sea-going vessels are discharged or loaded, the Organisation shall co-operate with

the appropriate authorities of the member Government concerned and any shipping organisation set up by them to ensure—

(*a*) the rapid turn-round of ships;
(*b*) the efficient use of port facilities in the best interests of the prompt clearance of cargo of common concern.

Article XI

1. This Agreement shall come into force for each member Government on the date of signature.

2. It shall remain in force for two years from the date of the general suspension of hostilities with Germany and shall thereafter remain in force, subject to the right of any member Government, after the expiry of eighteen months from the date of such general suspension of hostilities, to give six months notice in writing to the Council of its intention to withdraw from this Agreement.

Article XII

In the event of there being any inconsistency between the provisions of this Agreement and the provisions of any agreement already existing between any of the member Governments, the provisions of this Agreement shall, as between such member Governments, be deemed to prevail, provided, however, that nothing in this Article shall be construed to prevent member Governments from entering into agreements to facilitate the working of traffic across national frontiers.

Article XIII

Until the end of the period of two years after the general suspension of hostilities with Germany, the provisions of this Agreement may be amended, suspended or terminated only by a unanimous vote of the Council. At any time after that date any provision of this Agreement may be amended, suspended or terminated by a two-thirds majority of the Council, provided that no alteration shall be made in the provisions of this Agreement so as to extend the financial liability or obligations of any member Government without that Government's consent.

Article XIV—*Definitions*

1. For the purpose of this Agreement and its Annex, the definitions given in this Article have been adopted.

2. The term "inland transport" shall include all forms of transport as referred to in Article X of this Agreement.

3. The term "Continental Europe" shall mean all territories in Europe under the authority or control of member Governments, but shall not extend to territory of the United Kingdom or of the Union of Soviet Socialist Republics.

4. The term "territory under the authority of a member Government" shall be construed to mean territory in Continental Europe either in the sovereignty of a member Government or territory over which a member Government or Governments are exercising authority or control.

5. The term "transport equipment and material" shall include, so far as the Executive Board deems it necessary for the execution of the functions of the Organisation:—

(i) any items of fixed and mobile equipment, stores (other than fuel), plant and spares and accessories of all kinds specifically intended and required for use of transport undertakings, including equipment required for use in ports, whether ashore or afloat;
(ii) equipment and material specifically intended and required for the rehabilitation, maintenance or construction of roads, railways, bridges, ports and inland waterways;
(iii) major plant and tools specifically required for use in the repair of transport equipment and material for use by transport authorities.

6. The term "traffic of common concern" shall include—

(i) personnel, stores, supplies or other traffic to be moved in accordance with the requirements of the Allied Commanders-in-Chief;
(ii) displaced and other persons to be moved in accordance with the priorities determined by the appropriate United Nations authorities;
(iii) supplies of civil needs to be moved in Continental Europe in accordance with the priorities determined by the appropriate United Nations authorities;
(iv) property removed by the enemy.

7. The term "transport charges" shall include, in addition to freight or conveyance charges, any other incidental charges, such as tolls, port charges, charges for warehousing and handling goods in transit, which may affect the cost of transport.

8. The term "admissible transit charges" means dues intended solely to defray expenses of supervision and administration entailed by such transit.

9. The term "Allied Commanders-in-Chief" shall mean Commanders-in-Chief designated by the appropriate authorities of the Union of Soviet Socialist Republics, United Kingdom and United States of America for commands on the Continent of Europe.

840.70/12–1144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 11, 1944—6 p. m.
[Received December 11—4:15 p. m.]

10971. From EITO Delegation. ReDepts 10315, December 9.[22] Text of revised Article VII, section 2, is contained in immediately following telegram. We believe that point in Department's 9693 of November 17 and 9813 of November 21 [23] is covered by insertion of words "of which they have notice."

Copy of complete text of EITO agreement as submitted by drafting committee after its meeting of December 8 was forwarded to Department in despatch No. 19765.[24] Slight alterations in drafting committee text were made at informal meeting with Continental Delegations on December 9 and were indicated on copy forwarded to Department. A few other drafting points were referred back to drafting committee.

Text of annex concerning waterway craft was contained in Embassy's 10927 of December 9. Our comments on annex will be forwarded separately. [EITO Delegation.]

WINANT

840.70/12–1144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 11, 1944.
[Received December 11—3:15 p. m.]

10972. From EITO Delegation. Revised text of former section 2 of Article VII (now paragraphs 4 and 5 of Article VII; see despatch No. 19765 of December 9 [22]) follows:

"The organization shall assist the realization of requirements of any member government in Continental Europe for transport equipment and material.

"The organization shall, within the framework of the priorities determined by the appropriate authorities of the United Nations, determine the allocation or distribution for use to governments in Continental Europe, on such conditions as it may deem necessary, of such transport equipment and material as may be made available for this purpose by the Allied Commanders-in-Chief, by occupation authorities, or by agencies of any one or more of the United Nations. To enable the organization to carry out this function effectively, it may consult with the governments concerned on their export possi-

[22] Not printed.
[23] Telegram 9813 not printed.
[24] Despatch 19765, December 9, not printed; for text of agreement (EIT/26) transmitted in a later despatch, see p. 903.

bilities and import needs for transport equipment and material for Continental Europe and will receive from such governments notification of all arrangements made in respect thereto of which they have notice."

WINANT

840.70/12–1244 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 12, 1944—1 p. m.
[Received December 12—10:55 a. m.]

11003. With reference to the proposal which the British have under consideration (see Embassy's 10928 of December 9, from EITO Delegation [26]) for adherence to the EITO agreement by some form of protocol rather than by signing the agreement, the following pertinent consideration has just come to our notice:

We had supposed that occupied territory under the control of any member government, for example any United States and United Kingdom zones in Germany, would be effectively brought within the terms of the agreement by the commitments of such member government and by the specific references in the agreement, including the definition in Article XIV, to "territory under the authority of a member government". We now learn, however, that with respect to economic matters, the authority will be in the hands, not of each occupying power in its zone of occupation, but in the hands of the Control Commission of which the Soviets will be a member and on which, by virtue of the requirement for unanimity, they will be able to exercise a veto. Without Soviet adherence, therefore, it seems clear that no occupied territory can be brought within the terms of the agreement; and that, in the absence of Soviet adherence, the effectiveness of the organization's policies and recommendations in occupied territory, for example in Germany, will depend upon Soviet cooperation. While we may well have reason to hope for such cooperation, if Kennan's analysis in Moscow's 4455 of November 22 to the Department is correct, this situation would seem to be a strong argument for bringing about adherence to EITO agreement in the form least likely to offend Soviet sensibilities.

We assume that this situation will also exist with respect to other contemplated economic arrangements, which we wish to make effective in occupied territory as well as elsewhere in Continental Europe.

We therefore suggest to the Department that it may wish not only to support a British proposal for adherence to the EITO agreement by protocol, if it is forthcoming along the lines indicated in the Em-

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[26] Not printed.

bassy's 10928 of December 9, but also the desirability of our proposing it on our own initiative if the British do not take the initiative.

WINANT

840.70/12–1344 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 13, 1944—6 p. m.
[Received December 13—5:10 p. m.]

11041. From EITO Delegation. Question raised by Department in last paragraph of 10348, December 11 [27] was dismissed at fourth meeting with Continental Delegations (see despatch No. 19802 [27]) on December 9 and referred to drafting committee. Discussion in former group made clear that Continentals were opposed to Department's alternative (*a*), insisting that the permanent number be maintained at seven, with a minimum of six so long as the Soviets had not signed the agreement. Netherlands Delegation even wished all seven places to be filled at the beginning even if Soviets did not sign the agreement, eighth place to be added when they did join the organization. This was flatly refused by the British. The group agreed on a compromise between Department's (*b*) and (*c*), the exact text of which as determined by the drafting committee is being forwarded in our immediately following telegram. [EITO Delegation.]

WINANT

840.70/12–1344 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 13, 1944.
[Received December 13—3:26 p. m.]

11042. From EITO Delegation. Drafting committee's proposed revision of Article III, paragraph 5, first sentence is as follows:

"The Executive Board shall consist of not less than six and not more than seven members who shall be appointed by the Council. It shall include one member nominated by each of the Governments, when signatory to this agreement, of the French Republic, of the Union of Soviet Socialist Republics, of the United Kingdom and of the United States of America."

Drafting committee suggested that in addition a minute of the informal group of delegations make it clear that it is not intended to appoint a seventh member immediately should the USSR not join the organization.

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[27] Not printed.

The following revised text of Article III, paragraph 7, first sentence, was suggested by drafting committee because French Delegation indicated previous draft was difficult to translate clearly into French:

"The Executive Board shall appoint a chief officer to direct the technical and administrative work of the organization under its general supervision and in conformity with the broad policies determined by the Council."

WINANT

840.70/12–1244 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, December 13, 1944—10 p. m.

10400. For EITO Delegation, reEmbs 11003, December 12. Final decision has not been reached on question of authority in occupied areas. At present it is contemplated that unanimous agreement of the Control Commission would be required for matters affecting the whole German economy. However, the individual Commanders-in-Chief would presumably retain supreme authority within their respective zones of occupation and if unanimity is lacking, they would not be estopped from exercising full authority in their respective zones. Delegation should contact Philip Mosely with respect to interpretation in Embassy's 11003 of powers of occupying authorities.

Accordingly, while Soviets could veto proposals, it would not prevent the U.S. and U.K. military authorities from proceeding within their zones with proposals acceptable to their Governments. Conversely, Soviets as members of the Control Commission might be prepared to agree to EITO recommendations even though not members of EITO. Even with Soviet adherence to EITO agreement, military considerations might prevent Commanders-in-Chief from implementing certain features of the agreement within their respective zones of occupation.

It is not clear why adherence to EITO agreement by protocol would render it more acceptable to the Soviets than adherence by signature. In either case, agreement would be subject to amendment either under Article XIII or by a protocol of accession by unanimous agreement. Department considers that protocol procedure suggested would delay effective conclusion of agreement and its early and full implementation while it appears to create a precedent placing Soviets in a position to prevent in future any proposed economic mechanisms from functioning effectively until they were ready to come in on their own terms.

If revised agreement incorporates major technical changes proposed by Soviets, Department believes that further "gestures" would not influence their political decision as to participation. Therefore on basis of present information Department would not wish to alter instructions contained in Department's 10349, December 11.[29]

STETTINIUS

840.70/12–944 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, December 13, 1944—11 p. m.

10401. For EITO Delegation, reEmbs 10870, December 8,[29] and 10927, December 9. Is it proposed to include in agreement a definition of "inland vessels" in order to avoid future questions of interpretation? Would inland vessels cover all types which might be adapted for inland waterways, for example, smaller military landing craft such as LCT's, LCP's or other such smaller military types?

Department suggests new section 6, Article VIII (reEmbs 10870) be strengthened by directly tying it in with Article VII, sections 6 and 7 as set forth in November 11 draft agreement,[30] in the same manner as old section 5 of Article VIII and suggests optional annex (reEmbs 10927) be prefaced with some statement which would clearly indicate that annex is designed to implement pertinent sections of Articles VII and VIII.

Department does not believe this Government should sign annex, because (*a*) military interests appear adequately protected by main agreement if above amendments accepted, and (*b*) U.S. does not contemplate operation of a commercial inland waterway fleet. It is assumed that adherence at a later date would be permitted if circumstances warranted. Do military agree?

Department assumes that in November 11 draft agreement the new section following section 11 of Article VII applies to all types of "international transport", including rail, highway and inland waterways. Therefore, to avoid future misunderstandings it would be preferable to insert new section after section 13 of Article VII if this can be done as a drafting change without raising it as an issue.

STETTINIUS

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[29] Not printed.

[30] Not printed, but see telegram 9808, November 10, 10 p. m., from London, p. 858.

840.70/12–1644 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 16, 1944.
[Received December 16—6 : 45 a. m.]

11160. The following is text of proposed revision of last sentence of paragraph 14 of Article VII. This is revision of EIT/26 draft enclosed in despatch 19765 of December [9][31] (from EITO Delegation).

"In carrying out these functions the organization shall make use to the extent practicable of conventions in force between member governments so as to obtain the greatest benefit therefrom for the fulfilment of its task in this respect provided that the organization shall act (*a*) in accordance with any general policies which may be determined by the appropriate authorities of the United Nations and (*b*) with due respect for existing rights and obligations."

WINANT

840.70/12–1944 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State

MOSCOW, December 19, 1944—8 p. m.
[Received December 21—11 : 55 a. m.]

4914. The British Chargé has written a letter dated December 16 to Dekanosov, Assistant People's Commissar for Foreign Affairs, asking that the Soviet Government express its views by December 20 at the latest on the revised draft agreement for the establishment of a European Inland Transport Organization which was handed to the Soviet Delegation by London on December 8. Balfour added that the American and British Governments were being urged by the Anglo-American High Command to set up a transport organization and to get it into operation as soon as possible.

Sent to Department, repeated to London.

HARRIMAN

840.70/12–2044 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 20, 1944—5 p. m.
[Received December 20—1 : 34 p. m.]

11296. From EITO Delegation. Department's 10400, December 13, 10 p. m. Embassy's 11003, December 12, 1 p. m. was seen and

[31] Despatch 19765 not printed; for text of agreement (EIT/26) transmitted in a later despatch, see p. 903.

concurred in by Mosely. We had previously discussed with him the question of the degree of authority to be exercised by each zonal commander independently of the Control Council for Germany. Mosely agrees that, lacking unanimous agreement in the Control Council regarding an economic matter affecting Germany as a whole, each zonal commander would retain supreme authority over that matter within his zone. He feels, however, that, in view of the probable transport needs both of Europe and of Germany, unified control over German transport will be found to be essential in the period of Allied control. Such matters of [*as?*] transfer of surplus equipment out of Germany or the question of through service across the Soviet zone would, in any case, require action by the central control machinery and hence the cooperation of the Soviet Control element. He further feels that the Soviets, in view of their own economic needs, attach very great importance to the German economy being operated pretty much as a unit and that it would be difficult to operate any branch of the German economy as a unit if the transportation system were broken into three separate parts independently operated. [EITO Delegation.]

WINANT

840.70/12–2044 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 20, 1944—7 p. m.
[Received December 20—5 : 07 p. m.]

11309. The Foreign Office is considering a new proposal with respect to European inland transport. At my request, Hawkins, Mosely and Hooker discussed it today with Cadogan,[32] Strong [33] and Ronald.

Foreign Office is proposing to the Government that the Conference recommend the revised EITO agreement in substantially its present form to all the governments invited to the Conference, including the Soviet Government; but that the agreement shall not be open for signature until the liberation of Europe has been signalized by the formation of a control commission for Germany. This procedure is designed to permit the Soviets to sign at that time, together with whatever Polish government or authority is actually in control at that time. If the London Poles should be unable to implement their commitments, this factor would be sufficient reason for them not to sign even if they were still recognized as a government in exile.

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[32] Sir Alexander Cadogan, British Permanent Under Secretary of State for Foreign Affairs.

[33] Probably Sir William Strang, British Representative on the European Advisory Commission.

Foreign Office is also proposing to His Majesty's Government that the UK and the US inform the Soviets that military requirements make it imperative to get some sort of interim organization going without delay in the SHAEF area or perhaps in the SHAEF-SACMED area, and that the UK, US, France, Luxembourg, Belgium, Holland and possibly Greece, should enter into an informal agreement to put the substance of the EITO agreement into effect among themselves in so far as it is applicable, and with such modifications as might be necessary in the changed circumstances, pending the time when the EITO agreement would be open for signature.

The purpose behind this proposal is to avoid setting up an organization with the participation of the London Poles, on the assumption that it would jeopardize Soviet participation at the time when such participation will become most essential, namely, on the setting up of the Control Commission for Germany. We believe that the most important countervailing consideration is the danger that the Soviets might interpret such a procedure as a move toward setting up a western European economic bloc. The Foreign Office, however, minimizes this danger. It suggests that it might be largely obviated by the fact that the interim arrangement would be superseded by the coming into effect of the full agreement at a time when there is certain to be a *de facto* government in Poland, whether or not the London Poles are competent to participate. Thus the Soviets themselves would participate in the action that put an end to the interim western European phase of the arrangement.

Hawkins, Mosely and Hooker made it clear that they were seeking information and expressed no opinion of the proposal.

We are informed that Noel-Baker opposes the Foreign Office view, on the ground that it constitutes a last-minute change from what we had given the Soviets and the Continental Allies to understand we would do, namely, that we would go ahead with the establishment of EITO with or without Soviet participation. He believes that the Soviets will regard it as a last-minute weakening, and the Continental Allies, in view of their previous rejection of the Ronald formula, as a breach of faith.

We understand that the matter will go to the Cabinet for decision.

In the meantime, Ronald proposes to secure Massigli's reactions and promises to inform us promptly.

The Foreign Office on Friday, December 15, requested the British Embassy in Moscow to ask the Soviet Government to expedite their consideration of the draft agreement as revised, and to express the urgent hope that they might be willing to make known their views upon it not later than Wednesday, December 20.

The French views on these proposals will be reported as soon as ascertained.

Repeated to Moscow as 133.

WINANT

840.70/12–944 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, December 20, 1944—midnight.

10610. ReDepts 10401, December 13. Department's position with respect to signing annex was based on assumption that it would be of little practical advantage to U.S. and not because of disapproval of principles. What is position of British and French? Is there any indication of Soviet attitude? Department prepared to consider signing annex in order to support Dutch proposal in light of attitude of other major powers. In any event it should be clearly understood that since annex is an implementation of draft agreement it is subject to same overriding military authority granted in Article XI, section 2 of original draft. Consequently, so long as military are in control in Germany they would have final decision regarding acceptance of recommendations of EITO Organization relating to annex.

Department would not favor attaching reservation referred to in Embassy's 11159, December 16,[34] to signatures to agreement or annex for following reasons:

(1) If Soviets do not adhere to agreement, reservation unnecessary because Control Commission for Germany would not come under provisions of Article VI, sections 3 and 4 (November 11 draft), which relate to authorities set up by "member governments". Under such circumstances it would appear that relations with such Commission would be covered under Article VIII, section 10 (November 11 draft).

(2) A reservation providing that our obligations be "subject to agreement of the Control Commission" might be interpreted to restrict the possibility of individual action in the separate zones if the Commission fails to reach unanimous agreement. If unanimous agreement impossible, presumably the authority in separate zones would lie with zonal commanders, and zones under the authority of member governments would be covered by the agreement, subject to section 2 of Article XI (original draft).

(3) Department believes it unwise to set a precedent for signing this type of agreement with reservations for it may open the door

[34] Not printed. The reservation provided that with respect to territories under the Control Commission, the obligations of the United States, United Kingdom, and France would be subject to agreement of the Control Commission. (840.70/-12–1644)

to other reservations by other signatories. This position is consistent with the strong position successfully taken with respect to the shipping agreement signed last summer.[35]

Department would appreciate specific indication from (1) SHAEF and (2) General Ross or other appropriate representative of U.S. Army that they are satisfied that our signing of annex will in no way restrict military in zones of occupation or in liberated areas.

STETTINIUS

840.70/12–2144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 21, 1944—7 p. m.
[Received 10:37 p. m.]

11337. From EITO Delegation.

[I.] Department's 10497 and 10498 of December 16.[36] We have seen Wormser, Secretary of the French Embassy and explained to him that the definition of "government" in the draft agreement, in including "provisional government" was not aimed at the French but was designed not only to cover the position created by the fact that the French Government is in fact referred to in official documents and signs itself as the Provisional Government of the French Republic, but also was intended to cover other contingencies where other provisional governments might become members of the organization. We pointed out that since the Soviets now had in their hands a revised draft agreement which contained this definition, its subsequent deletion might appear to them to be intended to preclude the possibility that, for example, a future provisional government of Poland could be considered for membership. Wormser replied that, while he would have to refer the matter to his Government, he believed that so long as it was understood that the "provisional" was not aimed entirely at France, in the light of the explanation offered, there would probably be no objection to the retention of the definition.

II. In the course of the conversation Wormser remarked that his Government felt very strongly that there should be an official text in French as well as in English and Russian. It was replied that when it was first agreed that the official text should be in English and Russian only, only the United States, the United Kingdom and the USSR were mentioned by name in the text of the agreement; and that since France was now also mentioned by name we felt that under the circumstances it was quite proper that there should also be an

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[35] For documentation regarding the Interallied Shipping Agreement signed August 5, 1944, see pp. 859 ff.

[36] Neither printed.

official text in the French language and that we would so recommend to our Government.

Favorable instructions on this point are respectfully requested of the Department. It is suggested that our support of the French wishes on this point might be made known to them upon receipt of confirmation of French approval of the Department's request for the withdrawal of their suggestion that the definition of the word "government" referred to in section I above be deleted.

III. Wormser stated that there was a French Committee functioning in Paris considering the EITO agreement and that there would be some suggestions forthcoming, which, so far as the main body of the agreement is concerned, would probably not be of a substantial nature, but that there were substantial objections to the Dutch proposal on inland waterways which was to be embodied in an annex to the agreement. He was not in a position to indicate precisely what these objections were.

IV. Wormser appeared to be fully informed with respect to the subject matter reported in Embassy's 11309, December 20. He gave it as his personal view that since his Government had accepted the "Ronald formula" although without any enthusiasm, it would probably not object to the proposal under consideration by the Foreign Office, if it were put forward along the lines indicated. [EITO Delegation.]

WINANT

840.70/12–2244 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 22, 1944—8 p. m.
[Received December 22—7:45 p. m.]

11397. From EITO Delegation. ReDepts 10610, December 20. British have specifically stated that HMG would subscribe to the Dutch annex on inland waterways.

As stated in the Embassy's 11337 of December 21, Secretary of French Embassy has indicated that they will have substantial modifications to suggest.

There is no indication of Soviet attitude.

We agree that it should be specifically stated in the annex, in the same terms as in the agreement itself, that it is subject to the same overriding military authority, and will see to it that such a provision is inserted in the annex.

Paragraphs 3 and 4 of Article VI of November 11 draft (in subsequent draft, referred to as EIT/26,[37] transmitted to [*in*] despatch

[37] *Ante*, p. 903.

No. 19765 of December 8 [*9*], paragraph 3 has become paragraphs 3 and 4 of Article XIV, and paragraph 4 is now paragraph 3 of Article VI) were drafted to cover the zones of occupation in Germany allocated to the occupying powers. Our concern, as explained in Embassy's 11296 of December 13 [*20*] is with the degree of control of transport which the zonal commander would be able to exercise independently of the Control Council. This would apply to paragraph 2 of Article XI in so far as that section is applicable to occupied territory.

While we agree that Article VIII, section 10 of the November 11 draft (paragraph 11 of Article VIII in EIT/26) is applicable to the Control Council, we also believe that the paragraphs of Article VI referred to above are applicable to the occupied zones and possible conflict may arise between the commitments in the EITO agreement and the commitments in the agreement setting up the control commission for Germany. The Foreign Office is of the same opinion and has stated that their legal advisers have informed them that the EITO agreement could not be signed by HMG without appropriate reservations.

It would seem to us, however, that our reservation could be limited to an indication that our commitments under the EITO agreement, in so far as occupied territory was concerned, would be subject to our commitments in the agreement setting up the German control commission. It would seem that the provisions of Article VIII, section 10 of the November 11 draft (Article VIII, paragraph 11 of EIT/26) would bind us to use our best efforts to secure the implementations by the control commission of the policies and recommendations of the organization. While we fully agree with the Department that reservations are undesirable, we feel that they are unavoidable. This dilemma is one of the reasons for the Foreign Office advocacy of the procedure described in the Embassy's 11309, December 20, whereby the agreement would not be open for signature until a time when, it is hoped, the considerations preventing Soviet adherence have been removed. If the Soviets should still be unwilling to adhere at that time, the dilemma, of course, would still be with us.

As stated in Embassy's 11296 of December 20, we agree that if the control commission is prevented from functioning by lack of unanimity with respect to any particular issue, each member government having responsibility for a zone of occupation would be the authority in that zone with respect to that issue to the extent that it was not covered by the general pronouncements and policies of the commission. However, as indicated in Embassy's 11296 of December 20, it seems clear that inland transport cannot be satisfactorily administered without unified control and that, therefore, the necessities of the sit-

uation are likely to force the Control Council into some sort of agreement.

We will secure the information requested in the last paragraph of the Department's 10610 as promptly as possible. [EITO Delegation.]

WINANT

840.70/12-2044 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, December 23, 1944—6 p. m.

10687. For EITO Delegation. Department's preliminary reaction to Foreign Office proposal outlined in Embassy's 11309 of December 20 is unfavorable. Department's views are based upon the following considerations:

1) It is believed here that since Continentals strongly rejected Ronald formula they would likewise reject this proposal. Department shares delegation's apprehension of repercussions which would arise by limiting interim organization to SHAEF or SHAEF-SACMED areas, thus resulting in a purely western European organization.

2) Since time of formation of a control commission for Germany is uncertain it is possible Polish question might not be solved by that time and whole issue would again arise. It is unwise to make functioning of EITO dependent upon or tied in with establishment of a control commission.

3) Department still believes that Soviet participation will not be determined by any formula or device designed as gestures in order to avoid current Polish problem.

Department seriously questions the amendment made to Article XIII (EIT/26) agreed to at the meeting on December 9, 1944 permitting amendment of agreement by two-thirds majority. While it is clear that this might make it easier to amend agreement to meet Soviet wishes, it is also true that once Soviets were members, the agreement could be reamended in spite of their objections. It is Department's impression that this amendment would not be acceptable to Soviets.

Amendment would be undesirable from Department's point of view for it could greatly limit effectiveness of Executive Board. The four powers having the right to nominate members thereon could be outvoted in the Council with respect to amendments affecting powers and functions of Executive Board. Department would hesitate to commit itself for two years to an agreement from which it could not withdraw, but which could be materially modified without its consent. You are instructed to discuss this amendment with British and urge withdrawal of their suggestion.

STETTINIUS

840.70/12–2744 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 27, 1944—6 p. m.
[Received December 27—5 : 06 p. m.]

11464. From EITO Delegation. General Obydin has been instructed to return to Moscow for consultation and has requested the British to provide him with air transportation which they are undertaking to do. The rest of the Delegation is remaining here. He said that it was his belief that within a few days after his arrival in Moscow his Government would be able to give a definite indication of its position.

Repeated to Moscow as Embassy's 138. [EITO Delegation.]

WINANT

840.70/12–2844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 28, 1944—11 a. m.
[Received December 28—8 : 36 a. m.]

11486. ReDepts 10687, December 23. We have informed the British of the Department's views with respect to the amendment to Article XIII providing that the EITO agreement could be amended at any time by two-thirds of the Council, and anticipate no difficulty it securing the acceptance of the Department's position.

The amendment referred to was not made available to the Soviets and there is, therefore, no danger of complication on that score arising out of General Obydin's return to Moscow.

WINANT

840.70/12–2844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 28, 1944—7 p. m.
[Received December 28—5 : 25 p. m.]

11500. From EITO Delegation. ReDepts 10735 of December 27.[38] We have informed the British of the Department's objections to attaching reservations to signatures to the EITO document and of the suggestion in the first paragraph of the Department's wire that an appropriate amendment be embodied in the text of the agreement.

[38] Not printed.

They replied that they will give us their response as soon as their legal adviser has had an opportunity to consider the proposal.

ReEmbs 10778 of December 6 and 11159 of December 16.[39] With respect to the suggestion in the second paragraph of the Department's 10735 that the inland waterways annex can be worked out after the signature of the agreement we doubt that this would be acceptable to the Dutch who have indicated that they would have to have adequate assurance that the powers principally concerned with inland waterways would adhere to it as a condition to their adherence to the main agreement. France of course is one of the powers. Massigli today advised the British that French inland waterways experts would arrive here shortly for the purpose of considering the matter with the Dutch and he somewhat minimized the extent of their objections to the Dutch proposal.

ReEmbs 11467 [*11464*] of December 27. Noel-Baker and Ronald have both informed us today that HMG is not prepared to take any further action or make any decisions as to procedure until the outcome of Obydin's recall to Moscow for consultation is known. They both state that Massigli indicated to them this morning that the attitude of the French Government would be the same.

Except for the above statement by Massigli which was very definite it seems that he was extremely guarded in his conversation this morning with Noel-Baker and Ronald at which they discussed all the aspects of the EITO situation including the Foreign Office proposal reported in the Embassy's 11309 of December 20. [EITO Delegation.]

WINANT

840.70/12–2144 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, December 30, 1944—1 p. m.

10823. For EITO Delegation. Re paragraph II, Embassy's 11337, December 21, 1944. Department has no objection to an official French text as well as English and Russian texts of EITO agreement.

Presumably this information would be furnished the French on receipt of their acceptance of definition of "Government" and suitable alternative to Article III, paragraph 5 (Department's 10497 and 10498 of December 16, 1944 [40]).

STETTINIUS

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[39] Telegram 11159 not printed.
[40] Neither printed.

840.70/12–3144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 31, 1944—3 p. m.
[Received December 31—10:20 a. m.]

11580. To Plakias.[41] Replying to your telegram of December 28,[42] I feel that the situation with respect to EITO has now developed to a point where the negotiations will soon be over, but if Clay would like to come we would be glad to have him.[43] The interim commission has not, as you know, materialized. The agreement, we now understand, is acceptable to the Soviets on the technical side, and the remaining work is largely limited to political questions as they affect procedure. The establishment of EITO should be completed when this is accomplished.

WINANT

840.70/12–3144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 31, 1944—3 p. m.
[Received December 31—2:52 p. m.]

11581. From EITO Delegation. During an excursion on December 29 arranged for the members of the delegations of the EITO Conference, we were informed separately by Hondelink, by Henzl of the Czechoslovak Delegation, and by Caranfil, the observer for the Rumanian Control Commission, that General Obydin (who leaves here tomorrow) had stated to each of them that in the view of the Soviet Delegation the draft agreement was technically substantially satisfactory in the revised form. Caranfil received the impression that Obydin was returning to Moscow at his own request in order to try to persuade his Government to accept the EITO agreement. It is not indicated whether Moscow, as distinct from the Delegation, has any technical objections to the agreement in its revised form.

Hondelink and Henzl received the impression that the Soviet Delegation expects us to go ahead with EITO as we had stated to them and to the Continentals that we would.

Henzl states that he has informed Obydin that the Czechs wish to join the organization, and that he has pointed out to Obydin that

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[41] John N. Plakias, special assistant, Office of Transportation and Communications.

[42] Telegram 10779, not printed.

[43] Clay had left London on December 22 to return to the United States for personal reasons. In a letter dated February 1, 1945, he was informed that the work of the Conference had been temporarily suspended and that the Department did not believe it would be necessary for him to return to London.

Czech participation, since it is generally agreed that they should be on the Executive Board, should be advantageous to the Soviets even if the latter are not prepared to become members at the outset. The Czech Ambassador in Moscow has been informed of this conversation and been instructed to make similar observations to the Soviet Government.

Henzl has recommended to the British and ourselves that, having waited so long, we can well afford to wait a little longer in order to give the Soviets a reasonable time to participate with us in the organization of EITO, and to avoid setting it up without them at the very moment when they may be on the point of indicating their willingness to go along with us.

Repeated to Moscow as 139. [EITO Delegation.]

WINANT

INTERNATIONAL WHALING CONFERENCE, LONDON, JANUARY 1944, AND PROTOCOL SIGNED FEBRUARY 7, 1944 [1]

562.8F4/32 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, January 3, 1944.

49. Embassy's 17, 3rd.[2] Inform British Foreign Office that Doctor Kellogg [3] and instructions for American delegation have been unavoidably delayed en route and express the hope that in view of the expected short duration of the conference it will defer inauguration of the principal work of the conference until arrival of Kellogg. American Delegation is instructed to take no part in technical discussions until arrival of Kellogg who has background relating to instructions and technical material.

Instructions of June 7, 1943 to Cumming and Allison [4] have been substantially modified by new instructions which left Department by courier December 28 [5] and may arrive on same plane as Kellogg.

HULL

562.8F4/35 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, January 3, 1944—6 p. m.
[Received January 3—1:26 p. m.]

20. Reference Embassy's 17, January 3 [6] regarding delay in Kellogg's arrival. Embassy has now been informed that Dr. Kellogg's plane is still in Bermuda and he cannot therefore reach London before night of January 6 at earliest. While Embassy understands conference will probably adjourn on 4th to reconvene on 6th,

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[1] For previous documentation, see *Foreign Relations*, 1943, vol. I, pp. 1127 ff.
[2] Not printed.
[3] Dr. Remington Kellogg, Curator of Mammals of the National Museum and American delegate to the International Whaling Conference.
[4] Instructions not printed. Hugh S. Cumming, Assistant Chief of the Division of European Affairs, was in London in connection with the Anglo-Swedish-United States War Trade negotiations; John M. Allison was Second Secretary of the American Embassy in the United Kingdom.
[5] See instruction of December 28, 1943, to Dr. Kellogg, *Foreign Relations*, 1943, vol. I, p. 1141.
[6] Not printed.

it is believed it will be difficult to delay any longer. In view of British expectation of short duration of conference, it is quite possible Dr. Kellogg might not arrive until after its final adjournment. In these circumstances does Department have any special instructions?

WINANT

562.8F4/35 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, January 4, 1944—5 p. m.

73. It appears that the Department's Telegram 49, January 3, 1944 substantially answers the inquiries made in Embassy's Telegram 20, January 3, 1944.

We may further point out that it is difficult to see how our interests could be adequately represented without the technical advice and assistance of Dr. Kellogg. In addition to technical assistance, there are also certain questions of future policy and action which have been discussed with Dr. Kellogg and in regard to which he will be in a position to inform the other members of our delegation.

The instructions for our delegates set forth two important purposes among others:

(1) To forestall any tentative commitments with respect to any matter on which it may be desirable to defer judgment and action until a later date.

(2) To make every practicable effort to lay the ground work looking toward the holding of a subsequent whaling conference in Washington.

Our purpose in planning a conference in Washington is to offer an opportunity of formulating in the near future a program based on sound principles of conservation that would give effective protection to existing stock of whales especially in relation to our national requirements of certain whale oil for industrial and military uses. The President has approved this latter purpose, and the Department is especially desirous that it be placed before the conference in a comprehensive and effective way.

In the above circumstances the Embassy will be aware that in the absence of Dr. Kellogg undue responsibility would be placed upon the other members of our delegation. We accordingly hope strongly that principal work of Conference can be deferred until Kellogg arrives.

HULL

562.8F4/36 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, January 4, 1944.
[Received January 4—11:59 p. m.]

65. From the Delegation to Informal Whaling Conference.

[1.] The substance of Department's 49, 3rd, was duly communicated to the Foreign Office and to Dobson [7] who is in charge of arrangements for Conference and at same time head of British Delegation. Dobson expressed entire willingness to meet our wishes incident to delay in Kellogg's arrival. He felt, however, and we agreed that the opening meeting should take place this morning as announced. He agreed to propose to Conference (after a statement by American Delegation that we could not participate in technical discussions until Kellogg's arrival) the deferment of detailed discussions or any effort to reach decision in respect to principal work of the Conference until later meeting when Kellogg could be present.

On convening the Conference Dobson was elected Chairman and, following statement by your delegate on lines indicated above, the Conference agreed to have a brief general discussion of the agenda and then to adjourn until January 13 subject to Chairman's confirmation.

Chairman made an opening statement the principal points of which were (1) that the primary concern of the Conference is the maintenance of whale conservation measures, (2) that the United Kingdom and Norwegian Governments were "hostile" to any denunciation of the existing whaling agreements, (3) that the Ministry of Food on the other hand is anxious to replenish the dwindling stocks of whale oil, (4) that the British Government was not proposing that the Conference should produce a formal document amending existing agreements. (Dobson intimated that this was partly out of regard for uncertainty about United States need for ratification and also because it was felt that wartime powers held by governments concerned would probably enable any agreement reached to be put into effect. Whether such an informal arrangement would be regarded as sufficiently binding was not discussed.)

In opening discussion on the agenda, which listed the following suggestions for temporary relaxation or extension of international whaling agreements (*a*) Antarctic whaling season, (*b*) use of backmeat, (*c*) reduction of size limit for sperm whales, (*d*) protection of humpbacks, (*e*) use of factory ships elsewhere after close of Antarctic season, Dobson said that the aim was to get as much oil as possible

[7] A. T. A. Dobson, Fisheries Secretary, British Ministry of Agriculture and Fisheries.

without undermining existing agreement. This led to a discussion of whaling facilities likely to be available after the war. Dobson said and the Norwegian Delegation confirmed that it seemed likely there would be only three factory ships (all Norwegian) available for the first season after the end of the war in Europe. There were at present no British factory ships; on the other hand two ships, it was thought, might be built in British yards for use during the season 1945–46. Any German factory ships still serviceable would probably also be taken over. The South African representative mentioned a possibility that two South African ships might be able to operate. Beyond that no other information on this subject was presented.

With regard to item (*a*) of agenda, Antarctic whaling season: British with the support of Norwegians proposed that the first season after termination of hostilities in Europe should extend from November 24 to March 24 inclusive. Representatives of other countries (except your delegate who abstained from any view) indicated either support for the proposal or lack of active interest. Several referred to the importance of the extension being only for a limited period.

Item (*b*), use of back-meat: the discussion was limited and general but there appeared to be no objection to some relaxation of existing provisions.

Item (*c*), reduction of size limit for sperm whale: there was general agreement that it would be a retrogressive step to reduce the size limit for sperm whales from 35 to 30 feet though Canadians were prepared to accept reduction if war interests demanded.

Item (*d*), protection of humpbacks: Chairman proposed that the embargo on humpbacks should be re-introduced and this was supported by all representatives present.

Item (*e*), use of factory ships elsewhere after close of Antarctic season: Norwegian representative expressed view that it would be a mistake to permit such use for taking baleen whales even in the Arctic. (In this connection it was pointed out that this restriction does not apply to use of factory ships to take toothed whales.) The Australian representative appeared to be interested in some expansion of whaling in Australian waters to meet needs for more oil but was obviously much impressed by statement by Mackintosh, the British expert, that stocks of humpbacks in that area were so much reduced that, in his opinion, the unrestricted operation of three factory ships off west Australia would ruin stocks of humpbacks in 2 years' time. The discussion under this item was brief and inconclusive though its trend was generally in favor of continued restriction on the use of factory ships in non-Antarctic waters.

A desire for information on the current whale oil position i.e. stocks, current consumption and future requirements was expressed

by several representatives and the Chairman stated that Maud[8] of Ministry of Food would be asked to make such a statement to the Conference when it next met.

2. Final items on agenda (1) question of limitation of total catch and (2) other business were deferred until next meeting.

Our chief impressions of the opening meeting were: (1) that British Delegation wishes to relax conservation measures only to such extent as is necessary to meet Ministry of Food's minimum needs for oil, (2) that British are anxious to maintain common front with Norwegians and seem disposed to join with them in due course in support of limitation on catch.

Kindly note that instructions regarding form in which results of Conference shall be recorded may be required.

WINANT

562.8F4/37 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, January 7, 1944—10 p. m.
[Received 10:30 p. m.]

168. From Delegate in [*Delegation*] Informal Whaling Conference. Dobson has advised that Ministry of Food is disappointed that opening meeting of Conference did not result in clearer appreciation of need for, and in greater readiness to relax restrictions to permit, an all out effort to increase whale oil take in first postwar season. Ministry, he said, was especially disappointed at views expressed on humpbacks, a fact which may be not unrelated to apparent Australian interest in relaxation mentioned in Embassy's number 65, 4th. (In this connection it is interesting to note that *Sunday Express* reported governmental plans for revival of whaling on New South Wales coast and the laying out of a modern whaling station at Boydtown.)

Dobson added that Maud in promised statement to Conference will make clear the serious view Ministry takes of oil supply situation, but went on to explain that the Ministry naturally would fall in with the attitude taken by the British Delegation. It would appear that the British Delegation is really desirous of greater relaxation of current agreements than they are willing to press for openly and that they are hoping for some assistance in this respect from the United States Delegation.

Dobson also said four expeditions are expected in first season rather than three.

WINANT

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[8] John P. R. Maud, Second Secretary of the British Ministry of Food.

562.8F4/40 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, January 11, 1944—9 p. m.
[Received January 11—6 p. m.]

261. From the Delegation to Whaling Conference. Kellogg and Department's instructions arrived yesterday. Following extended discussion today with Norwegians and among our Delegation (and telephone talk with Dobson) we have the following impression as to position now faced:

The British favor an informal understanding to relax agreements. Our discussions with Norwegians lead us to believe that an informal arrangement without adequate safeguards for conservation might result even in first year after the war in much larger catch than had heretofore been taken into consideration. (Our advice now indicates that 14–16 factory ships including ships in German hands might be made available for whaling in first season and that sufficient killer boats to operate these factory ships will be available.)

We believe therefore that relaxation of the existing agreements can only be accomplished by a formal document with adequate safeguards. We accordingly intend to propose (*a*) that relaxation of the agreements in the first postwar season should be accompanied by a provision for limitation of the catch. We suspect that the British will be unwilling to agree to such a limitation without further study but we shall endeavor to secure their assent.

Failing an understanding on these lines we propose to urge (*b*) that the Conference in a final act adopt recommendations modifying existing agreements to be considered by their respective governments for adoption at the Washington conference which the Department proposes to call. If the present Conference agrees to the first procedure (*a*), the Washington conference can then concentrate on the long term agreement which is of course our ultimate objective.

We shall proceed along the lines indicated above unless instructions to the contrary are received before the meeting on January 13. Authorization No. 86 has not yet been received.

WINANT

562.8F4/40 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, January 12, 1944—10 p. m.

297. For the Delegation to Whaling Conference. Department approves course of procedure outlined in Embassy's 261, January 11, 9

p. m. As many of the countries parties to the Geneva Whaling Convention of 1931,[9] Article 6 of which requires that "the fullest possible use shall be made of the carcasses of whales taken", and a few of the countries parties to the London Whaling Agreement of 1937[10] and the Protocol thereto of 1938[11] are not represented at the present conference, the signature of a formal document substantially relaxing provisions of the convention, agreement or protocol at the present time is not favored by the Department, notwithstanding the fact that countries parties thereto but not represented at the conference do not engage in pelagic whaling. However, if the American Delegation is convinced that relaxation of existing agreements can be accomplished only by a formal document with adequate safeguards the Department authorizes the delegation to urge consideration of such a document by the conference.

In view of report in second paragraph of Embassy's 261, January 11, 9 p. m. of indications that 14–16 or more factory ships may be available for whaling in first season after the war, Department requests that American Delegation concur in any proposals to relax provisions in the existing agreements, whether such proposals are embodied in an informal recommendation or in a formal document, only on the condition that there be established and strictly observed a limitation of the catch if the delegation should be of the view that such a relaxation without the limitation would result in the killing in any year of more whales than the average yearly take of whales during a representative period in the 10 years preceding 1940. Department relies upon judgment of Dr. Kellogg in matters respecting measures appropriate for maintaining an adequate stock of whales. The Department requests that the American Delegation bear in mind that this Government is of the view that the future existence of international cooperation regarding the conservation of whales and of other marine life depends to a great extent upon continued respect for the provisions of the whaling convention, agreement and protocol, and that any relaxation of those instruments without accompanying adequate safeguards would be a backward step.

HULL

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[9] Signed by the United States March 31, 1932; for text, see Department of State Treaty Series No. 880, or 49 Stat. (pt. 2) 3079.

[10] Signed June 8, 1937; for text, see Department of State Treaty Series No. 933, or 52 Stat. 1460. For documentation, see *Foreign Relations*, 1937, vol. I, pp. 920 ff.

[11] Signed June 24, 1938; for text, see Department of State Treaty Series No. 944, or 53 Stat. (pt. 3) 1794. For documentation, see *Foreign Relations*, 1938, vol. I, pp. 947 ff.

562.8F4/43 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, January 13, 1944.
[Received January 13—1:22 p. m.]

317. From the Delegation to Whaling Conference. The Delegation met yesterday with British Delegation (including Maud of Food Ministry) and had a useful discussion of all points under consideration at Conference. Occasion was taken to inform British that several of amendments proposed, if adopted, would necessitate Department's referring them to Senate for ratification; that this would mean a formal conference document; furthermore that we fully supported British desire to replenish oil stocks but felt that adequate safeguards against unexpected developments should at same time be provided.

At today's second meeting of Conference Maud made general statement on over-all fats and oils situation, placing total annual losses in supplies available from Axis-held territories at 2,100,000 tons (including also 500,000 tons whale oil); this deficit had been met by rationing in Allied territories and by the cutting off of exports to Axis territory. He gave no information on whale or fish oil position but advanced tight position of fats and oils generally, particularly the anticipated relief needs as an argument for relaxing whaling restrictions as much as possible.

The American Delegation announced our full support of Ministry's desires to increase production and replenish stocks of whale oil but subject to safeguards against an unexpectedly large kill of whales resulting from such relaxations.

Resuming discussions on Agenda set out in Embassy's 65, 4th, Conference took the following action with regard to 1944–45 season:

Item (*a*), approved of extension of Antarctic season to cover period November 24 to March 24 inclusive.

Item (*b*), decided that no formal amendment of provisions relating to backmeat was required on grounds that this matter could be handled administratively.

Item (*c*), voted against reduction in size limit on sperm whales from 35 to 30 feet.

