

1944-45

Financial Advisor

VIZRA -

CENTRAL REGISTRY

INDEX FILES

16 February 1945

Memorandum

TO: M. Sokolowski  
Room 518

FROM: Otis P. Swift

SUBJECT: Outline of Organization and Functions  
of UNRRA

Before leaving for Europe, Mr. Salisbury gave me your appreciated comments on the document "Outline of Organization and Functions of UNRRA."

I shall be out of the city for the next week but, in accordance with your request, I have asked Miss Milrod of my office to see Mr. Polak and work out the details of corrections with him.

cc: Mr. Salisbury  
Miss Milrod

adm 2-2



*Blue*

29 November 1944

TO: M. Sokolowski  
FROM: George Xanthaky  
SUBJECT: Financial Instructions, Your Letter of November 27, 1944.

As our people have already been working in Greece for several weeks, it is imperative to have this instruction sent to Cairo and Athens. The sooner, the better.

On the whole, the draft of your instructions reflects the main ideas which have been made clearer within the last few weeks with regard to the interpretation of our financial problems. Of course, the main issue is still under discussion, namely, the extent to which the proceeds from the sale of our goods should be made available to the Administration. Maybe, in the near future, we will have more light from the Director General in London. I think, however, that this instruction as it is should be dispatched before the final decisions arrive from London as to whether we shall maintain our full rights to the total amount of proceeds from sale, or to be satisfied only with local currency appropriations to cover our current administrative and operational expenses.

In my opinion, the former course should continue to prevail. The intention of the Atlantic City conference was, beyond any doubt, only to avoid the situation which had happened after the first World War, when relief goods had been delivered almost exclusively against cash or loans in convertible currencies granted by the U.S.A. or other Western Allies to the beneficiaries. Therefore, the principle of local currency proceeds has been brought forward to the great satisfaction of potential recipient countries. At the time of the Conference nobody thought of giving away UNRRA goods or of considering the proceeds from sale as the revenue of a recipient country. Thus far, this has been the policy of the Administration and its Director General and I see no reason to have this attitude changed.

*Greece mission - 300.1 (Instructions)*



29 November 1944

I think, therefore, that the Administration should have all proceeds from sale made available to the U.N.R.R.A. and dispose of for relief purposes by the Mission or through the National Government as directed by the resolutions of the Council. Besides, it is superfluous to indicate all other implications, political or otherwise, connected with our operations and procedures.

Leaving this issue open until final decisions are made, I would send out your instruction as soon as possible.

Attached you will find a memorandum prepared in my Division before I received the draft of your instructions. In addition, here are some remarks on specific paragraphs:

Paragraph 1 - Who is to negotiate with the military, our Headquarters or the Mission?

Paragraph 2 - Are there any instances in which the procurement of drachmas against dollars or pounds would be needed?

Paragraph 3 - Instead of the end of the first sentence "is to be consulted as far as possible", it might be preferable to say "may be consulted if the Chief of the Mission is so advised by the military". I think we should maintain the principle established in Paragraph 1 that, during the military period, our expenditures are borne by the military, the principal.

Paragraph 4 - Similar question as in reference to Paragraph 1. Does this paragraph cover only the arrangements for the civilian period with the National Government or also for the military period with the military?

Paragraph 5 - It might be preferable to use the term assets, or receipts, rather than "revenue" which implies profits or taxes.

Paragraph 6 - Instead of "the receipt of proceeds of sales" may be better "the flow of receipts from proceeds of sales"; anyhow "receipts", not "receipt".

Paragraph 7 - Agreed.

Paragraph 8 (a) - Instead of "UNRRA revenues against inflation" may be better: "UNRRA assets against devaluation" or "depreciation".

Paragraph 8 (b) - It does not seem possible under any circumstances to get the equivalent of the total wholesale prices. At least distribution expenses, taxes and the distributor's profits should be



29 November 1944

deducted (see the enclosed memorandum). In my opinion only a case in which we cannot get the entire net proceeds from sale should be reported to our Headquarters.

Instead of "corresponding to the local . . . prices", may be better "representing proceeds of sales at wholesale prices".

