

TREASURY DEPARTMENT**INTER OFFICE COMMUNICATION**

DATE

TO Secretary Morgenthau

AUG 26 1943

FROM Randolph Paul

We have just received copies of two cables from our Mission in Bern, which are attached for your information, regarding the desperate plight of Jewish children in France. It appears that beginning last autumn approximately 4,000 children, ranging from 2 to 14 years of age, were taken from their parents in France and deported to undisclosed destinations in windowless box-cars, without food or water. The French police, under German orders, is attempting to take a "census" of approximately six thousand other Jewish children who have been abandoned in France. Many of these children have been hidden in various peasant homes by private organizations. It is understood that approximately half of such children are presently in the Italian occupied part of Southern France.

It is understood that local financial means are inadequate to properly take care of the children evacuated to Southern France. Furthermore, it is stated that large numbers of Jewish children, presently hidden in areas near Paris, might be evacuated to the less hostile districts if financial means were available to provide transportation and subsequent support of the children. A paramount restriction on these operations apparently arises from the present limitations upon the ability of the relief organizations to obtain working funds in the area. One of these limitations results from the Government's blanket prohibition of financial transactions involving trade or communication with persons in enemy territory.

In view of the broad humanitarian considerations involved, we have reexamined our general trading with the enemy policy in order to determine whether and to what extent exceptions can be made to permit operations designed to bring relief to particularly oppressed groups in enemy territory. The important considerations appear to be the following:

1. There are a number of organizations, not subject to our jurisdiction, based in England or neutral European countries, which are conducting operations in enemy territory through underground channels and which have been successful in financing such operations without benefit to the enemy. Such groups have generally operated under the close supervision of one of the United Nations and appear to be conscious of the necessity of not permitting operations which would benefit the enemy.
2. There are certain organizations within this country which have the facilities and contacts for operating in enemy territory and which could conduct successful relief operations within such territory without benefit to the enemy if authorized to do so.
3. We have now had sufficient experience in administering our trading with the enemy controls to be able to permit certain well defined groups to conduct limited types of relief operations in enemy territory, subject to appropriate safeguards designed to prevent benefit to the enemy, without jeopardizing our basic position with respect to trade or communications with enemy territory.
4. In view of the announced policy of the enemy to annihilate certain minority groups--either by slaughter or starvation--operations which would bring some measure of relief to such groups would have the effect of thwarting the Axis and of furthering a fundamental objective of the United Nations. As a matter of fact, the current war outlook is such that some will argue that such relief operations should now be undertaken for this purpose even if the enemy obtains certain limited benefits thereby. The trend of the United Nations policy in this respect is definitely towards such liberalization.

In the light of these considerations it is believed that the Treasury should permit certain responsible groups to enter into arrangements for bringing some relief to refugee

groups in enemy territory, subject to the following safeguards:

- a. The relief organization must be responsible and must be able to demonstrate that it has the facilities and contacts to operate in enemy territory;
- b. The organization must conduct its operations in such a manner as to ensure that no foreign exchange or other substantial benefit will accrue to the enemy.
- c. The entire operation should be placed under the scrutiny of our mission in an appropriate neutral country; and
- d. Any local currency or credits required for such program must be obtained from acceptable sources not connected with enemy interests.

If you approve, we will, on a case by case basis, insofar as Treasury is concerned, permit appropriate operations in accordance with the foregoing program.

Approved: W.M. Smith
July 26th 1943.

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In reply please refer to: (49584)

My dear Mr. Secretary:

On August 30, 1943, there was transmitted to Mr. Livesey, of the Department of State, a cable for despatch to Mr. Adler, the Treasury's representative in Chungking. A copy of such cable is attached. As you will note, this cable deals with the borrowing in Shanghai of local funds to meet the needs of refugees in that area.

On September 4, 1943, there was transmitted to Mr. Bernard Meltzer, of the Department of State, a cable to the American Legation in Bern, Switzerland. A copy of this cable is also attached. This cable was in response to a cable from Bern, Switzerland, No. 4643 of August 2, 1943, dealing with the inadequacy of funds to support Jewish children evacuated to Southern France and to evacuate children presently hidden in areas near Paris. In its cable the Treasury gave its approval to a method for financing these operations.

We have been unable to secure advice from the Department of State as to whether or not such cables have been despatched.