Item (*d*), approved the introduction of the embargo on taking humpback whales south of 40 degrees south latitude.

Item (*e*), voted against use of factory ships elsewhere after close of Antarctic season; the Australian representative abstained, intimating he must seek new instructions. We doubt Australia will oppose the general view.

Conference then discussed limitation of total Antarctic catch and approved a proposal by Norwegian delegate that a limit of 16,000

blue whale units should be adopted for the season 1944–45 and for subsequent seasons thereafter unless modified.

Conference thereupon appointed a drafting committee consisting of British, Norwegian and American representatives to draw up a draft final act embodying the above amendments which, it is proposed, Conference should approve at its next meeting on January 17 for submission to the respective governments with a view to signature before an early date which will be decided at next meeting.

Delegation has considered it necessary to use the authority granted in Department's last instruction to take the view that relaxation should be accompanied with a limitation of total Antarctic catch and that a formal document would be necessary.

Department's intention to call an international whaling conference was announced to Conference.

Department's instructions will be required in connection with signature of final act which will be cabled as soon as approved.

WINANT

562.8F4/44 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, January 14, 1944.
[Received January 14—10:41 p. m.]

354. From the Delegation to the Whaling Conference. Following is the draft text of the Final Act of the Conference which will be presented to the full Conference on January 19 for approval with a view to submitting it to the various governments concerned for final approval prior to signature by the delegates.

In the blank space in Article IV is to be inserted the date of signature which it is hoped will be within a period of approximately 2 weeks from January 19. The text follows:

"International Whaling Conference, London, 1944.

FINAL ACT

An informal International Whaling Conference was opened in London on 4th January, 1944 and continued on 13th and 17th January, 1944.

The following representatives were present: (Countries in alphabetical order.)

Mr. A. T. A. Dobson (United Kingdom) was invited to preside over the Conference and Mr. A. M. Lowe (United Kingdom, Ministry of Agriculture and Fisheries) acted as Secretary.

The object of the Conference was to consider whether, in the light of the world oil and fat position, it was desirable or necessary in the case of the next Antarctic whaling season to modify by way of relaxation any of the provisions of the existing International Whaling

Agreement of 1937, as amended by the Protocol of 1938. The Conference having had the advantage of hearing a statement from the British Ministry of Food on the present position and future prospects of world oil and fat stocks, recognized the critical world supply position of oils and fats and agreed that all possible measures should be taken, so far as whaling is concerned, to alleviate the situation, particularly in the period of the present emergency and in the immediate post-war period. The Conference also recognized that it is of vital importance to all countries interested in whaling to further the conservation of existing whale stocks, which prior to the war were showing signs of depletion, and that any relaxation of present international whaling agreements which might be agreed to be necessary to meet the needs of the war effort and the humanitarian needs for oils and fats in the period immediately following the cessation of hostilities, should be for a limited period only and should provide for adequate safeguards to insure that existing stocks of whales shall not be decimated by unexpected developments in whaling operations.

The countries represented at the Conference therefore agreed that as concerns whaling operations by their own nationals, the International Whaling Agreement of 1937, as amended by the Protocol of 1938, should be regarded as further amended as follows:

Article I. That the period extending from the 8th day of December to the 7th day of March fixed for Antarctic whaling by Article VII of the International Whaling Agreement of 1937, be extended for the first season in which Antarctic whaling operations are resumed, to cover the period from November 24 to March 24, dates inclusive.

Article II. That the embargo in Article I of the Protocol of 1938 on the taking of humpback whales in any waters south of latitude 40 degrees, and which has now lapsed, should be reimposed for the season mentioned in Article I.

Article III. That for the season mentioned in Article I, the total permissible Antarctic catch of baleen whales shall not exceed 16,000 blue whale units, such units to be calculated as follows: 1 blue whale equals (*a*) 2 fin whales or (*b*) 2½ humpbacks or (*c*) 6 SEI whales.

Article IV. The present agreement shall come into force provisionally this . . day of . . . . . 1944.

Article V. (1) The present agreement shall be ratified and the instruments of ratification shall be deposited with the Government of the United Kingdom of Great Britain and Northern Ireland as soon as possible.

(2) It shall come into force definitively upon the deposit of the instruments of ratification by the Governments of the United Kingdom, Norway and the United States, the Governments now chiefly interested in pelagic whaling.

(3) For any other government which is a party to the principal Agreement, the present agreement shall come into force on the date of the deposit of its notification of accession.

(4) The Government of the United Kingdom will inform the other governments of the date on which the agreement comes into force and the date of any ratification or accession received subsequently.

Article VI. (1) The present agreement shall be open to accession by any government which has not signed it and which accedes to the principal Agreement.

(2) Accession shall be effected by means of a notification in writing addressed to the Government of the United Kingdom and shall take effect immediately after the date of its receipt.

(3) The Government of the United Kingdom will inform all of the governments which have signed or acceded to the present agreement of all accessions received and the date of their receipt.

Article VII. The present amendments to the Agreement of 1937 and Protocol of 1938, subject to the provisions of the above Articles (V and VI) shall remain in force until the 30th of June following the conclusion of the season mentioned in Article I.

RECOMMENDATION. With regard to Article III above, the Conference desire to record their firm conviction that a limitation on the number of whales to be caught in any one pelagic season in the Antarctic will be necessary in subsequent seasons, if the whale stocks are to be preserved. They accordingly recommend that the maintenance of such a limitation should be considered at the next and subsesquent whaling conferences.

In witness whereof the undersigned, duly authorized, have signed the present agreement. Done in London, et cetera."

Preparation of this draft was not participated in by representatives of the Foreign Office which may have alterations to suggest as may the Department.

The American Delegation intends to urge the adoption of a second recommendation to the effect that the next whaling conference should consider machinery and procedure to deal with limitation on catch.

Department will note that Argentina and Eire have no present interest in pelagic whaling, the latter because no factory ships now registered in Eire.

WINANT

562.8F4/45 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, January 14, 1944—10 p. m.
[Received January 14—9:06 p. m.]

376. From the Delegation to the Whaling Conference. The validity of the Final Act forwarded in Embassy's 354 of January 14 is limited, at the express desire of the Norwegian Delegation, to the first Antarctic whaling season in which operations are resumed (which delegates agree refers to 1944–45). Professor Bergersen [12] stated in confidence to the members of the drafting committee that the Norwegian Government in Exile had an agreement with the resistance movement in Norway that the Government would make no international commitments for a period of more than 1 year at a time under present conditions.

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[12] Berger Bergersen, Norwegian whaling expert.

It was also desired in the interests of security to give no public indication in the document that resumption of whaling is contemplated in 1944–45.

WINANT

562.8F4/44 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, January 16, 1944.

415. With reference to the suggested text of final act as given in Embassy's telegram 354, 14th, the delegation is instructed as follows:

1. The final act of the conference should, as is customary in final acts of conferences, include only a record of the work of the conference and recommendations by the delegations for the consideration of their respective governments.

2. Accordingly, the paragraph in the final act which precedes Article I and which begins "The countries represented" should be replaced by wording substantially as follows: "The delegates of the Governments represented at the Conference decided to recommend to their respective Governments that consideration should be given to the further amendment of the International Whaling Agreement signed at London on June 8, 1937, as amended by the Protocol signed at London on June 24, 1938, by amendments substantially as follows:".

3. Strike out the word "Article" before "I", "II", and "III" and omit "That" at the beginning of each sentence so that the wording of each recommended amendment will be a separate and complete sentence. Also change "be extended" in "I" to "shall be extended".

4. Strike out Articles IV, V, VI and VII as they have no place in a final act. The Department can not agree to any recommendation by the Conference embodying a provision to the effect that the amendments shall come into force provisionally with respect to the United States prior to approval by the Senate. It should be made clear in the final act that the signing of the final act does not constitute any specific agreement between the Governments and that the final act contains only recommendations.

5. The "witness" clause at the end of the final act should be made to read somewhat as follows: "In witness whereof the following delegates, duly authorized, sign this final act."

The above instructions and suggestions are not to be considered as approval by this Government of any part of the text of the final act but as information for the guidance of the American delegation. The Department should be informed of the definitive text of the final act.

It is probable that the British Foreign Office will also suggest alterations in the text of the final act that will meet some of the Department's objections to the text as quoted in the Embassy's telegram.

HULL

562.8F4/48 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, January 20, 1944.
[Received January 20—5:42 p. m.]

552. From Delegation to Whaling Conference. The Conference reconvened yesterday and agreed upon a revised draft final act to be submitted to the various governments with a view to the delegates receiving authority to sign it at a meeting tentatively set for January 31st. It is believed that the revised draft which is given below in full meets the points raised in Department's 415, January 16th. It consists of an introductory statement and four resolutions embodying recommendations to the governments concerned, the first of which has as an annex a draft protocol covering the points which amend or modify the 1937 Agreement, and which it is desired should be signed possibly within a week after signature of the final act.

The persons designated to sign the protocol could be either conference delegates or some one especially appointed. In this connection Doctor Kellogg would appreciate being informed at an early date as to whether or not it is desired he remain in London for the signing of the protocol. If this is desired it might be necessary to increase the budget of expenses under authorization 86. He also requests that should the Department desire him to remain in London the Secretary of the Smithsonian Institution be so informed.

The Department will note that Resolution 1 provides for signature of or accession to protocol by countries not parties to previous agreements. This was done mainly out of consideration for Australia and South Africa who are participating in this Conference and whose collaboration is desired. As a result Argentina must also be invited to accede. However paragraph 3 of Article 7 of the protocol provides that such accession shall not become effective until such government becomes a party to the 1937 Agreement by ratification.

Text of Final Act follows:

International Whaling Conference, London, 1944.

FINAL ACT

An International Whaling Conference was opened in London on the 4th January, 1944, and continued on the 13th and 19th January, 1944. The governments of the countries mentioned below were represented as follows (alphabetical list of countries and representatives). Mr. A. T. A. Dobson was invited to preside over the Conference and Mr. A. M. Lowe acted as Secretary.

The object of the Conference was to consider whether it is desirable that any special measures should be put in force by agreement to operate when pelagic whaling is resumed in the southern hemisphere, such whaling having, owing to hostilities, not taken place for 2 or 3

years. All the governments represented at the Conference were parties or signatories to the International Agreement for the Regulation of Whaling signed at London on the 8th June, 1937, and the Protocol signed at London on the 24th day of June, 1938.

The Conference having heard a statement on behalf of the Minister of Food of the Government of the United Kingdom on the present position and future prospects of world stocks of oils and fats, recognised that the position of world supplies of oils and fats was a critical one and agreed that all possible measures should be taken so far as whaling is concerned to alleviate the situation during the present emergency and the immediate postwar period. On the other hand the Conference also recognised that it was a matter of vital importance to further the conservation of existing whale stocks, which prior to the war were showing signs of depletion, and that any relaxation of the Agreement of 1937 and the Protocol of 1938, designed to meet the present critical position of oils and fats, should be for a limited period only and should provide adequate safeguards to ensure that existing stocks of whales shall not be decimated by unexpected developments in whaling operations.

The Conference adopted at its last meeting the following 4 resolutions:

1. That it is desirable that a protocol in the terms of the annex to this resolution should be signed and brought into force as soon as possible; that the Government of the United Kingdom is requested to make early arrangements for the signature of this protocol by duly accredited representatives; that as this protocol makes certain temporary amendments to the Agreement of 1937 all governments who are parties to that instrument (other than governments with whom diplomatic relations are suspended by reason of hostilities) should be invited either to sign the present protocol or to accede thereto; that governments who are signatories to the Agreement of 1937 but have not become parties thereto by ratification should also be invited to sign the annexed protocol or to accede thereto; and that copies of this Final Act should be communicated to all such governments who are not represented at the present Conference.

2. That it is recommended that all the governments represented at the Conference should, pending the coming into force of the protocol, take all such administrative steps as are possible and necessary to put the provisions of the protocol into operation forthwith, and the Government of the United Kingdom is requested to make the necessary approaches to them for this purpose.

3. That the maintenance of a limitation on the number of whales to be caught in any pelagic season in the waters south of 40 degrees south latitude is necessary if whale stocks are to be preserved and it is accordingly recommended that a limitation such as that contained in Article 3 of the draft protocol annexed to Resolution Number 1 should be continued by international agreement after "the first season" referred to in the said draft protocol; and that the continuance of such a limitation should be considered at the next and subsequent whaling conference.

4. That copies of this Final Act should be communicated as a matter of courtesy to the representatives in London of the Danish

Government which is a party to the Agreement of 1937 by accession.

Done at London this . . day of January 1944 in a single copy which shall remain deposited in the archives of the Government of the United Kingdom which is requested to transmit certified copies to all governments represented at the Conference. List of signatories.

Annex to Resolution Number 1
Draft Protocol

The governments of (here insert the names of those governments on whose behalf the protocol is signed).

Being parties or signatories to the International Agreement for the Regulation of Whaling signed at London at 8th June, 1937 (hereinafter referred to as the Agreement of 1937) and to the Protocol signed at London on the 24th June, 1938, introducing certain amendments into the Agreement of 1937 (hereinafter referred to as the Protocol of 1938); and

Desiring in view of the fact that pelagic whaling operations in the area to which Article 7 of the 1937 Agreement applies have been interrupted for a considerable period by the existence of hostilities and in order to meet the present emergency without prejudicing the conservation of stocks of whales, to put into force by agreement such provisions as may be necessary with regard to pelagic whaling in this area when whaling operations are resumed there:

Have agreed as follows:

Article 1. Section 1. The period fixed by Article 7 of the Agreement of 1937 during which factory ships or a whale catcher attached thereto may be used for the purpose of taking or treating baleen whales, shall be extended for the first season in which whaling operations are resumed in the area referred to in the said Article 7 so as to cover the period from the 24th November to the 24th March both dates inclusive.

2. Each government party to the present protocol shall give notice to the Government of the United Kingdom when whale factory ships registered under the law of any territory under its authority or otherwise under its jurisdiction engage in whaling operations in the area defined in Article 7 of the Agreement of 1937. The Government of the United Kingdom will inform the other governments party to the present protocol of all notices received under this paragraph and shall itself similarly give notice to the other contracting governments if whale factory ships registered under the law of any territory under its authority or otherwise under its jurisdiction engage in whaling operations in the said area.

3. For the purposes of paragraph 1 of this Article the first season in respect of which any notice has been given under paragraph 2 above shall be deemed to be the first season in which whaling operations are resumed. This season is hereinafter referred to as "the first season".

Article 2. The provisions of Article 1 of the Protocol of 1938 relating to the taking of humpback whales in any waters south of 40 degrees south latitude shall apply during the first season.

Article 3, Section 1. During the first season the number of baleen whales caught in the area referred to in Article 7 of the 1937 Agreement shall not exceed 16,000 blue whale units.

2. For the purposes of paragraph 1 of this Article blue whale units shall be calculated on the basis that 1 blue whale equals (*a*) 2 fin whales or (*b*) 2½ humpback whales or (*c*) 6 SEI whales.

3. The Government of the United Kingdom shall consult all the governments who have given notice under Article 1 paragraph 2 of this agreement in order to arrange by cooperation and agreement the measures necessary to ensure that the total number of baleen whales caught during the first season does not exceed the number specified in paragraph 1 of this Article.

Article 4. In the absence of agreement to the contrary none of the provisions of the present protocol shall operate except in the first season.

Article 5. The present protocol shall be ratified and the instruments of ratification deposited as soon as possible with the Government of the United Kingdom.

Article 6. Section 1. The present protocol shall be open to accession on behalf of any government which was a party to the 1937 Agreement and has not signed the present protocol.

2. Accession shall be effected by means of a notification addressed to the Government of the United Kingdom.

Article 7. Section 1. The Government of the United Kingdom shall inform the Governments of the United States of America, Canada, Eire, Mexico, New Zealand and Norway of all ratifications of this protocol or accessions thereto.

2. The present protocol shall come into force as soon as ratifications or accessions have been deposited on behalf of all governments referred to in paragraph 1 of this Article and of the Government of the United Kingdom.

3. The ratification of or accession to the present protocol by a government which is a signatory but not a party to the Agreement of 1937 shall not become effective until such government becomes a party to that Agreement by ratification.

In witness whereof the undersigned plenipotentiaries, being duly authorised to this effect by their respective governments have signed the present protocol and affixed thereto their seals.

Done at London this . . day of . . . . . in a single copy which shall remain deposited in the archives of the Government of the United Kingdom by whom certified copies will be transmitted to all the governments referred to in Article 7 paragraph 1.

WINANT

562.8F4/48 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, January 25, 1944.

620. The delegates to the Whaling Conference are authorized to sign the final act quoted in your 552, January 20.

The draft protocol also quoted appears to be acceptable. The Department is inclined to believe that it will not be necessary to delay the departure of Dr. Kellogg merely for the purpose of signing the

protocol unless the Embassy and the delegation feel that he should do so. Smithsonian concurs in this view.

Please telegraph whether Dr. Kellogg will remain for signature of the protocol. If so any necessary increase in the budget of expenses will be authorized and a request for full powers will be submitted to the President.

HULL

562.8F4/51 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, January 29, 1944.
[Received January 29—9 p. m.]

834. Department's 620, 25th. Signature of Final Act planned for January 31. Signature of Protocol still planned few days thereafter, date probably decided at signature of Final Act when further telegram will follow. If delay of more than 10 days contemplated Dr. Kellogg will not remain. We suggest Department should contemplate that full powers may be required during week ended February 5.

WINANT

562.8F4/52 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, January 31, 1944—6 p. m.
[Received January 31—4:40 p. m.]

856. From Delegates to Whaling Conference. Reference Department's 620, 25th. Final session of Conference met today and Final Act was signed by all delegates with exception of Australian who had not yet received instructions. Conference set February 7th for signing of Protocol with provision for signature up to February 14th by delegates whose powers do not arrive by 7th. Australia also has until 14th to sign final Act. All delegates present except Australian and American had powers to sign Protocol.

Dr. Kellogg can obtain passage on plane leaving prior to February 7th and will do so unless urgently instructed to contrary.

WINANT

562.8F4/52 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, February 2, 1944.

825. Reference Embassy's 834, January 29 and 856, January 31, 6 p. m. Full Powers authorizing signature of protocol for United States by Remington Kellogg and Loyd V. Steere or by either of them issued January 29, 1944.

Please request British Government to consider statement that Full Powers have been issued as authorization for signature of protocol by either or both of United States delegates pending receipt of Full Powers which are being sent by pouch.

Kellogg is authorized to proceed to Washington before signature of protocol.

HULL

[The text of the report of the American Delegation to the Conference, dated February 2, 1944, is printed in Senate Executive Document D, 78th Congress, 2d session, *International Agreement for the Regulation of Whaling*, page 11.

For text of the Protocol signed February 7, 1944, see Department of State *Bulletin*, June 24, 1944, page 592, or British Cmd. 6510, Miscellaneous No. 1 (1944) : *Protocol on the International Regulation of Whaling (With Final Act of the Conference), London, 7th February, 1944.*

The President submitted the Protocol to the Senate on May 10, 1944; the Senate gave its advice and consent to ratification on June 16, 1944; and the President ratified the Protocol on June 24, 1944. The Protocol, however, never entered into force.]

TERMINATION OF INTERNATIONAL RUBBER REGULATION AGREEMENT; PARTICIPATION OF THE UNITED STATES IN EXPLORATORY DISCUSSIONS FOR A NEW AGREEMENT

800.6176/369

The Secretary of State to the Ambassador in the United Kingdom (Winant)

No. 3595 WASHINGTON, January 10, 1944.

The Secretary of State refers to the Embassy's despatch No. 107 of September 23 [*29*],[1] on the "Proposed creation of an International Rubber Committee to replace International Rubber Regulation Committee". On December 7 Sir Ronald Campbell[2] delivered a memorandum, of which the following is a summary:

The International Rubber Regulation Agreement[3] is due to expire on December 31, and the three remaining signatories, the United Kingdom, Netherlands, and India, have decided not to renew it. The three governments agreed, however, in desiring international cooperation in matters affecting rubber, and that the retention of adequate machinery for consultation upon matters dealing with post-war problems of the industry was needed. They have, therefore, signed an agreement constituting a new committee for consultation and the collection of information which will be called the International Rubber Committee.

The memorandum then reviews the achievements of the International Rubber Regulation Committee. It further states that the Foreign Office considers it appropriate that, with the announcement of the intention to permit the International Rubber Regulation Committee to expire and to form the new committee, a brief statement on the accomplishments of the old committee be made. The memorandum indicates that the purpose of this is to reply to statements made about the International Rubber Regulation Committee before the Truman Committee,[4] but that it is intended that no reference would be made to the Truman Committee. The memorandum requests the Department's views on this.

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[1] Not printed.

[2] British Minister in the United States.

[3] Signed at London May 7, 1934, League of Nations Treaty Series, vol. CLXXI, p. 203; for Declaration dated October 6, 1938, see *ibid.*, vol. CXCVI, p. 437.

[4] See *Investigation of the National Defense Program:* Hearings before a Special Committee of the Senate Investigating the National Defense Program, 77th Cong., 1st sess. (Washington, Government Printing Office, 1942), pt. 11, pp. 4527–4534 *passim*, and pp. 4786–4789 *passim*.

The memorandum further points out that it is proposed to sign the agreement about December 14 and invites the United States Government to join the new committee before that date, under which circumstances the necessary changes would have to be agreed upon and made.

After consulting with the appropriate officers of the Department and other interested agencies, Mr. Taft,[5] the Special Adviser on Supply and Resources, called on Sir Ronald Campbell and informed him that a decision could not be reached on such short notice. Mr. Taft further indicated to Sir Ronald Campbell (1) that it was felt that if the International Rubber Regulation Committee were allowed to expire without linking it to the new committee, this would appear more desirable, (2) that representatives of the United States Government would be prepared at any time to discuss informally with representatives of the British and Netherlands Governments the various matters which would relate to the formation of a new committee, and (3) that such discussions would include the geographic location of the new committee. The proposal, as submitted to the Department, located the new committee in London. It was felt here that the method used in connection with the Far Eastern Emergency Rubber Committee, located both in Washington and London, might be more suitable. Experts on natural rubber production are mostly available in London, whereas experts on synthetic production are mostly available in the United States. The latter could be more readily consulted if there were a committee in Washington. Such experts might have to include petroleum and grain interests. The Washington committee would also make available the views of the rubber trade and, in this manner, American consumers' interests could more readily be considered.

As a result of this discussion, which apparently led to the British Ambassador's communicating with London, the Department was informed by telegram from the American Embassy in London [6] that it was the British Government's intention to extend the International Rubber Regulation Committee to April 30, subject to the approval of the Netherlands Government. Subsequently Mr. W. G. Hayter of the British Embassy telephoned Mr. Linz [7] of the Department and confirmed this. On December 28 the Department received a letter from the British Embassy, enclosing the text of a communiqué on this subject; a copy of the letter and communiqué are enclosed herewith.[8]

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[5] Charles P. Taft was appointed Director of the Office of Wartime Economic Affairs on January 15, 1944.

[6] Telegram 8797, December 18, 1943, from London, not printed.

[7] Paul F. Linz, Adviser on Raw Materials Production and Resources in the Supply and Resources Division.

[8] Not printed.

On December 28 the Netherlands Minister and Dr. P. Honig, the Netherlands representative on the Washington Far Eastern Emergency Rubber Committee, called on Messrs. Taft and Linz to obtain the Department's views, which were given to them along the same lines as presented to the British. They were informed that officers of the Department and other interested agencies would be prepared at any time to discuss means of achieving long run international cooperation with respect to rubber. The Netherlands representatives indicated that they were disposed to somewhat limit the scope of the discussion, while the officers of the Department stated that they would be glad to discuss all phases. The Netherlands representatives also indicated that they were in complete agreement with the Department's views that the International Rubber Regulation Committee should be permitted to expire before any new committee was set up. Dr. Honig stated that, having been in this country for some time now, he realized the importance of not having the new committee linked in any way to the old.

800.6176/427

The Ambassador in the United Kingdom (Winant) to the Secretary of State

No. 13,301 LONDON, January 14, 1944.
[Received January 25.]

SIR: Referring to Embassy's despatch no. 12,190, dated November 12, 1943,[9] with reference to the proposed International Rubber Agreement to take the place of the International Rubber Regulation Agreement after April 30, 1944, I have the honor to enclose a preliminary copy of a draft Agreement with, according to the Colonial Office, "the minimum alterations which would appear necessary to provide for the inclusion of the United States and other countries besides the United Kingdom, Netherlands and India."

In connection with the attached draft reference is also made to the Embassy's telegrams nos. 8797 and 8963, dated December 18 and December 24, 1943, respectively,[10] concerning the four months' extension of the International Rubber Regulation Agreement for the purpose of providing sufficient time for the United States and other possibly interested countries to consider the basis on which they might join in the new agreement.

Mr. S. Caine, Economic Adviser to the Colonial Office, in relaying the attached draft to the Embassy stated that:

"You will, I am sure, appreciate that this is a quite provisional document based on that which it had previously been contemplated

[9] Not printed.
[10] Neither printed.

that the three remaining signatories of the old Regulation Agreement should sign and that the question of other amendments in the draft to meet any points which may be raised on your side is entirely open to discussion."

With reference to the inclusion of the U.S.S.R. as typical of other countries which might join the agreement, Mr. Caine states,

"I have included the U.S.S.R. as a typical other country only for purposes of illustration and not because a decision has been taken as to inclusion of Russia or for that matter that the matter has even been suggested to the Russians."

In connection with the possibility of the U.S.S.R. joining an International Rubber Committee, however, Mr. P. H. Westermann, in charge of the Economic Department of the Netherlands Ministry for the Colonies, had a talk recently with Mr. N. Feonov of the Trade Delegation of the U.S.S.R. in the United Kingdom, on this subject. Mr. Feonov expressed definite interest in the possibility of the U.S.S.R. cooperating in the new rubber agreement and asked whether a draft of the contemplated new agreement could be forwarded for the information of his Government. Mr. Westermann replied as per the attached letter, dated January 5, 1944,[11] which is forwarded for the strictly confidential information of the Department.

At a meeting in the Colonial Office today between Mr. G. L. M. Clauson, Head of the Economic Department of the Colonial Office, Mr. Caine, Sir Clifford Figg of the Colonial Office and Stanton [12] and Lockwood [13] of the Embassy, both Clauson and Caine emphasised that the attached draft could be altered as desired by the United States Government, and especially stressed that the proposed new agreement was in no sense a continuation of the present International Rubber Regulation Agreement, or a continuance of rubber restriction. They felt, however, that the Committee could serve a very valuable purpose in acting in a consultative and advisory capacity to the contracting Governments on international rubber problems and believe that the adherence of the United States is vital to the success of the new agreement.

The subject is one which Lockwood is anxious to discuss in detail with representatives of the Department and other interested agencies concerned on his return to the States soon after this despatch is received.

Respectfully yours,

For the Ambassador:
DON C. BLISS
Commercial Attaché

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[11] Not printed.

[12] William A. Stanton, Rubber Development Corp.; temporarily attached to the Embassy at London to assist the London Far East Emergency Rubber Committee.

[13] Warren S. Lockwood, Senior Economic Analyst of the Embassy at London.

[Enclosure]

British Draft of a New Rubber Agreement

The Governments of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as the Government of the United Kingdom), India, the Kingdom of the Netherlands, the United States of America, the Union of Socialist Soviet Republics, and . . .

. . . . . .

WHEREAS the aforesaid Governments consider that it is desirable to conclude an Agreement to provide for consultation and information as regards rubber and rubber substitutes:

Have accordingly agreed as follows:

Article 1. (i) An international committee to be designated "The International Rubber Committee" (hereinafter referred to as "The Committee") shall be constituted.

(ii) The functions of the Committee shall be:—

(*a*) To collect information regarding rubber and rubber substitutes;
(*b*) To study the problems of the rubber producing industry in relation to probable future needs;
(*c*) To act in a consultative and advisory capacity to the contracting Governments on matters affecting the rubber producing industry;
(*d*) Such other functions of a similar character as may from time to time be entrusted to it by the contracting Governments.

Article 2. The Committee may from time to time:—

(*a*) consult with any institute or board concerned with rubber research; with representatives of consumers of rubber, and with such other persons or bodies, as the Committee consider it expedient to consult for the purpose of fulfilling the functions entrusted to it;
(*b*) make reports and recommendations to the contracting Governments as they think fit;
(*c*) issue or publish such information with regard to rubber and rubber substitutes as may from time to time seem expedient and desirable;
(*d*) do all other lawful things as may be necessary, incidental or conducive to the carrying out of its functions.

Article 3. (i) The Committee shall be composed of members designated by the contracting Governments.

(ii) The contracting Governments shall appoint members as follows:

the Government of the U.K.	(Four)	Members
" " " " Kingdom of the Netherlands	(Three)	Members
" " " India	(One)	Member
" " " U.S.A.	( )	Members
" " " U.S.S.R.	( )	"

(iii) The Governments of those countries having three or more members of the Committee may each appoint two substitute members, and the other contracting Governments may each appoint one substitute member. Substitute members may take the place of members appointed by their respective Governments when such members are unable to be present at meetings of the Committee.

(iv) The contracting Governments shall as soon as possible inform the Government of the United Kingdom of the first appointments made by them of members and substitute members. Thereafter the contracting Governments shall have the right to change all or any of their members or substitute members at any time on giving notice thereto to the Chairman of the Committee.

(v) The Government of the United Kingdom shall convoke the first meeting of the Committee as soon as possible after the signature of the Agreement, and may do so as soon as they have been informed of the appointment of a sufficient number of members to constitute a quorum.

(vi) There shall be a quorum if not less than ( ) members are present.

(vii) Any contracting Government may at any time nominate persons to attend meetings of the Committee in a consultative capacity as advisers to their members either for the discussion of particular questions or generally. The names of persons so nominated as advisers (and the particular matters, if any, for which they have been so appointed) shall be communicated to the Chairman of the Committee. Such persons shall be entitled to attend meetings of the Committee and to take part in the discussions dealing with topics for which they have been nominated, but they shall not have the right to vote. The Committee, however, may decide that advisers shall be excluded from any meetings or any parts of meetings. Substitute members may also be appointed as advisers. No contracting Government shall appoint more than three persons to attend meetings of the Committee as advisers at any one time, unless the Chairman of the Committee should decide otherwise.

(viii) The Committee shall at its first meeting elect its Chairman and Vice Chairman. The Chairman and Vice Chairman shall not be members appointed by the same contracting Government.

(ix) Each member of the Committee shall have one vote and decisions may be taken by a majority of members present and voting. The Chairman shall have a vote as a member of the Committee and shall, if the votes are equally divided have a casting vote in his capacity as Chairman.

(x) The proceedings of the Committee shall be conducted in English.

627-819—67——61

(xi) Save as provided in the preceding provisions of the present Article and by Article 5, the Committee may regulate its procedure in such manner as it thinks fit and adopt such rules and procedure as may seem to it to be necessary.

Article 4. The principal offices of the Committee shall be in London and, unless the Committee decides otherwise, its meetings shall be held in London. The Committee shall make such arrangements as may be necessary for office accommodation and may appoint and pay such officers and staff as may be required. The expenses of members, substitute members and advisers shall be defrayed entirely by the Government by whom they are designated.

Article 5. (i) The contracting Governments shall defray the expenses of the Committee in the same proportions as the number of members they are entitled to appoint under Article 3 (ii) bears to the total number of members which all the contracting Governments are entitled to appoint.

(ii) The contracting Governments will pay their financial contributions not later than three months after the date on which they are informed by the Committee of the amount of their contributions.

(iii) The Committee will draw up its first budget for the year 1944 and inform the contracting Governments of the amount of their contributions as soon as possible. Subsequently the Committee shall draw up its budget for each year and inform the Contracting Governments of the amount of their contributions not later than December 31 of the preceding year.

Article 6. The Contracting Governments will furnish to the Committee all reasonable information and assistance required by the Committee for the proper and efficient discharge of its functions, including such information as it has been customary to supply to the Regulations Committee.

Article 7. (i) Any Government (or national authority recognised by the contracting Governments) may accede to the present agreement, by a notification of accession addressed to the Government of the United Kingdom. The notification of accession shall take effect on January 1 following the conclusion of the Supplementary Agreement referred to in paragraph (ii) of this Article. The Government of the United Kingdom will inform the other contracting Governments of all notifications of accession.

(ii) No notification of accession shall become effective until a Supplementary Agreement has been concluded between the contracting Governments providing, in a manner acceptable to the acceding Government, for the following matters:—

(1) The number of members and substitute members which the acceding Government may appoint to the Committee.

(2) The proportion of the expenses of the Committee to be borne by the acceding Government.

(3) The quorum of the Committee.

(4) Any other matter which it is necessary or desirable to provide for in connection with the proposed accession.

(iii) The Supplementary Agreement shall make such amendments to Articles 3 and 5 of this Agreement as are necessary to give effect to its provisions.

Article 8. (i) Any contracting Government may denounce the present Agreement by a notice of termination addressed to the Government of the United Kingdom. Notice of termination shall take effect on the first January next following an interval of not less than three months from the date of the notification of termination. The Government of the United Kingdom will inform the other contracting Governments of all notifications of termination.

(ii) If by reason of denunciations the number of contracting Governments is reduced to less than two, the Committee shall be liquidated and its documents shall be deposited with the Government of the United Kingdom. Any balance of assets remaining after the discharge of all liabilities of the Committee shall be shared between the last two contracting Governments remaining parties to this Agreement in proportion to their respective contributions to its expenses. Similarly, if the liabilities of Committee are found upon liquidation to exceed the assets, the sum required to discharge fully the liabilities of the Committee shall be provided by the last two remaining contracting Governments in the same proportions.

Article 9. The present Agreement will come into force as from to-day's date.

In witness whereof the Undersigned Plenipotentiaries, being authorised to this effect by their respective Governments, have signed the present Agreement and affixed thereto their seals.

Done at London this . . day of . . . . . 1943 in a single copy which shall remain deposited in the archives of the Government of the United Kingdom and of which duly certified copies shall be communicated by the Government of the United Kingdom to each of the other contracting Governments.

800.6176/489

Memorandum of Conversation, by the Director of the Office of Economic Affairs (Hawkins)

[WASHINGTON,] March 18, 1944.

Mr. Jopson [13a] said that the British Government are committed to the Dutch and to U.K. industry to some form of a new committee to suc-

[13a] R. Keith Jopson, Commercial Secretary of the British Embassy.

ceed the IRRC after April 30. The British Government's desire to broaden the basis of the committee derives from *a*) the certainty that the committee would inevitably interest itself in a preliminary study of long-range rubber problems as well as fulfilling its primary objective of a statistical and information service; *b*) the fact that it would be unrealistic to confine the scope of the committee to crude rubber only. The British Government doubt if direct discussions on long-term rubber problems would get very far at present. Firstly, the U.S. representatives could hardly, for political reasons, give a firm undertaking regarding the future treatment of the synthetic rubber industry. Secondly, the basic factors, such as costs and quality of synthetic production, quality of Far Eastern rubber after liberation, are so speculative that the most that could be expected of the discussions would be an agreement to continue them. In these circumstances the British Government feel that the best solution would be the constitution of a new committee which would in effect be an international study group on the lines discussed during the conversations about commodity agreements last autumn.[14] The proposed committee would have no executive function, its primary concern being the collection and discussion of technical information concerning the present position and future treatment both of the natural and synthetic rubber industries. In the course of time the committee might discuss post-war problems and eventually, it is hoped, would be in a position to put forward agreed recommendations for dealing with such matters on an international basis. London would regard this as a logical development, but in the first place the U.K. representatives on the committee would be instructed to take the line that the committee should, in the first instance, concentrate on the collection of information. London would not exclude the eventual desirability of U.S.A.–U.K.–Dutch discussions, outside the committee, to secure agreement on long-range policies.

The British Government feel that appropriate liaison arrangements could be relied upon to eliminate duplication between the proposed committee and the Combined Raw Materials Board.[15]

The British Government are very ready to consider the revision of any arrangements hitherto contemplated for the constitution of the committee and the character of its delegates. Although they could not agree formally to tie their hands as to personnel, they would insure that the U.K. representation was such as to make it abundantly clear that the new committee was in fact a new committee.

The British Government propose that preliminary talks should be held in London between representatives of the U.S.A., U.K. and Dutch

[14] See *Foreign Relations*, 1943, vol. I, pp. 1099 ff.
[15] See Department of State *Bulletin*, January 16, 1943, p. 68.

to discuss, as it were *de novo*, the composition and functions of the proposed committee.

The British Government would not favor a committee functioning simultaneously in London and Washington because it would appear to them to cause duplication. The British aim would be a single committee in London although there would be every advantage in periodic visits by its members to the U.S.A. to obtain information and to exchange views. London's concept of the new committee would be a body divorced from the old and suspect associations of the past and in effect an international study group on the basis envisaged in the Washington conversations of last autumn.

If the U.S.A. are agreeable to join in these discussions, a further breathing space could doubtless be arranged to avoid the necessity of establishing a new committee before April 30.

The Dutch representatives in Washington have been informed of this approach and approve of it though formal agreement of their Government has not yet been obtained.

HARRY C. HAWKINS

800.6176/480

Memorandum of Conversation, by Mr. William T. Phillips of the Commodities Division

[WASHINGTON,] April 15, 1944.

Participants: Mr. R. Keith Jopson, Commercial Secretary, British Embassy
Mr. Haley,[16] State
Mr. Phillips, State

On April 15 Mr. Haley and I called upon Mr. R. Keith Jopson at the British Embassy to explain the difficulties which might be encountered by the Department if the International Rubber Regulation Agreement were to be extended for an additional three month period. Mr. Jopson, in his letter of April 11, addressed to Mr. Hawkins,[17] had informed the Department that provisional preparations were being made to extend the agreement in order "to avoid legal difficulties arising from the custody of records and funds".

Mr. Haley pointed out that extension of the agreement would, very probably, be construed by the United States rubber interests as confirmation of their suspicion that the new proposed agreement was to be merely a continuation of the old agreement with the addition of United States participation. However illogical and unfounded this suspicion might be it would, nevertheless, hamper the

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[16] Bernard F. Haley, Chief, Commodities Division.
[17] Not found in Department files.

Department in its attempts to convince the rubber industry of the desirability of international cooperation on matters relating to rubber and rubber substitutes if any events apparently confirming the connection between the two agreements were to occur.

Mr. Jopson suggested that it was difficult to ask the Foreign Office to let the old agreement terminate until such time as an answer had been received from the United States Government regarding participation in a new rubber agreement. Mr. Haley stressed the point that the Department was not asking for termination, since this government is not a party to the old agreement, but was merely indicating the expected reaction of the rubber industry and the effect which extension might have on efforts to prepare the way for a new agreement.

Mr. Jopson drafted a cable to the London Foreign Office stating that extension of the old agreement would "hamper" United States internal negotiations regarding an international rubber agreement due to the suspicions on the part of industry that there was a connection between the existing agreement and the proposed new agreement. The cable further stated that substantial agreement among United States government officials had been reached and that a meeting with the rubber industry was scheduled for May 2, 1944. He inserted a sentence in the cable to the effect that the Department was not "unduly pessimistic" about the outlook for participation of the United States in an international rubber agreement in the not too distant future.

800.6176/474a : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, April 19, 1944—noon.

3116. Following chronology of events relating to proposed international rubber agreement for your information:

1. Meeting March 11, of interested government officials. Substantial agreement reached as to content and desirability of agreement.
2. March 15, conferences with Senator Connally, Chairman Senate Foreign Relations Committee, and Representative Bloom, Chairman House Committee on Foreign Affairs, to outline nature of proposed agreement. Connally and Bloom agreed no action necessary by Congress.
3. March 18, first of three meetings with Anti-Trust Division, Justice Department. Informal agreement reached as to relation of anti-trust laws to proposed United States advisory panel. Letters being exchanged with Attorney General covering this point.
4. Meeting held March 22, with representatives of industry who generally opposed participation in a formal international agreement at this time. Apparent suspicion of relation of new agreement to

old one and also undercurrent of fear of government interference in private business.

5. Linz and Haley to Akron for individual conferences—March 31 and April 1. Some improvement in attitude of industry toward proposed agreement.

6. April 11—letter from British Embassy [18] announcing provisional preparations to extend old agreement for 3 more months to "avoid legal difficulties arising from the custody of records and funds".

7. April 17 [*15*]—Haley and Phillips called on Jopson, Commercial Secretary, British Embassy to discuss extension. Expected reaction of industry outlined. Jopson cabling Foreign Office to effect that extension will "hamper" efforts of Department to obtain industry support for proposed new agreement since industry suspects new agreement is merely continuation of old. While fears are psychological in character still are of importance in internal negotiations. Department feels that it cannot ask British to terminate agreement and can only indicate probable adverse effects of extension.

8. Industry meeting scheduled for May 2 at which other government agencies will also be represented. Department not unduly pessimistic of outcome of meeting.

Department will keep you informed of further developments.

HULL

800.6176/479 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 24, 1944.
[Received April 24—11:53 a. m.]

3352. Following conference Saturday [19] with Caine and Figg, of Colonial Office, and Westermann, Netherlands Ministry Colonies, Lockwood believes British and Dutch will endeavor not renew International Rubber Regulation Agreement for 3 months although this action had been tentatively decided upon and IRRC so informed. Reference Department's 3116, April 19. British holding industry meetings this week and will then inform Embassy of renewal decision. British exceedingly anxious not to prejudice chances of successful formation new committee and British and Dutch would probably willingly agree new committee with alternating meeting location and dual secretariats. IRRC members do not wish extension present Agreement but Colonial Office dislikes reversing its position at this late date in view technical difficulties ending Agreement. After meeting Saturday Caine and Figg considered nonrenewal lesser evil and Westermann supported desirability termination.

WINANT

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[18] Not found in Department files.
[19] April 22.

800.6176/481 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 26, 1944.
[Received April 26—11:35 a. m.]

3417. Reference our cable 3352, 24th. Colonial Secretary informing International Rubber Regulation Committee members today Committee being discontinued April 30. Colonial Office definitely hopes this action will help successful formation in near future of new agreement for Advisory Discussion Committee. Colonial Office favors fairly wide representation important consumer countries initially and initial Russian participation. Believe industry May 2 can be positively assured British and Dutch not endeavoring continue restriction in disguise but anxious have forum for international rubber problems where leading producing and consuming factors can endeavor to agree on sound policies to recommend to the governments concerned. Joining new Discussion Committee carries with it absolutely no commitment for Department to consider any policy not concurred in by American representatives. Many meetings will occur before recommended policies are crystallized although early and continuous exchange of views believed very desirable by British and Dutch here.

WINANT

800.6176/483½

The Commercial Secretary of the British Embassy (Jopson) to the Director of the Office of Economic Affairs (Hawkins)

W.45/18 WASHINGTON, April 26, 1944.

DEAR HARRY: You will remember that Mr. Haley and Mr. Phillips came to see me on the 17th [*15th*] instant with a message that the State Department feared that our proposal to arrange for a further prolongation of the old Rubber Agreement beyond April 30th, in order to avoid legal difficulties arising from the custody of records and funds, might serve to confirm in the minds of the U.S. rubber industry the suspicion that the proposed new Committee would really be the old one in disguise. Mr. Haley and Mr. Phillips asked whether, to allay these suspicions, it might be possible for the old Agreement to be wound up so that there would be a hiatus between its abolition and the creation of a new international body.

I telegraphed to the Foreign Office in this sense, and have now received a reply saying that the non-renewal of the old Agreement would be likely to produce a situation in the United Kingdom by no means free of difficulty. We, too, have our industry to consider: the

latter is nervous as to its future and its co-operation is obviously essential, not only in connection with any future international agreement, but also with reconstruction programmes in the Far East. The Foreign Office are anxious to avoid friction both with the industry and with the old Committee, who have so far acquiesced, with a reasonable degree of patience, in the arrangements for their own ultimate demise. In point of fact, owing to the narrow margin of time, the Foreign Office have already been obliged to convey to the Committee a provisional intimation of an intention to prolong the old Agreement for the reasons stated in my letter of April 11th.[20] Notwithstanding the above considerations, the Foreign Office appreciate the possible psychological advantage to you, in your current negotiations with your own industry, of the old Agreement being wound up and for a clear hiatus to occur before a new international body is set up. The Secretary of State for the Colonies is therefore arranging to see members of the International Rubber Regulation Committee and representatives of the producing industry in order to explain that in all the circumstances, the British Government feel it best to allow the old Agreement to expire. In so doing, however, he will necessarily have to repeat the promise made last summer by the Minister of Production that in due course the British Government will see that a new Committee takes its place. Though it will not be necessary for any public statement in such a form to be issued, it is felt essential, as justification for the abolition of the old Committee, that at least some public reference should be made to progress having been made in the negotiations. I am asked to inform you of this fact, and to enquire whether you see any objection to the issue in London of a brief communiqué regarding the expiration of the old Agreement incorporating the following statement:—

"It remains the intention of the signatory Governments to try to secure the establishment of a Committee on a wider basis but without any regulatory powers, and negotiations to that end are making satisfactory progress."

I am also asked to emphasise that if the negotiations for the inclusion of the U.S. in the new Agreement should prove abortive, the failure to reach an agreement must not in any way debar the British Government from joining with other interested Governments in forming a new Committee on the lines previously proposed.

Yours sincerely, R. Keith Jopson

[20] Not found in Department files.