Paragraph 8 (c) - Instead of "corresponding to a part . . ." may be better "representing only a part of . . .".

Paragraph 9 - Probably it should be "stressed again" instead of "stressed against".

Paragraph 10 (a) - After "subsidies" it may be well to add: "to food producers as well as the dole in cash to destitute consumers".

Paragraph 10 (d) - The last sentence starting with "in all situations . ." is not clear.

Paragraph 11 - The reference to paragraph 5 is not clear.

Paragraph 12 - At the end of this paragraph it might be useful to fix a minimum amount to be released by the Chief of the Mission.

Paragraph 13 - Agreed.

Paragraph 14 - Agreed.

HTaubenfels/ga

6 September 1945

Dear Mr. Sokolowski, *m.*

I regretted to learn of your resignation from the position of Financial Adviser of the United Nations Relief and Rehabilitation Administration.

I am sure you know that I had every confidence in your work in this position and had valued your advice on the complex problems facing the Administration.

Should you at any time wish me to write a recommendation on your behalf, I would always be pleased to do so.

Sincerely yours,

Mr. M. Sokolowski

32 South Grove House

Highgate, London, N.6.



*400. Sokolowski, m.*



23 July 1945

TO: M. Sokolowski

FROM: G. E. Lukas

SUBJECT: Salary and Living Allowance - - U. S. Income Taxes

Attached are forms 1099 showing your salary and living allowance for 1944 and 1945 on which U. S. income tax is payable. These forms should be presented to Miss Archer at the Internal Revenue Building, 12th and Constitution Avenues where your tax liability will be computed.

We are holding for your account the sum of \$2873.39 deducted from your 1944 salary and living allowance and \$2021.90 deducted from your 1945 salary and living allowance. These amounts will be refunded to you. In addition, we will pay you \$90.00 to cover that portion of the tax assessed on your living allowance for the month of June which is being absorbed by UNRRA. Therefore, you will be paid \$4,985.29 which will be available for payment of your tax. If your tax is less than this amount, the excess is, of course, your personal property. Likewise, if the tax should be greater, the excess must be paid by you personally.

Attachments- 2

GELukas/pc

Copy to: Sullivan  
Fairchild  
Lariviere

400-Sokolowski, M.

28 June 1945

TO: M. Sokolowski

FROM: C. A. Ryspan

SUBJECT: Proposed Distribution of Supplies among European Countries requesting UNRRA's Financial Assistance

The Program of Operations (draft of 12 June 1945) to be presented by the Director General to the Third Session of the Council contains the first official statement by the Administration as to the value of relief supplies the Administration hopes to be able to ship during 1945 and 1946 to each of the European countries requesting UNRRA's financial assistance. Although it is stated explicitly that the figures given are tentative, they will undoubtedly be examined with very great interest by representatives of the recipient countries. Each may be expected to compare the value of the supplies which the Administration proposes to ship to his country with the value of those proposed to be shipped to other countries, and to protest against any appearance of inequitable treatment.

Such comparisons will, of course, be rather difficult to make, since the basis for determining the value of supplies to be shipped into each of these countries, is not given. In Table 2, we are given figures for the value of the requirements (adjusted to UNRRA bases) of the European member countries requesting UNRRA's financial assistance for relief and rehabilitation goods to be imported from outside continental Europe for six months following the period of military responsibility. But it is made clear in the text of the report that if UNRRA finds itself unable to meet minimum programs because of the inadequacy of its financial resources or its inability to obtain supplies and shipping in sufficient volume, its objective will be to provide not a specific proportion of the minimum import program of each country, but such a quantity of supplies as when added to those locally available, will bring the total supplies in each country to approximately the same level. Chart I illustrates the principle followed and makes it clear that UNRRA may attain the stated objective by providing very widely differing percentages of their import requirements to each of the countries it is called upon to assist.

However, in the absence of any other basis for comparison, it seems probable that the representatives of the several recipient countries may compare UNRRA's proposed program of shipments (Tables 5 and 5A), with the figures showing their import requirements adjusted to UNRRA bases (Table 2). Such a comparison, given in the attached table, yields very interesting results.