In view of the obvious urgency of these matters I would appreciate receiving prompt advice from your Department of State to the effect that such cables have been despatched, or if not, the reasons why such messages have not gone forward.

Very truly yours,

Secretary of the Treasury

The Honorable,

The Secretary of State.

Attachments.
JWPehle:rg 9-15-43

August 30, 1943

Mr. Livesey

Mr. White

Please have the following cable despatched to Adler in Chungking from the Secretary of the Treasury:

"The American Jewish Joint Distribution Committee is very anxious that the following message be delivered to either of its representatives in Shanghai who are Laura Margolis and Manuel Siegel. Message reads as follows:

QUOTE Under existing conditions could you utilize authorization to borrow locally up to \$40,000 per month for next six months to carry on relief activities among refugees. If authorization desired you may expect prompt favorable response. UNQUOTE.

Please discreetly consult proper Chinese governmental authorities and unless the Chinese authorities object arrange for delivery of the message through reliable and confidential channels. Please afford the same facilities for any reply received."

In reply please
refer to 49333

Sept. 4, 1943.

To: Mr. Bernard Meltzer,
Foreign Funds Control Division,
Department of State.

From: Orvis A. Schmidt.

It will be appreciated if you will have
the attached cable despatched immediately to the
American Legation, Bern, Switzerland.

(Signed) Orvis A. Schmidt

CABLE TO BERN

This is with reference to cable no. 4643 of August 2, 1943, in which you indicate that financial means are inadequate to support Jewish children evacuated to Southern France and to evacuate children presently hidden in areas near Paris.

1. The Treasury is willing to permit financial arrangements for bringing some relief to this refugee group in enemy-occupied territory subject to the following safeguards:

- a. That such arrangements are effected through a relief agency which is responsible and which is able to demonstrate that it has the facilities and contacts to operate in enemy territory;
- b. That such organization will conduct its operations in a manner which will ensure that no foreign exchange or other substantial benefit will accrue to the enemy;
- c. That all operations are placed under the scrutiny of the United States missions in appropriate neutral countries; and
- d. That any local currency or credits required for such program are obtained from acceptable sources not connected with enemy interests.

2. The Treasury has discussed the problems raised in this cable with a representative of the Joint Distribution Committee who is anxious to effect, subject to the above conditions, the financial transactions necessary to render the required assistance.

3. To effect the necessary financial arrangements the Joint Distribution Committee requests that you transmit to its representative in Switzerland, Saly Mayer, Jewish Refugee Fund, St. Gall, Switzerland, the following message:

"The Joint Distribution Committee is prepared to authorize Efroykin, yourself, or any other responsible officer of Comite Assistance Refugies to borrow in France French francs up to the equivalent of one hundred thousand dollars monthly for a period of six months, commencing September, to alleviate the situation of Jewish refugees in France. If necessary and to ensure reimbursement

after the war to persons in France who furnish local currency or services in connection with these financial arrangements, a blocked account can be established under appropriate safeguards by deposit of funds by the Joint Distribution Committee.

"If it is not possible for you to obtain all or any part of the franc equivalent of one hundred thousand dollars monthly in France you are authorized to purchase French francs from persons in Switzerland provided sellers are checked by the Legation to ensure that francs have been held by sellers prior to fall of France, or have since accrued to them through dividends or investments in France, or through similar transactions.

"Inform us which of the two alternative methods outlined above you will adopt and whether the monthly allowance of one hundred thousand dollars will be adequate to meet the current relief problems respecting the refugees in France, so that further instructions with respect to the matter may be forwarded to you.

"Consult with Legation at Bern for purpose of working out and obtaining its approval of detailed arrangements for carrying out this program subject to conditions stipulated by Treasury Department.

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FILING AUTHORITY
10: Mail & Files

THE AMERICAN JEWISH
JOINT DISTRIBUTION COMMITTEE, Inc

270 MADISON AVENUE, NEW YORK 16, N. Y.

ANS. REQ.
INITIAL
DATE

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September 7th, 1943

Mr. John W. Pehle
Foreign Funds Control
Sloan Building
12th & G Streets, N. W.
Washington, D. C.

Dear Mr. Pehle:

May we ask you to be good enough to send the following cablegram to Mr. Saly Mayer in St. Gall, Switzerland. We would greatly appreciate your advising us when this cable has been sent and, of course, whether any reply is received.