800.6176/483½

The Commercial Secretary of the British Embassy (Jopson) to the Director of the Office of Economic Affairs (Hawkins)

No. W.45/25 WASHINGTON, May 1, 1944.

DEAR HARRY: Mr. Haley and I had a talk on the telephone about the statement quoted in my letter to you of April 26th which it was proposed should be incorporated in the communiqué about the dissolution of the International Rubber Regulation Committee. He told me that you were somewhat apprehensive lest the words "satisfactory progress" should be interpreted by your industry as an indication that negotiations had been going on prior to the meeting which is to be held tomorrow. I suggested two compromises: either that the phrase should be amended to read "negotiations to that end are in progress and it is hoped will be brought to a satisfactory conclusion" or that the text should be allowed to stand with the omission of the word "satisfactory". I informed the Foreign Office by telegraph that you preferred the former but would accept the latter, though somewhat reluctantly. I have this morning received a telegram from the Foreign Office saying that they have adopted the first alternative and requesting me to transmit to you the attached full text of the communiqué which appeared this morning in the London daily papers.

Yours sincerely, R. KEITH JOPSON

[Enclosure]

Statement Issued to the Press, May 1, 1944

Extension of international rubber regulation agreement for a final period of four months from January 1st 1944 agreed to by Governments of the U.K., Netherlands and India and announced in a communiqué of December 29th, 1943 came to an end on April 30th. Agreement is accordingly now no longer operative and international rubber regulation committee has been dissolved.

H. M. Government take this opportunity of expressing their sense of value of past services of international rubber regulation committee and of the way in which necessary adjustments to war time conditions have been effected.

It remains the intention to try to secure the establishment of a new committee on a wider basis without any regulatory powers. Negotiations to that end are in progress and it is hoped will be brought to a satisfactory conclusion.

800.6176/502

Memorandum of Conversation, by Mr. William T. Phillips of the Commodities Division

[WASHINGTON,] May 4, 1944.

Participants: Mr. R. Keith Jopson—Commercial Secretary, British Embassy
Mr. B. F. Haley, CD
Mr. W. T. Phillips, CD

On May 4 Mr. Haley and I called on Mr. Jopson at the British Embassy to inform him of the present state of affairs relating to our internal negotiations regarding the proposed rubber agreement.

We informed Mr. Jopson fully of the opposition which has developed toward United States participation in the proposed rubber agreement. It was pointed out to him that the industrial representatives of United States rubber interests have a feeling that they have not been taken fully into the confidence of the Department and also that they are still apprehensive regarding the motives lying behind the invitation for United States participation in the proposed international rubber agreement.

Mr. Jopson suggested that several Department representatives accompanied by one or more industry representatives might profitably arrange a trip to London to discuss informally with the British and Dutch the type of problems with which the proposed international rubber committee would concern itself. Mr. Haley and I agreed with Mr. Jopson that it would dispel much of the apprehension of the rubber industry concerning any underlying motives behind the invitation for United States participation if such a delegation were to sit down with the British and Dutch and discuss the problem informally. It might also indicate to the industry that the Department does intend to keep the industry informed and intends to consult with representatives of the rubber industry in order to obtain their individual views. Mr. Jopson indicated that it would be impossible to exclude the Dutch from such discussions since they have been informed of all negotiations and have worked closely with the British on this matter.

It was proposed that a cable be prepared for transmission to the American Embassy in London describing the present state of affairs and that Mr. Jopson send a similar cable to his Government so that both sides might be fully aware of all developments and the reasons for our delay in answering the British proposal of January 14, 1944.[21]

The participants plan to meet again on May 5 since Mr. Jopson wishes us to review the cable which he plans to transmit to his Government.

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[21] See despatch 13,301, January 14, from London, p. 952.

800.6176/502

Memorandum of Conversation, by Mr. William T. Phillips of the Commodities Division

[WASHINGTON,] May 5, 1944.

Participants: Mr. R. Keith Jopson, Commercial Secretary, British Embassy
Mr. B. F. Haley, CD
Mr. W. T. Phillips, CD

On May 5 Mr. Haley and I called on Mr. Jopson at the British Embassy to discuss with him the cable which he proposed to dispatch to his Government outlining the state of our internal negotiations regarding the proposed rubber agreement.

A paraphrase of our cable to the American Embassy in London of May 5 (no. 3608)[22] was read to Mr. Jopson to serve as a pattern for cable. Mr. Jopson then dictated a cable to his Government along the lines of our cable to our Embassy so that similar information would be available to both.

800.6176/490a : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, May 5, 1944—7 p. m.

3608. Rubber industry meeting of May 2 inconclusive. Industry agrees with Department on general desirability of post-war collaboration and discussion with other governments of problems of mutual interest. Industry representatives, however, reiterated opinion that formal participation in an international rubber agreement was premature. Department believes this view based upon feeling by industrial representatives that they have not been taken fully into confidence of Department plus some trepidation regarding motives behind invitation for United States participation in new agreement. In order partially to dispel apprehension on first point, Department is formally establishing rubber panel composed of industry representatives and government officials to serve in a consultative capacity to Department.

The following program is tentatively envisaged:

1. Prepare agenda of probable post-war problem areas with respect to rubber and rubber substitutes;
2. Schedule industry meeting within 3 weeks to discuss items on agenda;
3. Department representatives accompanied by one or more industry advisers to come to London to have preliminary exploratory dis-

[22] *Infra.*

cussions with British and Dutch regarding problems with which proposed international committee should grapple;

4. Schedule meeting with United States rubber panel to discuss desirability of United States participation in new international rubber agreement in the light of discussions mentioned in 3 above.

Department believes this program might dispel industry hesitation and eventually culminate in United States participation in new agreement since it will indicate to industry that Department is cooperating and intends to rely on industry for advice and will give British and Dutch an opportunity to convince United States rubber industry of mutual advantages to be gained from international discussion of prospective problems.

Mr. Jopson of British Embassy in Washington fully informed on all points.

HULL

800.6176/491 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, May 8, 1944—8 p. m.
[Received May 8—6:20 p. m.]

3739. Reference Department's telegram 3608, May 5, 8 [7] p. m. Meeting in London of Department representatives and one or more rubber industry advisers in near future would very favorably impress British and Dutch Colonial Offices' representatives here. Clauson, Westermann and others primarily concerned consider this possibility extremely constructive suggestion and such an exchange of views most timely. Embassy regards Department's 4-point program outlined telegram 3608 very sound.

WINANT

800.6176/498a : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, May 15, 1944—1 p. m.

3859. Department has open mind regarding meeting place for proposed exploratory rubber discussions. Arguments favoring London:

1. Otherwise necessary for British and Dutch delegations to come to Washington;
2. Frequent discussions have been held in Washington while very few in London;
3. Embassy staff familiar with rubber problems.

Rubber industry representatives here favor Washington meeting:

1. To give British and Dutch opportunity to observe magnitude of United States synthetic industry;
2. To provide opportunity for greater number of industry people to meet with British and Dutch.

Since British will probably wish agreement to be signed in London argument can be made for holding preliminary discussions in Washington.

Department wishes Embassy's opinion regarding most desirable meeting place and attitude of British and Dutch on this matter. Department inclined to follow wishes of British and Dutch regarding meeting place.

HULL

800.6176/500: Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, May 22, 1944.
[Received May 22—12:35 p. m.]

4109. Reference Department's telegrams 3859, May 15, 1 p. m. and 3998, May 19, midnight.[23] Interdepartmental meeting British Government representatives today unanimously expressed willingness hold preliminary rubber talks in Washington if State Department extends invitation and Dutch get similar invitation. Dutch strongly endorse Washington talks.

Subject to security regulations second half June considered convenient time by both Governments.

British and Dutch welcome idea of learning about synthetic problems at first hand and opportunity meet larger number United States industry representatives.

Names of both British and Dutch delegates will be forthcoming promptly after invitation received.

WINANT

800.6176/515a: Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, June 9, 1944.

4569. Decision has been reached to hold exploratory rubber talks in London. Industry panel [24] will be so informed at or prior to meet-

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[23] Latter not printed.

[24] For list of members of Rubber Advisory Panel, see Department of State *Bulletin*, June 10, 1944, p. 544.

ing scheduled June 14. Tentative date for London meeting not yet proposed.

STETTINIUS

800.6176/515 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, June 10, 1944—2 p. m.
[Received June 10—1 : 30 p. m.]

4647. Following separate conversations with Ascoli,[25] Caine, Clauson, Franks,[26] Fennelly,[27] Figg, Van Mook,[28] and Westermann, and after study of Department's memoranda summarizing the views of American manufacturers, Lockwood suggests following 3-point program which probably would be acceptable by the British and Dutch as a desirable result of the exploratory rubber talks:

(1) Announcement of creation of Anglo-Dutch advisory committee here which will cooperate with American Advisory Committee already announced.

(2) Announcement that an agreed number of representatives of the two advisory committees will meet periodically, alternately in Washington and London, to discuss mutual problems.

(3) Announcement of creation of dual cooperating secretariats, with a free interchange of information. It could be announced that Latin American countries would be invited to contribute full information to Washington secretariat and would be entitled to resulting exchange of information. Russia, France, and the British Dominions could be invited to contribute data to London secretariat and be entitled to exchange of information.

It could be made clear in the announcement after the exploratory talks that no international rubber committee was being formed at this time, but that the close cooperation of the two secretariats would ensure completely free exchange of information to all interested in rubber problem. It could be stated that if at some later date a more formal international committee should result from the cooperation and collaboration reached during this interim period, all other countries substantially interested in either rubber production or rubber consumption would be invited to join.

This 3-point program might overcome following valid objections increasingly realized here to creation wider international committee now: (1) American policy regarding future of synthetic not properly

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[25] Frank D. Ascoli, Director of Rubber, British Ministry of Supply; Director, Dunlop Malayan Estates Ltd.

[26] O. S. Franks, Second Secretary, Raw Materials Department, British Ministry of Supply.

[27] R. D. Fennelly, Under Secretary, British Ministry of Supply.

[28] H. J. Van Mook, Netherlands Minister of Colonies.

crystallized and responsibility for British postwar rubber policy not settled between Ministries concerned. (2) Until United States, British and Dutch determine own policies, it is considered increasingly here too early to organize a formal international committee on which representation would be of wide scope.

Three-point program, however, would ensure cooperation on international rubber problem through dual secretariats and definite agreement periodic alternating meetings between representatives London and Washington advisory committees. Program might be good interim solution acceptable both sides pending creation wider international committee.

Report number 255 this subject dated June 9 [29] should arrive Department by courier late Tuesday June 13.

WINANT

800.6176/515 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, June 16, 1944—midnight.

4780. Substance of 3-point rubber program outlined in Embassy's 4647 of June 10 proposed to Department by Lockwood during February trip to Washington. Department unequivocally rejected program for reasons given Lockwood at that time. In view of this, Department is disturbed at revival of proposal and apparent discussion with British and Dutch.

Objections to creation of international committee at this time included in Embassy's 4647 of June 10 appear invalid to Department and to the contrary bolster the argument for early creation of international committee to discuss uncertainties of post-war rubber. Embassy is instructed not to give impression to British and Dutch that Department considers establishment of proposed committee premature nor to give impression that 3-point program outlined in Embassy's 4647 is acceptable to Department.

Announcement of proposed informal London discussions made at Rubber Advisory Panel meeting held June 14. Department plans to send Haley accompanied by small group of advisors including two industry representatives to London as early as practicable. Tentative date July 15. Confirmation of precise date will follow as well as membership of advisory group.

HULL

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[29] Not printed.

800.6176/516 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, June 19, 1944—2 p. m.
[Received June 19—11:47 a. m.]

4865. Department's stand in favor dual rubber committees when Lockwood returned Washington February outlined paragraph 5 Department's instruction 3595, January 10. First paragraph Department's telegram 4780, June 16, midnight, is erroneous as Lockwood pressed strongly in London and Washington for single international committee and proposed international committee, with dual secretariats and alternating London/Washington meetings to meet Department's desire for dual committees and English-Dutch anxiety for single committee.

Subsequent discussions Washington and here indicate it might be advisable to delay formation single international committee with wide country representation, pending further informal policy discussions with manufacturers in United States of America and with British and Dutch. Colonial Office still prefers single international committee of wide scope. Ministries of Supply and Production consider broad membership such a committee now premature. If Department with industry support presses strongly for single international committee British and Dutch will undoubtedly agree. Telegram 4647 suggested possible alternative if this desirable course should not prove feasible at this time.

WINANT

800.6176/519h : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, June 21, 1944—3 p. m.

4886. Department proposes to send Haley to London for informal rubber discussions with British and Dutch. He will probably be accompanied by Phillips from Department, and as advisers Bicknell, Vice-President Rubber Development Corporation, Collyer from Goodrich, Litchfield from Goodyear and H. E. Smith from Manhattan-Raybestos.

Group plans to leave Washington on or after July 9. Both date and personnel still tentative.

HULL

800.6176/519 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, June 22, 1944—6 p. m.
[Received June 22—3:05 p. m.]

4961. Reference Department's 4886, June 21, 3 p. m. British at request of Dutch telegraphed British Embassy yesterday to ask Department to delay rubber talks until July 31. Dutch planning delegation of five including Westermann, Pauw,[30] Cremer,[31] Honig [32] and Zimmerman.[33] Westermann states he now finds it would be difficult to get Cremer, Honig and Zimmerman here from States before late July. In view this Dutch problem British also endorse end July date.

WINANT

800.6176/519 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, June 26, 1944—5 p. m.

5029. Reference Embassy's 4961, June 22. Department has notified British Embassy of acceptability July 31 for beginning rubber talks.[33a] United States group includes persons indicated in Department's 4886 of June 21 plus H. Clay Johnson, Vice-President Rubber Reserve and R. A. Gordon, U. S. Coordinator, Combined Raw Materials Board.

If available, Department would appreciate information on composition of British group.

HULL

800.6176/7-1244 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 12, 1944—7 p. m.
[Received July 12—3:06 p. m.]

5490. Reference Embassy's 5103.[34] Complete British representation still undecided. However unofficially understand following seven

[30] A. A. Pauw, Director, Netherlands Trading Society.
[31] Th. G. Cremer, Director, Netherlands Indies Produce Corporation.
[32] P. Honig, Netherlands representative on the Washington Far Eastern Emergency Rubber Committee.
[33] E. C. Zimmerman, Chairman, Netherlands Purchasing Commission.
[33a] In a note of July 1, the British Ambassador extended an invitation for the United States to send a delegation to London for these talks beginning July 31. The Secretary of State accepted the invitation in a note of July 11. (800.6176/7-144)
[34] Telegram of June 28, 5 p. m., not printed.

delegates, Franks, Chairman, Clauson, Fennelly, Beharrell,[35] Hay, Figg, one unnamed [from] Foreign Office plus four advisers, Baillieu,[36] and one each unnamed from following: Board of Trade, Treasury, Industry, plus Secretariat Hall,[37] A. G. Pawson.[38]

WINANT

[A press release issued by the Department of State on July 18, 1944, announced the Department's acceptance of the British invitation to engage in conversations on postwar rubber problems and listed the advisers who would accompany Mr. Lockwood and Mr. Phillips to London; for text of press release, see Department of State *Bulletin*, July 23, 1944, page 84.]

800.6176/7-2544

Memorandum of Conversation, by the Chief of the Commodities Division (Haley)

[WASHINGTON,] July 25, 1944.

Participants: Mr. Valentim Bouças, Commission of Control of the Washington Agreements and Economic and Financial Council
Mr. Douglas Allen, Rubber Development Corporation
Mr. Haley, CD

Mr. Valentim Bouças called with Mr. Douglas Allen, the appointment having been made at the latter's request. Mr. Bouças expressed the hope that nothing would be done at the forthcoming rubber discussions with the British and Dutch that would in any way affect adversely the Brazilian interests with regard to natural rubber. He pointed out the desirability of Brazilian rubber continuing to have a place in the United States market in the post-war period, both for security reasons and because of the encouragement which had been given to Brazil to develop increased natural rubber production during the war. In the event that any decrease in the market for Brazilian rubber were to occur he hoped that a gradual process of reduction might be worked out for the Brazilian industry so that too much hardship would not be incurred.

I assured Mr. Bouças that it was not expected that any decisions would be made at the forthcoming discussions with the British and the Dutch. It was expected that consideration would be given to a proposal for establishment of an international rubber advisory com-

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[35] Sir George Beharrell, Chairman, Dunlop Rubber Company.
[36] Sir Clive L. Baillieu, Director, Dunlop Rubber Company; Head of British Raw Materials Mission at Washington, 1942–1943.
[37] R. L. Hall, Assistant Secretary, British Ministry of Supply.
[38] A. G. Pawson, British Colonial Office.

mittee (without restrictive powers) and to a discussion of the probable nature of post-war rubber problems. I assured him that if such an advisory committee were to be established it certainly would be my personal wish that his Government would be represented on the committee. I also assured him that before the United States made any decisions with regard to rubber policy that might affect the natural rubber industry of Brazil, we should most certainly consult his Government.

Mr. Bouças was very appreciative.

800.6176/8-944 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 9, 1944.
[Received August 9—12:15 p. m.]

6374. For Cale[39] and McDermott[40] from Haley.[41] British Government is issuing following press release at 12:30 a. m., Friday, August 11:[42]

"His Majesty's Government in the United Kingdom announced on July 18 that the Governments of the United States of America and of the Netherlands had accepted an invitation to take part in exploratory conversations on post war rubber problems. It was made clear at the same time that the drafting of a tentative program of studies would be considered and also the desirability of establishing a committee to keep the rubber situation under review.

Officials of the three Governments assisted by members of various branches of the industry have now concluded these conversations which were held in London between August 1 and August 9. A comprehensive survey was made of the rubber situation covering both natural and synthetic rubber and of the problems.

In the course of these discussions a full exchange of views took place and a large measure of agreement was reached on the broad outlines of the rubber position and on the nature of the problems that lie ahead. It was recognized that these problems were matters of common concern to the three Governments.

A first program of studies has been prepared and arrangements for carrying out these studies are being made.

Consideration was also given to the best way having regard to existing circumstances of securing continuing examination and further discussion of the problems likely to arise with respect to rubber and rubber substitutes and it was agreed to resume the conversations in the near future."

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[39] Edward G. Cale, Assistant Chief, Commodities Division; Acting Chief of the Division from September 18, 1944.

[40] Michael McDermott, Special Assistant to the Secretary of State.

[41] Telegram 6076, July 31, from London, reported that the United States Delegation had arrived (800.6176/7-3144).

[42] The Department of State issued a similar press release on August 10; for text, see Department of State *Bulletin*, August 13, 1944, p. 156.

Department may wish to make same announcement simultaneously at 6:30 p. m. on Thursday, August 10 substituting following first sentence:

"The Department of State announced on July 18 that it had accepted an invitation from the Government of the United Kingdom to take part in exploratory conversations on post war rubber problems with the Governments of the Netherlands and the United Kingdom."

Will Cale please wire notification to members of Rubber Advisory Panel that a meeting is scheduled for 10:30 a. m., Thursday, August 17 in conference room arranged for by Cale. [Haley.]

WINANT

800.6176/8–2144: Telegram

The Secretary of State to the Ambassador in Brazil (Caffery)

WASHINGTON, August 21, 1944—1 p. m.

2566. Following memorandum handed to Brazilian Embassy:

"Exploratory rubber talks were held in London, August 1 to August 9 inclusive, by representatives of the Governments of The Netherlands, United Kingdom and the United States. The first day and a half of these discussions were spent in reviewing rubber statistics and estimating the probable post-war demand and supply situation for rubber, (synthetic, natural and reclaimed). Attention was directed to the problems likely to arise in each of the following three periods:

1. The inter-war period following the collapse of Germany up to the surrender of Japan.
2. The rehabilitation period of the Far Eastern plantation and native rubber producing areas.
3. The long-run post-rehabilitation period.

A compilation of the necessary statistical and factual studies which should be made in order to keep the world rubber situation under review was next undertaken. Following this, the alternative methods for carrying out such studies and for continuing discussions of post-war rubber problems were considered. It appeared to be the concensus of those present that some studies should be made jointly by the British and Dutch utilizing the facilities available to those two Governments and that certain other studies should be made in the United States utilizing facilities presently available in this country for rubber research.

In order to collaborate and discuss world rubber problems on a continuing basis it appeared to those participating in the discussions that it was desirable to establish an informal international Rubber Study Group to supervise the making of studies and to discuss the results of those and other studies. The proposed Group would have the following terms of reference and procedure:

1. The proposed Study Group should consist of representatives of the three Governments and should have as its objectives:

a. To meet from time to time to discuss common problems arising from the production, manufacture and use of rubber (crude, synthetic, and reclaimed);
b. To initiate studies which bear on these common problems;
c. To examine these and other relevant studies; and
d. To consider and suggest possible solutions.

2. Procedure

a. The procedure of the Rubber Study Group would be by discussion and by the keeping of approved records of these discussions. The agreed minutes would be transmitted to the respective Governments by their representatives, with such comments as they wish to make. The group's procedure would not include voting with regard to the subject matter of the discussions, nor the transmission from the group as a whole of formal recommendations to the Governments.
b. Subject to the foregoing provision the group should settle its own procedure.

3. Arrangements would be made for other interested governments to be kept informed of the studies made and of the results of the discussions so far as practicable.

4. The Study Group would continue to function during such period as, in the opinion of each of the three Governments, it continued to serve the purpose above set out.

It should be noted that the proposed Rubber Study Group would have no restrictive powers or controls of any type. A record of the discussions would be kept, however, and transmitted to the participating Governments through their chosen representatives. The group as such would make no formal recommendations to the participating Governments. Should this proposal receive the approval of the participating Governments steps will be taken immediately to constitute the Rubber Study Group.

As indicated previously arrangements will be made to keep other interested governments informed of the studies made and of the results of the discussions. In accordance with this announced procedure, the United States Government will consult with the Government of the United States of Brazil before and after meetings of the Rubber Study Group. Also, since there are some aspects of the prospective rubber situation which are of particular concern to these two Governments, it may become desirable at a later date for technical experts of the two Governments to engage in a discussion of rubber problems of mutual concern.

It is also possible that at a later time multilateral talks on a wider basis may be fruitful, in which event all governments interested in the production or consumption of rubber should be invited to participate."

For Embassy's information it appears likely that Department will approve United States participation in the Rubber Study Group.

HULL

800.6176/8-2344 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant) [43]

WASHINGTON, August 23, 1944—noon.

6712. For Bliss [44] from Haley. Exploratory rubber talks with British and Dutch in London indicated the desirability of study and discussion of rubber problems on a continuing basis. During the talks the suggestion was made that informal international Rubber Study Group be formed having terms of reference and procedure as follows:

"(1) To meet from time to time to discuss common problems arising from the production, manufacture and use of rubber (crude, synthetic and reclaimed); (2) To initiate studies which bear on these common problems; (3) To examine these and other relevant studies; and (4) To consider and suggest possible solutions.

The procedure of the Rubber Study Group will be by discussion and by the keeping of approved records of these discussions. The agreed minutes will be transmitted to the respective Governments by their representatives, with such comments as they wish to make. The Group's procedure will not include voting with regard to the subject matter of the discussions, nor the transmission from the Group as a whole of formal recommendations to the Governments. Subject to the foregoing provision the Group shall settle its own procedure.

Arrangements will be made for other interested Governments to be kept informed of the studies made and of the results of the discussions so far as practicable.

The Rubber Study Group will continue to function during such period, as, in the opinion of each of the three Governments, it continues to serve the purposes above set out."

Please inform Governments of the Netherlands and United Kingdom that the Department is prepared to participate in such a Rubber Study Group. Possibly a simple memorandum containing the substance of the terms of reference and procedure as quoted above handed by you to the British, O. S. Franks, Ministry of Supply and Dutch, P. H. Westermann, Ministry of Colonies would be the most satisfactory way of indicating to them our acceptance of the proposal. It is the Department's view that the arrangements should be as informal as possible, but if the British and Dutch have alternative suggestions on this point the Department would be pleased to consider them.

Department suggests simultaneous issuance of a press release patterned after the following:

"As an outgrowth of the exploratory rubber talks recently concluded in London the Department of State announced United States

[43] Repeated to the Ambassador in Moscow in telegram 2046, August 26, 9 p. m., for the Ambassador's "information and guidance should the subject be brought up by Soviet officials."

[44] Don C. Bliss, Jr., Commercial Attaché in London.

participation in an informal Rubber Study Group. This Group composed of representatives of the Governments of the Netherlands, the United Kingdom and the United States will meet from time to time to discuss common problems arising from the production, manufacture and use of rubber.

Studies will be initiated and possible solutions to rubber problems will be considered. However, the Group as such will not formulate and transmit recommendations to the participating Governments although the latter will be kept fully informed of the proceedings of the Group through their representatives.

Arrangements will be made for other interested Governments to be kept informed of the studies made and of the results of the discussions so far as practicable.

The Rubber Study Group will continue to function during such period as, in the opinion of each of the three Governments, it continues to serve the purposes for which it is designed.

A tentative program of studies is under way on both sides of the Atlantic as a basis for future discussions."

It is realized that this Government as well as the Governments of the Netherlands and the United Kingdom may be under considerable pressure from other governments seeking representation in the proposed Rubber Study Group. It is felt that for the present the membership of the proposed Study Group should be limited to the three countries. However, the United States Government believes that, in addition to assuring other countries that they will be kept fully informed of the work of the Study Group, any interested country should be assured that this Government will be willing to engage in discussions on a bilateral basis with regard to rubber problems of mutual concern. This Government would be agreeable, of course, to the British and Dutch following a similar procedure. Furthermore, if there are several countries that express a strong interest in participating in joint discussions of rubber problems through the medium of the proposed Rubber Study Group, it is suggested that any one or all of the three governments participating in the Study Group might indicate a willingness to participate at a later time in multilateral discussions open to all countries interested in the production or consumption of rubber. However, it might be pointed out, such multilateral discussions are likely to be more fruitful if the groundwork is first prepared by means of preliminary studies and discussions conducted under the auspices of the proposed Rubber Study Group of limited membership.

[Haley.]

HULL

800.6176/9–2044 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, September 20, 1944—10 a. m.
[Received September 20—7:03 a. m.]

7776. For Haley, Commodities Division,[45] from Bliss. Embassy has received notification from the Foreign Office that they wish the following amendments inserted in terms of reference and procedure set forth in Department's cable No. 6712 of August 23.[45a]

(1) At the end of paragraph 1 after "rubber" add the words "crude, synthetic and reclaimed".

(2) In paragraph 4, substitute the word "participating" in place of "three"; the phrase then will read as follows: "to function during such period as in the opinion of each of the participating Governments".

In addition, as the Foreign Office suggests, you may feel it worth putting the following minor drafting amendment to Washington: In the final paragraph for the words "tentative program" write "first program". A tentative program can hardly be described as being "under way".

The Embassy has also been notified by the Foreign Office that these amendments have been cleared with the Dutch and they are agreeable to press release being made as suggested in Department's cable No. 6712 at 00:30 hours Saturday, September 23. Please cable reactions so Foreign Office can be notified soonest. [Bliss.]

WINANT

800.6176/9–2044

Memorandum of Conversation, by the Director of the Office of Economic Affairs (Haley)

[WASHINGTON,] September 20, 1944.

Dr. Honig called to discuss the proposed press release with regard to the Rubber Study Group. He had the same changes in it to suggest which had already been suggested by the British and which had already been approved by us. I told him that we would accept his proposed changes.

Dr. Honig also suggested that in the terms of reference of the proposed Study Group we should change (2) to read as follows:

"To collect and examine the available data and to initiate studies which bear on these common problems."

[45] Mr. Haley had been appointed Director of the Office of Economic Affairs on September 11, 1944.

[45a] These amendments were actually intended for the press release, also suggested in telegram 6712, *supra*.

I assured him that there would be no objection to this change in the terms of reference.

Dr. Honig also inquired as to the meaning of the statement that this Government would be willing to engage in discussions on a bi-lateral basis with regard to rubber problems of mutual concern. I pointed out to him that this statement had particular reference to Brazil and to other countries such as Haiti with respect to which there were matters concerning rubber of rather narrower significance than would come before the Rubber Study Group and which might properly be considered on a bi-lateral basis without in any way affecting the work of the Rubber Study Group. I assured him that the proposal would not have reference to possible bi-lateral discussions with governments who *were* represented in the Rubber Study Group. This satisfied him.

Dr. Honig was interested in knowing when the next meeting of the Rubber Study Group was likely to be held. He hoped that it would be at least as late as December or January, so that possibly individuals now in occupied Holland might be available to participate. I thought that the discussions might be postponed to December but that I personally would hope that they might be held before January. In any event, there might be an opportunity for Mr. Franks, Dr. Honig and myself to discuss this matter further if Mr. Franks came back to Washington from Montreal before returning to England. If this proved feasible I undertook to let him know and to arrange for such a meeting of the three of us. He agreed to this procedure.

800.6176/9–2044 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, September 21, 1944—8 p. m.

7704. For Bliss from Haley. Department agrees to press release changes suggested in Embassy's 7776 of September 20 including change in final paragraph. Release to be issued here 7:30 p. m. Friday, September 22 (equivalent to your 00:30 Saturday, September 23).[46] British and Dutch Embassies informed. [Haley.]

HULL

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[46] For text of press release issued September 22, see Department of State *Bulletin*, September 24, 1944, p. 328.

800.6176/10–1144 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 11, 1944.
[Received October 11—5:27 p. m.]

8598. For Bernard Haley from Bugbee.[47] A directing committee has been formed composed of the following individuals from the London Rubber Study Group:

Franks, Clauson, Hay and Beharrell for the British and Westermann and three others probably Cremer, Honig and Zimmerman for the Dutch to direct the work of the Anglo-Dutch section of the secretariat, hereinafter called the London Rubber Secretariat. Substantial progress has been made by the London Secretariat in preparation of production figures and useful information collected in connection with European demand. [Bugbee.]

WINANT

800.6176/10–1744 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, October 17, 1944.
[Received October 17—11:59 p. m.]

8867. To Haley from Bugbee. In discussions with Franks, Clauson, and Hall they expressed view that next Rubber Study Group meeting might possibly be better held after January 1st rather than last part of November or early December as (1) no extreme urgency involved (2) more time would be available for completion of studies preparatory to submission to entire study group (3) January more convenient than November for local members to attend Washington conference although submitting the above for consideration. British do not wish to insist on postponement and will attend on whatever date for which American invitation is extended. Understand Fennelly will discuss further with you; please telegraph your attitude for my guidance. [Bugbee.]

WINANT

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[47] Howard C. Bugbee, Attaché, American Embassy at London.

800.6176/10–1744 : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, November 17, 1944.

9663. For Bugbee from Haley. Reference Embassy's 8867 of October 17, 1944. Discussions with Fennelly and Honig led to agreement on January for Washington meeting of Rubber Study Group. Please convey to British and Netherlands representatives on Group invitation to that effect notifying Department of precise dates selected. Believe it desirable for technical people to come to Washington in advance to prepare joint report for Rubber Study Group discussion.

Report of our Technical Subcommittee to be presented to Rubber Advisory Panel at December 4 meeting. Copies will be sent to Embassy upon completion. [Haley.]

STETTINIUS

800.6176/11–2544 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, November 25, 1944.
[Received November 25—12:36 p. m.]

10395. For Haley from Bugbee. Your 9663, 17th. Following informal discussions with British and Netherlands representatives invitation has been extended to both Delegations to attend meeting in Washington on approximately January 22. Inasmuch as plane service is undependable at this time of year both British and Netherlands groups and Secretariat plan on using sea travel. As no schedules are available 2 months in advance, will be unable fix definite departure and arrival dates until middle or latter part December. When fixed will notify you. Pawson, Kellett plan arrive about January 15 and Bugbee same date if you desire his presence. Though not finally fixed, Delegations will probably consist of following British: Franks, Clauson, Hay, Beharrell, Hall and Hall-Patch [48] from Foreign Office plus two Washington delegates Archer, Lee; and following Dutch: Westermann, Zimmerman, Honig and Cremer and possibly Jiskoot [49] attached to Secretariat. Unlikely Franks, Hall be able remain US longer than duration of meeting so should not be included in any post conference arrangements. [Bugbee.]

WINANT

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[48] E. L. Hall-Patch, British Assistant Under Secretary of State for Foreign Affairs.

[49] Lodewyk Johannes Jiskoot, official of the Netherlands Colonial Office in London.

800.6176/11-2544 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, November 25, 1944—5 p. m.
[Received 8:53 p. m.]

10401. To Haley from Bugbee. Understand discussions now taking place between Ministry Supply, Colonial Office and Foreign Office in connection with admittance of French to Rubber Study Group. Of course no invitation will be issued prior to discussion with you but understand you may expect either a direct letter from Franks on the subject or a visit from Washington office representatives of Ministry of Supply. Although it is believed British would prefer not to run risk of having committee become too top-heavy at this stage, they apparently are under considerable pressure from French and appear to think that French might be admitted without inviting all others. Personally feel undesirable as appears likely that admittance would open the field to all at a stage when it would make committee too cumbersome to operate effectively. [Bugbee.]

WINANT

800.6176/12-844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 8, 1944.
[Received December 9—8:32 a. m.]

10885. For Haley from Bugbee. Following reply received from British dated December 2 in response to our invitation issued in accordance with your telegram 9663, November 18 [*17*]:

"I should be grateful if you would convey to your Government our appreciation of the invitation we have received through you to attend the second meeting of the Rubber Study Group in Washington, D.C. The date suggested 22nd January 1945 for resumption of the discussion is suitable to us and subject to the unknowns of travel we shall hope to be there for that date. Signed Franks."

Delay in Netherlands response owing to necessity Westermann cabling Van Mook to name Netherlands Delegation. Expect reply not later than next week. [Bugbee.]

WINANT

800.6176/11-2544 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, December 13, 1944.

10403. For Bugbee from Haley. Embassy's 10395 of November 25. Cremer and Zimmerman discussed and agreed with Haley and Phillips on desirability of January meeting of Rubber Study Group. Department feels that reports of both U. S. group and London Secretariat should be presented to Rubber Study Group. Consequently Pawson and Kellett need to arrive only day or two before delegation to acquaint U. S. technical group with contents of London report and vice versa. Feel Bugbee should also arrive few days in advance for conference with Department group. He will receive formal orders shortly. Believe Rubber Study Group meeting should take approximately one week. [Haley.]

STETTINIUS

800.6176/12-1444

The Second Secretary of the British Ministry of Supply (Franks) to the Director of the Office of Economic Affairs (Haley)

LONDON, 14 December, 1944.
[Received December 21.]

DEAR HALEY: Although this letter is being written with the knowledge of other Departments mainly concerned, including the Foreign Office, you will see from the subject matter that it is dealing with rather a difficult problem, and it comes informally from me as the leader of the U.K. delegation during the talks last August, to you as the leader of the U.S. delegation at that time.

During the talks, I think that we all felt that it was a necessary consequence of general policy that other countries with a substantial interest in rubber should be admitted to the group in due course. Any other course would be extremely difficult to defend and I do not think either of us would wish to defend it. At the same time, we felt that the group was by way of being a new experiment, that the issues involved might easily be difficult ones and that there was some danger either of making the group of very little use, or even of bringing it to an untimely end, if the membership were much enlarged during the experimental period. We all recognised that pressure might be put on any one of the Governments concerned to support a claim for admission by some other country, which it would be difficult to resist, and that we should have to handle such a claim as best we might in consultation with one another, when the time came.

We have had several approaches of a "fishing" kind since France was liberated, and we took the opportunity given by these to advise the French against making a formal approach at this time. But if we should receive a formal request from them for inclusion in the Study Group (and the chances of this are strengthened because of the recognition of the Provisional Government) we should feel bound to support them.

The case of France will be in a number of ways the strongest that is likely to be made (unless the Russians make a formal demand). France was a member of the old International Rubber Regulation Committee, and French Indo-China is the largest producer of natural rubber outside the British and Dutch areas in the Far East. The French plantations were very efficient, and the French themselves consider that large quantities of natural rubber have been secreted during the Japanese occupation and will be available almost immediately after Indo-China is liberated. They have mentioned a figure of about 200,000 tons, though this is of course rather conjectural. But if they had anything like this quantity, and we had early difficulties in Malaya and the Dutch East Indies, the supply would be a major factor in the situation.

The French will also be the largest single consumer of rubber after the war apart from the U.S.A., the U.K. (and Russia). They have had extensive experience during the war in using German synthetic rubber, and have managed to keep a certain amount of research work going during that period.

The position then, as we see it, is that they will have quite a lot to contribute to the group and will be in a strong position politically to press their claims to membership if they choose to do so. So far they have been induced to stand out but it is now a question both of how long they will take this attitude, and of the extent to which it is wise on our part to try to exclude them.

If it were only a question of France, we for our part would see little difficulty in their inclusion, but the admission of one further country to the group would almost certainly give rise to claims from other countries. Since it has, I think, been the general intention to keep the Study Group for the time being to its existing membership, I recognise that the addition of France might create some difficulty. I think, however, that we for our part should probably be willing to explain to any countries, which might approach us as the result of the inclusion of France, that France's claims were exceptionally strong and that it was felt that better progress could be made in this preliminary stage by keeping the Group as small as is reasonably possible while looking to its extension later on to all countries with a substantial interest in rubber, whether as producers or con-

sumers. This line might well be successful, though I realise that it would be difficult to maintain it in the face of strong pressure.

I should be most grateful if you felt able to give me some indication of your own views after making any consultations which you think proper.

I do not propose to mention this to Westermann until I have heard from you.

We are all looking forward to seeing you again towards the end of January; Bugbee will have given you the latest information on our plans so far as we have been able to formulate them. I am writing to you now rather than waiting until then, because we suspect that any public announcement of the proposal to meet again in January may bring matters to a head.

Yours very sincerely, O. S. FRANKS

800.6176/11–2544 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, December 18, 1944—2 p. m.

10522. For Bugbee from Haley. Embassy's 10401 of November 25. Department has not been approached by the French regarding admittance to Rubber Study Group. Department is opposed at this time to such admittance. [Haley.]

STETTINIUS

800.6176/12–1944 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 19, 1944—8 p. m.
[Received December 19—7:45 p. m.]

11249. To Haley from Bugbee. Reference Embassy's 10401, November 25 and Franks' letter to Haley December 14 relative admittance French to Rubber Study Group. Discussed matter with Hall-Patch, Foreign Office, who stated further recent pressure had been brought to bear by French. Believe British would like to extend invitation to them but will not do so without your concurrence. On other hand British feel that they would prefer not to invite the French until third meeting if their admittance now would involve the entrance of other countries at this time. Would appreciate your advice. [Bugbee.]

WINANT

800.6176/12–2844 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, December 28, 1944.

10759. For Bugbee from Haley. Following advisors to Haley selected for Rubber Study Group meeting: Viles,[50] Young,[51] Collyer, Litchfield, Smith, Hotchkiss,[52] Firestone,[53] Davis,[54] Trimble [55] from industry; Batt,[56] Bicknell, Klossner [57] and Clark [58] from government. Secretariat Phillips, DuBarry [59] and Bugbee. Post conference trip to synthetic plants planned for January 29 to about February 2.

Department will attempt to dispatch three copies of revised report in time to reach London by January 8. Revised military tire ticket requires recomputation of consumption data. [Haley.]

STETTINIUS

800.6176/12–1444

The Director of the Office of Economic Affairs (Haley) to the Second Secretary of the British Ministry of Supply (Franks)

WASHINGTON, January 2, 1945.

MY DEAR FRANKS: Your letter of December 14, relating to the admission of the French to the Rubber Study Group expresses pretty well my own views on this matter.

We too felt during the August rubber talks that it might well become impossible and undesirable to limit the Group to the three Governments for any extended period of time. However it does appear to us that it would be unwise to expand the Group until after we have had at least one more meeting of the present Group.

While I recognize that France has perhaps a stronger case for inclusion than does any other single country yet her inclusion would open the field for demands from many others. Furthermore, our technical people feel that the 200,000 ton liberation stocks figure for French Indo-China is somewhat optimistic; so that argument loses some of its force. Consequently we have regretfully decided that we cannot look with favor on the inclusion of the French in the Rubber Study Group at this time. In addition since all of the arrangements

[50] A. L. Viles, President, Rubber Manufacturers Association, Inc.
[51] R. D. Young, President, Rubber Trade Association of New York, Inc.
[52] H. Stuart Hotchkiss, Chairman, Cambridge Rubber Co.
[53] Harvey S. Firestone, Jr., President, Firestone Tire and Rubber Co.
[54] F. B. Davis, Jr., Chairman, U.S. Rubber Co.
[55] Gilbert K. Trimble, Mid West Rubber Reclaiming Co.
[56] William L. Batt, Vice Chairman, War Production Board.
[57] Howard J. Klossner, President, Rubber Reserve Corp.
[58] James Clark, Rubber Bureau, War Production Board.
[59] Joseph N. DuBarry, member of the Commodities Division of the Department.

for the forthcoming meeting have been based on the present membership it would be very difficult at this late date to include the French. Would it not be possible to explain to them that one of the items on the agenda will be the question of expanding the Group to include other interested governments and further to point out that should such expansion be considered desirable France would probably be one of the first countries to be added?

We are all looking forward to seeing you again late in January and it is my hope that the forthcoming meeting will be as successful as was the previous meeting when your Government was the host.

Sincerely yours, [File copy not signed]

PROTOCOL SIGNED AUGUST 31, 1944, EXTENDING THE DURATION OF THE INTERNATIONAL SUGAR AGREEMENT [1]

561.35E1A/1424 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, January 15, 1944—7 p. m.
[Received 9:50 p. m.]

393. From Delegate to Sugar Council.[2] Embassy's 6118 [*6618*], October 1.[3] Embassy is advised by well informed source that British Government has decided it wishes to see present international sugar agreement terminated and its place taken by an international committee with limited advisory powers. The idea is to proceed along lines recently followed with the Rubber Agreement.[4]

It is understood that HMG intends to communicate a proposal, or at least views, on these lines to our Government in the near future, but that prior thereto the Australian and South African Governments will be informed of the British attitude and presumably consulted.

Department will note from Embassy's despatch 12083, November 5,[3] that question of prolongation of Sugar Agreement may be raised at any time, possibly at next Council meeting. In such event your delegate will need appropriate instructions. In this connection the Chairman of Council today communicated his personal view that Agreement should be continued in present status, without temporary changes, until participating countries decide its post-war role. Upon his specific inquiry about American attitude on prolongation (it is understood he is also inquiring of certain other delegates) your rep-

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[1] Regarding previous documentation, see bracketed note in *Foreign Relations*, 1942, vol. I, p. 514. For text of the International Sugar Agreement signed May 6, 1937, see Department of State Treaty Series No. 990, or 59 Stat. (pt. 2) 922. For documentation on participation of the United States in the International Sugar Conference held in London, April 5–May 6, 1937, see *Foreign Relations*, 1937, vol. I, pp. 931 ff. For documentation on United States participation in the establishment and operation of the International Sugar Council, see *ibid.*, pp. 952 ff.

[2] Loyd V. Steere, Agricultural Attaché in London.

[3] Not printed.

[4] See pp. 950 ff.

resentative stated our views were still as given at Council meeting September 30.[6]

Embassy is confidentially informed that decision mentioned in first paragraph above was taken under strong pressure from individual officials and certain Ministries including the Ministry of Supply, whose influence seems to be growing, who are opposed to continuing British participation in international commodity regulation schemes. [Steere.]

WINANT

561.35E1A/1427 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, February 15, 1944—7 p. m.
[Received 7:10 p. m.]

1269. From Delegate to Sugar Council. Dutch Delegate to Sugar Council called today to discuss prolongation of Agreement. He stated his view that agreement should be continued in present form until such time as participating countries make up their minds what form it should have for longer term future, and that he did not favor some temporary interim arrangement. He explained his inquiry as being in anticipation of discussions on the subject with interested British officials, and went on to ask the American attitude toward the question. He was informed (note Embassy's 393, January 15, 7 p. m.) that there had been no change from the attitudes stated at the September 30 Council meeting. [Steere.]

WINANT

561.35E1A/1424 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, March 25, 1944—midnight.

2331. To Delegate to Sugar Council. The subject of your telegrams numbers 393, January 15, and 1269, February 15, has been discussed at a meeting of representatives of the Departments of State, Agriculture and Interior. The fact that the sugar agreement is in

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[6] Extract from Minutes of September 30 meeting: "Mr. Steere said that the United States recognised the value of the Sugar Agreement and felt that it had its place in postwar arrangements, but thought that to extend it for an additional year in its present form at this moment might prejudice desirable adjustments. He thought that the Agreement could be extended at relatively short notice. He suggested therefore that there should be a record in the Minutes that the Council had discussed the question of the prolongation of the Agreement, but had agreed not to take a decision before the end of the year when the question could be raised formally." (561.35E1A/1420)

large part inoperative under present war conditions and may not, owing to war dislocations of production and distribution, be fully adapted for dealing with international sugar problems after the war would appear to be an argument for termination of the agreement. On the other hand, the present agreement was the culmination of long efforts to establish some stability in the world sugar situation which was in a state of chaos in the early 30's, and its termination would be viewed with great apprehension by the sugar exporting countries of this Hemisphere unless they had some assurance that their pre-war position in the international trade in sugar will be maintained. Furthermore, since sugar production in the non-preferential areas has been expanded in the interest of the war effort it would be only equitable to provide some assurances that such areas will not have to bear an unduly large part of the burden of post-war production readjustment.