700 (European Countries, Requiring  
UNRRA Assistance)



The dollar value of proposed imports into Czechoslovakia, Greece, Yugoslavia and Poland during 1945, represents 70% of the total import requirements of these four countries for the first six months following the period of military responsibility. But the value of the proposed import programs of these countries ranges from 100% of the value of their import requirements for 6 months (adjusted to UNRRA bases) in the case of Greece, to 55% in the case of Poland, with the figures for Yugoslavia and Czechoslovakia representing 68 and 67% respectively.

I assume that the Bureau of Supply will be prepared to reply to any protests that may be made by representatives of Czechoslovakia, Yugoslavia and Poland, that they have been treated inequitably when compared with Greece. Such a reply might include a showing by the Administration that a smaller portion of Greece's total needs could be met by local supplies than was the case in other countries. Probably, the strongest argument which the Administration can make for its program will be that the circumstances of the war made it possible for it to ship supplies into Greece at an earlier date than into the other countries and that for several months, the port capacity of Greece far exceeded that of the other countries.

Such an argument implies, however, that the seeming inequity which may occur in 1945 will be corrected afterwards when the ports of the other three countries are opened for the reception of a larger volume of supplies. It should be noted, however, that the 1945 supply program for these four countries has a value of 1,094.7 million dollars, or more than half of UNRRA's present total resources. Unless it receives additional contributions, UNRRA can spend very little more on supplies for Europe, if it wishes to reserve any of its resources for aid to China. The representatives of Czechoslovakia, Yugoslavia and Poland may argue, therefore, that inequities which occur in 1945 cannot be corrected in 1945 because of the limitations on UNRRA's financial resources.

Moreover, even if additional resources should become available, UNRRA's present plans for shipments in 1945 show no clear evidence that the seeming inequity which will occur in 1945 will be corrected in the next year. From the comparison in the attached table of UNRRA's proposed shipments into the four countries named above during 1945 and 1946 with their import requirements for 6 months following the period of military responsibility (adjusted to UNRRA bases), it appears that the dollar value of the total proposed imports into these four countries in 1945 and 1946 together represents 132% of the import requirements of the four countries for the first 6 months after the period of military responsibility. But the proposed shipments into Greece represent 154% of the estimated import requirements for 6 months, while the UNRRA programs for Czechoslovakia, Yugoslavia and Poland represent 140, 122 and 122 percent respectively of their import requirements for a six-months period.

The Bureau of Supply will undoubtedly be able to offer explanations for this seeming inequity. To suggest certain possibilities:

(1) The programs are tentative and subject to revision on the basis of better information. This is particularly true for the figures for 1946. (2) The import requirements of these four countries in successive six months' periods following the first 6 months after the termination of military responsibility are not necessarily identical with their import requirements in that first 6 months' period. (3) UNRRA makes no commitment that it will finance the imports of all these countries through 1946; whether it will do so will depend upon their ability to pay in suitable means of foreign exchange which must be determined by the Director General at appropriate intervals. (4) Although the programs are apparently inequitable, they are not so in fact, since the imports into each country when added to its local resources bring the total resources of all four countries to an equal level.

However, these seeming inequities can be justified, it seems to me important for the Administration to be prepared with a detailed justification of its proposed shipping program for the possibility of protests of inequitable treatment.

FI:CARyabpantCI



	Millions of Dollars					Per Cent of Import Requirements Adjusted to UNRRA Base				
	Czecho-slovakia	Greece	Yugo-slovia	Po-land	Total	Czecho-slovakia	Greece	Yugo-slovia	Po-land	Total
<u>Import Requirements of European Warmer Countries Receiving UNRRA's Financial Assistance for Six Months Following Interval of Military Responsibility. Adjusted to UNRRA Bases a)</u>										
Food	119	160	100	133	512					
Clothing, Textiles and Footwear	109	85	204	186	584					
Medical and Sanitation	10	5	13	11	39					
Agricultural Rehab.	14	24	25	40	103					
Industrial Rehab.	68	44	76	132	320					
Total	320	318	418	502	1558					