"THE JOINT DISTRIBUTION COMMITTEE IS PREPARED TO AUTHORIZE EFROYKIN, YOURSELF, OR ANY OTHER RESPONSIBLE OFFICER OF COMITE ASSISTANCE REFUGIES TO BORROW IN FRANCE FRENCH FRANCS UP TO THE EQUIVALENT OF ONE HUNDRED THOUSAND DOLLARS MONTHLY FOR A PERIOD OF SIX MONTHS, COMMENCING SEPTEMBER, TO ALLEVIATE THE SITUATION OF JEWISH REFUGEES IN FRANCE stop IF NECESSARY AND TO ENSURE REIMBURSEMENT AFTER THE WAR TO PERSONS IN FRANCE WHO FURNISH LOCAL CURRENCY OR SERVICES IN CONNECTION WITH THESE FINANCIAL ARRANGEMENTS, A BLOCKED ACCOUNT CAN BE ESTABLISHED UNDER APPROPRIATE SAFEGUARDS BY DEPOSIT OF FUNDS BY THE JOINT DISTRIBUTION COMMITTEE.

"IF IT IS NOT POSSIBLE FOR YOU TO OBTAIN ALL OR ANY PART OF THE FRANC EQUIVALENT OF ONE HUNDRED THOUSAND DOLLARS MONTHLY IN FRANCE YOU ARE AUTHORIZED TO PURCHASE FRENCH FRANCS FROM PERSONS IN SWITZERLAND PROVIDED SELLERS ARE CHECKED BY THE LEGATION TO ENSURE THAT FRANCS HAVE BEEN HELD BY SELLERS PRIOR TO FALL OF FRANCE, OR HAVE SINCE ACCRUED TO THEM THROUGH DIVIDENDS OR INVESTMENTS IN FRANCE, OR THROUGH SIMILAR TRANSACTIONS.

"INFORM US WHICH OF THE TWO ALTERNATIVE METHODS OUTLINED ABOVE YOU WILL ADOPT AND WHETHER THE MONTHLY ALLOWANCE OF ONE HUNDRED THOUSAND DOLLARS WILL BE ADEQUATE TO MEET THE CURRENT RELIEF PROBLEM RESPECTING THE REFUGEES IN FRANCE, SO THAT FURTHER INSTRUCTIONS WITH RESPECT TO THE MATTER MAY BE FORWARDED TO YOU.

"CONSULT WITH LEGATION AT BERN FOR PURPOSE OF WORKING OUT AND OBTAINING ITS APPROVAL OF DETAILED ARRANGEMENTS FOR CARRYING OUT THIS PROGRAM SUBJECT TO CONDITIONS STIPULATED BY TREASURY DEPARTMENT."

Sincerely yours,

Moses A. Leavitt
Moses A. Leavitt, Secretary

MAL:RP

(Serving in the Armed Forces of the United States)

NLT SALY MAYER
JEWISH REFUGEE FUND
STGALL (SWITZERLAND)

PLEASE CONSULT DONALD LOWRIE REGARDING HIS CABLES ON SITUATION JEWS IN
FRANCE ALSO PLEASE CONSULT AMERICAN LEGATION BERNE STOP JOINT DISTRIBUTION
COMMITTEE PREPARED AUTHORIZE EFROYKIN OR YOU OR OTHER RESPONSIBLE
OFFICERS COMITE ASSISTANCE REFUGIES TO BORROW IN FRANCE UP TO EQUIVALENT
ONEHUNDRED THOUSAND DOLLARS MONTHLY FOR PERIOD SIXMONTHS STARTING
SEPTEMBER IF IN YOURS AND OTHERS OPINION THIS AMOUNT ADEQUATE STOP
SHOULD IT NOTBE POSSIBLE BORROW ALL OR ANY PART IN FRANCE YOUARE
AUTHORIZED TOARRANGE PURCHASE IN SWITZERLAND OF FRENCH FRANCS TOBE
SENT TO FRANCE PURCHASES TO BE MADE FROM SOURCES APPROVED BY AMERICAN
LEGATION BERNE AGAINST EVENTUAL REPAYMENT STOP AUTHORIZATION ONEHUNDRED
THOUSANDDOLLARS MONTHLY COVERS BOTH PROCEDURES

LEAVITT
JOINT DISTRIBUTION COMMITTEE