It is considered important, therefore, that if the international sugar agreement is terminated the proposed sugar advisory committee should be assigned explicitly the function of formulating recommendations regarding such post-war international arrangements in respect of sugar as may be required and that under any new arrangement the position of non-preferential sugar producers should be at least as favorable as under the present agreement. The Department would appreciate having the views of the British regarding the above proposal before reaching a final decision with regard to this Government's position on termination of the sugar agreement.

HULL

561.35E1A/1435 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 18, 1944—6 p. m.
[Received April 18—5:58 p. m.]

3159. Your Delegate on Sugar Council has had several informal discussions with British officials regarding subject your 2331, March 25 and has been advised informally, but subject to confirmation later this week, that British Government is prepared to see the Agreement extended in present form for 1 year without prejudice to future action.

Department's attention is called to fact that "proposal" referred to in final paragraph of reference telegram was never communicated formally or informally by British and has therefore not been discussed with them.

WINANT

561.35E1A/1440 : Telegram

The Chargé in the United Kingdom (Bucknell) to the Secretary of State

LONDON, May 16, 1944—11 p. m.
[Received May 16—8:49 p. m.]

3961. For Hawkins[7] from Steere. Embassy's 3159, April 18, 6 p. m. Promised confirmation of British Government's readiness to see Sugar Agreement extended has not been forthcoming, according to the official consulted, because of his Government's desire to have the comment of their representatives in Washington (which is still lacking) before taking final decision.

I am now reliably informed, however, that British cable prepared for Washington on this subject aimed at persuading our Government, or at least certain officials, that Agreement should not be extended, or in any event, if extended, with essential operative features eliminated. My informant indicates that certain opponents of commodity schemes in British official circles are insistent that American Government departments are divided in their views on international commodity regulation, and have succeeded in securing instructions to their Mission in Washington which aim at exploiting our divergent views to secure termination of Sugar Agreement. It has been suggested to me that if we desire extension for 1 year without prejudice to future action, and would definitely so indicate, that His Majesty's Government would, in all probability, agree; the more so, since the Dutch, Australian and South African Governments have indicated to His Majesty's Government that they favor extension in the present form.

Your advice about any sugar discussions with the British in Washington, together with any instructions, would be appreciated. [Steere.]

BUCKNELL

561.35E1A/1440 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, May 24, 1944—8 p. m.

4133. For Steere from Hawkins. British proposal for renewal of sugar agreement is much as anticipated in your 3691 [*3961*] of May 16. Memorandum presented by Magowan on May 17[8] states that while

[7] Harry C. Hawkins, Director, Office of Economic Affairs; assigned to Embassy at London as Counselor for Economic Affairs with rank of Minister, September 12, 1944.

[8] Memorandum presented by J. H. Magowan, British Minister at Washington, not printed.

the U.K. might have seen advantages in allowing the agreement to lapse, it would agree to renewal for 1 year provided that clauses are inserted making it quite clear that the terms of the agreement shall be inoperative for the duration of the war and the period of shortages succeeding it and giving recognition to the fact that the agreement will require revision on the basis of whatever agreement is reached by the United Nations on general principles of commodity policy. The memorandum states further that the British Government, in agreeing to extend the present agreement does not endorse any claim that producing areas which have been expanded under war conditions should have any vested right to retain their increased production, in more normal times. British were assured that the Department agrees substantially with their viewpoint regarding the position of expanded areas. The Department's position as regards renewal of the agreement is not yet entirely clear. You will be informed as soon as a decision is reached. [Hawkins.]

HULL

561.35E1A/1443b: Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, June 9, 1944—midnight.

4595. For Steere from Hawkins. British Embassy has requested an expression of Department's views regarding extension of the sugar agreement. Specific questions were:

(1) Whether this Government favors renewal. Answer was yes, subject to informal clearance with the Chairman of the Foreign Relations Committee of the Senate. Department expects to inform Senator Connally soon of our intention to renew the agreement for 1 year with reservations suggested by the British. Since a bill is now before Congress to extend the Sugar Act of 1937 for 2 years,[9] and since the British reservations would, in any case, render the agreement inoperative, there should be no possibility of conflict between the agreement and domestic legislation, and therefore no reason to anticipate Congressional opposition to renewal. However, for your confidential information, if Senator Connally should advise that the protocol of renewal be submitted for Senate ratification, the Department may decide to permit the agreement to lapse. Submission for formal ratification is considered inadvisable, since attention would undoubtedly be directed to the fact that the 1942 protocol[10] was not submitted for

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[9] The Act of 1937 (50 Stat. 903) was extended by the Act of June 20, 1944 (58 Stat. 283).

[10] Department of State Treaty Series No. 990; 59 Stat. (pt. 2) 949.

ratification and the Department might be placed in an embarrassing position.

It was because of the questionable legal status of the agreement that the Department was willing to see it lapse (see Department's 2331 of March 25) provided it were replaced by some new arrangement assuring non-preferential sugar producers treatment as favorable as that which they receive under the present agreement. Apparently the intent of the Department's telegram was not entirely clear on this point. Your reply, telegram 3159 of April 19 [*18*], was interpreted here to mean that the British actively favored continuance of the agreement and that our counter-proposal had not been discussed with them. The British Embassy's precise information regarding the nature of our proposal suggests that our 2331 may have been used as a basis for urging the British to change their position and declare for renewal. Please advise.

(2) Whether we would agree to the reservations suggested by the British and reported in our 4133 of May 24. Reply was yes.

(3) Whether the statement you conveyed to the British regarding the desirability of assurances that non-preferential areas not be asked to bear an undue share of the burden of readjustment after the war might be interpreted to mean that the agreement would be used to stabilize the *status quo* at the end of the war. Reply was that, on the contrary, our intent was merely to assure the expanded areas treatment as favorable as that which they received before the war.

(4) Question was also raised as to whether our decision to favor renewal had been taken in the setting of the general analysis of your conversations with the British in London. We replied that the decision to renew was taken by the Department independently, but that, so far as we are aware, there is no divergence of viewpoint between the Department and our Embassy regarding renewal.

In order further to clarify this latter point, Department suggests that you report somewhat more fully the nature of your conversations with the British.

Department will advise you promptly of the outcome of conversations with Senator Connally. [Hawkins.]

STETTINIUS

561.35E1A/1444 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, June 13, 1944—9 a. m.
[Received 2:25 p. m.]

4714. For Hawkins from Steere. Embassy's [*Department's*] 4595, June 9. Department's 2331 of March 25, midnight, was understood

as indicating that Department considered weight of arguments pro and con as definitely on the side of renewal of Sugar Agreement in present form and that we favored such renewal, but that if it should be terminated we would desire a substitute arrangement giving assurances on post-war arrangements and non-preferential producers, as stated in second paragraph of telegram. All its points were presented discursively with the aim of securing agreement with our views, with results as communicated in Embassy's 3159 of April 18 and 3961, May 16. The Department's stipulations in regard to post-war arrangements and non-preferential producers were not understood as a counter-proposal to be discussed as such with the British. The word "proposal" in the final sentence of telegram, in fact, was understood to refer to the "proposed sugar advisory committee" (at beginning of same paragraph) which it was then understood the British had it in mind to advocate. Kindly see Embassy's 4713, June 13, 9 a. m.[11] regarding fuller reply to cable. [Steere.]

WINANT

561.35E1A/7-444

The Commercial Counsellor of the British Embassy (Jopson) to the Chief of the Commodities Division (Haley)

WASHINGTON, July 4, 1944.

DEAR MR. HALEY: You will remember that when you came to see me on June 17th you requested that I should ascertain the views of the British Government on the manner in which the renewal of the Sugar Agreement should be achieved. You suggested that there might be two alternatives (*a*) the signature of a new Protocol and (*b*) an exchange of notes between all the signatories and the British Government.

I have now received a telegram from the Foreign Office expressing the opinion that the signature of a new Protocol would seem to be the neater and simpler method of prolonging the Agreement. On their instructions I am enclosing a draft of such a Protocol embodying their ideas on the subject. The Foreign Office say, however, that if the State Department consider that an exchange of notes between all the signatories and the British Government would be easier from their point of view, the British Government would have no strong objections. In that case the attached draft Protocol could, with purely verbal changes, be put into the form of a note from the British Government. The only essential consideration is that, whatever form the instrument of renewal takes, the two reservations mentioned in

[11] Not printed; it was from the Ambassador in the United Kingdom, who reported his reasons for authorizing Steere to depart for Washington for consultations regarding tea, sugar, canned meat, and other agricultural questions then current (840.50 UNRRA/639).

my letter to you dated June 7th [12] must be included and have the same status as the renewal. Provided this is assured, it would seem to be for the State Department to express their considered preference between the two methods. The Foreign Office would, however, like to agree with the State Department the wording of whatever instrument of renewal is decided upon, before it is presented to the Council.

As to the procedure, it is suggested that if the Protocol method is adopted the United Kingdom delegate to the International Sugar Council should submit the draft Protocol to the Council and ask them to pass a resolution on the strength of which each delegate would ask his Government to sign the Protocol. A similar procedure would be adopted in the case of an exchange of notes. In this event the United Kingdom delegate would present to the International Sugar Council a draft note. This note (which would be substantially the same as the Protocol) would express the willingness of the British Government to renew the Agreement, subject to the two reservations referred to and invite other Governments to do the same. The Council would then pass a resolution approving the terms of the note. The British Government would thereupon send the note to the various member countries, and each delegate to the International Council would recommend his Government to address to the British Government a note formally accepting the terms of renewal as constituting a binding agreement between that Government and all the other Governments from whom similar acceptances are received. For this purpose an identical form of reply might be agreed by the Council.

I should be glad if you would be so good as to indicate the State Department's preference on the alternative methods of renewal outlined above and if you would also furnish me with your comments on the enclosed draft.

The Foreign Office request me to remind you that it will be necessary to set the procedure in motion very quickly if renewal of the Agreement is to be effected before the end of August. I should be grateful therefore if you could let me have your reply without delay.

Yours sincerely, R. Keith Jopson

[Enclosure]

Draft Protocol for the Renewal of the International Sugar Agreement

Whereas an international agreement regarding the regulation of production and marketing of sugar (hereinafter referred to as "the agreement") was signed in London on May 6th, 1937:

And whereas by a protocol signed in London on July 22nd 1942 the agreement was regarded as having come into force on September 1st, 1937 in respect of the governments signatory of the protocol.

[12] Letter dated June 7 not printed; for the two reservations under reference, see second sentence of telegram 4133, May 24, 8 p. m., to London, p. 992.

And whereas is was provided in the said protocol that agreement should continue in force between the said governments for a period of two years after August 31st, 1942:

Now therefore the governments signatory of the present protocol considering that it is expedient that the agreement should be prolonged for a further term as between themselves, subject, in view of the present emergency, to the conditions stated below, have agreed as follows:

ARTICLE 1

Subject to the provisions of Article 2 hereof the agreement shall continue in force between the governments signatory of this protocol for a period of one year after August 31st, 1944.

ARTICLE 2

During the period specified in Article 1 the provisions of chapters 3, 4 and 5 of agreement shall be inoperative.

ARTICLE 3

1. The governments signatory of the present protocol recognize that revision of the agreement is necessary and should be undertaken as soon as the time appears opportune.

2. For purposes of such revision due account shall be taken of any general principles of commodity policy embodied in any agreements which may be concluded under the auspices of the United Nations.

ARTICLE 4

Before the conclusion of the period of one year specified in Article 1 the contracting governments, if steps contemplated in Article 3 have not been taken, will discuss the question of a further renewal of the agreement.

ARTICLE 5

The present protocol shall bear this day's date and shall remain open for signature until August 31st, 1944.

In witness whereof the undersigned being duly authorized thereto by their respective governments have signed the present protocol.

Done in London on . . day of . . . . . 1944 in a single copy which shall be deposited in the archives of the Government of the United Kingdom of Great Britain and Northern Ireland and of which certified copies shall be furnished to signatory governments.

561.35E1A/7–1244 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, July 13, 1944—1 p. m.

5482. For Steere from Haley. For your information, after full discussion Senator Connally advises that the International Sugar Agreement be extended by means of a protocol. He also advises that submission to the Senate will be desirable. He anticipates no difficulty in obtaining the consent of the Senate to ratification. The Department is prepared to follow this procedure, and will inform the British Embassy to that effect.[13] A copy of the British draft protocol, which embodies the two reservations mentioned in the Department's telegram no. 4133 of May 24, 1944, and of the Embassy's covering letter will be forwarded by air mail with a copy of the memorandum of conversation with Senator Connally.[14] [Haley.]

HULL

561.35E1A/7–1844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 18, 1944.
[Received July 18—5:30 p. m.]

5683. From Delegate to Sugar Council. Chairman of Sugar Council anticipates need to call meeting of Council at short notice and wishes to know whether United States would agree to replace 3 weeks' notice required under Article 36 of Agreement by 1 week's notice; also our Government's attitude regarding renewal of Agreement including arrangements for signature in London of the renewal document. [Steere.]

WINANT

561.35E1A/7–1844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, July 18, 1944—6 p. m.
[Received July 18—3:45 p. m.]

5668. From Delegate to Sugar Council. Westermann, Dutch Delegate and Vice Chairman of Sugar Council, called today to dis-

[13] The information was conveyed to the Commercial Counsellor of the British Embassy in a note dated July 17, 1944, not printed.

[14] Department's instruction 4317, July 17, 1944 (not printed) enclosed a copy of the memorandum of conversation held on July 10, 1944, with Senator Connally (not printed), and a copy of the British note of July 4, 1944, with attached protocol, printed *supra*.

cuss draft protocol for extension of Sugar Agreement, copy of which he had received from Foreign Office. He explained that he was trying to decide how to advise his Government regarding this proposal for extension. He said that he had two objections: (*a*) that article 2 removed all restraint upon participating countries—in particular upon production policies, and (*b*) took away all the Council's important powers. He also voiced Dutch resentment, as a major sugar producer, at being confronted with what he thought was, to all intents and purposes, a *fait accompli* on a matter of major concern to his country. I explained to him, as much as seemed appropriate, the American attitude and said that, although the draft protocol might not be everything we would like it to be, we felt it accomplished the main immediate objective, namely, maintenance of existing machinery. It was therefore preferable to letting the agreement expire as seemed to be the only alternative.

Westermann seemed to accept the necessity of concessions to the British point of view and although he avoided any statement as to what his Government's attitude would be toward extension he indicated that acceptance would be materially eased if the American and British Governments were able even informally to give some assurances at the next meeting of the Council when the proposal presumably would come up that it was not the intention as a consequence of article 2 to permit countries which had expanded production during the war to reap unfair advantage from such expansion in the post-war period.

It seems advisable to give Westermann some further information about the American attitude in which connection the Department's instructions would be appreciated. [Steere.]

WINANT

561.35E1A/7-2444

The Commercial Counsellor of the British Embassy (Jopson) to the Chief of the Commodities Division (Haley)

WASHINGTON, July 24, 1944.

DEAR MR. HALEY: You will recall that as a result of my discussions with you and Mr. Phillips [15] on July 13th about the renewal of the Sugar Agreement, I sent a telegram to the Foreign Office suggesting two alternative procedures: (1) that the following should be inserted in Article V of the Protocol.

"The present Protocol shall be ratified by the contracting governments in conformity with their respective constitutional procedures."

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[15] William T. Phillips of the Commodities Division.

(2) that the duly authorised United States representative, when signing the Protocol, should endorse thereon a reservation in the sense that the Protocol was subject to Senate ratification.

I asked London which of these alternatives they preferred. I have now received a reply saying that the first of the alternatives is ruled out by the time factor. The Foreign Office consider therefore that the second alternative should be adopted. It would naturally be for the State Department to decide whether they should give, in advance of signature, any notification to the other signatories of their intention to endorse a reservation of this nature on the Protocol.

I am instructed by the Foreign Office to inform you that if the United States ratification is delayed beyond August 31st, the British Government would accept it at a later date as retrospectively confirming your signature of the Protocol.

I have informed the Foreign Office by telegram that the above information has been conveyed to you and that I presume that the United Kingdom delegate to the International Sugar Council would now proceed as suggested in the last paragraph on page 1 of my letter to you of July 4th.[16]

Yours sincerely, R. KEITH JOPSON

561.35E1A/7–1844 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, July 24, 1944—midnight.

5790. For Steere from Haley. United States Government would agree to waive the provision of Article 36 of the agreement requiring 20 days notice in case of proposed meeting of the council referred to in Embassy's telegram 5683 of July 18. It is prepared to renew the agreement, subject to consent of the Senate, with the reservations set forth in the protocol drafted by the British Government.

When question of renewal was first broached, British Government requested assurances on same point that Westermann has raised as reported in Embassy's 5668 of July 18, 1944. Six weeks ago British Embassy sent following message to Foreign Office:

"State Department authorize me to give you their assurance that they do not—repeat, not—regard the agreement as an instrument for stabilizing abnormal geographical distribution of production which will exist at end of the war."

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[16] i.e., third paragraph of July 4th letter printed on p. 996.

The same assurances may be given the Netherlands Government, either informally or by resolution of the Council if that seems desirable.[17]

Arrangements should be made for signature of the protocol by our Ambassador if he is to be in London on the date set for signature. A document granting him full powers will be prepared and forwarded as soon as possible after the exact text of the protocol as recommended by the Council is received here. In this connection, Department will require a list of the other Governments which are expected to sign the protocol. [Haley.]

HULL

561.35E1A/7-2444

The Secretary of State to the Ambassador in the United Kingdom (Winant)

No. 4358 WASHINGTON, July 27, 1944.

The Secretary of State transmits, for the information of the United States delegate to the Sugar Council, a copy of a letter from the British Embassy dated July 24, 1944 [18] with regard to the procedure to be followed in renewing the International Sugar Agreement.

With reference to the question of advance notice raised in the Embassy's letter, it is believed that it would be desirable for the United States delegate, at the next meeting of the Sugar Council, to inform the other Council members that the protocol is to be "signed subject to ratification on the part of the Government of the United States of America in accordance with its constitutional procedures." If no further meetings of the Council are scheduled, however, endorsement of this reservation on the protocol at the time of signature and its inclusion in the full powers granted this Government's representative and deposited with the British Government will cover the requirements of the case.

561.35E1A/7-2944

Memorandum of Telephone Conversation, by Mrs. Jean Mulliken, of the Commodities Division

[WASHINGTON,] July 29, 1944.

Mr. Jopson telephoned to state that the Dutch Government has requested that the protocol renewing the International Sugar Agreement make it quite clear that future discussions of a possible post-war

[17] In his telegram 5900, July 26, 5 p. m., Steere reported that Westermann had been given informally the substance of this paragraph, with which he expressed satisfaction (561.35EIA/7-2644).

[18] *Ante*, p. 999.

agreement are to start from the situation existing prior to the war rather than from the situation at the end of the war. The British Government was ready to include a statement to this effect in the protocol of renewal, and Mr. Jopson asked whether the Department could give clearance by telephone on the changes made in the protocol in order that he might advise the Foreign Office without delay.

Since the Department had previously authorized its delegate to the Sugar Council to give comparable assurances to the Dutch delegate in its telegram 5790 to London on July 24, 1944, I informed Mr. Jopson that the Department would have no objection to the insertion of a provision to this effect in the protocol.

The amendment to Article 5 suggested in Mr. Jopson's letter, attached,[19] appears to be primarily a matter for decision by the depository government, and I stated that I thought the Department would agree readily to the proposed provision.

561.35E1A/7-2944

The Commercial Counsellor of the British Embassy (Jopson) to Mrs. Jean Mulliken of the Commodities Division

WASHINGTON, July 29, 1944.

DEAR MRS. MULLIKEN: In confirmation of our telephone conversation this morning, I have received a telegram from the Foreign Office saying that they have shown to the Dutch the draft Protocol for the renewal of the International Sugar Agreement enclosed with my letter to Mr. Haley of July 4th.

The Dutch have felt some doubts about Article 2. They suggest that this Article is unnecessary, in view of the possibility of reliance on Article 51(*a*) of the main Agreement. They are further apprehensive lest the Article in its present form might mean that future discussions of a possible post-war agreement would start from the existing situation, and not from the old Agreement.

The Foreign Office have pointed out that it does not seem very safe to rely on the provision of Article 51(*a*) since we ought not to assume that hostilities will continue throughout the period of extension. The Foreign Office have also argued that Article 3 and Article 4 of the draft Protocol clearly imply that discussions for a future agreement should start from the existing one.

After some discussion the Dutch finally informed the Foreign Office that they are content with the Protocol in its present form, subject to the following addition to Article 3:—

"Discussion of any such revision should take the existing agreement as the starting point."

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[19] *Infra.*

The proposed addition does not seem to the Foreign Office to alter the sense of the draft agreed between us and they trust that you will see no objection to the proposal. The Foreign Office are anxious that the council meeting should be held immediately, but they do not wish it to be summoned until there is agreement between us on what is to be put before it.

We are doubtful whether all the signatures will be received by August 31st. To meet this point the Foreign Office propose the following amendment to Article 5:—

"The present protocol shall bear the date of August 31st, 1944, and shall remain open for signature until September 30th, 1944; provided, however, that any signatures appended after August 31st, 1944, shall be deemed to have effect as from that date.

"In witness thereof, etc . . ."

I have today informed the Foreign Office by telegram that the State Department concurs in both these suggestions.

Yours sincerely, R. KEITH JOPSON

561.35E1A/8–844 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 8, 1944.
[Received August 8—1:45 p. m.]

6334. The following message is from the Delegate to the Sugar Council.

Chairman of Sugar Council has called next meeting for August 15. The agenda is as follows:

(1) Approval minutes of meeting on September 30, 1943 as amended to August 5.

(2) Recommendation to be made to governments concerned regarding extension of the International Sugar Agreement after 31st August 1944.

Draft protocol for extension of Agreement for 1 year submitted by British Delegation for consideration at the meeting has been circulated in text identical with that transmitted with Department's instruction No. 4317, July 17 [20] except for following:

(1) Article III(1) has following sentence added to its present text: "Discussion of any such revision should take the existing Agreement as the starting point". (2) The word "purposes" becomes "purpose" and the word "agreements" becomes "agreement".

Article V first paragraph now reads "The present protocol shall bear the date the 31st of August 1944 and shall remain open for signature until the 30th September 1944; provided however, that any

[20] Instruction not printed; for text of draft protocol, see p. 996.

signature appended after the 31st August 1944 shall be deemed to have effect as from that date."

[Steere]
WINANT

561.35E1A/8–1544 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 15, 1944.
[Received August 16—2:20 a. m.]

6570. From Delegate to Sugar Council. Today's meeting of Sugar Council adopted following resolution:

"The International Sugar Council recommends that the present International Sugar Agreement shall continue in force for the period of 1 year after 31 August 1944, in the terms of the following draft protocol submitted by the British Delegation.

(Here follows the text without change as reported in Embassy's 6334, 8th.)

"The members of the Council agree to recommend to their respective Governments the signature of the protocol and to ask them to inform the Government of the United Kingdom (Foreign Office) urgently the name of their representative in London authorized to sign." *End of resolution.*

Signature of the protocol will take place at Foreign Office August 31. Following countries are expected to sign: South Africa, Australia, Belgium, Brazil, Czechoslovakia, Cuba, Dominican Republic, Haiti, Netherlands, Peru, Portugal, United States of America, and Philippines, United Kingdom, USSR.

The adherence of India, Poland, and Yugoslavia is uncertain.

Proposal was made at meeting that draft protocol be amended to permit signature if they so desired of countries which had signed original Agreement but failed to adhere to extension currently in force. British representatives submitted Foreign Office draft of amendments necessary to effectuate this change. Your representative opposed this proposal inasmuch as it seemed open to possible interpretation on technical grounds that a new agreement would thereby be involved and might present difficulties from the standpoint of the United States Government. The Council decided not to amend the draft protocol in the sense proposed. [Steere.]

WINANT

561.35E1A/8–2544 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, August 25, 1944.
[Received August 25—5:30 p. m.]

6908. From Delegate to Sugar Council. Embassy's 6570, 15th. Foreign Office has formally advised Embassy of the adoption by the Sugar Council on August 15 of a resolution recommending extension of the International Sugar Agreement and has transmitted a printed proof of a protocol for the prolongation. The text of the protocol is identical with that reported in Embassy's 6334, 8th, except that the words "purposes" and "agreements" have replaced "purpose" and "agreement" respectively, in Article 3.1; and the words "31st day of August" have been inserted in Article 5 paragraph 3. Space for signature is provided for the governments listed in Embassy's reference telegram paragraph 3, with signature for the Philippines as the protocol extending the Sugar Agreement in 1942.

Foreign Office further advises:

"The Protocol will be opened for signature on Thursday next the 31st instant, when it is hoped that the majority of the interested countries will send their plenipotentiaries to sign. Owing, however, to the shortness of the time available some countries may not be in a position to sign on the date fixed and it has accordingly been decided to leave the protocol open for signature for a month in order that any belated signatures may be received.

"His Majesty's Government in the United Kingdom accordingly invite the Government of the United States of America to appoint a plenipotentiary to sign the protocol on the 31st instant, or as soon thereafter as possible. As in many instances, time will not permit of the production of documentary full-powers, telegraphic authority will be accepted in lieu thereof on the understanding that the formal documents will be presented in due course.

"It is further requested that a similar invitation may be conveyed to the Haitian Government."

The Embassy assumes that telegraphic full powers will be received in time for signature on behalf of the United States on August 31. [Steere.]

WINANT

561.35E1A/8–2844 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, August 28, 1944.

6906. To the Delegate to the Sugar Council. Full power, signed by President, authorizing Ambassador to sign protocol to prolong

Sugar Agreement of 1937 for United States being forwarded by air pouch. This communication may be accepted as authority of Ambassador to proceed to signature. The Ambassador will endorse on the document in conjunction with his signature: "signed subject to ratification". Embassy will be advised as soon as Commonwealth of the Philippines authorizes signature on its behalf, probably tomorrow.

HULL

[For text of the Protocol signed August 31, 1944, see Department of State Treaty Series No. 990, or 59 Stat. (pt. 2) 951.]

INTEREST OF THE UNITED STATES IN THE CONVENING OF A REGULAR CONFERENCE OF THE INTERNATIONAL LABOR ORGANIZATION (26TH SESSION), PHILADELPHIA, APRIL 20–MAY 12, 1944

[BIBLIOGRAPHICAL NOTE: *International Labour Conference, Twenty-Sixth Session, Philadelphia, 1944, Record of Proceedings* (International Labour Office, Montreal, 1944); International Labour Office, *Official Bulletin*, volume XXVI, number 2, 1 December 1944 and volume XXVII, number 1, December 1945; message by President Roosevelt to the Congress of the United States on May 29, together with texts of the following three documents transmitted therewith: *a*) Declaration Concerning the Aims and Purposes of the International Labor Organization, *b*) Resolution Concerning Social Provisions in the Peace Settlement, and *c*) Resolution Concerning Economic Policies for the Attainment of Social Objectives (Department of State *Bulletin*, June 3, 1944, pages 514–521); message by President Roosevelt of August 22 transmitting to the Congress an authentic copy of the Recommendations adopted by the Conference, printed in House Document 671, 78th Congress, 2d session; a summary report on the Conference and the attitude of the United States, by Otis E. Mulliken, Chief of the Division of Labor Relations (Department of State *Bulletin*, September 3, 1944, pages 236–242).]

500C.115 28th Conference/1 : Telegram

The Secretary of State to the Chargé in the Soviet Union (Hamilton)[1]

WASHINGTON, September 25, 1943—6 p. m.

906. It is the view of this Government that a regular conference of the International Labor Organization[2] should be convened in the immediate future for the purpose of making recommendations to the United Nations as to post-war labor policies. This Government is

[1] Adm. William H. Standley, Ambassador in the Soviet Union, had departed from Moscow on September 18, 1943.

[2] The International Labor Organization (ILO) was established at the end of World War I as an official intergovernmental agency, an autonomous associate of the League of Nations; its constitution formed Part XIII of the Treaty of Versailles of June 28, 1919 (*Foreign Relations*, The Paris Peace Conference, 1919, vol. XIII, pp. 55, 692); Article 1, Chapter I, Part XIII of the Treaty provided that membership of the League of Nations should carry with it membership of the ILO. The United States became a member of the ILO August 20, 1934 but assumed no obligation under the Covenant of the League of Nations (see *Foreign Relations*, 1934, vol. I, pp. 733 ff.)

making this suggestion simultaneously to London [3] and has reason to believe that it would be favorably received there.

This Government is of the view that participation by the U.S.S.R. in such a conference would be highly desirable especially because of the subject matter of the conference.

You are requested to discuss this with the Soviet Government, and to express the very earnest desire of this Government that the U.S.S.R. actively participate in such a conference either by resuming their active participation as members of the I.L.O.,[4] or by taking active participation through representatives appointed for that purpose. This Government would be glad to assist in making such arrangements in that regard as the U.S.S.R. might desire.

It is felt that the best meeting place for such a conference would be Montreal since the largest representation of labor leaders and Government representatives throughout the world could be obtained there and since the establishment of facilities are already located there.[5]

For your information, Ambassador Maisky [6] raised a question of Soviet participation in the I.L.O. conference of 1941 [7] and arrangements were then made to facilitate such representation though the Soviet Government did not press the request.

HULL

500C.115 28th Conference/6 : Telegram

The Acting Secretary of State to the Ambassador in the Soviet Union (Harriman) [8]

WASHINGTON, October 27, 1943—9 p. m.

1107. You will recall that under date September 25, messages were sent to Moscow (Department's 906) and to London, stating that it

[3] Telegram 5908, September 25, 6 p. m., not printed.

[4] The Soviet Union joined the League of Nations on September 18, 1934, and was expelled on December 14, 1939, following the invasion of Finland by troops of the U.S.S.R. It held automatic membership in the ILO for the same period. The Soviet Union was represented at the sessions of the ILO's General Conference in 1935, 1936, and 1937, but had not participated in the work of the Organization after 1939.

[5] The International Labor Office, which is the permanent secretariat of the Governing Body and the International Labor Conference, had been located at Montreal, Canada, since 1940, when it was transferred from Geneva because of war conditions.

[6] Ivan Mikhailovich Maisky, Assistant People's Commissar for Foreign Affairs of the Soviet Union, had been Soviet Ambassador in the United Kingdom until July 1943.

[7] Department's telegram 974, October 9, 1943, 11 p. m., to Moscow, stated: "British Foreign Office points out that it raised issue with Maisky rather than vice versa." (500C.115 28th Conference/5)

[8] W. Averell Harriman was appointed Ambassador to the Soviet Union on October 7, 1943, succeeding Admiral Standley.

was the view of this Government that a regular Conference of the International Labor Organization should be convened in the immediate future for the purpose of making recommendations to the United Nations as to postwar labor policy, and that participation by the U.S.S.R. in such a conference would be highly desirable. The Department has received a reply from the British [9] expressing general agreement with these views and indicating that Mr. Eden intended to raise this question at Moscow if opportunity is offered.[10]

The British question the feasibility of arranging a conference by December or January in view of the technical requirements of the International Labor Organization constitution. The Department has replied [11] that the Chairman of the Governing Body believes that this is an obstacle which can be overcome. The British have also reverted to their previous suggestion that the place of meeting should be in London, to which the Department has replied that the suggestion of Montreal arises out of the suggestion of the Prime Minister and the President during the stay of the Prime Minister in Washington in September.[12]

The British, in discussing the desirability of inviting the Soviet Union, alluded to objections heretofore raised to the credentials of the Soviet delegates representing workers and employers, and the Department has replied that this Government believes that ways and means can be found prior to the issuance of a formal invitation to the Soviet Government to assure that objections to a Soviet delegation will not be raised at the Conference.

With respect to agenda, the British suggested that consideration of labor standards and policy among the United Nations and labor policies to be applied in areas conquered or occupied by them might not prove acceptable to neutral states which are members of the International Labor Organization. The Department has replied to London agreeing with the British that this is not a substantial difficulty, that it can be handled by appropriate drafting and that in any event the preponderance of interest of the United Nations is so great as to justify raising these questions.

The Department is proposing to inform the British that in connection with the preparation of the agenda it will suggest that the

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[9] Telegram 7272, October 22, 1943, not printed.

[10] Anthony Eden, British Secretary of State for Foreign Affairs, was in Moscow attending the Foreign Ministers' Conference, held October 18–November 1, 1943. For documentation on the Conference, see *Foreign Relations*, 1943, vol. I, pp. 513 ff. Ambassador Winant reported in telegram 8210, November 24, 1943, from London, that the opportunity to raise the question of Soviet participation did not occur at the Moscow Conference (500.C115 28th Conference/14).

[11] Telegram 6732, October 27, 1943, to London, not printed.

[12] Winston S. Churchill visited Washington following the Quebec Conference of August 17–24, 1943.

Conference devote its major attention to the formulation of recommendations to the United Nations on:

a. Labor policy in occupied territories.
b. Social aims and economic policy.
c. Labor provisions of the peace settlement.
d. Minimum standards of security for workers demobilized from the armed forces and war industries, including international machinery for the maintenance of full employment.

The Department urges that you take occasion to encourage a favorable and early Soviet response with regard to participation in the Conference, and suggests that in this connection it may be desirable, unless the Secretary [12a] perceives objection, informally to acquaint the U.S.S.R. with the above-mentioned agenda items, pointing out that they are only tentative. They are suggested by the Department of Labor. Please notify the Department if you are going to communicate them to the Soviet Government so that the same points may be brought to the attention of the British simultaneously.[13]

The radical press in this country is demanding that an international conference of labor leaders be called to discuss postwar labor problems. We are advised that a resolution to that effect may be passed by the C.I.O.[14] Convention next week but that a favorable decison on an I.L.O. conference would forestall such action.

Please give a copy of this message to the Delegation.

STETTINIUS

500C.115 28th Conference/6 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, November 13, 1943—midnight.

7193. In connection with Department's 7053, November 9; Embassy's 7767, November 9, and 7809, November 10; [15] and earlier telegrams on the subject of an International Labor Organization Conference, the following is a recapitulation of the views of this Government.

[12a] Secretary Hull was in Moscow attending the Foreign Ministers' Conference.

[13] The Ambassador in the United Kingdom was informed in telegram 6944, November 4, 1943, that the American Embassy in the Soviet Union would discuss with the Soviet Government on November 4 the question of Soviet participation in the proposed Conference and, at the same time, would informally acquaint the Soviet Government with the four items of an agenda suggested by the United States Department of Labor (500C.115 28th Conference/6).

[14] Congress of Industrial Organizations.

[15] None printed.

On the assumption that the Soviet Government will be agreeable, this Government believes it desirable to hold an International Labor Organization Conference at the earliest possible time, certainly before the International Trade Union Conference scheduled for June and before August, as suggested by Bevin.[16]

As the first step in arranging for this Conference, this Government believes that there should immediately be held a meeting of the Governing Body or the Emergency Committee, preferably the latter. This meeting could be held in London and, as the Embassy has already been informed, Goodrich [17] is prepared to leave at once.

The place of the meeting of the Conference can be determined after decisions have been reached on the time of the meeting of the Emergency Committee and the time for holding the Conference. Immediate determination of these two questions is imperative and you are requested to inform the British Government of the views of this Government and urge an early and favorable response on this subject.

For Confidential Information of Ambassador

Goodrich has gone to Ottawa this weekend at the request of Rive,[18] who has just returned from London, to discuss with him certain problems relating to the International Labor Organization. It is expected that the subject of holding the Conference in Canada and the attitude of the Canadian Government to that proposal will be discussed. Upon Goodrich's return, the Department will be better informed on the question of the place in which the Conference should be held. This Government still believes it is desirable to hold the Conference in Canada and still attaches great importance to attendance by Green and Murray.[19] If Bevin can attend, that would be desirable, but the Department does not believe that the date of the Conference should be postponed for the sole reason of making this possible.

This whole subject has again been discussed with Lubin [20] and Miss Perkins,[21] and the position set forth above meets with their approval as well as the Department's.

HULL

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[16] Ernest Bevin, British Minister of Labor and National Service.

[17] Carter Goodrich, United States Labor Commissioner and Chairman of the Governing Body of the International Labor Organization.

[18] Alfred Rive, First Secretary, Canadian Department of External Affairs; Substitute Representative of the Canadian Government on the Governing Body of the International Labor Office.

[19] William Green, President of the American Federation of Labor, and Philip Murray, President of the Congress of Industrial Organizations.

[20] Isador Lubin, Commissioner of Labor Statistics; on leave during the war to serve on the White House Staff.

[21] Miss Frances Perkins, Secretary of Labor.

500C.115 28th Conference/15 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, November 26, 1943—5 p. m.
[Received November 26—1:50 p. m.]

8270. Foreign Office states it is agreeable to the date of December 16 for Governing Body meeting provided that transportation arrangements will permit the arrival of various delegates by that time. Department's 7400, November 22, 10 p. m.[22]

With respect to our suggestion that the meeting of the Conference be held before the end of March at the latest (see also Department's 7339, November 19, 8 p. m.[22]), Mr. Law [23] has written me as follows:

"His Majesty's Government naturally see no objection in principle to an early conference of the International Labour Organization. It is, however, their view that the time and place of the conference should be left over for decision by the Governing Body at its forthcoming meeting. This is the procedure required by the constitution of the International Labour Organization and we should be very reluctant to endeavor to impose our wishes as to the time and place of the conference which might not be wholly acceptable to the Governing Body. Our information suggests that both the employers and workers organizations are very jealous of their rights in such matters and would greatly resent any action by the governments which tended to suggest that the Organization was dominated by the governments and thus to undermine the tripartite basis of the Organization. Subject to this and of course to the views of the Canadian Government, whom we have suggested might be consulted, we for our part should be very happy if the Canadian Government saw fit to issue an invitation for the conference to meet in Canada in March."

Mr. Law mentions that on the basis of the information transmitted in Department's 7193, November 13, midnight, he believes that this procedure will be acceptable to our Government.

WINANT

500C.115 28th Conference/20g : Telegram

The Secretary of State to the Ambassador in the Soviet Union (Harriman)

WASHINGTON, December 4, 1943—midnight.

1339. With approval of British Government, Governing Body of the International Labor Organization is meeting in London December 16 to consider time, place and agenda of ILO Conference. British Government is agreeable to having Conference held in March. Canadian Government is opposed to holding Conference in Canada,

[22] Not printed.
[23] Richard Law, British Minister of State.

hence it will not be held there.[24] Green of American Federation of Labor has assured Secretary of Labor that A.F. of L. has changed its attitude and will not raise any question concerning participation of Soviet employee delegate.

HULL

500C.115 28th Conference/29e : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, December 16, 1943.

7916. Please deliver immediately to Phelan, Acting Director of the International Labor Organization, the following message "The United States Government wishes to extend an invitation to the International Labor Organization to hold its next Conference in the United States and it is suggested that the city of Philadelphia would be a suitable place." [25]

HULL

500C.115 28th Conference/29 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 19, 1943—11 p. m.
[Received December 19—9:32 p. m.]

8835. For State and Labor from Goodrich. In private session this afternoon the Governing Body discussed the Russian question on an initiative from the workers group. After a full discussion which maintained a high level it was unanimously agreed to instruct the Chairman and the Acting Director to inform the Russian Government (1) that the Governing Body hoped that the Soviet Union would participate in the forthcoming conference as a member of the Organization and (2) that Russia would in that case be allotted the seat now vacant among the eight states of chief industrial importance. It was agreed that this decision should be kept secret.[26]

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[24] The Minister in Canada informed the Department on December 2, 1943, that the Canadian position was based on the possibility of elections being held in Canada in 1944 (500C.115 28th Conference/46).

[25] A memorandum of December 17, 1943, from the White House to the Secretary of State, reported as follows: "The President has directed that the following message be transmitted to Ambassador Winant in London: 'Fully approve I.L.O. meeting in U.S. Signed: Roosevelt.'" Ambassador Winant was so informed in telegram 7949, December 17, 1 p. m. (500C.115 28th Conference/29b).

[26] In telegram 12, January 3, 1944, 8 p. m., the Department informed Ambassador Harriman of this action by the Governing Body, also noting the fact that Mr. Goodrich had conveyed the information to the Soviet Ambassador in the United Kingdom (Gousev), who received it without comment (500C.115-28th Conference/43a).

Refer Department's 7947, December 16.[27] Message used and appreciated. Meeting of Joint Maritime Commission authorized. [Goodrich.]

WINANT

500C.115 28th Conference/35 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, December 20, 1943.
[Received December 20—11:18 p. m.]

8861. For State and Labor from Goodrich. Governing Body agreed to hold Conference at Philadelphia, subject to condition specified, on April 20.[28] The agenda is as follows:

"I. Future policy program and status of the International Labor Organization.
II. Recommendations to the United Nations for present and postwar social policy.
III. The organization of employment in the transition from war to peace.
IV. Social security: principles, and problems arising out of the war.
V. Minimum standards of social policy in dependent territories.
VI. Reports on the application of conventions.
VII. Director's report."

Sub-headings omitted from official agenda but will be expanded in a covering note by the Director. Those agreed to under United Nations item were:

(*a*) Social aims of economic policy.
(*b*) Labor provisions of the peace settlement.
(*c*) Labor policy in territory of the Axis powers under military occupation.

Eden addressed afternoon session. Action deferred on industrial committees. After useful discussion Governing Body adjourned this evening. [Goodrich.]

WINANT

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[27] Not printed; it concerned a meeting, to be held in 1944, of the Joint Maritime Commission (500C.115 28th Conference/40a).

[28] For a report on the 91st session of the Governing Body of the ILO, December 16–20, 1943, with appendix and documents concerning convocation of the 26th session of the International Labor Conference and other subjects, see International Labour Office, *Official Bulletin*, vol. XXVI, no. 2, 1 December, 1944. See also *Participation of the United States Government in International Conferences, July 1, 1941–June 30, 1945*, pp. 94–96.

For a summary account of participation by the Department of State in the planning of the Conference and a statement of its results, see Department of State, *Postwar Foreign Policy Preparation, 1939–1945*, pp. 185 and 239–240.

500C.115 28th Conference/41 : Telegram

The Secretary of State to the Ambassador in the Soviet Union (Harriman)

WASHINGTON, January 15, 1944—5 p. m.

87. In connection with the participation of the Soviet Government in the forthcoming Conference of the ILO, reference is made particularly to Embassy's 2345 [*2347*] of December 28,[29] and 47 of January 7.[30]

In view of the fact that the Embassy has apparently not taken up directly with Molotov the desire of this Government that the Soviet Government participate in the ILO Conference, it is suggested that this action be taken at once, unless the Embassy perceives reasons for not so doing, other than the fact the ILO has now approached the Soviet Government directly.

It might be called to Molotov's attention: that this Government first expressed its views to the Soviet Government in September (Department's 906, September 25), when it was a matter of making preliminary arrangements for an ILO Conference and at that time expressed the very earnest desire of this Government that the U.S.S.R. actively participate in such a Conference; that early in November (Department's 1107, October 27, 1144, October 31, and Embassy's 1822, November 3 [31]) the Soviet Government was informed of the items this Government intended to propose for the agenda; that the latter part of November (Embassy's 2064, November 27 [32]) this Government again expressed its interest in participation by the Soviet Government; and that on numerous occasions the matter has been called to the attention of the Foreign Office [33] (Embassy's 2345 [*2347*], December 28).

Confidential for the Ambassador

Conversations with a representative of the ILO suggest that if the Soviet Government participates in the Conference, the ILO does not intend to raise the question of whether the Soviet Government has ever been disaffiliated with the ILO.

HULL

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[29] Not printed; Ambassador Harriman reported that the Soviet Foreign Office had not replied to the numerous inquiries regarding Soviet participation in the proposed ILO Conference. He proposed to speak to Mr. Molotov (People's Commissar for Foreign Affairs) about it at the next opportunity (500C.115 28th Conference/38).

[30] Not printed.

[31] Telegrams 1144 and 1822 not printed.

[32] Not printed.

[33] In telegram 238, January 25, 9 a.m., Ambassador Harriman reported that he had taken up with Mr. Molotov the continued desire of the United States Government that the Soviet Government participate in the forthcoming Conference (500C.115 28th Conference/43).

500C.115 28th Conference/50a : Telegram

The Secretary of State to the Minister in Finland (Schoenfeld)[34]

WASHINGTON, February 7, 1944—8 p. m.

18. Please call at the Foreign Office as soon as possible and say that the Finnish Government must realize that the ILO invitation (your 85, February 2[35]) to Finland was issued pursuant to normal procedure and without regard to the present international situation. The Finnish Government will appreciate, however, that it would be highly embarrassing for it to accept an invitation to attend a conference on American soil which nations allied with the United States and at war with Finland are also expected to attend. Under the circumstances would not the Finnish Government feel that it should not accept the invitation to the conference?

For your information only the Soviet and British Governments are being informed of the foregoing.

HULL

500C.115 28th Conference/51 : Telegram

The Chargé in Finland (Gullion) to the Secretary of State

HELSINKI, February 11, 1944—5 p. m.
[Received February 11—4:23 p. m.]

122. Assistant Director of Political Department of Foreign Office asked me to call (see my 110, February 10 [*8*])[36] and made statement to me in following sense:

Finland had received invitation to ILO Conference with great satisfaction because it has always been considered in this country that international collaboration, both political and economic, is best means to secure permanent place [*peace?*] and justice. Furthermore, this country has been particularly interested in ILO work and has been a member of Organization since 1919. In the future it intends to continue its participation.

Since, however, United States Government, whose hospitality the Conference is to enjoy, has intimated to Government of Finland that embarrassment might be caused by presence of Finnish representa-

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[34] Repeated to the Ambassadors in London and Moscow as telegrams 938 and 238, respectively, with instructions to "inform the Government to which you are accredited of the action indicated in the following telegram sent to Helsinki."

[35] Not printed; it concerned press reports on the question of Finland's probable participation in the ILO Conference at Philadelphia (500C.115 28th Conference/48).

[36] Not printed; the Chargé reported that he had informed the Assistant Director of the Political Bureau of the substance of the Department's telegram 18 of February 7, *supra*.

tives, Finland has decided accordingly that it will not send delegates to Philadelphia.

Foreign Office official added that Minister Procopé would be instructed to report similarly to the Department.[37]

I asked whether foregoing statement was a public declaration and was told that it was not but that newspapers and public opinion had been greatly interested in this topic and that it would be necessary therefore to give press some explanation. No press release would be made until Minister Procopé had reported back completion of his *démarche*. Foreign Office representative added that Finland was still interested in ILO and wished to receive publications and reports of the Organization which it would ordinarily receive as a member. He was uncertain about means by which these documents would be transmitted but believed that this would probably present no great problem.

GULLION

500C.115 28th Conference/57 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State [38]

Moscow, March 8, 1944—2 p. m.
[Received March 9—3:40 p. m.]

762. Re Embassy's 238, January 25, 9 a. m.[39] The Embassy has received a note dated March 7 from the Foreign Office reading in translation substantially as follows:

The reply of the Soviet Government on the question of the forthcoming Conference of the ILO is transmitted herewith.

The ILO is an institution of the League of Nations and is under the administrative and political direction of the League. In as much as the Soviet Government has maintained no relations with the League for some time, the Soviet Government does not feel that it would be possible for Soviet representatives to participate in a conference convoked by the ILO. In addition it is considered by the Soviet Government that the international organization in question does not possess sufficient authority in order to fulfill successfully the duties connected with international collaboration in the field of labor. The Soviet Government also feels that more democratic forms of organization of international collaboration in this field are required under present conditions.

HARRIMAN

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[37] The Finnish Minister (Procopé) informed the Department orally on February 18 that he had written a letter to the ILO Office in Washington informing the Office of the decision of his Government not to send delegates to the Conference.

[38] Repeated to London as Department's telegram 1947, March 15, 7 p. m.

[39] Not printed, but see footnote 33, p. 1015.

500C.115 28th Conference/57 : Telegram

The Secretary of State to the Ambassador in the Soviet Union (Harriman)[40]

WASHINGTON, March 18, 1944—6 p. m.

631. If you perceive no objection, it is requested that you communicate the following views to the Soviet Government. The subject matter is Embassy's 762, March 8, relating to participation by the Soviet Government in the forthcoming ILO Conference.

The United States Government regrets that the Soviet Government is not planning to send representatives to participate in the International Labor Conference, and hopes that it may reconsider and that at the very least it will send an official observer to the Conference.

With reference to the Soviet Government's criticism of the International Labor Organization, this Government has been giving consideration to measures designed to improve the effectiveness of the International Labor Organization as an organization of international collaboration in the field of labor and would be interested in learning the views of the Soviet Government in advance of the International Labor Conference.

It is the considered view of this Government that if possible the International Labor Organization should serve as the nucleus from which there may be evolved a body having the requisite authority and representative character to serve as an important United Nations forum for discussing economic and social matters related to the Organization's activities and especially as a place in which popular movements in the field of labor and social development may find expression in an official international body. This Government considers that valuable time and effort would be lost were the ILO to be discarded and a new instrument created. It is recognized that the present constitution and powers of the Organization should be reconsidered. The Philadelphia Conference will be an appropriate occasion to commence exploration of these possibilities and the agenda of this Conference was chosen with this object in view. It would be most helpful if the Soviet Government would participate in such discussions.

Plainly different types of economic and social systems have some problems special to those systems, but it is equally clear that the great range of economic and social problems will be of common interest to all countries. The Government of the United States believes that it would be distinctly unfortunate if the cause of general social advance was segregated as between countries with different types of economic and social systems. It is because the United States Government believes that the ILO may be made an effective instrument for the solu-

[40] Paraphrase sent to London as telegram 2103, March 21, 3 p. m.

tion of these common problems that it reiterates its hope that the Soviet Government will participate in the Conference.

For the Ambassador

Since the Embassy has already reminded the Soviet Government that this Government is a member of the ILO without being a member of the League, no mention of that fact is made in the above message, but the Embassy may wish to repeat it in its conversations with the Soviet Government. The Soviet Government might also be informed that the present limited relation of the ILO to the League will be discussed at the Conference with a view to eliminating certain administrative connections which now exist.

HULL

President Roosevelt to the Chairman of the Council of People's Commissars of the Soviet Union (Stalin)[41]

[WASHINGTON,] March 20, 1944—3 p. m.

I have just been informed by Harriman that the Soviet Union is not planning to participate in the conference of the International Labor Organization to be held in Philadelphia starting April 20.

I have given considerable thought to the role that the International Labor Organization should play in constantly improving the labor and social standards throughout the world. I am anxious that you should know my thoughts on this matter.

It is my opinion that the International Labor Organization should be the instrument for the formulation of international policy on matters directly affecting the welfare of labor and for international collaboration in this field. I should like to see it become a body which will also serve as an important organ of the United Nations for discussing economic and social matters relating to labor and an important agency for the consideration of international economic policies which look directly toward improvement in standard of living. It would be unfortunate if both our Governments did not take advantage of the conference in Philadelphia to help develop our common objectives. We could thereby adapt the existing International Labor Organization to the tasks facing the world without loss of valuable time.

I am instructing the United States Government delegates to the Philadelphia Conference to propose measures to broaden the activities and functions of the International Labor Organization and raise the

[41] Copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y. Telegram 2329, March 25, midnight, to London, informed Ambassador Winant that President Roosevelt had sent this personal message to Marshal Stalin (500C.115 28th Conference/82c).

question of its future relationship to other international organizations. In view of your interest in these matters and since there is a great range of social and economic problems that are of common interest to both our governments, I greatly hope that your government will participate.

ROOSEVELT

The Chairman of the Council of People's Commissars of the Soviet Union (Stalin) to President Roosevelt [42]

[Translation]

I share your endeavor toward cooperation of our two governments in working out economic and social matters connected with the tasks of improving working conditions on a world scale. The Soviet Union is unable, however, to send its representatives to the International Labor Bureau Conference in Philadelphia due to the motives, stated in the letter to Mr. Harriman, as the Soviet trades-unionist organizations expressed themselves against such a participation and the Soviet Government cannot but take into account the opinion of the Soviet trades-unionist organizations.

It goes without saying that, if the International Labor Organization in reality becomes an organ of the United Nations and not of the League of Nations, with which the Soviet Union cannot have connections, then the participation in its work also of representatives of the Soviet Union will be possible. I hope that this will become possible and that appropriate measures will be carried out already in the near future.

MARCH 25, 1944.

President Roosevelt to the Chairman of the Council of People's Commissars of the Soviet Union (Stalin) [43]

[WASHINGTON,] March 31, 1944.

Thank you much for your message of March twenty-fifth. I hope that at the coming meeting the International Labor Organization will make it clear that it is no longer an organ of the League of Nations, and that it will become affiliated with the United Nations.

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[42] Copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y. The same message, in a different translation, is printed in *Correspondence Between the Chairman of the Council of Ministers of the U.S.S.R. and the Presidents of the U.S.A. and the Prime Ministers of Great Britain During the Great Patriotic War of 1941–1945* (Moscow, Foreign Languages Publishing House, 1957), vol. II, p. 182.

[43] Copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N.Y. Transmitted by the White House Map Room; received by Marshal Stalin on April 4.

Therefore, I trust that the Soviet Union will have representatives at the following conference.

I will keep you informed of what happens at the Philadelphia meeting.

ROOSEVELT

The Chairman of the Council of People's Commissars of the Soviet Union (Stalin) to President Roosevelt [44]

[Translation]

I have received your message of April 4 [45] regarding the International Labor Bureau. Thank you for your reply. I believe that the realization of measures on reorganization of the International Labor Bureau will create the necessary conditions for the participation in its work in the future of the Soviet representatives.

APRIL 6, 1944.

500C.115 28th Conference/123 : Telegram

The Ambassador in the United Kingdom (Winant) to the Secretary of State

LONDON, April 7, 1944—4 p. m.
[Received 7:42 p. m.]

2838. I have kept Mr. Eden fully informed regarding our exchanges with the Soviet Government on the question of Russian participation in the ILO Conference and I communicated to him the substance of the Soviet note contained in the Department's 1947, March 15, 7 p. m.,[46] and the text of our reply contained in the Department's 2103, March 21, 3 p. m.[47] I also gave Mr. Eden the substance of the observations which the Department suggested Mr. Harriman make in presenting our reply, and told Mr. Eden of the President's personal message to Marshal Stalin mentioned in the Department's 2329, March 25, midnight.[48]

In reply to the request I made to Mr. Eden based on the last paragraph of the Department's 2103, March 21, 3 p. m., I have just received from [him] the following note:

"Am grateful to you for your letter in which you were good enough to enclose a memorandum about Soviet participation in the work of the

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[44] Copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y. A notation reads: "The President directed that this message be filed without an answer."

[45] See message of March 31, *supra*, and footnote 43.

[46] See footnote 38, p. 1017.

[47] See footnote 40, p. 1018.

[48] See footnote 41, p. 1019.

International Labour Organization and in particular in the forthcoming Conference.

You say in the penultimate paragraph of the memorandum that the State Department would appreciate learning what steps the British Government has taken or might take after ascertaining the views that have been expressed by the Soviet Government in reply to the American *démarche*.

The question whether we should make a parallel approach to the Soviet Government has been carefully considered and I now write to explain to you my Government's views.

We have watched with some anxiety the difficult situation which has been created by the differing views among American and British Trade Union Organizations on the subject of relations with the Russian Trades Unions. We are inclined to think that, having regard to public statements made by the American Federation of Labour about the relationship of the Russian Trades Unions to the Soviet Government, the Russian Trades Unions may fear that if they are represented at the International Labour Conference the credentials of their representative might be challenged under the constitution of the ILO.

We have no knowledge of the grounds on which the Soviet Government base their view that the ILO has insufficient authority successfully to carry out the duties arising from collaboration in the field of labour. The reference, however, to the need of more democratic forms of organization in the field of labour collaboration appears to indicate that their view is based on the divergence existing between the Trades Union Organizations in Russia, Great Britain and the USA.

In view of the course of events since the Soviet Government was first approached about participation in the Conference, we consider that it would be wiser not to press the Soviet Government further at the present stage. We would hope that they will be more favourably disposed towards the idea of association with the ILO when discussions of the form of a future world organization have made some progress.[49] It has always seemed to us that in view of past events the Soviet Government would prefer not to return to the existing bodies but, as a matter of self-respect, to resume their connection with these international activities as a founder member of a reconstituted organization.

I would, however, propose to instruct Sir Archibald Clark Kerr[50] to intimate that His Majesty's Government remain equally desirous of obtaining the cooperation of the Soviet Government in the ILO and hope that circumstances will make it possible for the Soviet Government to renew their cooperation with the International Labour Organization.["]

WINANT

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[49] For documentation on the exploratory conversations on international organization held at Dumbarton Oaks in Washington by representatives of the United States, the United Kingdom, the Soviet Union, and China, August 21–October 7, 1944, see vol. I, pp. 713 ff.

[50] British Ambassador in the Soviet Union.

500C.115 28th Conference/179 : Telegram

The Ambassador in the Soviet Union (Harriman) to the Secretary of State

Moscow, April 18, 1944—6 p. m.
[Received April 19—12:35 p. m.]

1348. I communicated the observations concerning the International Labor Office contained in the Department's 631, March 18, 6 p. m., to Molotov on March 23. His reply dated April 16 reads in paraphrase translation as follows:

"In reply to your letter of March 23 stating that the United States Government has given consideration to measures looking toward the reorganization of the ILO and expressing the desire that the Soviet Government participate in some form or other in the forthcoming Conference in Philadelphia, I desire to inform you that at the present time this question should be considered as settled by the exchange of messages between J. V. Stalin and Mr. Roosevelt. The Soviet Government, having in mind, however, that the question of the future organization and constitution of the ILO will undergo further elaboration in order to create an organization of the United Nations which would more fully answer to the demands of international collaboration of the democratic countries in the field of labor and would make possible the participation of representatives of the Soviet Union in its work, would appreciate receiving information regarding the course of the work mentioned above in the near future.

So far as Soviet proposals on the reorganization of the Labor Organization at this time are concerned, I can advise you only of those proposals which are being advanced by the Soviet trade union organizations and which are directed at strengthening the representation in the ILO of the trade unions. A desire is expressed on the part of the Soviet trade union organizations that the number of representatives of labor in the organization of the ILO should be equal to the number of the representatives of employers and government taken together. A desire is also expressed that in addition to the narrow composition of the office (Russian text *Biuro*) or organizations similar to this office there might be convoked broader gatherings of representatives of the countries participating in this international organization. The Soviet Government has under consideration these desires of the trade unions."

HARRIMAN

[The twenty-sixth session of the International Labor Conference, held at Philadelphia, Pennsylvania, April 20–May 12, 1944, was the first regular session of the ILO following the outbreak of the war. The Secretary of Labor of the United States, Miss Frances Perkins, noted that it was "an assembly of those who are charged in the midst of war to lay one of the foundation stones of the great peace, the stone of social justice, on which human hope and human life can be rebuilt."

For message of President Roosevelt read to the opening session of the Conference on April 20 by Secretary Perkins and message of Secretary Hull sent to the Conference on April 21, see Department of State *Bulletin*, April 22, 1944, pages 382–384.

Delegations were present from 41 member countries of the Organization. Observers of the Governments of Iceland, Nicaragua, and Paraguay, and several Danish observers also attended the session. For a complete list of members of delegations, see *International Labour Conference, Twenty-Sixth Session, Philadelphia, 1944, Record of Proceedings* (International Labour Office, Montreal, 1944), pages xv–xxxiv.

For a list of members of the United States delegation, together with an account of the session, see Department of State Conference Series No. 89: *Participation of the United States Government in International Conferences, July 1, 1941–June 30, 1945* (Washington, Government Printing Office, 1947), pages 105–108. Department of State officials attending the Conference included Adolf A. Berle, Jr., Assistant Secretary of State (Alternate Representative for the Government); Otis E. Mulliken, Acting Chief, Division of Labor Relations (Adviser to the Government Representatives); and Ralph J. Bunche, Divisional Assistant, Division of Territorial Studies (Substitute Adviser to the Government Representatives).]

500C.115 28th Conference/7–1544

Memorandum by the Secretary of State to President Roosevelt

WASHINGTON, August 22, 1944.

At the request of the Secretary of Labor I transmit herewith her report as Chairman of the United States Delegation to the twenty-sixth session of the International Labor Conference, held at Philadelphia from April 20 to May 12, 1944.[51]

Important work of the Conference with reference to the future role of the International Labor Organization and certain post-war policies of the United Nations in which the I.L.O. has an interest is to be carried on by committees of the Governing Body and we shall be glad in this Department to facilitate this work in every way possible so as to assure the utmost consistency in the foreign policy of this Government. I am confident that the discussions and decisions of the recent session of the International Labor Conference will con-

[51] For text of report by Secretary Perkins transmitted to the Secretary of State, see Department of State *Bulletin*, September 10, 1944, pp. 258–262.

tribute to the future effectiveness of the International Labor Organization.

The decisions of the Conference were taken in two forms—Recommendations and resolutions [52]—and cover a wide range of subjects, some of which call for action by governments, others of which call for action by various organs of the International Labor Organization, and still others of which suggest action by other international organizations. This Department proposes in the near future to suggest for your consideration further action to be taken with reference to the Recommendations adopted by the Conference.

[52] For texts of the resolutions and recommendations adopted by the Conference, see appendices XI and XII, respectively, in *International Labour Conference, Twenty-Sixth Session, Philadelphia, 1944, Record of Proceedings*, pp. 521 and 542. See also appendix XIII for text of Declaration adopted by the Conference concerning the aims and purposes of the International Labor Organization, *ibid.*, p. 621.

AGREEMENTS BETWEEN THE UNITED STATES AND THE UNITED KINGDOM AND BETWEEN THE UNITED STATES, THE UNITED KINGDOM, AND BELGIUM REGARDING THE ACQUISITION AND CONTROL OF URANIUM

Lot File 55D540, Box 2

Agreement Between the United States and the United Kingdom for the Establishment of the Combined Development Trust

THIS AGREEMENT AND DECLARATION OF TRUST is made the 13th day of June 1944 by FRANKLIN DELANO ROOSEVELT on behalf of the Government of the United States of America, and by WINSTON LEONARD SPENCER CHURCHILL on behalf of the Government of the United Kingdom of Great Britain and Northern Ireland. The said Governments are hereinafter referred to as "the Two Governments;"

WHEREAS an agreement (hereinafter called the Quebec Agreement [1]) was entered into on 19 August 1943 by and between the President of the United States and the Prime Minister of the United Kingdom; and

WHEREAS it is an object vital to the common interests of those concerned in the successful prosecution of the present war to insure the acquisition at the earliest practicable moment of an adequate supply of uranium and thorium ores; and

WHEREAS it is the intention of the Two Governments to control to the fullest extent practicable the supplies of uranium and thorium ores within the boundaries of such areas as come under their respective jurisdictions; and

WHEREAS the Government of the United Kingdom of Great Britain and Northern Ireland intends to approach the Governments of the Dominions and the Governments of India and of Burma for the purpose of securing that such Governments shall bring under control deposits of the uranium and thorium ores within their respective territories; and

WHEREAS it has been decided to establish a joint organization for the purpose of gaining control of the uranium and thorium supplies

[1] Documentation on the Conference at Quebec between President Roosevelt and Prime Minister Churchill, with their advisers, August 17–24, 1943, is scheduled for publication in a subsequent volume of *Foreign Relations*.

in certain areas outside the control of the Two Governments and of the Governments of the Dominions and of India and of Burma;

NOW IT IS HEREBY AGREED AND DECLARED AS FOLLOWS:

1. (1) There shall be established in the City of Washington, District of Columbia, a Trust to be known as "The Combined Development Trust."

(2) The Trust shall be composed of and administered by six persons who shall be appointed, and be subject to removal, by the Combined Policy Committee established by the Quebec Agreement.

2. The Trust shall use its best endeavors to gain control of and develop the production of the uranium and thorium supplies situate in certain areas other than the areas under the jurisdiction of the Two Governments and of the Governments of the Dominions and of India and of Burma and for that purpose shall take such steps as it may in the common interest think fit to:

a. Explore and survey sources of uranium and thorium supplies.

b. Develop the production of uranium and thorium by the acquisition of mines and ore deposits, mining concessions or otherwise.

c. Provide with equipment any mines or mining works for the production of uranium and thorium.

d. Survey and improve the methods of production of uranium and thorium.

e. Acquire and undertake the treatment and disposal of uranium and thorium and uranium and thorium materials.

f. Provide storage and other facilities.

g. Undertake any functions or operations which conduce to the effective carrying out of the purpose of the Trust in the common interest.

3. (1) The Trust shall carry out its functions under the direction and guidance of the Combined Policy Committee, and as its agent, and all uranium and thorium and all uranium and thorium ores and supplies and other property acquired by the Trust shall be held by it in trust for the Two Governments jointly, and disposed of or otherwise dealt with in accordance with the direction of the Combined Policy Committee.

(2) The Trust shall submit such reports of its activities as may be required from time to time by the Combined Policy Committee.

4. For the purpose of carrying out its functions, the Trust shall utilize whenever and wherever practicable the established agencies of any of the Two Governments, and may employ and pay such other agents and employees as it considers expedient, and may delegate to any agents or employees all or any of its functions.

5. The Trust may acquire and hold any property in the name of nominees.

6. All funds properly required by the Trust for the performance of its functions shall be provided as to one-half by the Government of the United States of America and the other half by the Government of the United Kingdom of Great Britain and Northern Ireland.

7. In the event of the Combined Policy Committee ceasing to exist, the function of the Committee under the Trust shall be performed by such other body or person as may be designated by the President for the time being of the United States of America and the Prime Minister for the time being of the United Kingdom of Great Britain and Northern Ireland.

8. The signatories of the Agreement and Declaration of Trust will, as soon as practicable after the conclusion of hostilities, recommend to their respective Governments the extension and revision of this wartime emergency agreement to cover post war conditions and its formalization by treaty or other proper method. This Agreement and Declaration of Trust shall continue in full force and effect until such extension or revision.

FRANKLIN D. ROOSEVELT
WINSTON CHURCHILL

The Belgian Minister for Foreign Affairs (Spaak) to the American Ambassador in the United Kingdom (Winant)[2]

[BRUSSELS,] September 26, 1944.

YOUR EXCELLENCY: With reference to the discussions which have been taking place between representatives of the Belgian Government and of the Governments of the United States of America and of the United Kingdom on the subject of uranium and thorium ores, I now have pleasure in sending herewith a Memorandum of Agreement annexed to this letter setting out the arrangements which have been agreed as a result of these discussions.

I am authorized to inform you that the provisions of the annexed Memorandum of Agreement meet with the approval of the Belgian Government. I therefore propose that, if they also meet with the approval of the Governments of the United States of America and of the United Kingdom, this letter together with your reply so informing me shall constitute an Agreement between the three Governments which will come into effect from today's date.

Please accept [etc.] P. H. SPAAK

[2] Copy obtained from the Department of Defense; an identical letter was sent on the same date to Sir John Anderson, British Chancellor of the Exchequer.

[Enclosure]

Memorandum of Agreement Between the United States, the United Kingdom, and Belgium Regarding Control of Uranium

1. The Government of Belgium agrees with the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland that it is desirable that during the present war against Germany and Japan and in the future all uranium and thorium ores wherever located should be subject to effective control for the protection of civilization, and to this end the Government of Belgium will insure effective control of said ores located in all territory subject to the authority of Belgium.

2. As a result of the discussions which have accordingly been proceeding between the Governments of the United States of America and of the United Kingdom on the one hand and the Government of Belgium on the other hand it has been agreed that a contract shall be entered into between the Combined Development Trust acting as agent for the Governments of the United States of America and the United Kingdom and the African Metals Corporation acting for the producing company (Union Minière du Haut Katanga) for the delivery by the said corporation to the said trust of uranium ore and ore concentrates containing approximately 3,440,000 pounds of uranium oxide.

3. The Belgian Government undertake to insure the delivery of uranium ore concentrates containing approximately 3,440,000 pounds of uranium oxide in accordance with the terms and conditions of the above mentioned contract.

4. The Governments of the United States of America and of the United Kingdom undertake to insure that the Combined Development Trust take delivery of the said uranium ore and ore concentrates in accordance with the terms and conditions of the above mentioned contract.

5. The Governments of the United States of America and of the United Kingdom undertake to facilitate the delivery to the producing company (Union Minière du Haut Katanga) of such materials as the parties to the contract agree to be necessary for the reopening and development of the mine at which the said ore and ore concentrates will be produced.

6. For the period required for the completion of the contract referred to in paragraph 2 above and for a further period of ten years the Belgian Government grant to the Governments of the United States of America and of the United Kingdom the first refusal of all uranium and thorium ores produced in the Belgian Congo, subject to the right of the Belgian Government to reserve such reasonable quantities of the said ores as may be required for her own scientific research and for her own industrial purposes exclusive of any process involving

the use of such ores as a source of energy except as provided in paragraph 9 below.

7. The Belgian Government undertake to control in accordance with the agreement recorded in paragraph 1 above the use of ores reserved as provided for in the preceding paragraph.

8. During the periods referred to in paragraph 6 above the Belgian Government undertake to use their best endeavors to supply such quantities of uranium and thorium ores as may be required by the Governments of the United States of America and of the United Kingdom solely for military and strategic purposes.

9. As regards the use of the above mentioned ores as a source of energy the following arrangement shall apply:—

(*a*) In the event of the Governments of the United States of America and of the United Kingdom deciding to utilize as a source of energy for commercial purpose ores obtained under this agreement the said Governments will admit the Belgian Government to participation in such utilization on equitable terms.

(*b*) The Belgian Government undertake that, in the event of their contemplating the use of such ores as a source of energy, they will so use them only after consultation and in agreement with the Governments of the United States of America and of the United Kingdom.

10. This Memorandum of Agreement shall be treated as a military secret in keeping with its purpose.

The American Ambassador in the United Kingdom (Winant) to the Belgian Minister for Foreign Affairs (Spaak) [3]

LONDON, September 26, 1944.

SIR: I have pleasure in acknowledging receipt of your letter of today's date in which you communicated to me the text of a Memorandum of Agreement setting out certain arrangements which have been agreed on the subject of uranium and thorium ores as the result of discussions between representatives of the Belgian Government and of the Governments of the United States of America and of the United Kingdom.

In reply I have pleasure in informing you that the Governments of the United States of America and of the United Kingdom approve the arrangements proposed in the Memorandum of Agreement annexed to your letter and agree that our present exchange of letters shall constitute an Agreement between the three Governments with effect from today's date.

Please accept [etc.] JOHN G. WINANT

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[3] Copy obtained from the Department of Defense; an identical letter, except for a reversal of the order in which the United States and the United Kingdom are named, was sent on the same date by Sir John Anderson to Mr. Spaak.

INTEREST OF THE UNITED STATES IN MEASURES FOR THE PROTECTION AND SALVAGE OF ARTISTIC AND HISTORIC MONUMENTS IN WAR AREAS [1]

840.403/74 : Airgram

The Secretary of State to the Ambassador in the United Kingdom (Winant)

WASHINGTON, January 27, 1944—7 p. m.

A-124. Your A-435, June 7, Department's A-1370, October 8.[2] Before undertaking a reply to the British Government's note of May 31, 1943, quoted in your airgram of June 7, the Department wished to avail itself of the views of the newly constituted American Commission for the Protection and Salvage of Artistic and Historic Monuments in Europe.[3] The entire question has been given detailed consideration in the light of the comments received from the Commission and you are requested to inform the British authorities substantially as follows:

Mr. Justice Roberts, Chairman of the American Commission points out [4] that

"The primary purpose of the plan . . . was to protect and conserve works of art and artistic or historic monuments and records in Europe to the extent allowed by military operation. To carry out this plan, it was proposed that specialists in the fine arts, familiar with the description of works of art and of cultural monuments in Europe, and also librarians, would be attached to the United Nations' military forces operating in the European theatre. Those specialists would be prepared to furnish information and render such other services as might be needed with respect to works of art, cathedrals and other cultural monuments in Europe, so that their destruction might be avoided if consistent with military operations."

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[1] Continued from *Foreign Relations*, 1943, vol. I, pp. 469–483.

[2] *Ibid.*, pp. 474 and 480, respectively.

[3] The name of the Commission was officially changed on April 21, 1944, by the substitution of "War Areas" for "Europe". At the request of the Navy Department and with the assent of the Commission, the Secretary of State inquired in a note of April 8, 1944, whether President Roosevelt would approve the extension of the scope of the Commission's activities to include the Far East. The President gave his approval immediately, and the name of the Commission was altered to reflect this extension in scope. In a note of May 6, 1944, Secretary Hull informed the Chinese Ambassador of this action, with the following qualification: "It is the Department's understanding that the plans of the Commission of course do not envisage activities in or relative to China." (840.403/104b)

[4] In his letter of October 25, 1943, to Acting Secretary of State Berle (840.403/74).

This objective was included in the initial proposal submitted by the Chief Justice in his capacity as Chairman Ex-Officio of the Board of Trustees of the National Gallery of Art and has been approved by the President. The Commission points out that, in its opinion, this is the essence of the matter under discussion.

You may inform the British Government that the War Department is cooperating in the fulfillment of that portion of the plan falling within its province and that approximately 15 specialists have been commissioned by the Army and have been sent to fields of operations. The War Department is also planning to establish lectures in the schools of military government with the idea of training officers in the Specialist Branch of the services on the location and the care to be given to art objects in occupied territories.

With reference to numbered paragraph (2) of the British note, the Commission comments as follows:

". . . the Commission believes that the proposed British committee should not be subordinated to the Reconstruction Commission contemplated by the British Government but should operate independently and give advice to the Reconstruction Commission when requested."

The above observations of the Commission are quoted only as a matter of possible interest to the British authorities. Pending probable developments with respect to the establishment of the Reconstruction Commission alluded to as operating under the supervision of such United Nations authority as may be deemed appropriate, it is not desired to have these comments of the Commission construed as representing the studied policy of this Government. The question of the establishment of a Reconstruction Commission is beyond the purview of the present discussion and it would seem to be premature to make any positive statement at this time regarding the position of the American Commission and its anticipated counterparts in Great Britain and the Soviet Union vis-à-vis a possible United Nations organization of this character.

The American Commission's observations follow concerning numbered paragraph (3) of the British note:

"The Commission has no comment with respect to the question of deciding on compensation in cases where works of art cannot be found or have been damaged, raised by Paragraph 3 of the note of the British Foreign Office. However, the Commission believes that it should collect information for presentation to the proper authorities at the time of the armistice upon which claims for compensation could be founded in the event such claims should be advanced."

The Department agrees entirely with the views of the British Government that the question of deciding on compensation is within the exclusive jurisdiction of the governments concerned and is not

appropriate for consideration or action by the National Commissions, except as outlined in the above quoted comment by Mr. Justice Roberts with respect to the collection of information for presentation to the proper authorities. The Department feels that the National Commissions quite properly should not inject themselves into the matter of reparations and restitutions, and should confine their activities in this sphere to the compilation of appropriate and useful information as to the location and condition of works of art or historic monuments which may have been damaged or purloined by the Axis powers or by others with the knowledge and consent of such powers.

With respect to numbered paragraph (4) of the British note, the Department believes that the following quoted observation of the American Commission represents a practical approach to the questions posed:

"The Commission agrees with the suggestion in Paragraph 4 of the note that the function of the proposed commission should be clearly laid down and the nature of 'works of art' strictly defined. If desired . . . the Commission will be pleased to propose such a definition. Meanwhile, it is suggested that the phrase 'works of art' be taken to include in so far as they represent objects of cultural value:

"1. Churches
"2. Palaces, chateaux, and houses
"3. Monuments, under which heading are included not only commemorative monuments and remains of ancient structures, buildings of historical and artistic importance (other than churches and palaces), open-air works of art, such as fountains, et cetera
"4. Cultural institutions which include museums, university buildings, libraries, archives, and the like
"5. Sculpture
"6. Paintings and miniatures
"7. Furniture
"8. Arms and armor
"9. Glass, pottery, porcelain
"10. Jewelry and metal work
"11. Textiles
"12. Prints, drawings, water colors, pastels and manuscripts
"13. Rare books."

With regard to numbered paragraph (5), it is believed that the pertinent foregoing points, the statements contained in the Department's airgram number 1370 of October 8, 1943, and the following quoted comment by the American Commission constitute a reasonably accurate résumé of this Government's views concerning the organization, functions and scope of activity of the proposed National Commissions. In this connection, and pursuing further the thought advanced in numbered paragraph (4) of the British note, it is recognized that it may be desirable for the three Governments to agree upon a delineation of the precise responsibilities and *modus operandi*

of the National Commissions. The Department will appreciate receiving the suggestions of the British Government in this regard. The Commission's comments referred to immediately above are as follows:

"The Commission will cooperate with the appropriate branches of the Army and of the Department of State, including the Office of Foreign Relief and Rehabilitation Operations,* as well as with appropriate civilian agencies. The Commission will also advise and work with the Schools of Military Government, and subsequent organizations of civilian character which may take over control of occupied territory when it is possible to relinquish military control.

"The Commission is furnishing museum officials and art historians to the United States Army so that, so far as is consistent with military necessity, works of cultural value may be protected in occupied countries. One of the principal functions of the Commission is to act as a channel of communication between the United States Army and the various universities, museums and other scholarly institutions, organizations and individuals from whom information and services are desired. Already much valuable material has been collected and furnished to the United States Army by museums and universities through the efforts of individual members of the Commission and others serving in a volunteer capacity."

The introduction of the question of an Inter-Governmental Committee in this field (numbered paragraph (5)) would seem to raise a question with respect to the position of such Committee vis-à-vis the three National Committees. Since the receipt of the British note, the Conference of the Ministers of Education of the Allied Governments [5] has appointed a subcommittee to deal with the restoration of art objects. It is assumed that this subcommittee takes the place of the suggested Inter-Governmental Committee and should serve a useful purpose as a clearing house for information. The Department concurs, however, in the following quoted comment of the American Commission regarding the rôle of the suggested Inter-Governmental Committee (now the subcommittee of Education Conference):

"It is assumed that this inter-governmental committee would be in addition to a British Commission formed on lines similar to those established for the American Commission. The Commission further assumes that the inter-governmental committee would be available to the American, British and Soviet Commissions for consultation in matters involving European knowledge."

The American Commission makes the following observation with respect to numbered paragraph 6 of the British note:

"The Commission believes that it would be desirable to associate the Committee of the Central Institute of Art and Design of the National

*This antedates the transfer of OFRRO to the Office of Foreign Economic Administration and the establishment of the United Nations Relief and Rehabilitation Administration. The American Commission of course will cooperate with both units. [Footnote in the original.]

[5] See *Foreign Relations*, 1943, vol. I, pp. 1152 ff.

Gallery in London with any new official commission which the British Government may set up in London, or at least to arrange for the information collected by the unofficial committee to be made available to the new commission. Similarly, the American Commission is utilizing studies which have been made by unofficial committees in the United States. Also, such information should be made freely available to the inter-governmental committee set up by the Governments referred to in Paragraph 5 hereof."

The American Commission has expressed the view, in which the Department concurs, that it would be advisable to keep the Soviet Government fully informed of the steps which have been or are being taken to protect and salvage works of art in Europe. The Commission has proposed that the contents of the British note and of the reply containing the views of the Commission be communicated to the Soviet Government. You are requested, therefore, to inquire of the British Government whether it would have any objection to such initiative on the part of this Government.

The Department and the American Commission have been gratified to note that the British Government is in general favorably disposed to the proposal made by this Government and hope that the British Government will see its way clear to constituting a comparable official British Commission. Meanwhile the American Commission holds itself in readiness to cooperate fully with the appropriate British authorities or with recognized private institutions in the United Kingdom in matters falling within the general sphere of the Commission's functions and activities as outlined above.

HULL

[The British Foreign Office notified the Ambassador in the United Kingdom (Winant) on May 17, 1944, that a British Committee on the Preservation and Restitution of Works of Art, Archives, and Other Material in Enemy Hands, headed by Hugh Pattison Macmillan, had been constituted. Members of the Committee were Lord Macmillan (Chairman), Sir John Clapham, Sir Kenneth Clark, Sir John Forsdyke, Sir Frederic Kenyon, Sir Eric Maclagan, Mr. J. G. Mann, Mr. Vincent Massey, Mr. R. C. Norman, Professor G. M. Trevelyan, and the Duke of Wellington. By its terms of reference, the Macmillan Committee was (*a*) to be of service in the restitution of works of art and archives misappropriated by enemy governments or individuals; (*b*) to cooperate with the Roberts Commission; (*c*) to avail itself of special information concerning restitution; (*d*) to investigate and consider technical problems regarding restitution and offer advice to His Majesty's Government; and (*e*) to promote those methods of collaboration best calculated to secure the general purposes of post-war preparations. (840.403/107)]

627-819—67——66

840.403/7-2744

The Secretary of State to the Chairman of the American Commission for the Protection and Salvage of Artistic and Historic Monuments in War Areas (Roberts)

WASHINGTON, September 2, 1944.

MY DEAR JUSTICE ROBERTS: I wish to thank you for your letter of July 27, 1944[6] in which you stated that the American Commission for the Protection and Salvage of Artistic and Historic Monuments in the War Areas is prepared to carry out the duties prescribed to be performed by it at the time of the Armistice, as set out in paragraphs 8 (i) and (ii) of the Department's letter of June 21, 1943 to the President.[7]

The Department of State has not considered any specific directives on the restoration of works of art and historic monuments to be included in the Armistice terms, but it has formulated certain statements of policy with respect to reparation, restitution, and property rights vis-à-vis Germany which are applicable in part to works of art and historic monuments.

A summary of these statements of policy, prepared by a committee within the Department, has been approved by the Executive Committee on Economic Foreign Policy, an inter-departmental committee,[8] and is designed to serve as the basis for instructions to representatives of this Government negotiating with other Allied governments on the named subjects. Attached is a memorandum in which are set out relevant excerpts from section 5 of the summary which deals in general terms with restitution and replacement and makes a special reference to restoration in kind of artistic and cultural articles. Following this section, there are quoted in the memorandum more detailed recom-

[6] Not printed; it stated that liaisons had been established with the War Department, the Macmillan Committee constituted by the British Government, and the Inter-Allied Committee for the Protection and Salvage of Cultural and Historical Monuments in Europe (Vaucher Committee) organized by the Allied Ministers of Education in London during April 1944. Justice Roberts added that both governmental and private gathering agencies were compiling lists of property appropriated by Axis agents from public and private collections. In notifying the Secretary that the Commission was now prepared to carry out the duties to be assumed by it at the time of the Armistice, Justice Roberts inquired whether the Department of State had prepared directives relative to art restitution to be included in the armistice terms. (840.403/7-2744)

[7] For text of letter, see *Foreign Relations*, 1943, vol. I, p. 475.

[8] This Committee, composed of representatives from the Departments of Labor, Agriculture, Treasury, Commerce, and State, the United States Tariff Commission, and the Foreign Economic Administration, was constituted on April 18, 1944, pursuant to a letter from President Roosevelt to the Secretary of State. The various subcommittees of this group examined problems and developments affecting the foreign economic policy of the United States and formulated recommendations for the consideration of the President and the Secretary of State. The secretariat and subcommittees functioned under the Office of Economic Affairs, Department of State, until January 1945, when they were placed under the direction of an Assistant Secretary of State.

mendations on these subjects which are contained in the full report of the Department's Committee referred to. The gist of the Committee's recommendations has been communicated to members of the staff of the American Commission from time to time.

The Department would appreciate receiving an expression of the views of the American Commission with regard to the application of the principles set out in the accompanying memorandum to the restoration of looted artistic and cultural objects.

Sincerely yours, CORDELL HULL

[Enclosure]

MEMORANDUM [9]

"5. *Restitution and Replacement.*

"The principal recommendations with respect to this subject may be summarized briefly as follows:

a) In principle there should be an unlimited obligation on Germany to restore identifiable looted property, even though in practice official efforts to locate such property will have to be confined to a limited number of categories.

b) Restitution should be restricted to identifiable property in existence prior to German occupation. Looted property should be restored to the existing governments of the territories where the property had its situs and not to the former owners individually.

c) Looted property should be returned in the condition in which it is found. The return of such property should not count as a credit against Germany's reparation obligation nor should it be deducted from the reparation claim of the recipient.

d) All property transferred to Germany during the period of German occupation (except for current output) should be presumed to have been transferred under duress and accordingly treated as looted property.

e) The right to restitution is not absolute. The Allied authorities should have the discretionary right to prevent or postpone restitution of vital equipment (such as, e.g., rolling stock) whenever such equipment is deemed essential to assist the revival of a seriously disorganized country.

f) It has been suggested that, in addition to restitution and reparation, countries having suffered property losses be entitled to "replacement", meaning the receipt of an equivalent piece of property for property lost or destroyed. It is believed that the "replacement" category would be a source of confusion and that it would serve no purpose that could not be served equally well by reparation in kind. It is, therefore, recommended that no claims for replacement be allowed except in the cases of (1) gold and (2) works of art and other cultural treasures, these exceptions being justified by the peculiar importance attached to those categories of goods.

[9] Extracted from "Report on Reparations, Restitution, and Property Rights—Germany", dated July 31, 1944, prepared by the Executive Committee on Economic Foreign Policy as ECEFP D-31/44.

"An obligation to locate and restore looted property removed to Germany or retained under German control should be imposed on the German Government—presumably in the armistice terms or peace treaty. It is anticipated, however, that the Allied control authorities will probably have to play an important role in the task of locating and returning the property.

"No attempt should be made to make restitution to the original owners individually. The object is to restore to the occupied countries as much of their looted property as can reasonably be found and restored. The German Government and/or the Allied control authorities should restore whatever looted property they find to the legitimate governments of the liberated countries. The question of restoration to individual owners is a matter for these governments to handle in whatever way they see fit. The original owners may have received part payment for property taken from them under duress and the governments in question may wish to make adjustments for this circumstance in returning the property. In some cases it may be impossible to locate the original owners or their heirs and the governments involved will have to decide what should be done with the property or proceeds therefrom.

"All property transferred to Germany during the period of occupation (except for current output) should be presumed to have been transferred under duress and accordingly treated as looted property. This should be done regardless of whether complete or partial payment may have been made in recompense. Property purchased by German nationals during the occupation may have been legally purchased with local funds, but there is reason to believe that in many, if not most, cases the local funds were supplied originally by the local governments or central bank as occupation costs or through forced credits. The Germans in effect forced the local government to pay for their purchases. The individual owner received recompense in local currency but the country as a whole received no compensation for the transfer of property to foreign owners. These cases constitute looting just as much as the cases of outright seizure."

"For political reasons the right to restitution should be recognized in all cases and for all classes of property. This is desirable both as a gesture to meet the expectations of the various Allied governments and as a logical corollary to the Inter-Allied Declaration of January 5, 1943.[10] As a practical matter, however, restitution should be restricted to relatively few kinds of property. A thorough search for all the miscellaneous kinds of property which have been looted is utterly impracticable, but vigorous efforts should be made to locate

[10] Inter-Allied Declaration Against Acts of Dispossession Committed in Territories Under Enemy Occupation or Control; for text, see *Foreign Relations*, 1943, vol. I, p. 443, or British Cmd. 6418, Misc. No. 1 (1943).

the following: archives and records of the occupied countries; gold; works of art; historical and educational treasures, including libraries. Since efforts by German authorities after the armistice to locate and restore these classes of property may be desultory, the occupation authorities should be prepared to assist in locating and restoring the above-mentioned categories of looted property. German archives may be helpful for this purpose. In addition, the Germans should be required to provide reports and information which may be helpful to the Allied control authorities in this connection."

"Consideration was given to the suggestion that the right to restitution should be restricted to a definite interval of time following the armistice. This would have the effect of giving the existing holder clear title to the property after this date. It was felt, however, that if this date was reasonably soon after the armistice, efforts to conceal looted property and prevent its return until the time when it would no longer be subject to seizure and return would be stimulated. On balance, therefore, it was felt that such a provision would be undesirable, although it is recognized that efforts for the restitution of looted property will, as a practical matter, be made only during a relatively short period following the armistice."

840.403/10–3044

The Chairman of the American Commission for the Protection and Salvage of Artistic and Historic Monuments in War Areas (Roberts) to the Secretary of State

WASHINGTON, October 30, 1944.

MY DEAR MR. SECRETARY: I have your letter of September 2, 1944, enclosing a memorandum of certain statements of policy with respect to reparation, restitution, and property rights vis-à-vis Germany, and requesting an expression of the views of the American Commission for the Protection and Salvage of Artistic and Historic Monuments in War Areas on the application of those statements of policy to the restoration of looted artistic and cultural objects.

At a recent meeting of the American Commission, the principles which this Commission should urge with respect to the restitution, replacement and restoration of works of art, books, and archives were agreed upon. I am enclosing a memorandum [11] which sets forth these principles and refers to a possible method for their enforcement. As you will note, the principles follow closely the statements of policy contained in the memorandum of the Department of State. Certain additional principles, however, have been suggested.

With regard to measures for the enforcement of the restitution principles, the Commission suggests that consideration be given to (1)

[11] Enclosure 1.

the military directives issued by Supreme Headquarters, Allied Expeditionary Force[12] and (2) the draft directive prepared by the American Delegation to the European Advisory Commission, to be issued to the Commander in Chief of the Forces of Occupation,[13] both of which are appended to the attached statement of principles as Annexes I and II respectively. The Commission calls attention, however, to the desirability of clarifying those enforcement measures in two respects: (1) all directives and military ordinances relating to fine arts and monuments should refer specifically to "books" and "archives", as well as to "works of art", "objects of scientific or historical importance", or "objects of other cultural importance"; and (2) if the military occupation authorities decide that an object is a "work of art" or "other cultural material", there should be no discretion with regard to assuming control of it, as seems to be permitted in paragraph 8 of the draft directive of the European Advisory Commission.

I also submit for your consideration a memorandum which was forwarded to this Commission by the British Committee on the Preservation and Restitution of Works of Art, Archives, and Other Material in Enemy Hands. That memorandum, addressed to the Secretary of State for Foreign Affairs and dated September 20, 1944, recommends the formation of an international body to advise on the problems of conservation and control of works of art, books, archives, and other cultural materials in Germany. A photostatic copy of the memorandum is enclosed.[14]

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[12] For text of the military directive on Monuments and Fine Arts (Germany), see enclosure 2. The "Draft Military Ordinance on Property Control", dated August 18, 1944, is not printed here. The draft with minor changes was published as Law No. 52, "Blocking and Control of Property", in Part I, Chapter IV, of the directives issued by the Office of the Chief of Staff, Supreme Commander, Allied Expeditionary Force, *Handbook for Military Government in Germany Prior to Defeat or Surrender* (By command of General Eisenhower, December 1944.)

[13] "Directive to the (US) (UK) (USSR) Commander-in-Chief, Control of Works of Art," September 14, 1944; not printed. A revised version of this document, after clearance with the Joint Chiefs of Staff, was submitted to the European Advisory Commission by the American Representative on November 21, 1944, as "Draft Directive No. 2, Control of Works of Art and Monuments". See p. 1060.

[14] Enclosure 3. On November 15, 1944, in a letter to Prime Minister Churchill (summarized in telegram 10070, November 17, from London) the Chairman of the Macmillan Committee reiterated the necessity of creating an Inter-Allied Commission. Lord Macmillan suggested that such a Commission would be the body to which all claims by Governments and individuals should be presented for examination and adjudication and should be empowered to recommend the steps to be taken for their enforcement; that it could also advise as to the means to be taken to prevent evasion, as for example by placing an embargo on the removal of works of art from one country to another; that in the absence of such an authoritative body, individual action might be taken by foreign governments and individuals which might lead to much confusion and uncertainty. (840.403/11-1744)

I am authorized to say that the American Commission concurs in the recommendation of the Macmillan Committee, with two qualifications: (1) if the commission that is recommended should be formed, such commission should not only advise the military commander of the occupation forces but should be the international agency to exercise the trusteeship of the cultural materials in Germany referred to in the 12th principle suggested by this Commission; and (2) any such international agency should be a United Nations organization.

The Commission will be happy to render to the Department all possible assistance in regard to this matter.

Sincerely yours, OWEN J. ROBERTS

[Enclosure 1]

Memorandum on Principles for the Restitution of Works of Art, Books, Archives, and Other Cultural Property [15]

[WASHINGTON,] October 11, 1944.

The following recommended principles are based on the memorandum of the Department of State formulating certain statements of policy with respect to reparation, restitution, and property rights vis-à-vis Germany generally, submitted to the American Commission by the Secretary of State on Sept. 2, 1944. Where those statements of policy have been rephrased, it has been to express the views of this Commission.

1. *There should be an unlimited obligation on Germany to restore identifiable looted works of art, books, archives, and other cultural treasures.*

Comment. This principle is stated in its broadest terms, although it is recognized that there will be practical limitations with regard to its application. Subsequent statements of policy of principles express some of those practical limitations, and are not to be understood as contradictory of this basic principle.

It is assumed that this principle will be applicable to all Axis countries and satellites. If it is not, an obvious loophole is left in the scheme of restitution. Nazi loot may be deposited for example in Italy, Hungary, or Austria. The obligation of the principal offender should also be the obligation of the accessories. It should be noted, however, that the obligation to restore applies between Axis Nations and satellites. Thus, it is intended that paintings taken by the Germans from Italy shall be returned to Italy.

[15] This statement of principles is similar to that found in the June 20, 1944, report of the Sub-Committee on Looted Property, prepared under the direction of Francis Henry Taylor of the Roberts Commission; report not printed.

2. *Restitution should be restricted to identifiable property in existence prior to German occupation.*

Comment. The Commission believes that this statement is a practical limitation on the general principle expressed in paragraph 1 which is desirable from the standpoint of administration.

3. *Looted property should be restored to the existing governments of the territories where the property had its situs and not to the former owners individually.*

Comment. This principle expresses a basic rule of international law which the Commission believes to be sound, although it is understood that minority groups in various European countries have suggested that [it?] be abandoned.

4. *Looted property should be returned in the condition in which it is found.*

Comment. This principle means that the Allied Nations will not permit or require Germany to rehabilitate physically damaged works of art. It is assumed that the Allies will be better able to assess the amount of damage done to works of art if they are returned in the condition in which they are at the time of the armistice. It is contemplated, of course, that costs of rehabilitation by the Allied Nations shall be charged against Germany.

5. *The return of such property should not count as a credit against Germany's other reparation obligations unless those obligations are expressly based on the removal of the property.*

Comment. In view of the great administrative difficulty which would be involved, the Commission ventures no opinion with respect to the allowance of damage for the loss of use of works of art and other cultural treasures.

6. *In any case where damage to property is caused by a bona fide effort by the Germans to save the property, reparation may not be charged.*

Comment. The obligation to pay damages should not attach where there has been no wrongful act. However, this principle may be entirely eliminated if it is decided that the initial German aggression made that country responsible for all damage flowing from the war regardless of subsequent bona fide efforts to prevent such damage.

7. *All property removed to Germany during the period of German occupation (except for current output as contemplated under paragraph 2 above) shall be presumed to have been transferred under duress and accordingly treated as looted property.*

Comment. This principle means, among other things, that purchases of works of art by Germans in occupied countries will not be recognized as legal acquisitions. The principle is merely an expression

of the generally accepted view that the legal devices employed by the Germans as part of their occupation technique will be disregarded.

8. *If identifiable looted works of art, books, archives, and other cultural treasures cannot be found, there should be an obligation on Germany to replace such articles by a comparable work of art or cultural treasure from their own public or private collections.*

Comment. For example, assume that the Ghent Altarpiece which is known to have been taken to Germany has disappeared. Restitution is not possible because the object has disappeared. It may be that monetary compensation will not fully satisfy the Belgian Government. In that case, the only way in which the Belgian Government can be compensated is to apply the above-stated principle of replacement, namely, to require the German Government to turn over an equivalent from its collections of Flemish pictures. If the article is so unique that no other similar article (or articles) is deemed to be equivalent, then an approximate replacement should be required from any other cultural material belonging to public or private collections in Germany. It is obvious that the application of the principle of replacement will call for international judicial tribunals to decide what is an adequate discharge of Germany's obligations.

It is intended that the cultural resources to be used by Germany to replace looted works of art shall be those of Germany and not Italy or other Axis satellites. In other words, the art of Italy is not to be used to satisfy claims against Germany for reparation in kind.

The following principles recommended by the American Commission are not contained in the State Department memorandum:

9. *There should be established by all European countries, neutrals as well as belligerents, a freezing control on the exportation and importation of works of art, books, archives, and other cultural property.*

Comment. United States and Great Britain have already set up such controls, at least so far as the importation of works of art is concerned. See (1944) 9 *Fed*[*eral*] *Reg*[*ister*] 6239. By definition, the vast quantity of current commercial art objects which forms the stock in trade of certain types of "art" dealers should be excluded from this control.

10. *The destruction of identifiable looted property by Allied bombing or other military action should not relieve Germany of the obligation to make reparation or to replace that property with other equivalent art.*

11. *In the application of the principle of replacement, such replacement should be so limited as not altogether to deprive Germany of access to cultural materials.*

Comment. This qualification means that German cultural materials should not be disposed of in such a way as to make a cultural desert of Germany itself. To do so would be to create an area of ignorance and superstition which might well serve as a breeding place for future war. It is not only possible but probable that demands for restitution in kind will exceed in quantity the materials available in Germany for their satisfaction. Without some limitation of the kind suggested, Germany might well be denuded of works of art, books, and museum exhibits.

12. *To carry out effectively the policies above set forth, consideration should be given to the creation of a United Nations committee, empowered to hold in trust and to administer the cultural resources of Germany, in order to repair, so far as possible, the injury done to communities and peoples deprived of access to art galleries, libraries, scientific museums, and cultural materials generally.*

Comment. This principle provides for an administrative body, which will obviously be essential to the proper administration of any program of effective restitution. The administrative body should be, of course, a United Nations organization and might well be set up under the principal United Nations organization once that organization is created. The destruction of libraries, galleries, museums, etc., throughout parts of Europe creates a critical cultural problem of the first magnitude. The only feasible method of restoring to the peoples of occupied areas some degree of access to cultural materials is to make materials belonging to Germany as widely available to the victims of cultural depredation as possible. The principle here proposed, providing for trusteeship of German cultural property, will constitute an effective and equitable beginning of a program of substantial cultural restitution. The Commission will marshal cultural resources for disposition in accordance with the principles of restitution ultimately adopted, and will also make those resources available to the extent it deems advisable, having regard to maintaining in Germany the basic materials for cultural life, for the satisfaction of claims determined by international tribunals.

Matters not covered by the above principles. The following situations are not touched upon in the memorandum of the Department of State, and the Commission does not feel that it can make a recommendation regarding the principles or statements of policy which should govern in these cases:

(A) Property appropriated by Germany from her own nationals;
(B) Cultural property which was formerly in an Allied country found in another Allied country, as, for example, paintings from a French museum found in Holland;
(C) Allied art property found in neutral countries.

Comment. In regard to cases (B) and (C), attention is directed to Recommendation VI of the Final Act of United Nations Monetary and Financial Conference, adopted at Bretton Woods, N. H., on July 22, 1944,[16] as follows:

"That all Governments of countries represented at this Conference take action consistent with their relations with the countries at war to call upon the Governments of neutral countries

"(*a*) to take immediate measures to prevent any disposition or transfer within territories subject to their jurisdiction of any

"(1) assets belonging to the Government or any individuals or institutions within those United Nations occupied by the enemy; and

"(2) looted gold, currency, art objects, securities, other evidences of ownership in financial or business enterprises, and of other assets looted by the enemy;

"as well as to uncover, segregate and hold at the disposition of the post-liberation authorities in the appropriate country any such assets within territory subject to their jurisdiction;

"(*b*) to take immediate measures to prevent the concealment by fraudulent means or otherwise within the countries subject to their jurisdiction of any

"(1) assets belonging to, or alleged to belong to, the Government of and individuals or institutions within enemy countries;

"(2) assets belonging to, or alleged to belong to, enemy leaders, their associates and collaborators; and

"to facilitate their ultimate delivery to the post-armistice authorities."

The Commission believes that the adoption by the interested nations of Recommendation VI of the Final Act of the United Nations Monetary and Financial Conference, Bretton Woods, N. H., will provide an adequate guide for situations (B) and (C) above.

Enforcement Measures

In implementing the principles set forth in this memorandum, the Commission recommends that consideration be given to the administrative measures already taken by the Supreme Headquarters, Allied Expeditionary Force, contained in the ordinance on property control[17] issued by the Supreme Commander, Allied Expeditionary Force, and the functional policy directive for monuments and fine arts in Germany.[18] Those orders are attached hereto as Annex I.

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[16] For documentation on this Conference, see pp. 106 ff; see also Department of State, *Proceedings and Documents of the United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, July 1–22, 1944* (Washington, Government Printing Office, 1948), 2 vols.

[17] See footnote 12, p. 1040.

[18] Enclosure 2, p. 1046.

The Commission further recommends that consideration be given the issuance of the draft directive to the Commander-in-Chief of the Forces of Occupation (US) (UK) (USSR), prepared by the staff of the American Delegation to the European Advisory Commission in London, dated Sept. 14, 1944.[19] The draft directive has already been submitted to the Department of State by Mr. Lightner,[20] Secretary of the European Advisory Commission, and is attached hereto as Annex II.

The Commission has, however, two recommendations in connection with the enforcement measures:

(1) All directives and military ordinances on this subject should refer specifically to "books" and "archives", as well as to "works of art", "objects of scientific or historical importance", or "objects of other cultural importance".

(2) In the draft directive of EAC to the Supreme Occupation Authority (Annex II), clarification of paragraph 8 would seem desirable with respect to the discretion conferred. Once the Occupation Authority determines that an object is a "work of art" or "other cultural material", no discretion with regard to assuming control of it should be permitted.

[Enclosure 2]

Military Directive on Monuments and Fine Arts (Germany)[21]

1. It is the basic policy of the Supreme Commander to take all practicable measures to facilitate the eventual restitution of works of art and objects of scientific or historical importance which may have been looted from Allied Governments or Nationals.

2. You will, therefore, take the necessary steps to enforce regulations forbidding the sale, movement, concealment or destruction of any work of art or object of scientific or historical importance.

3. It is also the policy of the Supreme Commander to avoid as far as military necessity will permit, damage to all structures, objects or documents of cultural, artistic, archaeological or historical value: and to assist wherever practicable in securing them from deterioration consequent upon the process of war.

4. You will, therefore, take such steps as are consistent with military necessity to ensure that no unnecessary or wanton damage is done to such structures or monuments. You will make such regulations as

[19] See footnote 13, p. 1040.

[20] E. Allan Lightner, Jr.

[21] This draft was adopted, with minor changes in paragraph structure, as Policy Statement No. 1186, Chapter XVI, "Monuments, Fine Arts and Archives", Part III, of the *Handbook for Military Government in Germany Prior to Defeat or Surrender*. With the addition of background statements (Nos. 1175–1185) and Instructions to Military Government Officers (Nos. 1187–1195), Chapter XVI and Law No. 52, "Blocking and Control of Property", became the definitive statements regarding art restitution after the defeat of Germany.

you think fit to ensure that full respect is paid to them by the troops under your command.

5. You will, in consequence, take steps to ensure that no building listed in the Official Civil Affairs List of Monuments will be used for military purposes without your explicit permission or that of the Commander to whom you delegate the power to give such permission.

6. You will further authorize Commanders, at their discretion, to close any of these buildings and put them out-of-bounds to troops.

7. You will ensure that the prevention of looting, wanton damage and sacrilege of buildings by troops, is the responsibility of all commanders and you will insure that the seriousness of offences of this kind is explained to all Allied personnel.

[Enclosure 3]

Memorandum by the British Committee on the Preservation and Restitution of Works of Art, Archives and Other Material in Enemy Hands to the British Secretary of State for Foreign Affairs (Eden)

[London,] 20 September, 1944.

1. Since the invasion of the Continent and the rapid liberation of large areas of occupied country, the question of restitution of works of art in enemy hands has become immediate. Restitution falls into three categories, *a*) restitution of the missing object itself, *b*) restitution in kind of an analogous object, *c*) restitution in cash or equivalent value.

2. In the first instance, the liberated areas come under military control, and it is understood that steps have been taken by the Supreme Allied Commander to take all practicable measures to facilitate the conservation and control the movement of works of art and objects of scientific and historic importance which may have been looted from Allied Governments or Nationals. The implementing of these instructions will cease when military control is handed over to the restored civil authority in allied countries, or in the case of Germany, to the projected High Commission for Germany, and it is necessary that measures should be considered in advance of this change of authority.

3. We understand that the Vaucher Committee has formulated definite proposals for an international body to advise on these problems. Some such body is a *sine qua non*, and it is essential that it should derive its power from the national Governments concerned and should have definite terms of reference. It should be created at the earliest possible moment so that it can advise the Allied Governments during the period of military control and, in the meantime, under direction prepare a programme of restitution of loot and stolen material. It is hoped that other allied countries will each form their own

committees of experts on the lines of the Roberts and Macmillan committees, and that the international committee should work in close association with these national committees and possibly with representatives of certain neutral countries concerned.

4. This Committee (Macmillan) would be glad of an indication, when possible, of the extent to which the Soviet Government may be expected to co-operate in the field of activities proposed for the international committee suggested in paragraph 3.

740.00119 EAC/11-2444

Memorandum by the United Kingdom Delegation to the European Advisory Commission[22]

EAC (44) 28

RESTITUTION COMMISSION

It is assumed that all enemy countries will be put under an obligation to restore identifiable property, of which they have despoiled any of the United Nations and which can be recovered. Such measure of restitution has already been prescribed in the armistice terms for Roumania, Finland and Bulgaria.[23] The scrutiny of claims to such property is a task which it would be invidious for the powers controlling the enemy countries to perform themselves. At the same time, it is readily separable from the general matter of reparation claims and deliveries, involving, as it does, questions mainly of law and of fact. Such restitution is one of the most urgent demands which will have to be faced. As regards Germany, the present policy laid down for the Supreme Commander, Allied Expeditionary Force, is that he should conserve United Nations property but not release it pending further instructions. Such a "freezing" of identifiable property can only be an interim measure of short duration, and some machinery should be brought into being at the earliest possible moment to adjudicate on claims for its return. (For example, representations have already been received from the Netherlands Government for the delivery to them of certain mining equipment alleged to have been removed from the South Limburg coalfields and to have come into the hands of the Allied forces at Aachen.) It is proposed, therefore, that a special Restitution Commission should be constituted as soon as possible for this purpose.

2. The bulk of the claims will emanate from the liberated territories, and it seems right that the European Allies should play a full part in determining them. It is accordingly suggested that the Govern-

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[22] Circulated in the European Advisory Commission by the British Representative on November 21, 1944. Copy transmitted to the Department in despatch 19457, November 24, 1944, from London; received November 29.

[23] For information concerning armistice terms for these countries, see bracketed note, vol. I, p. 39.

ments represented on the European Advisory Commission should agree to the formation of an inter-Allied Restitution Commission, on which these other Governments would be fully represented; provision might also be made for the representation of other United Nations when the Restitution Commission was considering questions of property in which they were interested. The Restitution Commission, which would be composed of plenipotentiary representatives of Governments, should have terms of reference strictly limited to the task of adjudicating on claims for the restitution of identifiable property to its owners and of assisting the Allied control authorities in the enemy countries to effect that restitution. It is a matter for discussion whether a single body should cover all enemy territories or whether separate bodies would be preferable; it seems desirable, at least, that the same body should deal with both Germany and Austria.

3. In so far as United Nations property has merely been placed under custodianship by the enemy authorities, who have continued to respect the ultimate title to it, its restoration is merely a question of reversing, or suspending, the operation of the legislation under which this has been done. Such property can be excluded from the purview of the Commission. Special considerations apply to shipping and to inland transport units, which it will be necessary to use for a time in the general interests of the Allies, regardless of their origin; in any event, they will generally be so readily identifiable as having belonged to any particular country that their ownership should not be in doubt, and the Restitution Commission should not therefore deal with them.

4. The proposal for a Restitution Commission is not to be regarded as conflicting with the proposals of the European Advisory Commission for the machinery of control in Germany. It is supplementary. If a separate Restitution Commission were to deal with Germany it would be possible for it to work in co-ordination with the control machinery. In either case, it could easily—and perhaps usefully—be worked into any Reparation Commission which might be set up, though the different character of its work would result in its remaining more or less an autonomous body.

5. The Restitution Commission might, to a certain extent, usefully perform a dual function. In the first place, it would deal with claims to United Nations property (other than property taken under German custodianship under German law), which came into the hands of the Allied control authorities, and would indicate to the latter to which Government any given piece of property should be restored, either as being Government property or the property of one of its nationals. It should have a wide degree of latitude in deciding its procedure for this, and might, for example, find it convenient to delegate powers to local representatives to settle non-

contentious matters on the spot. At the same time, the usefulness of the Commission might be unduly limited if it were only empowered to concern itself with property declared to it by the Allied control authorities. While many objects will naturally never be recoverable, there may well be a considerable class which are either (*a*) so important that every effort must be made to locate them, or (*b*) such that the original owner has, or could acquire, fairly accurate knowledge of their present whereabouts, though they have not been disclosed to the Allied Control authorities. The Commission should therefore not be precluded from receiving claims to objects which, although not yet recovered, might well be recoverable if the attention of the Allied control authorities were drawn to the case by the Commission. The Commission would not, however, adjudicate on such claims until the objects had actually been recovered. It would, of course, rest with the control authorities to decide whether enquiries were to be pursued in any particular case, and they would also indicate to the Restitution Commission, in the light of experience, the lines on which the latter should handle claims forwarded to them by Allied Governments as regards property not yet declared to the Restitution Commission by the Allied control authorities.

6. The Restitution Commission should only handle claims sponsored by the Governments concerned; and the latter would, of course, have already decided between rival claims by their own nationals to the same property. The decisions of the Commission should be final and binding upon the Governments, and the Allied control authorities, in acting in accordance with them, would thereby be absolved from all further claims to the same object and immune from complaints. Nevertheless, in the general interest, the Allied control authorities would have to retain the right to refuse or defer the release of any piece of property (e.g., machinery transferred to a German factory, the production from which it was desired to utilise) where they regarded its retention *in situ* as indispensable. The Commission would have to be instructed whether the property should be released in the condition in which it was found, or whether it should be repaired in cases where it had deteriorated, and some payment required from the claimant in cases where the value had appreciated. This, however, is a question of reparation and must be decided in that context.

7. On this basis, it is considered that the terms of reference of a Restitution Commission (limited here for simplicity to Germany) might be somewhat as follows:—

(i) To receive, consider and determine claims by the Governments of the United Nations, presented either on their own behalf or on behalf of their nationals, for the restitution of identifiable property (other than ships and inland transport units) existing at the

date of the invasion of the territories from which the property has been removed by an act of dispossession, where such property has been recovered.

(ii) On the basis of their determination of such claims, to make recommendations to the Allied control authorities regarding the release of the property in question, where it is already in their custody.

(iii) To bring to the notice of the Allied control authorities claims to property which, though not yet recovered, is thought to be readily recoverable or to be of such importance that special effort should be made to recover it; it being understood that it would rest with the control authorities to decide whether enquiries should be pursued in any particular case, and also to indicate to the Restitution Commission, in the light of their experience, the lines on which the Commission should handle claims to property not yet recovered.

8. Experience after the last war shows that elaborate searches for property are not only a burden on the control authorities but are not infrequently disadvantageous to the dispossessed owners, who are liable to wait a considerable time before finally abandoning hope of recovering their property and falling back on a claim for reparation. It would, therefore, be desirable to reach an understanding with the Allies that the work of the Commission will be circumscribed so far as possible, and certainly not become such as unduly to burden the Allied control authorities.

LONDON, 14 November, 1944.

840.403/11–1744

Memorandum on the Protection, Restitution, and Reparation of Objets d'Art and Other Cultural Objects [24]

No. 478 LONDON, November 17, 1944.

I. THE PROBLEMS INVOLVED

The major problems regarding *objets d'art*, monuments and other cultural objects which will affect our relations with other states can be grouped under the following categories:

(*a*) Problems connected with the protection of *objets d'art*, monuments and other cultural objects.

(*b*) Problems connected with the disposition of *objets d'art* and cultural objects which may come into the possession of U.S. forces.

(*c*) Problems involved in recovering *objets d'art* and cultural objects owned by American citizens or institutions which have been destroyed, damaged or seized by representatives of the Axis powers.

[24] Prepared by Richard A. Johnson, Third Secretary of Embassy in the United Kingdom, in consultation with the Political Adviser to the United States Delegation to the European Advisory Commission (Mosely) and the London Representative of the American Commission for the Protection and Salvage of Artistic and Historic Monuments in War Areas (Crosby). Copy transmitted to the Department in despatch 19284, November 17, 1944, from London; received November 29.

(*d*) Problems connected with assessing and collecting reparations for destroyed or irrecoverable *objets d'art* and cultural objects owned by citizens and institutions of the United States and of other Governments to the extent that their interests may be affected by our position as one of the powers occupying Germany and other Axis states.

II. Agencies Interested in These Problems

A large number of national and international agencies are currently interested in some or all of the problems involved. The international agencies concerned are:

(*a*) *European Advisory Commission.*[25] This body will presumably lay down broad lines of tripartite policy regarding restitution and reparation to be applied in Germany and Austria subsequent to the defeat or collapse of Germany. According to reliable reports, it has not yet considered these matters.

(*b*) *SHAEF.*[26] SHAEF is primarily interested in the problem of protection in the Western European theater, but it has also issued a general order calling for the freezing of objects of art and culture.[27] Until it is dissolved upon the defeat of Germany, it will have to execute any policy decided upon for the disposition of such objects. Upon dissolution of SHAEF, its American component in this field will presumably be regrouped under the U. S. Commander-in-Chief in Germany and will continue to operate in the area of American responsibility.

(*c*) *Combined Civil Affairs Committee.*[28] This U.S.–U.K. committee makes policy decisions on civil affairs which are communicated to SHAEF. It is interested in all the problems under discussion to the extent that they require action during the period of combined U.S.–U.K. operations in Europe.

(*d*) *Commission for the Study of the Armistice.*[29] This body, which was established by the exiled governments to formulate pro-

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[25] For documentation on the organization and scope of activity of this Commission, see vol. I, pp. 1 ff.

[26] Supreme Headquarters, Allied Expeditionary Force. For information concerning the field operations of SHAEF, see Historical Reports on War Administration, *Report of the American Commission for the Protection and Salvage of Artistic and Historic Monuments in War Areas* (Washington, Government Printing Office, 1946), pp. 47–156. Hereinafter cited as the *Roberts Commission Report.*

[27] See *ante*, p. 1046. The "Military Directive on Monuments and Fine Arts (Germany)" is based on the SHAEF Civil Affairs Directive for France of May 25, 1944; for summary of the latter directive, see the *Roberts Commission Report*, p. 102.

[28] For information regarding the organization of the Civil Affairs Committee of the War Department and the composition of the Civil Affairs Staff of SHAEF, see the *Roberts Commission Report*, pp. 17–21 and 94–95, respectively.

[29] The Comité des Ministres des Affaires Etrangères, established by the Foreign Ministers of Belgium, France, Greece, Luxembourg, the Netherlands, Norway, Poland, Czechoslovakia, and Yugoslavia, constituted the Comité Interallié pour l'Etude de l'Armistice to consider mutual problems in the preparation of armistice terms. One of the first reports calling for the restitution of art objects was submitted by this Committee on September 14, 1943; not printed.

posals respecting armistice terms to be placed before the great powers, has shown particular interest in the problems of restitution and reparation.

(*e*) *Conference of Allied Ministers of Education.*[30] The Conference, which contains representatives of Great Britain and her Continental Allies and to which the U.S., the U.S.S.R., India and the Dominions have sent observers, has interested itself in the problems of restitution and reparation and to a lesser extent in the problem of protection. The Conference first elaborated a restitution scheme in a sub-committee of its Books and Periodicals Commission. Since April 1944 its Commission on the Protection and Restitution of Cultural Material (the Vaucher Committee) has considered problems relating to protection, restitution and reparation.

(*f*) The *War Crimes Commission*[31] is giving consideration to the problems of punishing persons who have been guilty of looting or other crimes against property, including cultural objects.

The national agencies concerned are:

(*a*) *American*

(i) The *Roberts Commission*[32] has done more work than any other body in the field of protection and has sent three representatives to London to discuss this problem and the problems of revindication and reparation with representatives of SHAEF, the European Advisory Commission, the Conference of Allied Ministers of Education and the British and Allied Governments.

(ii) The *State Department.*[33] The Department has been represented by observers at the Conference of Allied Ministers of Education since May 1943 and has been kept currently informed of activities of the Conference relating to the problems under review. Moreover, Mr. Archibald MacLeish, in behalf of the American Education Delegation and the Roberts Commission, made certain suggestions to the Conference of Allied Ministers of Education in April 1944 regarding the protection and revindication of objects of art and culture.[34] The

[30] For documentation regarding U.S. participation in this Conference, see *Foreign Relations*, 1943, vol. I, pp. 1152 ff., and *ibid.*, 1944, vol. I, pp. 965 ff.

[31] For information concerning this Commission, see vol. I, pp. 1265 ff.

[32] In a press release of November 8, 1944, the Department of State announced the appointment of the following additional members of the Commission: The Most Reverend Francis Joseph Spellman, Archbishop of New York, and Mr. Huntington Cairns, Secretary-Treasurer and General Counsel of the National Gallery of Art. Mr. Cairns had previously served as Secretary-Treasurer of the Commission. Archbishop Spellman was appointed to the position formerly held by Alfred E. Smith, who died on October 4, 1944. For text of press release, see Department of State *Bulletin*, November 12, 1944, p. 577.

[33] For information concerning the relationship of the Department of State to agencies interested in art restitution, see the *Roberts Commission Report*, pp. 12–17.

[34] Mr. MacLeish proposed the creation of an *ad hoc* committee composed of representatives of various Allied Governments to channel information in their possession to Supreme Headquarters.

Department's continuing Delegate[35] has sat on the Vaucher Committee since its formation and is the official American "collaborator" in a legal sense, although he has at all times had the invaluable assistance of the Roberts Commission's London representative,[36] who has represented that body on the Vaucher Committee.

The Department is also responsible for laying down policy for the guidance of the American Delegation to the European Advisory Commission and the American Delegate to the War Crimes Commission. It is likewise represented on the CCAC.[37]

(iii) *War Department.*[38] The Civil Affairs Division contains Fine Arts and Monuments Officers whose functions are primarily protective. When SHAEF is dissolved, this section will presumably continue to administer the freezing order and execute any policy decided upon for the disposition of objects which have been frozen by U.S. forces. The War Department, like the State Department, is represented on the CCAC.

(iv) *OSS*[39] *and FEA.*[40] These agencies have no direct interest in any of the problems outlined in Section I but have uncovered information about the looting of cultural and art objects in connection with certain of their investigations which will be useful to the military and to any civilian agencies which may be charged with restitution or reparation activities.

(*b*) *British*

(i) The *Macmillan Committee*, which was formed very recently, is primarily interested in problems of restitution and reparation.

(ii) The *War Office*,[41] which established a section under Sir Leonard Woolley, is primarily concerned with protection. Like the American Civil Affairs Division, it may have to undertake larger responsibilities when SHAEF is dissolved.

(iii) The *Foreign Office* is understood to be very much interested in problems relating to restitution and reparation and its representative in the Conference of Allied Ministers of Education has

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[35] Archibald MacLeish, William Bell Dinsmoor, Grayson N. Kefauver and Richard Johnson served in this capacity during 1944.

[36] Archibald MacLeish, William Bell Dinsmoor, Francis H. Taylor and Sumner McK. Crosby represented the Roberts Commission in London. Miss Jane Mull served as Research Assistant after September 1944.

[37] Combined Civil Affairs Committee.

[38] For information regarding the War Department's interest in the recovery of art objects, see the *Roberts Commission Report*, pp. 17–21.

[39] Office of Strategic Services.

[40] Foreign Economic Administration.

[41] For information relating to the activities of the British War Office, see the report of the Monuments, Fine Arts and Archives Branch of Civil Affairs by Lt. Col. Sir Leonard Woolley: *A Record of the Work done by the Military Authorities for the Protection of the Treasures of Art and History in War Areas* (London, His Majesty's Stationery Office, 1947).

informed the Embassy that it will soon submit a paper covering the broad problem of restitution to the EAC.[43]

(*c*) *French*

France has just established a national commission analagous to the Roberts and Macmillan Commissions which presumably will interest itself primarily in problems of restitution and reparation.[44]

(*d*) *Soviet*

A Committee on Reparations (which includes Restitution) has reportedly been at work since about September 1943. There is also a well staffed Commission for the investigation and assessment of war losses, and a Commission for the Preservation and Restitution of Architectural Monuments.

(*e*) *Belgian*

The Belgians have taken steps to form a commission similar to the French body.[45]

III. Progress to Date

(*a*) *Protection*

More or less adequate arrangements have been in existence for some time for the protection of monuments and objects of art and culture in operational areas; and, as indicated above, SHAEF has issued an order "freezing" all objects which may fall into the hands of the liberating forces. As the Department is aware, fine arts and monuments officers are attached to units of the United States Army operating on the Continent, and these officers have in many cases helped our forces to avoid damaging or destroying important monuments and artistic and cultural objects, and have protected objects and monuments which have come into our possession.

(*b*) *Disposition of Objects Held by U. S. Forces*[46]

The United States Army has already decided that it will not attempt to determine the ownership of objects of art or culture which may come into its possession under the freezing order. In other words, it will care for such objects and hand them over to any agency or agencies designated by superior authority.

It is generally agreed that the interests of the United States as temporary custodian of these objects would be best served if they could be turned over in good condition to a body empowered by all the claimant United Nations to assume custody over them and to restore claimed objects to their owners. Axis property transferred to this agency, upon being so classified, could, if an agreed basis were adopted, be used for making reparation in kind or could be held at the dispo-

[43] See memorandum by the United Kingdom Delegation to the European Advisory Commission, printed on p. 1048.

[44] The Henraux Commission included Messrs. Henraux, Aubert, Huyghe, Salles, Florisson and Commandant d'Orange.

[45] The Belgian National Restitution Commission, under the chairmanship of Col. van Puyvelde; for information concerning the work of its National Committees, see the *Roberts Commission Report*, p. 28.

[46] See the *Roberts Commission Report*, pp. 123–125.

sition of any agency which might be established by the United Nations to deal with reparation questions. It is regarded as most desirable that any agency empowered to receive cultural objects frozen by American forces should also act in a similar capacity as regards any objects frozen by British, Russian or other Allied forces. But the legal obligations of the United States in this matter could probably be met if all claimants to objects in the possession of our forces accepted membership in a custodial body with clearly defined functions or agreed to accept the decisions of such a body.

Thus far international planning for restitution of objects of art and culture has been attempted only by the Commission for the Study of the Armistice and the Conference of Allied Ministers of Education. Early in 1943 the Commission for the Study of the Armistice drafted a scheme for the recovery and replacement from enemy sources of objects of cultural value missing from any of the United Nations through enemy action. The Conference of Allied Ministers of Education through subordinate agencies studied this plan and drafted a number of alternative proposals. Ultimately the Conference and the Commission agreed upon a final text which was circulated to the Delegations on the European Advisory Commission for their consideration. This scheme, which reflects the views of the small powers, recommends the appointment of a cultural objects commission by an Office Interallié des Restitutions et Prestations, which would be the European United Nations authority for restitution and reparation. The proposed commission would contain art experts and legal authorities who would verify and arbitrate claims of United Nations Governments for cultural objects located within the territory of Czechoslovakia on or after September 28, 1938, or within European territory of any other of the United Nations on or after September 1, 1939, which have been destroyed, damaged or removed from that territory by enemy action. The Commission would not concern itself with objects moved from one part to another of the territory of any of the United Nations, but with the assent of the Government of any of the United Nations, it would also take possession of cultural objects within the territory of that Government believed to have been brought into that territory by enemy action from the territory of any other of the United Nations or from enemy territory. Moreover, it would be empowered to take possession of any cultural objects found in enemy territory. Objects coming into its possession would either be restored to claimant United Nations or would be used for making reparation in kind. The Commission would have subordinate powers sufficient to enable it to perform these tasks successfully.*

*Copies of this scheme, which is extremely complex, were submitted with the Embassy's despatch No. 17747 of August 30, 1944. [Footnote in the original; despatch not printed.]

Thus far the European Advisory Commission has not considered this scheme, nor have any of the major powers approved or rejected it. It is understood that the Macmillan Committee regards it as too detailed and as lacking definitions of broad principles. Lord Macmillan is said to have described parts of the scheme as legally unsound, but it must be pointed out that Mr. Harvey, Secretary of the Vaucher Committee, who played an important role in drafting the proposals, is himself a barrister of high reputation. The British Foreign Office is believed to regard the scheme as being unduly complex and probably unworkable and is known to have its own restitution proposals covering all categories of property in draft form.

The Macmillan Committee wishes to convene a meeting to establish a provisional commission competent to receive all information bearing on the problem of restitution and to assist the military authorities in their task of freezing and protecting cultural objects. This body would also elaborate plans for restitution and would ultimately receive full powers to act in this field. The Macmillan Committee, however, feels that even the proposed commission should be relatively small. It presented its proposals to the Prime Minister on November 15 under cover of a letter [49] urging that the British Government take the initiative in approaching other powers respecting this matter. (Embassy's telegram No. 10070 of November 17.) [50]

Mr. Crosby, the London representative of the Roberts Commission, is advising the Commission to approach the President with a recommendation that the U.S. join with the British in approaching other powers. He feels that a provisional commission of the type contemplated would be extremely useful to SHAEF. Mr. Crosby also regards the establishment of a commission which could take the preliminary steps leading to restitution as extremely urgent since he feels that independent action may be taken which might prejudice future international collaboration.[51]

The Political Adviser to the United States Delegation to the European Advisory Commission [52] has expressed concern lest any overhasty action taken in this field prejudice Soviet participation in it and in related spheres. He feels that the Soviet Government should, from the beginning, be invited and even urged to participate in the formation and operation of such an inter-Allied agency.

He feels that, provided the Soviets are cordially invited from the beginning and are subsequently kept informed of developments, it would probably be a matter of secondary importance whether they

[49] See footnote 14, p. 1040.
[50] Not printed.
[51] These views were expressed by Mr. Crosby in telegram 10070 of November 17, from London (840.403/11–1744).
[52] Philip E. Mosely.

participated fully or through an observer during the period of military operations. In any case, after the defeat of Germany, full participation of the Soviet Government, which will be a very important factor both as an occupying power and as a claimant, would be essential. Accordingly, it is important that any inter-Allied agency set up for the operational period be so constructed that the Soviet Government would be willing and able to join it in the post-hostilities period, especially since such an agency might then become subordinate to an over-all agency dealing with restitution and reparation in general.

The reactions of Continental states toward the Macmillan Committee's proposals cannot be predicted, but it is clear from the interest they have shown in the problems concerned, both in the Commission for the Study of the Armistice and in the Conference of Allied Ministers of Education, that they would wish to be consulted before any final arrangements are made for the disposition of their property.

Should the British Government accept the proposals of the Macmillan Committee (which is by no means certain since the Foreign Office view toward them has not yet been ascertained) several alternatives will have to be considered by the Department as soon as the British Government issues its invitation:

(1) Would the Department desire to move in this matter bilaterally or multilaterally?

(2) Should the Department desire to move multilaterally in the field of restitution, would it be willing to participate in an agency restricted in its operations only to Western Europe prior to the defeat of Germany, or would it wish to withhold participation from any agency not empowered to operate throughout Europe?

(3) Should the Department elect to participate in an agency limited initially to Western Europe in its operations, would the Department desire to assure that the agency's jurisdiction could be extended to Eastern Europe after the defeat of Germany through agreement with the Soviet Government, or would it prefer to deal with that area bilaterally or through another international agency?

(4) Should the Department elect to participate in an agency of either European or regional scope, would it desire that the agency should be subordinate to any overall agency on restitution which may be established or would it prefer that the agency concerned with cultural objects should operate independently of any other international body?

(5) Should the Department decide to participate in any international agency concerned with the restitution of cultural objects, would it wish to restrict the agency's jurisdiction to objects frozen by the Allied forces in Germany or would it favor allowing United Nations Governments to surrender to the agency objects frozen by their forces or civilian agencies elsewhere in Europe?

(6) Should the Department decide that any agency concerned with cultural objects in which it may participate should be subordinate to a general international committee on restitution, would it wish to reserve for any United Nations reparation agency which may be established the title to any cultural objects of German ownership which might be surrendered to a restitution committee or sub-committee or would it prefer that such objects should be used to make reparation in kind by the international body receiving them from the military in the first instance?

(7) Should the Department elect to participate in an agency organized by some or all of the Great Powers, would it wish to make provision for the eventual full participation or representation of the interested smaller powers in its work or would it accept the view that the work of such a body could be done most efficiently by an agency representing a small number of great powers?

(8) Should the Department decide to participate in an international restitution agency, would it wish to make provision for the eventual participation or representation of co-belligerent states in any capacity or would it prefer to restrict participation in the work of such a body to the United Nations?

(9) Should the Department decide to participate in an international restitution agency, would it wish to make provision for the eventual participation or representation of neutral states in any capacity or would it prefer to restrict participation in the work of such a body to the United Nations?

(*c*) *Restitution of American Objets d'Art and Cultural Objects*

As far as can be ascertained no consideration has been given to this problem by any of the agencies operating in London, although information gathered by some American and Allied agencies may well be useful in this connection. Should a United Nations Restitution Commission be established, it could, of course, be utilized by the United States in behalf of its citizens. The courts and any special machinery of each of the United Nations will also be available to American citizens who may wish to recover looted objects frozen by authorities of nations which may not elect to participate in an international restitution agency.

(*d*) *Reparations*

The moral responsibility which the United States as a power occupying part of Germany will incur respecting the claims of other United Nations for reparation for cultural objects seized or destroyed by German nationals is not easy to define. But it is generally agreed that our full cooperation with any body authorized by all claimant United Nations to receive cultural objects frozen by United States

forces operating in Germany would clearly discharge our obligations in this respect.

RICHARD A. JOHNSON
Third Secretary of Embassy

740.00119 EAC/12-144

U.S. Draft Directive on Control of Works of Art and Monuments, Prepared by the American Delegation to the European Advisory Commission [53]

1. This directive is issued to you as Commander-in-Chief of the U.S. (U.K.) (U.S.S.R.) forces of occupation. Identical directives are being issued simultaneously to the Commanders-in-Chief of the forces of occupation of the other two Allies. In this directive, the phrase "Control Council" refers to the three Allied Commanders-in-Chief acting jointly. The words "you" or "you in your zone" refer to each of the Commanders-in-Chief as zone commander and, where applicable, to the Inter-Allied Governing Authority (*Komendatura*) in the "Greater Berlin" area.

2. Reference is made to the pertinent provisions of the "Unconditional Surrender of Germany"* and to the pertinent provisions of the General Order.† You will enforce and implement in your zone of occupation the surrender terms and general orders as they relate to the control of works of art and monuments, in accordance with the policies and instructions hereinafter set forth.

3. In this directive, the phrase "works of art and other cultural materials" covers all objects or materials of artistic, historic, scientific or other cultural importance or value. The phrase includes archives, records or documents of historic or cultural importance and scientific exhibits, specimens or equipment of a research or educational character or pertaining to cultural history, so far as such archives and scientific materials are not covered by the directive on "Securing and Examining Information and Archives".

4. The Control Council will establish policies covering the conservation and disposition of works of art and other cultural materials. In particular, it will hold available for restitution those which have been looted from the Governments or nationals of the several United Nations and Associated States and those in German public or private collections which might be used for restitution in kind.

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[53] Draft Directive No. 2, circulated as E.A.C. (44) 31, dated November 23, 1944, by the American Representative on the European Advisory Commission; copy transmitted to the Department in despatch 19592, December 1, 1944, from London, received December 5.

* Including Article 8. [Footnote in the original.]

† Including new sub-paragraph following 15(*a*); paragraph 17; new paragraph preceding 35(*a*); paragraphs 37 and 38. [Footnote in the original.]

5. The Control Council is authorised to demand transfer of purported titles, and assignments of all rights, to looted works of art and other cultural materials, owned or controlled by German nationals or their agents, which have been deposited or concealed anywhere in the world. Reference is made in this connection to the appropriate portions of the directive on "Property Control".

6. The Control Council will make available to the zone commanders recognised and competent experts from any of the several United Nations and Associated States for the purpose of assisting in the identification and conservation of works of art and other cultural materials.

7. The Control Council will be guided in matters covered in this directive by any appropriate international organisation or agreement to which the three Allied Governments subscribe.

8. You will, in your zone, take all practicable measures to locate and, at your discretion, seize or otherwise secure works of art and other cultural materials. You will report to the Control Council, for disposition by it, all works of art and other cultural materials so located, seized or secured by you, stating their location and general nature.

9. You will take all practicable measures to protect and conserve works of art and other cultural materials from loss, removal, concealment, damage or deterioration. You will be responsible in your zone for the proper warehousing and care of such objects. To assist you in accomplishing these objectives, you are authorised to employ reliable and qualified German personnel.

10. You will forbid the sale, transfer or export of works of art and other cultural materials except as may be directed by the Control Council.

11. You will take all practicable measures to seize or otherwise secure records and other information concerning works of art and other cultural materials which have been looted from Governments or nationals of the several United Nations and Associated States. You will report to the Control Council the location and general nature of all records and other information so seized or secured by you. Reference is made in this connection to the appropriate portions of the directive on "Securing and Examining Information and Archives".

12. You are authorized to detain for questioning any persons in your zone known to have, or suspected of having, information which will assist in locating works of art and other cultural materials. You will report to the Control Council the names of any persons so detained who are known to have been, or suspected of having been, concerned in the looting of works of art and other cultural materials.

13. You will permit any representative of either of the other two principal Allied Governments appointed therefor by the appropriate Allied Commander-in-Chief, or any representative of any of the several United Nations and Associated States authorised therefor by the Control Council, to have access to works of art and other cultural materials in your zone. You will furnish such accredited representatives with appropriate assistance in their examination of works of art and other cultural materials.

14. You will, through the Control Council, call upon recognised and competent experts from any of the several United Nations and Associated States to assist in the identification and conservation of works of art and other cultural materials in your zone.

15. You will, in your zone, seize and close all archives, monuments and museums which are of Nazi inception or devoted to the perpetuation of German militarism and hold their properties pending further instructions. You will take all practicable measures for the care, maintenance and operation of other monuments, and of buildings or institutions devoted to public worship, education or the arts and sciences. You will take all practicable measures to protect such monuments and other buildings from acts of damage or disrespect and from further deterioration due to war damage. Reference is made in this connection to the appropriate portions of the directive on "Property Control".

840.403/12-2744

Major Mason Hammond, Acting Chief of the Monuments, Fine Arts and Archives Branch, U.S. Group Control Council (Germany), to Richard A. Johnson, Third Secretary of the American Embassy in the United Kingdom [55]

26 December 1944.

Dear Johnson: I have read with great interest the copy afforded me by Miss Mull (Roberts Commission) of your Memorandum to the State Department on the Protection, Restitution and Reparation of Objets d'Art and other Cultural Objects, dated 27 [*17*] Nov. 44. You have presented an extremely clear picture of the present state of the problem and of the issues involved, and there are only two points which I would like to raise.

A. Military Organization

The first is a matter of detail, which you might like to clarify to the Department. Your statement about the military agencies concerned is in general true but might be made more precise in detail.

[55] Copy transmitted to the Department in despatch 20074, December 27, 1944, from London; received January 6, 1945.

The following represents my understanding of the present situation:

1. The British War Office has:

a. An Adviser on Art and Archaeology, at present Lt. Col. Sir Leonard Woolley, an archaeologist known for his work in Mesopotamian archaeology (Ur of the Chaldees). He also holds the position of the Director of the MFA&A [56] Branch on the Br Element CC [57] (below).

b. A civilian Adviser on Archives, Mr. Hilary Jenkinson, of the Records Office,[58] who works closely with the MFA&A Branch, Br. Element CC (below, par 8–*b*), but is not, I think, officially attached to it.

c. Neither of the above positions has direct command functions towards operations. They advise on policy which is then promulgated through War Office Command Channels. Naturally in informal consultation they exercise great influence on operations under SHAEF and planning under Br Element CC.

2. The US War Department has in its Civil Affairs Division an Adviser on Monuments, Fine Arts, and Archives, Col. Henry C. Newton, an architect, who is at present assigned to SHAEF G–5 Operations Branch and therefore not in a position directly to advise the War Department as Lt. Col. Woolley does the War Office.

3. There is also a US Adviser on Archives, Mr. Fred L. Shipman, of the President's Library at Hyde Park, who is not, I think, limited to the War Department.

4. The above two US positions are, like their British counterparts, not directly in charge of operations but Col. Newton has been overseas since last summer and Mr. Shipman was with SHAEF for a couple of months this fall so that both have been able informally to influence operations.

5. SHAEF G–5 Division (Civil Affairs/Military Government) has in the Operations Branch an Adviser on Monuments, Fine Arts, and Archives, Lt. Col. Geoffrey L. Webb (Br), a professor of the history of architecture in Cambridge University. His Deputy is Capt. Marvin C. Ross (USMCR),[59] formerly curator in the Walters Art Gallery, Baltimore. He is responsible for advising the Chief of the Operations Branch on the assignment of MFA&A Specialist Officers and generally on MFA&A Operations under SHAEF. The actual MFA&A Officers are assigned to G–5 Civil Affairs/Military Government staffs at various military levels and receive only technical instructions from the Adviser; their command channel is through the military echelons. The Adviser has furthermore technical direction

[56] Monuments, Fine Arts and Archives.
[57] British Element, Control Council, Germany.
[58] Public Records Office.
[59] United States Marine Corps Reserve.

of MFA&A officers in the SHAEF military missions to the liberated governments in Northwest Europe.

6. The Allied Commission in Italy has a Subcommission for Monuments, Fine Arts, and Archives under Major Ernest T. DeWald (US), professor of Fine Arts in Princeton University. This combines the functions of a policy-forming body with the direction of MFA&A operations and officers both as respects military formations and as respects civil affairs formations in the non-military areas.

7. The British Civil Affairs Staff for Greece includes at least one MFA&A Specialist Officer but no US MFA&A Officer, though some US Officers are included.

8. The Control Council for Germany [61] contains:

a. In the US Group CC, a Monuments, Fine Arts and Archives Branch in the Reparation, Deliveries, and Restitution Division, at present under Major Mason Hammond, professor of Greek, Latin, and History in Harvard University.

b. In the Br Element CC, a Monuments, Fine Arts and Archives Branch, at present in the Interior Division and under Lt. Col. Sir Leonard Woolley (above 1–*a*), who is expected to be promoted to full Colonel.

c. The Control Council for Germany is not under Supreme Headquarters AEF (SHAEF) but is under the Supreme Commander, AEF (SCAEF). This means that it has no command functions, or even technical functions, relative to MFA&A Operations during SHAEF control of the US/UK Zone in Germany except for the control of German ministries in Berlin, where it will act as go-between for the Supreme Commander vis-à-vis the ministries. It is however advisory to SHAEF.

d. The British Branch expects that when the Control Council is established it will not only be a policy forming and control body, in conjunction with its US and USSR opposite numbers, but also will act as technical directing Hqs. for the MFA&A operations in the Br Zone. The present US thinking seems to be that the US Group CC will not "operate" military government in the US Zone but that there will be a Zone Hqs., which will presumably have a G–5 (Military Government) Division to advise the Zone Commander on military government and have technical direction thereof. Such a staff would have to include MFA&A officers in addition to those attached to lower military government formations. However, the distinction between the US Group CC and the G–5 Staff for the US Zone has not yet been explicitly drawn.

9. The Allied Council for Austria [61] contains:

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[61] See the *Roberts Commission Report*, pp. 123–125.

a. In the US Element, a position still unfilled for a MFA&A Officer.

b. In the Br Element, an MFA&A Branch at present under S/Ldr J. D. Goodison (RAF),[62] formerly of the Fitzwilliam Museum in Cambridge.

c. While the planning for the Austrian AC is being done in London, presumably under the command of SCAEF, the operations will probably take place initially under AFHQ but presumably independent of the AC in Italy.

d. The British expect that since the US at present has no Zone in Austria, the US MFA&A Officer will be at most advisory on the policy level while the Br Branch will both act at the Control Council Level and operate in the Br Zone, without the assignment of officers to lower military government formations.

10. I have set the above forth in considerable detail to indicate that any general policy for military aspects of MFA&A throughout areas for which the US and UK are at present responsible must come from the top level, the Combined Chiefs of Staff. Even a policy applicable for Germany alone must come from a level capable of issuing instructions both to SHAEF and to the US Group CC and the Br Element CC, presumably not lower than the Supreme Commander, AEF, in Phase I of control and than [*then?*] the Tripartite CC in Phase II.

11. It is my impression that to date little policy has emanated from Washington on this matter save for the incorporation of the views of the Roberts Commission in the EAC draft directive on the Control of Works of Art and Monuments in Germany by the participation in its drafting of Mr. Francis H. Taylor, at that time representing the Roberts Commission in London. Presumably the Roberts Commission was again consulted before this draft was approved in Washington by the JCS.[63] Because of the more immediate contact between the Br War Office and the Adviser on MFA&A SHAEF and the Br Element CC, the major policy decisions have been largely British. This tendency has been helped by what I believe to have been an informal understanding in SHAEF that the direction of MFA&A operations in Northwest Europe would be British during the SHAEF period. Actually, however, there is little disagreement that I can find on fundamental policy between the US view, as represented by Mr. Taylor and the EAC (JCS) Directive, and the Br view as represented in papers and conversations emanating from their various MFA&A representatives.

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[62] Royal Air Force.
[63] Joint Chiefs of Staff.

B. Restitution Commission

The second is a matter of general policy on which I gather that no detailed planning has been done, namely the organizations and functions of the possible United Nations Restitution Committee to which you refer on p. 3 [*sic*], III–*b*–iii.

1. As you probably know, the paper therein referred to has been submitted to the EAC. No specific reference is made in it to works of art and other cultural materials. Presumably this matter would be given to a subcommission, whose chairman would be a member of the general commission.

2. The relation of such a Commission to the Tripartite CC is not defined in the proposal. So far as I can judge from what little I have heard, present thinking is that such bodies should be under the Tripartite Control Council, not outside of it. In that case it is possible that the heads of the respective MFA&A Branches would serve on the MFA&A Subcommission as national representatives. It is my personal opinion that a Restitution Commission would be in a better position if outside of the Tripartite CC, meeting in Paris, London, or elsewhere, and not in Germany, and authorized to issue instructions to, and receive information from, the Tripartite CC. Its representatives would go to Germany on approval of the CC to identify loot, receive delivery of objects to be restored, etc. In this case, the US Representative on the MFA&A Subcommission should be different from the Head of the MFA&A Branch, US Group CC, and should presumably have a State Department status. My opinion on this will be influenced by the ultimate decision whether US Group CC has operational responsibilities in the US Zone or not (above A–8–*d*). However, even if it does not, I would feel that the international discussions should take place outside of Germany and independently of the actual control machinery which puts the decisions into effect. It would seem to me that diplomatic agreement between the several nations for the creation of such a commission would place it on a level superior to, rather than under, the Tripartite CC, which, in a certain sense, becomes the government of Germany and must in some sense have its own diplomatic relations with other countries. However, I can see arguments for the other position, that of making all such Commissions as the proposed Restitution Commission part of the Tripartite CC.

3. In this connection it might be noted that at present there are French, Belgian, and Dutch MFA&A Officers operating under SHAEF on assignment to G–5 staffs of lower military formations. For the Control Council period, the Br MFA&A Branch has recommended that these officers be continued at lower levels in the Zones. The A/Deputy of the US Group CC instructed this Branch not to recommend at this time any status for them. It is possible that they

might become national representatives on a MFA&A Subcommission if this is part of a Restitution Commission under Tripartite CC.

4. It should be pointed out that it would be quite possible for an MFA&A Subcommission to be divided into two or three panels, meeting in different places, and concerned respectively with problem of Western Europe, Eastern Europe, and perhaps of the Balkans and Mediterranean. This would fit in with your discussion on pp. 5–6.

5. I would like to support your feeling (pp. 6–7, par. 9–*d*) that even though the US has relatively slight interest in the actual restitution of works of art looted from US citizens, it has an interest in the general problem, to my mind for three reasons:

a. Its responsibilities for the US Zone and for the care for and turning over in good condition of loot therein.

b. Its general responsibility to participate in the European settlement in order that its great contribution to the winning of the war may not again be wasted.

c. The publicity which will attach to the restitution of looted works of art and the unfavorable impression which will be created towards the US in the minds of other nations if we refuse to do our share.

MASON HAMMOND

627–819—67——68

INITIATIVE OF THE UNITED STATES TO SECURE CO-OPERATION AMONG INTERESTED GOVERNMENTS ON MEASURES TO LIMIT AND CONTROL PRODUCTION AND TO SUPPRESS ILLICIT TRAFFIC IN OPIUM

890.114 Narcotics/8

The Secretary of State to the Secretary of War (Stimson)

WASHINGTON, June 26, 1943.

MY DEAR MR. SECRETARY: From the time the Government of the United States took the initiative in bringing about the first international conference on the subject of narcotic drugs, which was held in Shanghai in 1909,[1] and proposed the convening of the international conference which resulted in the opium convention signed at The Hague on January 23, 1912,[2] it has been the consistent policy of our Government to cooperate with other nations in the control of the legal trade in these dangerous drugs and in international efforts to suppress their abuse. At those and subsequent conferences representatives of the Government of the United States have clearly stated that the policy of the United States Government is to limit the production and manufacture of narcotic drugs strictly to medicinal and scientific requirements and to consider use for any other purpose as abuse. This policy is incorporated in the laws of the United States, which prohibit the use of prepared opium. The same policy has been pursued wherever the jurisdiction of the United States Government has extended. For example, shortly after our assumption of control over the Philippine Islands, Congress enacted legislation prohibiting the importation of opium in the Philippines except for medicinal purposes.

The Government of the United States has on every appropriate occasion endeavored very earnestly to induce other governments to accept the doctrine that the use of opium should be restricted to medical and scientific purposes. A number of governments have signified their acceptance of this principle, but unfortunately some countries have not found it possible, owing to special circumstances,

[1] For documentation on the Joint International Commission for the Investigation of the Opium Question in the Far East, see *Foreign Relations*, 1909, pp. 95 ff.; see also *Report of the International Opium Commission, Shanghai, China, February 1 to February 26, 1909*, (Shanghai, North China Daily News & Herald Ltd., 1909).

[2] First International Opium Conference held at The Hague December 1, 1911–January 23, 1912; for documentation, see *Foreign Relations*, 1912, pp. 182 ff.; for text of convention, see *ibid.*, p. 196.

to eliminate completely the use of opium for smoking and eating, particularly in their territories and possessions in the Far East.

The Department is desirous at this time of formulating a common policy to be adopted by the interested governments having as an objective the suppression of the abusive use of narcotic drugs in areas in the Far East now occupied by Japanese forces when such areas are reoccupied by the armed forces of the United Nations. These areas are the Philippine Islands, parts of China including Manchuria, Hong Kong, French Indochina, Kwangchow-wan, Thailand, Burma, the Straits Settlements, the Federated Malay States, Johore, Perlis, Kedah, Kelantan, Trengganu, Brunei, Sarawak, British North Borneo, the Netherlands Indies, New Guinea, and other territories in the Southwest Pacific.

It is anticipated that in all of these territories there will be found organizations sponsored by the Japanese military forces for the sale of narcotic drugs for other than medical purposes. Owing to the presence of opium, opium shops and opium smokers in these areas, in the opinion of the United States Commissioner of Narcotics,[3] there would be danger of infection of susceptible individuals because it has been well established that most persons who begin to take drugs do so because of the accessibility of drugs and because of close association with persons who indulge in them. From the standpoint of the health and discipline of the men of the armed forces of the United States, it is believed that it will be advisable, immediately upon the occupation of part or the whole of any one of the above-mentioned territories by our forces, to seize all drugs intended for other than medicinal and scientific purposes which may be discovered and to close any existing opium shops or dens. Such drugs include opium prepared for smoking or eating and heroin, the use of which to satisfy addiction is injurious, according to the majority of experts. Wherever our forces are in complete control, it is assumed that they will be guided by our long established narcotics policies, but where they are collaborating with other members of the United Nations, our Government will take steps to obtain the concurrence on the part of those members in our proposed action.

The Department will be pleased to receive at an early date any comments or views which the War Department may wish to express concerning the desirability, advisability and practicability of pursuing the course suggested in the preceding paragraph. If any orders have been issued by the War Department to its Commanding Officers in the Far East on this subject, the Department will be pleased to be informed of their purport.

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[3] Harry J. Anslinger.

Similar letters [5] are being addressed to the Secretary of the Navy and the Secretary of the Treasury.

For the strictly confidential information of the War Department, there are enclosed herewith the minutes of meetings which have recently been held under the sponsorship of the Foreign Policy Association on this subject.[6] The attention of the War Department is particularly drawn to the last paragraph on page 9 and the first four paragraphs on page 10 of the minutes of the meeting held on January 13, 1943.[7]

Sincerely yours, CORDELL HULL

890.114 Narcotics/17

Memorandum by the Chief of the Division of Far Eastern Affairs (Ballantine)

[WASHINGTON,] August 20, 1943.

On June 26, 1943 the Department addressed letters to the Secretaries of the Treasury, of War and of the Navy outlining the general policy which was adopted by our Government many years ago as regards the restriction of the use of narcotic drugs to medical and scientific requirements, and requesting their views concerning the advisability immediately upon the occupation by our forces of part or the whole of any one of the territories in the Far East now occupied by Japanese forces of seizing all drugs intended for non-medical purposes which may be discovered and of closing any existing opium shops or dens. In those letters it was stated that wherever our forces are in complete control it is assumed that they will be guided by our long established narcotics policies, but where they are collaborating with other members of the United Nations, our Government will take steps to obtain the concurrence on the part of those members in our proposed action.

The War Department, under date July 7, 1943, replied [8] that it believed that the best interests of the armed forces will be served by

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[5] Not printed.

[6] Minutes of meetings of December 4, 1942, January 13, 1943, and March 17, 1943; none printed.

[7] These paragraphs read as follows:

"Professor Chamberlain [Professor of Public Law, Columbia University] stated that officers of the United States Army and Navy are studying problems, including the opium smoking problem, in connection with the study of the administration of territories about to be reoccupied.

Mr. McIntyre [Second Secretary of the Australian Legation] inquired whether these officers had been given instructions in regard to the suppression of opium smoking.

Mr. Anslinger replied that such instructions had been given categorically.

Professor Chamberlain said that by the time United States forces get into the Pacific, the Army and Navy will understand the problem and will be ready to move against it.

Mr. Anslinger said that he desired to avoid a clash with the British and the Dutch in the Far East over this matter by ironing out the difficulties first." (890.114 Narcotics/4)

[8] Reply not printed.

strict control of all opiates in countries which may be occupied by our forces, and that to this end the War Department is prepared to cooperate fully in carrying out policies which may be agreed upon by the interested Allied governments.

The Navy Department, under date July 8, 1943, replied [9] that the proposed action is desirable and practicable and that a common policy based on agreements with the United Kingdom, the Netherlands and China is clearly desirable because the United Kingdom has expressed a desire to control through the Combined Chiefs of Staff occupational policies in their former territories regardless of which Allied forces may occupy them.

The Treasury Department, under date July 23, 1943, replied [9] that it is extremely gratifying to note that the Department of State has taken the initiative in this matter and that it takes pleasure in pointing out that the time is propitious to abolish smoking opium monopolies when the United Nations recapture territories where monopolies were formerly in existence.

In view of the favorable nature of these replies, this Division believes that the Department should now solicit the concurrence of the British, Chinese, Netherlands and other interested Governments in a common policy having as an objective the suppression of the non-medical use of narcotic drugs in areas in the Far East now controlled by Japanese forces immediately upon the capture of such areas by the armed forces of the United Nations.

There is attached hereto, for your consideration, the text of a draft *aide-mémoire* to be delivered to the British Ambassador, in which this proposed common policy is set forth.[10] The substance of this *aide-mémoire* has already been approved by the Commissioner of Narcotics and by Assistant Secretary of the Treasury Gaston. Any suggested changes therein which you may wish to offer will be appreciated. If approved, identical *aides-mémoire* will be prepared to be delivered to the representatives of the Chinese and Netherlands Governments in Washington, and a similar *aide-mémoire*, with slight changes, to be delivered to the Portuguese Minister. FE believes that it would be desirable that such communications be handed by a secretarial officer to the representatives in person, so that the documentary presentation of the subject may be supplemented by appropriate oral comment.

It has been suggested that in drafting the *aide-mémoire* intended for the Netherlands Government care be taken because of the sensitivity

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[9] Reply not printed.

[10] Not printed. This memorandum by Mr. Ballantine and the accompanying draft *aide-mémoire* were circulated for consideration to the Divisions of European, and Near Eastern Affairs; to the Office of the Legal Adviser; to the following Advisers on Political Relations: James Clement Dunn, Stanley K. Hornbeck, and Wallace Murray; and to Assistant Secretary Adolf A. Berle, Jr., who noted, "agree—go ahead".

of the Dutch not to state that this Government feels that it will be necessary for the protection of our forces to seize all drugs which may be found and to close all opium shops in areas formerly under the control of the Netherlands Government. Inasmuch as it is the Japanese Government and not the Netherlands Government which is now operating opium monopolies in the Netherlands Indies, this Division does not perceive the force of this suggestion, especially in view of the consideration that our forces are expected to take a prominent part in driving out the Japanese from Dutch territories in the Southwest Pacific. The least that can be expected is that our authorities be placed in a position to take steps to safeguard the health of our forces. It is of course desirable that the communications handed to the British and Dutch be identic.

This Division is of the opinion that the present is an opportune time to approach the interested governments with a view to the suppression of the smoking of opium in the Far East.

In the event of the recognition by this Government of an organization representative of the Free French, an *aide-mémoire* on this subject would be delivered to the head of that organization's mission in Washington.

J[OSEPH] W. B[ALLANTINE]

890.114 Narcotics/9–2143

The Department of State to the British Embassy

AIDE-MÉMOIRE [12]

The Government of the United States offers for the consideration at this time of the British and other interested Governments the adoption of a common policy having as an objective the suppression of the non-medical use of narcotic drugs in areas in the Far East now occupied by Japanese forces when such areas are reoccupied by the armed forces of the United Nations.

The doctrine that the abuse of opium should be gradually suppressed was written into the International Opium Convention signed at The Hague on January 23, 1912, article 6 of which provides that "The Contracting Powers shall take measures for the gradual and efficacious suppression of the manufacture, the internal traffic in and the use of prepared opium in so far as the different conditions peculiar to each nation shall allow of this, unless existing measures have al-

[12] Copies of this *aide-mémoire*, dated September 21, 1943, were furnished to the Minister of Australia and to the Chargés d'Affaires of Canada and of New Zealand; the same *aide-mémoire, mutatis mutandis*, was delivered to the Ambassador of China and the Ambassador of the Netherlands, and a similar one delivered to the Minister of Portugal.

ready regulated the matter." Subsequently, each of the Governments parties to the Hague Opium Convention having possessions in the Far East enacted legislation which it deemed to be appropriate for the fulfilment of article 6 of that Convention. In view of the measures which have been taken during the last twenty years to combat the abuse of narcotic drugs, especially the coming into force of the Narcotics Limitation Convention of 1931,[13] the prohibition at the end of 1935 of the exportation of opium from India to the Far East, and the enactment by the Chinese Government in 1941 of laws prohibiting all traffic in opium and narcotics except for medical purposes, this Government feels that the interested Governments, acting in concert, can now solve the problem of smoking opium.

The rising tide of world opinion against the use of prepared opium was vigorously reflected in a resolution adopted by the International Labor Conference at its twentieth session in June 1936.[14] In its report entitled "Opium and Labor",[15] the International Labor Office stated that "opium smoking is injurious to the workers, impedes their social and economic development, impairs their health and decreases their efficiency and, when it is practiced continuously, shatters the health and increases the death rate of the smokers, and tends to reduce the rate of economic and social progress in the districts affected." The International Labor Conference, taking note of this report, suggested the "drawing up and application of such additional laws and regulations as governments may consider necessary to bring about the cessation of licensed use of opium for smoking within five years" in countries in which the sale of opium for smoking is authorized.

Since 1936 the leaders of only one country in the world have deliberately chosen to encourage the use of prepared opium and other dangerous drugs. That country is Japan. Wherever the Japanese armies have gone the traffic in opium has followed. The Japanese military forces now occupy the Philippine Islands, parts of China, French Indochina, Thailand, Burma, Hong Kong, the Straits Settlements, the Federated Malay States, the Unfederated Malay States, Sarawak, British North Borneo, the Netherlands Indies, Timor, and other territories in the Southwest Pacific.

It is believed that in all of those territories there will be found organizations sponsored by the Japanese military forces for the sale

[13] For documentation regarding the Conference on Narcotic Drugs, held at Geneva May 27–July 13, 1931, see *Foreign Relations*, 1931, vol. I, pp. 646 ff. For text of Convention signed July 13, see *ibid.*, p. 675.

[14] See *International Labour Conference, Twentieth Session, Geneva, 1936, Record of Proceedings* (International Labour Office, Geneva, 1936), p. 743.

[15] For summary of conclusions, see International Labour Office, *Opium and Labour* (Geneva, 1935), p. 62.

of narcotic drugs for other than medical purposes. The United Nations are now using and intend to use their military forces to the fullest possible extent to remove the Japanese forces from all of the above-mentioned areas. Owing to the presence of opium, opium shops and opium smokers in those areas, it is the opinion of narcotics experts that there would be danger of infection of susceptible individuals among United Nations forces because it has been well established that most persons who begin to take drugs do so because of the accessibility of drugs and close association with persons who indulge in them. It is believed that it would not be sufficient for the military authorities merely to declare opium shops out of bounds for, in the presence of opium, addiction might spread rapidly.

From the standpoint of the health and safety of the men of the armed forces of the United States, this Government is convinced that it will be imperative, immediately upon the occupation of a part or the whole of any one of the above-mentioned territories by the United States forces, to seize all drugs intended for other than medical and scientific purposes which may be discovered and to close existing opium monopolies, opium shops and dens. This will be the policy pursued by all American expeditionary forces under American command.

The Government of the United States therefore proposes to the British Government that it give consideration to the question of adopting a common policy in collaboration with the other interested Governments to govern the action of expeditionary forces under allied command. This policy would envisage each Government's instructing its military authorities to issue appropriate orders, as follows:

Immediately upon the occupation of a part or the whole of any one of the above-mentioned territories

(*a*) To seek out and to seize all drugs intended for other than medical and scientific purposes,

(*b*) To close existing opium monopolies, opium shops and dens,

(*c*) To prohibit the importation, manufacture, sale, possession or use of prepared opium,

(*d*) To prohibit the importation, manufacture, sale, possession or use of opium and other dangerous drugs for other than medical and scientific purposes,

(*e*) To provide medical treatment for drug addicts in need of such treatment,

(*f*) To suppress the illicit traffic in narcotic drugs,

(*g*) To place under strict control all supplies of narcotic drugs for medical and scientific use, and

(*h*) To take the necessary steps, including the imposition of appropriately severe penalties, to enforce all orders relating to narcotic drugs.

Pending agreement with the interested governments for suppressive measures along the lines just mentioned, the Government of the United States reserves the right to take independently, in all localities where its military forces may be operating, suitable measures which may be deemed to be necessary for the protection of the health of those forces.

Envisaging that United Nations military control of territories will bring about a temporary cessation of legal opium smoking, the Government of the United States believes that such a break in opium usage will afford interested governments a unique opportunity to end once and for all legitimized use of prepared opium in those territories. It is the opinion of this Government that this opportunity may be lost if governments do not agree upon and proclaim beforehand a policy of complete prohibition of prepared opium in all areas from which they may drive out the enemy.

It is the belief of this Government that any loss of opium revenue as a result of the adoption of a prohibition policy would be more than offset by the resulting social and economic gains, as the productive capacity of the natives would be considerably increased and as there would follow a corresponding improvement in their standard of living.

This Government is firmly of the opinion that the adoption of a prohibition policy would facilitate the international efforts already undertaken to draft a convention for the limitation and control of the cultivation of the opium poppy strictly to the medical and scientific requirements of the world, and it regards the suppression of prepared opium in the areas now occupied by the Japanese as a necessary first step to that end.

The present time would appear to this Government to be especially propitious from a psychological viewpoint for the interested governments to proclaim their intention to enforce a policy of complete suppression of prepared opium and to institute other positive measures for the improvement of the health and welfare of the people of those territories. Such a proclamation would emphasize the contrast with the Japanese policy of using narcotics to poison and weaken those people and neglecting their health and welfare.

The Government of the United States accordingly further proposes to the British Government that it give consideration to the question of making a public announcement at an early date, simultaneously with similar action by the other interested governments, that immediately upon the resumption of control over a part or the whole of any one of the British territories now occupied by the Japanese, the British Government will take all measures and enact all

legislation necessary for the prohibition of the importation, manufacture, sale, possession or use of prepared opium and other dangerous drugs, except for medical and scientific purposes.

In conclusion, the Government of the United States, believing that the British Government is anxious to put into force in its possessions in the Far East laws and policies with respect to opium similar to those in effect in the United Kingdom in order to promote the establishment of uniform standards in relation to the use of opium among all peoples of the world, expresses the confident hope that the British Government will concur in and will cooperate in carrying out the policies and programs set forth above relating to the period of military government and to the subsequent reestablishment of civil government in territories in the Far East retaken from the enemy.

Copies of this *aide mémoire* are being furnished to the Minister of Australia and to the Chargé d'Affaires *ad interim* of Canada and of New Zealand. Identical *aide-mémoire*, *mutatis mutandis*, are being delivered to the Chinese and Netherlands Ambassadors, and a similar one is being delivered to the Minister of Portugal.

WASHINGTON, September 21, 1943.

890.114 Narcotics/30

The Netherlands Ambassador (Loudon) to the Secretary of State

No. 5877 WASHINGTON, September 29, 1943.

SIR: I have the honor to acknowledge receipt of an *Aide-Mémoire* dated September 21, 1943,[16] proposing certain changes in the regulations governing the production and consumption of opium in the Far East.

I have not failed to transmit the contents of the *Aide-Mémoire* to my Government, which will in due course communicate its observations concerning this matter.

I have, however, received instructions from the Netherlands Minister for Foreign Affairs[17] to inform Your Excellency that the Netherlands Government has already decided several months ago to prohibit completely the use of prepared opium in the Netherlands Indies after the liberation and to abolish the previously existing opium monopoly. A declaration of Her Majesty's Government to this effect is in an advanced state of preparation and will shortly be communicated to all Governments concerned.

I avail myself [etc.] For the Netherlands Ambassador:

W. VAN BOETZELAER
Minister Plenipotentiary

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[16] See footnote 12, p. 1072.
[17] E. N. van Kleffens.

890.114 Narcotics/35

The Netherlands Ambassador (Loudon) to the Secretary of State[18]

No. 6578 WASHINGTON, November 4, 1943.

SIR: Acting upon instructions from the Netherlands Minister for Foreign Affairs, I have the honor to transmit herewith 5 copies of a declaration of the Royal Netherlands Government with regard to the prohibition of the production and consumption of opium in the Netherlands Indies. The opium problem has been actively studied by the Royal Netherlands Government in relation with the measures which will have to be taken after the liberation of the Netherlands Indies. The reestablishment of Netherlands authority in that part of the Kingdom will create a completely changed situation which the Netherlands Government considers an opportune moment to prohibit completely the use of prepared opium in those parts of the Netherlands Indies where this was previously permitted and to abolish the opium monopoly.

The enclosed declaration of the Netherlands Government will be communicated to the Governments which are parties to the Geneva Opium Agreement of February 11th, 1925,[19] and or, the Hague Opium Convention of 1912 and all other members of the League of Nations through the intermediary of the Secretariat of the League.

The Netherlands Government does not desire publication of the enclosed declaration at this moment as consultations with the British Government which is preparing a similar arrangement with regard to British Colonial territories are still in progress. Therefore, it will be much appreciated if the declaration of the Netherlands Government could be released to the press only after notification to that effect will be received.[19a]

In connection with the above reference is made to an *aide-mémoire* dated September 21st, 1943, No. 890.114 Narcotics/12, transmitting an American proposal with regard to opium regulations of which I acknowledged receipt in my note of September 29th, 1943, No. 5877. The decision of the Netherlands Government outlined in the enclosure was taken before the American Government's proposal was received. The Netherlands Government considers that its declaration covers to a considerable extent the suggestions outlined in the *aide-*

[18] Acknowledged by the Secretary of State in a note of November 22, 1943, not printed. The note indicated readiness of the American Government to consult with other governments on measures for the limitation and control of the production of opium and suppression of the illicit traffic in opium (890.114 Narcotics/49).

[19] League of Nations Treaty Series, vol. LI, p. 337.

[19a] Announcement was made by the Netherlands and British Governments on November 10, 1943; Department of State *Bulletin*, November 13, 1943, p. 331. A statement by Acting Secretary of State Stettinius on the same date is also printed *ibid.*

mémoire of the American Government, to which the Netherlands Government intends to reply at a later date.

I avail myself [etc.] For the Netherlands Ambassador:
W. VAN BOETZELAER

[Enclosure]

Declaration by the Netherlands Government

The Royal Netherlands Government, having considered its attitude with regard to the opium-smoking habit in certain parts of the Netherlands Indies after the liberation of these parts from enemy occupation, has decided to take all necessary measures for the discontinuance of that habit and for the complete suppression of the use of opium for smoking in the whole area of the Netherlands Indies. These measures will include the abolition of the Opium Monopoly.

This decision is based on the following considerations.

In certain parts of the Netherlands Indies smoking of opium was still authorised, in conformity with the rules laid down in the Agreement signed at Geneva on the 11th February 1925, which had in view to bring about the gradual and effective suppression of the manufacture of, the internal trade in, and the use of prepared opium as provided for in Chapter II of the International Opium Convention, concluded at The Hague on the 23rd January 1912. As a State signatory of the Protocol annexed to the Agreement of the 11th February 1925, the Netherlands undertook to strengthen the measures already taken in accordance with article 6 of the Hague Opium Convention of 1912, and to take any further measures which might be necessary in order to reduce consumption of prepared opium in the territories under their authority, so that such use might be completely suppressed within a period of not more than fifteen years from the date on which a commission to be appointed by the Council of the League of Nations, would decide that the poppy-growing countries had ensured the effective execution of the necessary measures to prevent the exportation of raw opium from their territories from constituting a serious obstacle to the reduction of consumption in the countries, where the use of prepared opium was still temporarily authorised.

For many years past the Netherlands Indies Opium Monopoly has endeavoured to restrict the use of opium as much as possible in order to pave the way for total prohibition as the ultimate aim of the Netherlands Government's opium policy. Encouraging results had been reached and the total consumption was steadily decreasing.

When the Netherlands Indies have been liberated from enemy occupation, an entirely new situation will arise. The Royal Netherlands Government does not know what kind of opium policy will have been

applied during the period of the occupation. But it has come to the conclusion that it may avail of this opportunity to advance the moment of the complete suppression of the use of prepared opium and bring about its immediate and complete abolition.

The Royal Netherlands Government realises that, if total prohibition is to have the desired effect of stopping the habit of opium smoking, international cooperation is indispensable. It feels fully confident that such cooperation will not be lacking. It does not doubt that all Governments concerned will appreciate its decision and collaborate fully in order to eliminate the conditions which used to constitute serious obstacles to the effective enforcement of total prohibition.

At the outbreak of the war preparations for an international convention for the limitation of the production of raw opium had advanced to a considerable extent; these preparations are now being continued by the Opium Section of the League of Nations Secretariat within such limits as present circumstances permit. The Netherlands Government trusts that, when normal communications are restored, effective measures on an international basis will ensure that the exportation of raw opium from the poppygrowing countries will not impede the complete suppression of the use of opium for smoking, and that every effort will be made to prevent illicit opium from finding its way into the Netherlands Indies.

In cases where the health of addicts would be endangered by sudden abstention from the use of prepared opium, the Netherlands Government is prepared to take the necessary measures for their recuperation, namely by giving these addicts the opportunity of following a cure to be weaned of the opium habit.

LONDON, 1 October 1943.

890.114 Narcotics/44

The British Embassy to the Department of State [20]

AIDE-MÉMOIRE

930/19/43

His Majesty's Government in the United Kingdom have received the views of the Government of the United States, embodied in the Department's *aide-mémoire* No. 890.114 Narcotics/12 of September 21st, 1943 on the policy to be adopted by the United Nations in the matter of the control of opium in territories in the Far East freed from Japanese occupation.

[20] Acknowledged by the Secretary of State in a note of November 22, 1943, not printed. The note indicated readiness of the American Government to consult with other governments on measures for the limitation and control of the production of opium and suppression of the illict traffic in opium (890.114 Narcotics/-50).

2. Before the receipt of the Department's communication, His Majesty's Government had already been considering this question and had reached the same conclusions as the United States Government, namely that opium smoking should be prohibited and prepared opium monopolies should not be established in British territories to be freed from Japanese occupation. In accordance with their decision, His Majesty's Government propose to issue on November 10th, 1943 a statement in the following terms:

"By the Hague Convention of 1912 His Majesty's Government undertook to take measures for the gradual and effective suppression of opium smoking. The Geneva Agreement of 1925 contained provisions supplementary to and designed to facilitate the execution of the obligations assumed under the Hague Convention, and in particular provided that the importation, sale and distribution of opium and the making of prepared opium for sale shall be a monopoly of the Government. Under the system of Government monopoly, supplies of prepared opium were restricted to habitual smokers and as a result of the administrative measures and general improvement brought about in social conditions during the twenty years preceding the Japanese aggression, much progress had been made towards the suppression of opium smoking.

His Majesty's Government in the United Kingdom have now decided to adopt the policy of total prohibition of opium smoking in British and British protected territories in the Far East which are now in enemy occupation, and in accordance with this policy prepared opium monopolies formerly in operation in these territories will not be re-established on their reoccupation. The success of the enforcement of the prohibition will depend on the steps taken to limit and control production in other countries. His Majesty's Government will consult with the governments of the other countries concerned with a view to securing their effective cooperation in the solution of this problem."

A similar statement will, it is understood, be issued at the same time by the Netherlands Government.[21]

3. His Majesty's Government believe that the policy to be announced in the above statement involving as it does the imposition of a total prohibition of opium smoking and the closing of government monopolies, together with other relevant legislation enacted and brought into operation many years ago, will bring about a situation in the British colonial territories concerned in which the importation, manufacture, sale, possession or use of all forms of opium or its derivatives or of all other habit-forming drugs covered by various international conventions will be restricted under the most stringent regulations to medicinal and scientific purposes. As regards Burma, the effect will not immediately be so sweeping, owing to the habit (which does not exist in British colonial territories now in Japanese occupation) of eating unprepared opium for semi-medical purposes

[21] See footnote 19a, p. 1077.

in many unhealthy parts of the country. This constitutes a different (and much more difficult) aspect of the problem of the suppression of the use of opium from that of the suppression of opium smoking and of the traffic in prepared opium to which the Department's *aide-mémoire* principally refers and which is also the subject of the intended declaration by His Majesty's Government. The Government of Burma have, however, already adopted the policy of ultimate suppression of all opium consumption, and as part of their plans for a reconstruction policy in Burma are examining the best means of effecting the suppression in the shortest possible time. An essential prerequisite for successful abolition is of course the effective control over opium in neighbouring countries, to which a reference is made in the intended statement.

4. In these circumstances, His Majesty's Government believe that the intended statement will fully meet the wishes of the United States Government as stated in the fourteenth paragraph of the Department's *aide-mémoire* under reference. In bringing the terms of the statement to the attention of the United States Government, His Majesty's Government have in mind the possibility that the United States Government may wish to issue some simultaneous statement of their own which they presume would merely take note with satisfaction of the decision announced by His Majesty's Government and the Netherlands Government. His Majesty's Government are, however, most anxious that no such statement by the United States Government should be made before the issue of their own statement, as any premature disclosure of their intended policy might have unfortunate results.

5. With regard to the more detailed points in the Department's *aide-mémoire*, His Majesty's Government are very willing to consider, in consultation with the United States Government, the application of the policy outlined in their intended statement in the areas occupied by the Japanese where United States troops are operating, and will communicate with them again on these points as soon as possible.

WASHINGTON, November 6, 1943.

890.114 Narcotics/39

The Ambassador in China (Gauss) to the Secretary of State

No. 1865 CHUNGKING, November 29, 1943.
[Received December 16.]

SIR: I have the honor to refer to the Embassy's telegram no. 1653 November [*September*] 8, 10 a. m.[22] and previous correspondence, in

[22] Not printed.

regard to the abolition of opium smoking in territories freed from enemy occupation, and to enclose a copy of a statement read by Dr. K. C. Wu, Political Vice Minister for Foreign Affairs, at a press conference on November 24, 1943 in which satisfaction is expressed in regard to a statement issued on November 10 by the British and Netherlands Governments announcing their decision that opium smoking will be prohibited and opium monopolies will not be re-established in their territories to be freed from Japanese occupation.

In the second paragraph of the statement reference is made to the problem of opium smoking in the Far Eastern territories of "certain powers" where most of the victims were Chinese who, although they would have been severely punished for smoking opium in China, "were allowed freely to indulge in this vice" in those territories. In response to a correspondent's question as to the identity of these "certain powers" Dr. Wu is reported to have replied that it was the intention of the Chinese Government not to make names too clear.

Respectfully yours, C. E. GAUSS

[Enclosure]

Statement Read by the Chinese Political Vice Minister for Foreign Affairs (Wu) at a Press Conference November 24, 1943

The Chinese Government has noted with great satisfaction the statement of the British and the Netherlands Governments of November 10 announcing their decision that opium smoking will be prohibited and opium monopolies will not be re-established in their territories to be freed from Japanese occupation. This announcement is most welcome for it has been the constant policy of the Chinese Government to seek the eradication of the abuse of opium, its derivatives and other dangerous drugs. A two-year program for the suppression of the illegal use of manufactured drugs and a six-year program for the suppression of opium smoking have been strictly carried out in Free China since 1934 in spite of the Sino-Japanese War. Since 1940, opium smoking and poppy cultivation are absolutely prohibited in this country and it is the firm intention of the Chinese Government to enforce this prohibition also in all the areas which will be liberated from the Japanese occupation and in which our enemy has been deliberately spreading the use of narcotics in order to weaken our resistance and demoralize our people.

The Chinese Government has equally been concerned about the problem of opium smoking in the Far Eastern territories of certain Powers, where most of the victims were Chinese. Although opium smokers in China were severely punished, Chinese nationals who lived in those territories were allowed freely to indulge in this vice.

Moreover, the fact that opium smoking was legally allowed to exist impaired the success of the policy of total prohibition of which China and the United States were the principal advocates, and was inconsistent with the letter and spirit of the Hague Convention of 1912. The recent decision of the British and Netherlands Governments, therefore, has filled a gap in the anti-opium front and augurs well for the future co-operation of all the United Nations in their common struggle against the scourge of drug addiction.

With regard to the question of limitation and control of opium production mentioned in the statement made by the British and the Netherlands Governments, it goes without saying that China strongly favours such limitation and control as testified by the fact that China has already prohibited the cultivation of poppy since 1940. In view of the recent decision of the British and the Netherlands Governments, a satisfactory solution of the opium problem has surely been brought much nearer than before.

890.114 Narcotics/42

The Netherlands Ambassador (Loudon) to the Secretary of State

No. 372 WASHINGTON, January 18, 1944.

SIR: In execution of instructions received from Her Majesty's Government I have the honor to inform Your Excellency that it has taken cognizance with a great deal of interest of the Department of State's *aide-mémoire* of September 21, 1943, concerning the adoption of a common policy by the interested governments to terminate the use of narcotic drugs for non-medical purposes in the Far Eastern territories now occupied by Japan, as soon as these areas are recaptured by the armed forces of the United Nations. I am further instructed to advise that such a concordant course of action is fully acceptable to the Netherlands Government, which, however, wishes me to interpret to Your Excellency the following observations on the propositions set forth in the *aide-mémoire*.

The United States Government submits in the first place to the consideration of Her Majesty's Government the pursuance by the governments concerned of a common policy to govern the action of the armies under allied command. Such policy would have as an objective that each interested government should instruct its military authorities to issue certain orders as delineated in eight specific points.

The Netherlands Government is in accord with this proposition, as it would create the opportunity to counteract, at the earliest possible time, the evil which may have been brought about by the Japanese occupation authorities.

627-819—67——69

The orders proposed to be given to the military authorities are, in general, in accordance with the instructions previously given to the Netherlands Indies civil authorities for the enforcement of existing Netherlands legal provisions governing the subject-matter, and also with those to be issued to them pursuant to legal provisions to be enacted for such regions in the Netherlands Indies as will stand in need of such additional legislation as soon as the Netherlands Government will again be able to exercise its authority in those localities.

With reference to each point in particular Her Majesty's Government allows itself to make the following remarks:

(*a*) To seek out and to seize all drugs intended for other than medical and scientific purposes.

No objection is raised to this measure, provided that the tracing of the drugs will be done judiciously, without undue harassment of the population. Perhaps, also in the interest of the troops concerned, it would be preferable not to emphasize so much the "seeking out" but to phrase the order: "To seize all opium and other narcotic drugs found and not intended for medical and scientific purposes."

(*b*) To close existing opium monopolies, opium shops and dens.

That all opium shops illegally operating or opened by Japanese authorities shall be closed, thereto is, of course, no objection interposed. If this order should be meant to include the closing by the military authorities of shops and places where *régie* opium is sold and consumed respectively, as also storehouses for *régie* opium maintained by the Japanese occupation authorities pursuant to the Netherlands Indies *Régie* Ordinance, no objection would be taken to such measure, inasmuch as Her Majesty's Government has definitively decided to extinguish the use of opium and to abolish the opium *régie* in the Netherlands Indies immediately following its liberation.

(*c*) To prohibit the importation, manufacture, sale, possession or use of prepared opium.

Under Netherlands Indies law, the importation, manufacture and sale of prepared opium were prohibited. Possession and use of prepared opium originating from the opium *régie* were upon certain conditions yet permitted in some places, but, pursuant to the total prohibition, to become effective upon the liberation of the Netherlands Indies, this state of affairs will cease to exist. So far as the Netherlands Indies are concerned, it would therefore perhaps be more to the point to have instruction (*c*) read: "Where necessary, to extend existing prohibitions on the possession and manufacture of opium and other narcotic drugs for other than medical and scientific purposes to the possession and use of prepared opium."

(*d*) To prohibit the importation, manufacture, sale, possession or use of opium and other dangerous drugs for other than medical and scientific purposes.

Such prohibitory regulation was in force in the Netherlands Indies; the only exception thereto was that, according to the provisions of the *Régie* Ordinance, on certain conditions the possession and use of *régie* opium were permitted in some regions. As this exception will be done away with, as appears from what is observed under point (*c*), the proposal of the United States Government which is considered in this paragraph, has been carried out in its entirety.

(*e*) To provide medical treatment for drug addicts in need of such treatment.

Although it is questionable whether the military authorities in a transition period when military operations will predominantly require their attention, will have the opportunity to devote their energy also to this point, no exception is taken to their attending to this humanitarian cause as much as may be possible.

(*f*) To suppress the illicit traffic in narcotic drugs.

This task falls within the sphere of action of the Police and the Customs, even if no special measures are taken in this connection. It might, however, be of advantage if the military authorities could find the opportunity to bestow also special care on this problem.

(*g*) To place under strict control all supplies of narcotic drugs for medical and scientific use.

This measure is very desirable. In order to make such control effective in the Netherlands Indies a number of legal provisions were enacted. It would be a benefit if also under extraordinary circumstances these provisions should be rigorously adhered to and a strict observance thereof emphatically recommended.

(*h*) To take the necessary steps, including the imposition of appropriately severe penalties, to enforce all orders relating to narcotic drugs.

Under Netherlands Indies legislation, measures were provided for the enforcement of the prohibitions bearing on narcotic drugs and severe punishment was meted out for the infringement thereof. Under this legislation, it was also a criminal offense to possess or use prepared opium when possession thereof was not permitted by law. It would be conducible to an orderly conduct of affairs if offenses committed by the population should be adjudicated on the basis of the laws obtaining in normal circumstances, which laws will operate again when the occupation by the enemy has come to an end, regardless of whether they have been modified or repealed by the enemy in contravention of International Law.

As concerns the statement of the United States Government that, pending agreement with the interested governments on the measures discussed hereinbefore, it reserves the right to take them independently for the protection of the health of the American forces, its attention is respectfully invited to the fact that such independent measures will not be required for troops which will operate in the Netherlands Indies. As appears from what is mentioned above, the Netherlands Government concurs in the common line of conduct as proposed in the *aide-mémoire*. Further, it may not be amiss to observe that the danger of temptation to the use of narcotics in the Netherlands Indies should be viewed in right perspective. Before the enemy occupation, under the laws then prevailing in the Netherlands Indies, the use of opium was but permitted in certain regions and such lawful use was restricted to *régie* opium and subject to certain definite conditions. Should American forces operate in those regions, it would be doubtful whether they would be exposed to the danger of seduction, considering that the consumption of opium was limited to certain strata of the

population, indulged in on a very small scale and, taking the population as a whole, was hardly discernible. Unless, through the instrumentality of the Japanese occupation authorities, the use of opium has been greatly increased and spread, the danger of being led astray will not exceed such as, for instance, exists in the larger seaports where, notwithstanding the vigilance of the police, the opportunity for clandestine opium smoking not infrequently presents itself. For that matter, should it ever occur that servicemen of the allied armies would be found guilty of using opium, the commanding officers should take disciplinary action similar to that applied in cases of intoxication and other excesses.

As intimated to the United States Government, Her Majesty's Government has already published its decision to extinguish the use of opium in the Netherlands Indies as soon as this overseas Netherlands territory will be free again. The proposal of the American Government, put forward in the *aide-mémoire*, that the interested governments shall proclaim at this time a policy of total prohibition of this drug for the territories to be recaptured from the enemy has therefore been given effect as far as the Netherlands Indies are concerned.

As far back as the year 1909 the Netherlands Government declared at the International Opium Conference at Shanghai that considerations of a financial nature could never have the effect of refraining it from the taking of measures for the advancement of the total suppression of opium consumption. The loss of revenue as referred to in the *aide-mémoire* never was a factor in the Netherlands Government's consideration whether the time was ripe for total prohibition in the Netherlands Indies of the use of this pernicious drug. The promotion of public health and welfare has since many years been the colonial policy of Her Majesty's Government, impelled by its sense of natural duty towards the population. The opium monopoly has since many years been made subservient to a gradual preparation for the abolition of the use of opium, and progress was made in that direction. However, envisaging that, after the liberation of the Netherlands Indies, it will be faced with an entirely new situation, the Netherlands Government deemed the time ripe for putting the last link in its policy of effecting step by step the total suppression of the consumption of opium and, consequently, issued such prohibition for the whole of the Netherlands Indies. Its declaration of October 1, 1943,[23] of which two copies are enclosed herewith for the sake of completeness, summarizes the considerations which resulted in that decision.

It is proposed in the *aide-mémoire* that the Netherlands Government, simultaneously with the other interested governments, shall, at

[23] *Ante*, p. 1078.

an early time, make a public announcement that, immediately after the re-establishment of its authority in the Netherlands Indies, it will take all measures and enact all legal provisions necessary for the prohibition of the importation, manufacture, sale, possession or use of prepared opium and other dangerous drugs, except for medical and scientific purposes. The fact, however, is that, under Netherlands Indies law, such prohibitions were already in force; with reference to the use of prepared opium there existed some exceptions, under which the possession and use of *régie* opium were permitted in certain regions, but these exceptions will no longer operate after the liberation. For the public announcement as suggested by the United States Government the Netherlands Government cannot find any occasion. Such promulgation would, so far as opium and other narcotic drugs are concerned, not only be superfluous but even misleading, as it would tend to create the impression as though in the Netherlands Indies the legal provisions now under consideration did not exist, notwithstanding the obligations imposed by international conventions in that respect, and, so far as prepared opium is concerned, it would serve no purpose in view of the publication of the Netherlands Government's declaration of October 1, 1943.

Finally, expression is given in the *aide-mémoire* to the United States Government's confidence that the Netherlands Government will be in accord with and cooperate in carrying out the policy and program propounded for the period of military government and for the time following the restoration of civil administration in the liberated Netherlands Indies. The standpoint of the Netherlands Government is made evident in the response hereinbefore given to the propositions contained in the *aide-mémoire*. Besides, from its declaration of October 1, 1943, it clearly appears that the Netherlands Government, before taking cognizance of the *aide-mémoire*, had already decided to make all use of narcotic drugs in the Netherlands Indies unlawful, except for medical and scientific purposes. Manifestly, the Netherlands Government has no intention to limit the total prohibition of prepared opium to the transition period of military government, but is determined that such interdiction shall remain in full force and effect also after that time, and that thus the finishing touch shall be put to a policy, pursued since many years past and aimed at the gradual extinction of the use of prepared opium, as referred to in article 8 of the International Opium Conference of The Hague.

However, in order that the total suppression of the use of prepared opium at which Her Majesty's Government aims may be achieved, international collaboration will be necessary also after the war for the purpose of effectively preventing undesirable imports of opium and of restricting the production thereof to such quantities as will be required for medical and scientific needs. Her Majesty's Government

therefore ventures to appeal to the United States Government for its full support and cooperation in such concerted action after the cessation of hostilities.

Please accept [etc.] A. LOUDON

890.114 Narcotics/58

The Secretary of State to the Netherlands Ambassador (Loudon)

WASHINGTON, February 4, 1944.

EXCELLENCY: I have the honor to acknowledge the receipt of your note No. 372 of January 18, 1944 in regard to the measures to be taken to prohibit the non-medical use of narcotic drugs in areas in the Far East now occupied by Japanese forces when such areas are reoccupied by the armed forces of the United Nations.

It is gratifying to learn that the Netherlands Government finds fully acceptable the common course of action described in the Department's *aide-mémoire* of September 21, 1943. The comments and suggestions of your Government concerning the proposed instructions to the military authorities are valuable and are appreciated. As it is envisaged that the interested Governments will issue similar orders to their respective military authorities, the Department believes that it will be advisable to await the replies of the British, Chinese and Portuguese Governments to its *aide-mémoire* of September 21, 1943 and that after receipt of these replies representatives of the interested Governments should be designated to meet in Washington in order to consider all comments and suggestions which may be presented for the revision of the proposed instructions. In the meantime your note will be brought to the attention of the War, Navy and Treasury Departments of this Government.

In view of the declaration of the Netherlands Government of October 1, 1943, copies of which were attached to your note, this Government agrees with the Netherlands Government's observations that there is no occasion for making any further public announcement relative to the prohibition of prepared opium in the Netherlands Indies. The observations of the Netherlands Government on this subject disclose that the policy of the Netherlands relating to prepared opium is closely in harmony with that of the United States.

This Government is aware that the combined efforts of many countries will be required in order to make the prohibition of smoking opium effective, and hopes to be able to exchange views during the current year with the Netherlands Government concerning the main principles on which a poppy limitation convention may be based.

Accept [etc.] For the Secretary of State:
A. A. BERLE, JR.

890.114 Narcotics/59

The Chinese Ambassador (Wei Tao-ming) to the Secretary of State

The Chinese Ambassador presents his compliments to the Secretary of State and has the honor to refer to the Department's *Aide-Mémoire* of September 21, 1943, suggesting the adoption of a common policy among the United Nations, having as the objective the suppression of the non-medical use of narcotic drugs, in areas in the Far East now occupied by Japanese forces when they are re-occupied by the armed forces of the United Nations.

It is stated that the Government of the United States has already taken steps to instruct its expeditionary forces to enforce orders which will not only lead to the seizure of all narcotic drugs and closure of opium monopolies, opium shops and dens, but also provide for the cure of addicts and various preventive measures including the prohibition of the manufacture, importation, sale and possession of all narcotic drugs. The Government of the United States suggests that the interested governments give consideration to the adoption of similar measures and agree upon and proclaim beforehand a policy of complete prohibition of prepared opium in all areas from which they may drive out the enemy.

In June, 1943, the Chinese Government issued orders to its expeditionary forces to carry out vigorously the policy of suppression of opium-smoking and to close any agencies having monopolies of the sale of opium in the areas to be re-occupied by the Chinese forces, without regard to whom the territory belonged.

The eight measures as set forth by the Government of the United States for adoption by the United Nations in the areas to be recovered are entirely in consonance with the policy of the Chinese Government relative to the suppression of opium-smoking. The Chinese Government, having given further consideration and detailed study to these measures, will formulate specific orders for enforcement by its armed forces.

As to the areas in China when they are recovered, the Chinese Government will continue its traditional policy of opium suppression, and stricter measures will be taken with the hope that opium-smoking may be eradicated for all times.

The proposal of the American government to have the interested governments proclaim beforehand a common policy of complete prohibition of prepared opium has for its objective the adoption of a similar policy by countries like Great Britain, The Netherlands, and Portugal in their territorial possessions in the Far East. The British and The Netherlands Governments issued on November 10, 1943 and October 1, 1943, respectively, a statement to suppress the use of opium. In a memorandum to the British Embassy and the Nether-

lands Embassy at Chungking, the Chinese Government expressed its endorsement of the statement and inquired of the ways of execution. At the same time, the Chinese Government also instructed the Chinese Minister to Portugal to inform the Portuguese Government that the Chinese Government takes the same position as that of the United States in the suppression of opium, and expressed the hope that the Portuguese Government might adopt the same policy. Under these circumstances, it is deemed unnecessary for the Chinese Government to reiterate in a statement the actions it has already taken.

WASHINGTON, May 4, 1944.

Statement Issued to the Press by the Secretary of State, July 3, 1944 [24]

LIMITING THE PRODUCTION OF OPIUM

House Joint Resolution 241,[25] introduced by the Honorable Walter H. Judd, Representative from the State of Minnesota, which was approved by the President after having been passed unanimously by both the House of Representatives on June 5, 1944, and the Senate on June 22, 1944, is in line with the long-standing opium policy of the United States.[26] This resolution requests the President to urge upon the governments of those countries where the cultivation of poppy plant exists the necessity of immediately limiting the production of opium to the amount required for strictly medicinal and scientific purposes. It is hoped that the opium-producing countries of the world will now cooperate in an international program to wipe out drug addiction and the illicit traffic in narcotic drugs.

When the Chinese Government in 1941 prohibited the use of smoking opium in China,[27] and the British and Netherland Governments on November 10, 1943 announced their decisions to prohibit the use of opium for smoking and to abolish opium monopolies in their territories in the Far East when those territories are freed from Japanese occupation, the way was prepared for the suppression of the traffic in smoking opium in those and other areas. The provisions of article 6 of the Hague Convention of 1912, to which more than 60 countries are parties, calling for the gradual suppression of the manufacture, the internal traffic in, and the use of prepared opium, can

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[24] Reprinted from the Department of State *Bulletin*, July 9, 1944, p. 47.

[25] 58 Stat. 674.

[26] For an account of the opium policy of the United States, see George A. Morlock, "United States Policy Relating to Opium", Department of State *Bulletin*, July 9, 1944, pp. 48–51. See also letter from the Secretary of State to the Secretary of War, June 26, 1943, *ante*, p. 1068.

[27] According to a Chinese Foreign Ministry press statement of November 24, 1943, the prohibition had been effective since 1940; for text of statement, see p. 1082.

now be fulfilled. In its announcement of November 10, 1943 the British Government warned, however, that the success of the enforcement of prohibition will depend on the steps taken to limit and control the production of opium in other countries. The Judd Resolution is a public announcement of the conviction of the Congress that this World War ought to be not an occasion for permitting expansion and spreading of illicit traffic in opium but rather an opportunity for completely eliminating it.

The Department of State, having received instructions from the President pursuant to the Resolution of the Congress, will undertake to secure the cooperation of the opium-producing countries in the solution of this world problem.

511.4A5/8–1944

Draft Memorandum to the Iranian Ministry for Foreign Affairs [28]

There is transmitted to the Government of Iran a copy of Public Law 400, Seventy-eighth Congress of the United States of America, approved July 1, 1944.[29] In compliance therewith, the Government of the United States invites the attention of the Government of Iran to the changes in the world narcotics situation which have recently taken place, and urges that it give consideration to the necessity of immediately limiting the production of opium in Iran to the amount required for strictly medicinal and scientific purposes.

[Here follows an account of measures taken by various governments in the past twenty years to combat the abuse of narcotic drugs.]

This Government realizes that the problem of the reduction of the cultivation of the opium poppy in Iran is neither new nor easy of solution. It was given much consideration twenty years ago and a Commission of Inquiry, appointed pursuant to a resolution of the Assembly of the League of Nations, went to Iran and made an exhaustive study of the situation. The Commission reported to the Council of the League of Nations in October 1926 (League of Nations document no. C.580.M.219.1926.XI) that it "has arrived at the conclusion that, while difficult of accomplishment, it is possible and practically feasible, and to the economic interest of Persia, to adopt a programme for the gradual diminution of the cultivation of the opium poppy, and, in this connection, is glad to call attention to the formal

[28] Transmitted to Tehran in instruction 472, August 19, 1944, not printed. In despatch 121, November 17, 1944, the Ambassador in Tehran stated that the memorandum, unchanged except for elimination of the word "draft" from the title, was sent to the Iranian Ministry for Foreign Affairs on September 20, 1944 (511.4A5/11–1744).

[29] 58 Stat. 674.

letter of the Persian Government addressed to the President of the Commission under date of Teheran, June 1st, 1926, in which it is stated categorically that the Persian Government has the intention of gradually reducing the production of opium to medical needs". (An extract from this letter dated June 1st, 1926 from the Persian Prime Minister to the President of the Commission reads, "It is our conviction that the production of opium can be curtailed . . . Nevertheless, the Persian Government will take immediate measures to reduce the production of opium to medicinal requirements and will prosecute these measures as rapidly as circumstances permit. The Government is likewise determined to put a stop to the smoking of opium within the country as rapidly as possible.") As substitutes for the poppy crop, the Commission recommended the production of cereals, silk, cotton, beet-sugar, and fruits, wool, rice, tea, tobacco, sugar-cane, et cetera.

In its observations on the report of the Commission of Inquiry (League document no. A.S.1927.XI, dated March 28, 1927) the Persian Government stated:

"Neither is it to be expected that the Persian Government and people will continue to support a programme of reduction unless Persia is accorded substantial equality of opportunity with regard to the world's trade in medicinal opium and unless Persia is enabled to put into effect the reasonable measures which are essential for fiscal and economic readjustments. Among these reasonable measures, the Commission of Enquiry has particularly noted and recommended tariff autonomy. The Persian Government is likewise convinced that the independence and freedom of the Persian Government regarding the establishment of legal Customs tariffs are essential for the protection and encouragement of Persian substitute industries and the promotion of exports."

Iran's requests for tariff autonomy and equality of opportunity with regard to the world's trade in medicinal opium were granted. It is a matter of disappointment, therefore, that the Majliss [30] never enacted into law the recommendations mentioned above.

When the new Iranian Cabinet was formed in September 1941, this Government was pleased to note that it presented a program to the Majliss promising to give particular attention to the progress of agriculture, to the amelioration of the condition of the peasants, to the development of irrigation works, to the progressive restriction of the cultivation and use of opium, revision of the laws for the reconstruction of the country and the execution of the agricultural program. In fulfilment of the promise concerning opium a decree was approved by the Iranian Council of Ministers on December 13, 1941, restricting the consumption of opium in Iran. This law authorized

[30] The Iranian Parliament.

the Ministry of Finance "to make the sale of opium to addicts, in such districts where it deems advisable, subject to the presentation of special permits and to make the issuance of permits to addicts subject to special conditions." Such action encouraged this Government to hope that further restrictions on both the production and use of opium will be imposed.

This Government was also gratified to receive on April 8, 1943, on the occasion of the signing of a trade agreement with the United States, a note from the Iranian Minister [31] stating that Iran is in full accord and sympathy with the international efforts to suppress contraband traffic in opium and declaring its intention to establish at an early date any additional regulations which may be necessary to confine the trade in opium produced in Iran to legitimate international channels.

In order further to strengthen control over the international traffic in opium, this Government offers for the consideration of the Iranian Government the desirability of its ratifying the International Opium Convention of 1912 without reservation as to article 3*a* which reads, "The Contracting Powers shall take measures: *a.* to prevent the exportation of raw opium to countries which shall have prohibited the entry thereof". In as much as the Chinese Government is making vigorous efforts to prevent drug addiction among Chinese in China and other places, it is believed that other Governments should use their best endeavors to prevent opium from entering China and the illicit traffic.

The Government of the United States has a particular interest at this time in the quantity of opium produced in Iran because of the presence in Iran of large numbers of American soldiers and American merchant seamen.[32] As a means of protecting the health of these men this Government urges the Iranian Government to give immediate consideration to the problem of surplus opium now existing in Iran with a view to its control or elimination as soon as possible.

[Here follows a discussion of a conference expected to be held after the war for the purpose of drafting a suitable poppy limitation convention, of the provisions the United States suggested should be contained in the proposed convention, and of the observation by the United States that pending the entering into effect of an international poppy limitation convention, "it would be helpful if the Iranian Government would give immediate consideration to the advisability of

[31] For texts of trade agreement signed at Washington and of note from the Iranian Minister, see Department of State Executive Agreement Series No. 410, pp. 1, 32, or 58 Stat. (pt. 2) 1322, 1351.

[32] For correspondence on negotiations between the United States and Iran regarding proposed agreement covering the presence of United States troops in Iran, see vol. v, pp. 355 ff.

announcing at the earliest possible moment that it will hereafter prohibit the production and export of opium for other than strictly medicinal and scientific purposes, and will take effective measures to prevent illicit production of opium in its territories and illicit traffic in opium from its territories."]

If the Government of Iran will take favorable action on the foregoing suggestions, the Government of the United States, on its part, will undertake to assist the Government of Iran as follows:

1. By endeavoring at the proposed poppy limitation conference to obtain for Iran its fair share of the international opium market.
2. By endeavoring at the proposed poppy limitation conference to obtain the adoption of a provision designed to assure the opium producer a fair return.
3. By making the guidance of agricultural experts available to the Iranian Government in order to facilitate the shift from poppy production to the production of other crops.
4. By continuing to import Iranian opium as it has done since 1943.
5. By refraining from producing opium poppies in the United States and using its influence to discourage their production in this hemisphere.

It would be appreciated if the Government of Iran would inform this Government at an early date whether it is prepared to make the suggested announcement concerning the limitation of the production of opium to medicinal and scientific requirements. It would also be appreciated if the Government of Iran would communicate to this Government its observations in regard to the provisions which this Government has suggested be incorporated in the proposed poppy limitation convention.

511.4A5/8-2144

The Secretary of State to the Ambassador in the United Kingdom (Winant) [34]

No. 4468 WASHINGTON, August 21, 1944.

SIR: There is enclosed herewith, for your information, a copy of a Public Law 400,[35] Seventy-eighth Congress, requesting the President to urge upon the governments of those countries where the cultivation of the poppy plant exists, the necessity of immediately limiting the production of opium to the amount required for strictly medicinal and scientific purposes.

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[34] Instructions alike in purport and with similar enclosures were transmitted on the same date to the following Missions: 138 to Kabul; 786 to Chungking; 465 to Ankara; 279 to Moscow; 20 to London, to the Mission near the Yugoslav Government in Exile (none printed). Instruction 6362 to Mexico City, was dated October 5, 1944 (not printed).

[35] Approved July 1, 1944; 58 Stat. 674.

In compliance with this law, there is also enclosed the draft text of a memorandum, together with its enclosures, which you are requested, unless you perceive objection, to transmit to the British Foreign Office in such manner as you may consider appropriate. You may, of course, make such changes in the text as may be necessary to bring it into conformity with the mode of transmission. For your information with regard to enclosure 2 [36] of the enclosed draft memorandum, the American Chargé d'Affaires *ad interim* at Tehran [37] is being requested to transmit the text of that memorandum to the Iranian Foreign Office in such manner as he may consider appropriate, making only such changes as may be necessary to bring it into conformity with the mode of transmission.

There is further enclosed, for your information, a copy of the remarks made by the Honorable Walter H. Judd on the occasion of introducing House Joint Resolution 241.[38]

Very truly yours,

For the Secretary of State:
A. A. BERLE, JR.

[Enclosure]

DRAFT MEMORANDUM [39]

There is transmitted to the British Government a copy of Public Law 400, Seventy-eighth Congress of the United States of America, approved July 1, 1944. In compliance therewith the Government of the United States urges the Government of Great Britain to give consideration to the advisability of taking such steps as may be necessary to assure that the production of opium in India and Burma be limited to the amount required for strictly medicinal and scientific purposes.

This resolution is an expression of the conviction of the people of the United States that drug addiction and the illicit traffic in narcotic drugs should be attacked at their source and that American citizens now serving abroad in countries where opium is produced and sold freely should be protected from the danger of acquiring the drug habit. It is generally recognized that production of opium over and above medicinal and scientific requirements is the principal cause of illicit traffic, of which the United States is one of the chief victims.

A long step forward towards the suppression of the abuse of opium was taken when the British Government on November 10 last an-

[36] The draft memorandum to the Iranian Ministry for Foreign Affairs, *supra*.
[37] Richard Ford.
[38] For text of Congressman Judd's remarks, see *Congressional Record*, vol. 90, pt. 2, pp. 1932–1936.
[39] Substantially the same text and enclosures transmitted to the British Foreign Office on September 8, 1944.

nounced that it had "decided to adopt the policy of total prohibition of opium smoking in the British and British-protected territories in the Far East which are now in enemy occupation and, in accordance with this policy, the prepared opium monopolies formerly in operation in these territories will not be reestablished on their reoccupation." This Government concurs in the further statement contained in that announcement that "The success of the enforcement of prohibition will depend on the steps taken to limit and control the production of opium in other countries." In consonance with this statement, it would seem to be appropriate and timely to exchange views concerning measures which may be taken to secure the cooperation of the interested governments in the solution of this problem.

As a result of the decision of the British and Netherland Governments to suppress smoking opium in the Far Eastern areas referred to above and the uncompromising attitude of the Chinese and United States Governments, the legitimate market for smoking opium in those areas, formerly amounting to about 350,000 kilograms annually, will no longer exist. Consequently, in future, exports of opium will have to be limited to the demands of the world market for medicinal and scientific requirements only. During the period immediately after the war, it is estimated that the world market for opium for medicinal purposes will require about 400,000 kilograms of opium, whereas world production of raw opium for the year 1944 has been estimated by experts of this Government, in the absence of exact figures, as amounting to about 2,400,000 kilograms. There is also production in Central Europe of morphine direct from poppy straw totaling about 8,500 kilograms.

The Government of the United States is urging all opium-producing countries with which it has friendly relations to take steps to limit production to medical and scientific requirements. It hopes that this action will clear the way for a conference for the purpose of drafting a suitable poppy limitation convention, preparations for which were undertaken several years ago by the Opium Advisory Committee.[40]

In the hope of expediting and promoting agreement, the United States Government suggests that the proposed convention should contain provisions:

1. Stating in clear language that its objectives are (*a*) to suppress the abuse of narcotic drugs and (*b*) to supplement the Hague Opium Convention of 1912.

2. Restricting the cultivation of opium poppies for the production of raw opium to the countries which have been producing opium in

[40] An organ of the League of Nations whose functions were to investigate and report on existing narcotic conditions and recommend the action to be taken by the League and by governments.

quantity for many years and restricting the number of countries which may export opium to not more than five of the largest producers.

3. Restricting the cultivation of opium poppies for the direct extraction of morphine to present or lower levels, and prohibiting the exportation of any of the extracted morphine.

4. Establishing a control body consisting of not more than seven members who shall have adequate powers to enforce compliance with their decisions.

5. Requiring all countries and territories to submit estimates of their requirements for raw opium annually to the Control Body.

6. Specifying that each opium producing-exporting country be allotted by the Control Body an annual production and export quota.

7. Requiring all importing countries and territories to buy in a given year the quantities of opium estimated as needed for that year.

8. Assuring the producer a fair return.

9. Requiring the standardization of opium by all producers.

10. Requiring the licensing and complete control of all cultivators by the national authorities with the submission annually of accurate statistics covering the area cultivated and the quantity of opium produced.

11. Incorporating a system of complete and absolute government control over the distribution of opium and any products of the poppy containing morphine, and over stocks.

12. Stipulating that the parties to the proposed convention which are not parties to the Geneva Drug Convention of 1925 agree to apply Chapter V of the latter convention, which sets up a system of import permits and export authorizations for the control of the international trade in opium and other dangerous drugs.

13. Prohibiting a producing country which becomes a party to the convention from supplying, directly or indirectly, consuming countries which have not become parties to the convention, and prohibiting consuming countries which become parties to the convention from buying from producing countries which have not become parties to the convention.

14. Stipulating that opium coming from States which are not parties to the convention shall not be allowed to pass through the territory of parties to the convention.

15. Calling for the prohibition of the manufacture, importation, exportation, and use of smoking opium, and the closing of opium monopolies.

16. Stipulating that a consuming country, either in the event of a demonstrated discrimination against a consuming country in the matter of supply, or in the event of an emergency arising which interferes with or closes the existing source of supply of the said consuming country, may become a producing country, but only with the consent of the Control Body.

17. Insuring the absolute and complete independence of the Control Body.

18. Establishing a businesslike and specific arrangement whereby the parties to the convention accept responsibility for and agree to pay each their fair share of the cost of implementation through machinery set up by the convention.

This Governments hopes that the British Government on its part will fulfil the intention expressed in its statement of November 10, 1943, referred to above, to "consult the governments of other countries concerned with a view to securing their effective cooperation in the solution of this problem." In this connection, it is realized that it will be fruitless to convene a poppy limitation conference unless Iran is willing to participate therein. The Government of the United States is presenting to the Iranian Foreign Office at Tehran a memorandum strongly urging the Iranian Government to limit the production of opium to medicinal and scientific requirements and to cooperate in the work of drafting a poppy limitation convention. That memorandum is along the lines of the copy which is attached hereto.[41] If the British Government could see its way clear to make appropriate representations to the Iranian Government, it is believed that the Iranian Government might give favorable consideration to the proposed program. This suggestion is also being made to the Soviet Government. It may also be pointed out that if most of the opium-producing countries were to make sacrifices for the common good by limiting production to an authorized proportion of the total quantity of opium required by the world for medical and scientific purposes, and one country were to continue to produce between 200 and 300 tons annually for its own non-medical use, such a reservoir would inevitably be drawn upon by illicit traffickers for their supplies.

Pending the entering into effect of an international poppy limitation convention, this Government suggests that it would be helpful if the British Government would give immediate consideration to the advisability of taking any steps necessary with a view to the announcement at the earliest possible moment that the Governments of India and Burma will hereafter prohibit the production and the export of opium for other than strictly medicinal and scientific purposes, and will take effective measures to prevent illicit production of opium in their territories and illicit traffic in opium from their territories.

The Government of the United States is urging each of the opium-producing countries with which it has friendly relations to make similar announcements believing that such action would go far to ensure the success of the prohibition of the use of prepared opium in the Far East and to safeguard all countries against the possibility of an era of increased drug addiction similar to that which followed the first World War.

Before it will be possible to resume international discussions in the Opium Advisory Committee or other body on the main principles

[41] *Ante*, p. 1091.

to be included in a poppy control convention, a large amount of preparatory work remains to be done. This Government feels that much progress could and should be made during the present year, and accordingly ventures to suggest two problems the early solution of which would facilitate the preparatory work.

The first of these problems is the matter of exports of opium from India. The position of the Government of India was set forth in the following statement, dated February 24, 1939, which was circulated in League of Nations document No. O.C. 1751(*e*), March 6, 1939:

"Since the beginning of 1936, exports of opium from India had practically ceased except for shipments of opium for medical purposes to the United Kingdom and very small despatches of raw opium to a few other places, viz., French and Portuguese Settlements in India, Nepal, Zanzibar and Pemba. The exports to these latter places are allowed in accordance with long standing practice and are subject to arrangements which confine the amount of such exports to the quantities approved by the Governments of those countries. Opium is also exported to Burma and Aden; before 1937, these territories formed an integral part of India and it has been decided to continue to allow them to draw their supplies of opium from India at cost price so long as they require them. It will thus be noticed that India is not an exporting country in any substantial sense."

It would be helpful if the British Government could furnish this and other interested governments with details in regard to its intended future policy concerning the export of opium from India to supply either medical or non-medical needs. Presumably it may wish to modify the position taken in 1939 and not authorize shipments for use in the manufacture of smoking opium, in view of the changes brought about by the war and its decision of November 10, 1943 to prohibit smoking opium in its Far Eastern territories.

The second problem relates to the Indian States. The position of the Government of India is also contained in the statement of February 24, 1939 referred to above, as follows:

"I am to add that the Government of India are not at present in a position to enter into any binding obligations on behalf of any part of India except British India. As will be seen from paragraphs 3 and 4 below, they have already secured a large measure of cooperation from the States in all work for opium control and have every reason to hope that they will have increasing success in this direction. This, however, is secured by persuasion and not by injunction, and it is therefore necessary to make a formal reservation on behalf of the States. The other parties need be the less concerned about such a formal declaration for the reasons that the Government of India control the only routes by which opium from the producing States can reach any country outside India and that, so far as India is concerned, it is the interest, as well as the duty, of the Governments of the British Indian provinces and of those States which are most closely collaborating with the Government of India to secure that

627-819—67——70

smuggling of opium out of the producing States is reduced to a minimum."

This policy had been previously applied. When signing the Convention for the Suppression of the Illicit Traffic in Dangerous Drugs dated June 26, 1936,[43] the delegate of the Government of India declared, "That India makes its acceptance of the Convention subject to the reservation that the said Convention does not apply to the Indian States or to the Shan States (which are part of British India)." In as much as the Indian States number about 570, contain over one-fifth of the whole population of India, produce annually about 185,000 kilograms of opium, and have licensed more than 8,000 shops for selling opium, it is felt that the Indian States should be represented directly or indirectly at any conference or meeting which may assemble to draft a poppy limitation convention. Otherwise, an important part of world opium production would escape control; and unless all opium production is brought under control the task of drafting a poppy limitation convention will be rendered impossible of accomplishment.

The Government of the United States believes that the British Government will agree that it would be of assistance at this time if the British Government would indicate whether it will be possible in future to have the Indian States represented at international conferences relating to opium or, if not, whether the British Government will be prepared to enter into binding obligations with other countries on behalf of those states.

With regard to the smuggling of opium out of the producing areas in India, the United States has an interest in the situation in India because recently it has been receiving opium in the illicit traffic from India as reported in this Government's reports for the years 1942 and 1943 on the traffic in opium and other dangerous drugs. Indian opium has also recently appeared in the illicit traffic in Canada. The existence of illicit traffic in opium in India is disclosed in League of Nations document No. O.C./A.R. 1940/60, dated September 25, 1943, which is the annual report of the Government of India on opium and other dangerous drugs for the year 1940:

"Opium continued to be smuggled from the poppy producing areas of Kaya Khabal, Amb, Sher Carh, Phulra and Candaf situated on the border of Nazara and Mardan Districts of the North-West Frontier Province, Afghanistan and Nepal. As in previous years, there was a considerable amount of illicit traffic in opium from the unadministered territories along the North East Frontier of Assam and from the Punjab Hill States, the States of Rajputana and Central

[43] For text of Convention, see League of Nations, *Records of the Conference for the Suppression of the Illicit Traffic in Dangerous Drugs (Geneva, June 8th to 26th, 1936), Text of the Debates* (Geneva, 1936), p. 217.

India, the States of Tipperah and Cooch Behar and from the Hukong Valley."

The Government of the United States also has a particular interest at this time in the quantity of opium produced annually in India, which has fluctuated between 250,000 and 350,000 kilograms in the past few years, because of the presence in India of large numbers of American soldiers and American merchant seamen. As a means of protecting the health of those men this Government urges the British Government to give immediate consideration to the problem of surplus opium now existing in India.

It would be appreciated if the British Government would communicate to this Government its views with regard to the above matters, including its observations concerning the provisions which this Government has suggested be incorporated in the proposed poppy limitation convention. It would also be appreciated if the British Government would inform this Government at an early date whether it is prepared to make the suggested announcement concerning the limitation of the production of opium to medicinal and scientific requirements.

WASHINGTON, July . . , 1944.

845.114 Narcotics/8–844

The Secretary of State to the Officer in Charge at New Delhi (Merrell)

No. 217 WASHINGTON, August 26, 1944.

SIR: There is enclosed herewith a copy of a letter, dated August 8, 1944, from the Treasury Department,[44] in regard to the lack of restrictions in Karachi on sales of opium, bhang and ganja to members of the armed forces of the United States.

It is suggested that you make immediate inquiries in New Delhi concerning the sales practices of the shops licensed to sell opium and hemp drugs and consult the United States military authorities in regard to the need for requesting the Government of India to prohibit sales of those dangerous drugs to our servicemen in India. It is also suggested that you request the American Consular Officers in Charge in Karachi, Bombay, Colombo and Calcutta to make similar inquiries and hold consultations within their respective jurisdictions and to present reports to you at the earliest possible moment.

If, in your judgment, the information you receive warrants such action, it is requested that you make representations to the Government of India, in any manner you deem appropriate, along the following lines:

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[44] Not printed.

Draw attention to the report contained in the Treasury Department's letter of August 8, 1944 and to other reports you may receive from our consular officers and military authorities in India which indicate laxity of control over the sale of opium and hemp drugs.

State that in view of the existence of hundreds of shops licensed to sell opium and hemp drugs and the presence of thousands of American citizens in India, your Government is concerned over the ease with which these drugs are reported to be obtainable.

Express the fear that under prevailing conditions many American soldiers will acquire drug addiction, for it is the experience of narcotics experts that most persons who begin to take drugs do so because of the accessibility of drugs, or because of close association with persons who indulge in drugs.

State that your Government assumes that the conditions described in the reports are of equal interest and concern to the Government of India as they are to the Government of the United States in as much as both Governments are parties to the International Opium Convention signed at The Hague on January 23, 1912, which contains provisions relating to the control of the distribution of opium.

State that although the distribution of hemp drugs is not regulated by international agreement, your Government feels that the Government of India will agree that these dangerous drugs should not be made freely available to armed forces.

Request that the Government of India give immediate consideration to the advisability of taking such measures as may be necessary to prohibit the sale of opium and hemp drugs to the members of the armed forces of the United States in India.

Very truly yours, For the Secretary of State:
A. A. BERLE, JR.

511.4A5/9–244

Representative Walter H. Judd, of Minnesota, to the Secretary of State

WASHINGTON, September 2, 1944.

MY DEAR MR. SECRETARY: I am glad to learn that in pursuance of House Joint Resolution 241, the Department of State has addressed communications to all the opium producing countries urging them to restrict the growing of opium to legitimate needs.

It occurred to me that in further pursuance of the Resolution it might be most helpful and advantageous for the Department of State at this particular time to request our British and Russian allies to collaborate with this Government in strong joint protests to the Governments of certain opium producing nations such as Iran where large numbers of troops from these allied countries are now stationed and constantly exposed to opium addiction because of the large quantities of the drug which are freely obtainable there.

Respectfully yours, WALTER H. JUDD

511.4A5/9-244

The Secretary of State to Representative Walter H. Judd, of Minnesota

WASHINGTON, September 15, 1944.

MY DEAR MR. JUDD: I have received your letter of September 2, 1944, suggesting in further pursuance of House Joint Resolution 241 that the Department of State request the British and Soviet Governments "to collaborate with this Government in strong joint protests to the Governments of certain opium producing nations such as Iran where large numbers of troops from these allied countries are now stationed and constantly exposed to opium addiction because of the large quantities of the drug which are freely obtainable there."

In compliance with House Joint Resolution 241, the Department has already forwarded to its missions near the Afghan, British, Chinese, Iranian, Soviet, Turkish and Yugoslav Governments the texts of that resolution and of draft memoranda with the request that they be transmitted, in such manner as the missions may consider appropriate, to those Governments. The above-mentioned Governments are those of the opium-producing countries with which the United States has friendly relations.

In the draft memoranda, our Government is stating that it is prepared to cooperate with all nations in efforts to solve the opium problem and that it hopes that all opium-producing countries will be willing to participate in a conference which is expected to be held after the war for the purpose of drafting a suitable poppy limitation convention. Pending the entering into effect of an international poppy limitation convention, our Government is suggesting to all the above-mentioned Governments, except China, that they give consideration to the advisability of announcing at the earliest possible moment that they will hereafter prohibit the production and export of opium for other than strictly medicinal and scientific requirements and will take effective measures to prevent illicit production of opium in their territories and illicit traffic in opium from their territories.

Our Government is also asking the Governments of the opium-producing countries for their observations in regard to certain provisions which this Government has suggested be incorporated in the proposed poppy limitation convention.

In the memorandum intended for the Government of Iran, our Government is urging the Iranian Government to give immediate consideration to the problem of surplus opium in Iran with a view to its control or elimination as soon as possible, as a means of protecting the health of the American soldiers and merchant seamen who are

now in that country. Copies of that memorandum have been forwarded to the American Embassies at London and Moscow for use as enclosures to the memoranda which those Embassies will transmit to the British and Soviet Foreign Offices, respectively. In the memoranda to the British and Soviet Foreign Offices, it is being suggested that the British and Soviet Governments make appropriate representations to the Iranian Government along the lines of this Government's proposed representations to that Government.

Our Government's suggestion thus contemplates separate representations in the matters outlined above, including the particular matter which is the subject of your letter. As time was of the essence so far as the protection of our troops was concerned, the Department considered it necessary to make representations in this regard on behalf of the United States Government as soon as possible. Inasmuch as this Government has already suggested separate representations, it is not in a position to suggest that joint representations be made at this time. I believe that you will agree that the Department's decision to suggest separate representations in this matter was appropriate in the circumstances.

The Department appreciates your interest in this important subject and hopes that you will not hesitate to forward further suggestions concerning action which may be taken pursuant to House Joint Resolution 241.

Sincerely yours, CORDELL HULL

511.4A5/8–1944

The Secretary of State to the Ambassador in Iran (Morris)

No. 23 WASHINGTON, October 19, 1944.

[Extract]

. . . . . .

The Department realizes that there are difficulties in the way of effecting any sudden change in the opium situation in Iran. It is anxious, however, to do everything possible to persuade the Iranian Government to control the distribution of opium within the country in such manner that none will be available to the American troops now in Iran. The Department is also anxious to have Iran take adequate measures to prevent Iranian opium from entering the illicit traffic and hopes that the Iranian Government will in future prohibit the exportation of opium for other than medicinal and scientific requirements.

If you have not already done so, it is requested that you personally seek an interview in the near future with the Iranian Foreign Minister [45] and forcibly impress upon him the determination of the United States Government and people to urge all opium-producing countries to limit the production of opium to medicinal and scientific requirements until this objective is achieved. For your guidance there is furnished below a review of United States policy and attitude towards the opium situation in Iran, much of which you may wish to repeat to the Foreign Minister.

The United States, as one of the principal victims of the illicit traffic in narcotic drugs, is vitally interested in the limitation and control of the production of opium throughout the world. It is convinced that drug addiction and the illicit traffic in narcotic drugs should be eliminated as they are destructive of health and injurious socially and economically, and that they can only be successfully combated at their source. The United States has constantly, through its representatives at international conferences, carried on a vigorous campaign looking to the suppression of the abuse of narcotic drugs. Recognizing that production of opium over and above strictly medicinal needs is the fundamental cause of illicit traffic, the United States has been making every effort to persuade the poppy-growing countries of the world to reduce production. For this reason the United States has discouraged the planting of the opium poppy within its territories and possessions for the production of opium or opium products and whenever opportunity has offered has discouraged production in this hemisphere.

The opium situation in Iran during the last twenty years, because of large production and the escape of hundreds of tons into the illicit traffic, has been a menace to the world. This situation should be ameliorated as soon as possible in view of the announcements of the Governments of the United Kingdom and the Netherlands on November 10, 1943 [46] of their decisions to prohibit the use of smoking opium in their Far Eastern territories when those territories are freed from Japanese occupation and of the statement by the Chinese Vice Minister for Foreign Affairs on November 24, 1943,[47] that "Since 1940, opium smoking and poppy cultivation are absolutely prohibited in this country and it is the firm intention of the Chinese Government to enforce this prohibition also in all the areas which will be liberated from the Japanese occupation".

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[45] Mohammed Saed.

[46] See footnote 19a, p. 1077. The statements of the Netherlands and the United Kingdom were originally communicated to the Department on November 4 and November 6, 1943; see pp. 1077 and 1079, respectively.

[47] *Ante*, p. 1082.

In the period just prior to the war, Iran gradually increased its sales of opium for use in the manufacture of drugs for legitimate medicinal purposes. In the post-war period it is believed that Iran could obtain a fair share of the world's legal trade in opium, which, for Iran, would probably amount to about 125,000 kilograms a year. This share could probably be guaranteed by the inclusion of Iran in a sales agreement similar to that which existed between Turkey and Yugoslavia before the war. As Iran's average annual opium production for the years 1935 to 1941, inclusive, amounted to 758,262 kilograms, it is apparent that production must be considerably reduced before the situation can be regarded as satisfactory. In order to ascertain whether production might be reduced without financial loss to Iran, the United States Government is willing to make available to the Iranian authorities the assistance and guidance of agricultural experts. The United States Government offers to the Iranian Government its cooperation in the solution of the opium problem in Iran.

Very truly yours,

For the Secretary of State:
DEAN ACHESON

511.4A5/11-344: Telegram

The Ambassador in the Soviet Union (Kennan) to the Secretary of State

Moscow, November 3, 1944—midnight.
[Received November 3—10:55 p. m.]

4222. The Embassy has received a note from Foreign Office [49] (regarding Department's airmail instruction No. 279 of August 21) [50] stating in effect:

(1) The Soviet Government appreciates the efforts of the American Government directed towards extirpating illegal traffic in opium and towards production and use of opium only for medicinal and scientific purposes;

(2) The question of a postwar conference and of the terms which might be included in a convention for restricting the cultivation of poppies is being studied by the competent Soviet authorities at the present time;

(3) With reference to proposal that the Soviets issue a declaration concerning the restriction of opium production to the amount indispensable satisfying only medicinal and scientific needs, the existence of a state monopoly both in the field of production and distribution makes the issuance of such a declaration unnecessary.

KENNAN

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[49] For text of Soviet note No. 74 of November 2, 1944, see Department of State *Bulletin*, July 22, 1945, p. 130.

[50] See footnote 34, p. 1094.

511.4A5/11-644 : Telegram

The Minister in Afghanistan (Engert) to the Secretary of State

KABUL, November 6, 1944—4 p. m.
[Received November 6—11:08 a. m.]

197. Ministry of National Economy of Afghanistan published today brief declaration to the effect as from March 21, 1945 i.e. beginning of the Afghan year 1324 cultivation of the opium poppy is prohibited and all cultivators are notified to discontinue growing the plant.[51]

This satisfactory measure may be considered as the direct result of the Department's instruction No. 138, August 21, 1944 [52] which was communicated to the Afghan Foreign Office September 26.

ENGERT

[The reply from the Soviet Government, as described in Moscow's telegram 4222, November 3, printed on page 1106, and the action taken by the Afghan Government, as reported in the telegram printed *supra*, were the only responses in 1944 from the eight Governments to which the Department sent its communication of August 21, 1944, printed on page 1094.]

845.114 Narcotics/11-1644

The Officer in Charge at New Delhi (Lane) to the Secretary of State

[Extract]

No. 870 NEW DELHI, November 16, 1944.
[Received November 25.]

SIR: I have the honor to refer to the Department's instruction no. 217 dated August 26, 1944, file no. 845.114 Narcotics/8-844, instructing the Mission to investigate the sale of narcotics to members of the American armed forces in India and, if the situation warrants, to make appropriate representations to the Government of India with a view to prohibiting the sale of opium and hemp drugs to American servicemen.

The Mission has now received reports on the subject from the consular offices at Calcutta, Bombay, Karachi and Colombo, in addition to a detailed report [53] prepared by the American Army authorities. The information contained in these independent reports does not, in the opinion of the Mission, warrant representations to the Government

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[51] See note No. 649/349 from the Afghan Foreign Office, November 11, 1944, Department of State *Bulletin*, December 10, 1944, p. 727.

[52] See footnote 34, p. 1094.

[53] Entitled "Report of Narcotic Situation, China-Burma-India"; not printed.

of India. The reports indicate that, despite the easy availability of dangerous drugs in India, addiction among American servicemen is rare and there does not appear to be any tendency for it to spread.

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Respectfully yours, CLAYTON LANE

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[1] In indexing persons the intention has been to include all references to persons of significance for an understanding of the record, with the following exceptions: (1) The name of the Secretary of State or the Acting Secretary of State appearing as the signer of outgoing instructions unless there is a clear indication of the Secretary's or Acting Secretary's personal interest; (2) the name of an American officer in charge of a mission appearing as the signer of reports to the Department of State, except for personal items; (3) the names of persons to whom documents are addressed.

Persons are not identified by office in the index, but usually where a person is first mentioned in any section a footnote identification is given unless that person is identified in the text.

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