<u>UNRRA Shipments and Proposed Shipments through 31 Dec. 1945 b)</u>										
Food	78.1	153.5	108.2	72.1	411.9	66	96	108	54	80
Clothing, Textiles and Footwear	39.6	33.1	51.8	61.1	185.6	36	39	25	33	32
Medical and Sanitation	8.1	6.8	11.6	11.7	38.2	81	136	89	106	96
Agricultural Rehab.	8.6	19.4	12.9	16.9	57.8	61	81	52	42	56
Industrial Rehab.	41.6	52.5	53.4	69.3	216.8	64	119	70	52	68
Total d)	213.6	318.4	285.4	277.3	1094.7	67	100	68	55	70

<u>UNRRA Shipments and Proposed Shipments through 31 Dec. 1946 c)</u>										
Food	113.1	213.5	158.2	117.1	601.9	95	133	158	88	118
Clothing, Textiles and Footwear	98.6	57.1	86.8	134.1	376.6	90	67	42	72	64
Medical and Sanitation	21.1	11.8	19.6	11.7	64.2	211	236	151	288	216
Agricultural Rehab.	24.0	35.9	48.9	72.4	181.2	171	150	196	181	176
Industrial Rehab.	113.6	87.5	108.4	149.3	458.8	167	199	143	113	143
Total d)	447.7	489.5	510.4	612.7	2060.3	140	154	122	122	132

a) Taken from Table 2 of Program of Operations

b) Taken from Table 5 of Program of Operations

c) Taken from Tables 5 and 5A of Program of Operations

d) Represents the landed cost of all supplies, i.e., it includes (1) the value of supplies in the listed categories, (2) the value of the small quantity of "Other" supplies; and (3) the cost of shipping all supplies.



MEMORANDUM -

27 June 1945.

To : M. Sokolowski.  
From : J. J. Polak.  
Subject: Program of Operations.

1. I inquired from Mr. Funkhouser what the *basis* position was for the figures given in Table 5 (a) on requirements for 1946. He informed me that these figures represented even rougher estimates than I had expected.
2. The estimates are not built up commodity by commodity, but they represent rough guesses of the value required by the country for each of the five commodity groups. For food it has been assumed that all European countries would be self-sufficient in the second half of 1946, except Greece, for which an import of \$5,000,000 is allowed. For the other groups the Commodity Division have applied certain percentages to the value of their requirements for 1945, taking account of the increased degree of industrial rehabilitation and the possibility therefore to send more raw materials and less finished goods.
3. For China, the figures represent practically the unscreened requirements for the first year after liberation, as submitted by the Chinese Government, to the extent that UNRRA's financing is sought for them.
4. Since the figures have been obtained in this rough way, and apparently without any precise reference to actual requirements, the calculation of percentages in comparison with the 1945 requirements and subsequent deductions on the relative treatment of various countries, seems hardly justified.

FIA:JJPolak-cm

562- (Prog. of Op.)



MEMORANDUM -

8 June 1945.

To: N. Sokolowski.

From: J.J. Polak.

Subject: Ability to Pay of the Netherlands.

The following information appears from an interview with the Minister of Finance for the Netherlands, which was published in the Knickerbocker Weekly of New York on 11 June 1945:

The Government has proposed an extensive program for purchases abroad on behalf of rehabilitation and reconstruction.

Orders have been placed for the first half year after liberation (May 1945), for more than 1,000,000,000 guilders (\$378,000,000 at the present rate of exchange), while orders to be placed in the following six months have been estimated at over 1,500,000,000 guilders (\$567,000,000). The Minister stated that the necessary credits had been obtained abroad for the orders placed for the first half year.

Expenditure in England and America for maritime military and civil purposes by the government while in exile up to the end of 1944, was reported as \$208,000,000.

The total of the three amounts mentioned above would be about \$1,750,000,000. This sum is greatly in excess of the total gold and foreign exchange holdings of the Netherlands Government on 15 May 1940.

JJPolak-cm

*Netherlands 601*

7 June 1945

TO: Mr. M. Sokolowski  
FROM: Cicely A. Ryshpan  
SUBJECT: Recent Developments in Greece

1. On the 3rd of June, Mr. Varvaressos entered the Cabinet as Vice-Premier. He retains his post as Governor of the Bank of Greece.
2. On the 5th of June, the drachma was revalued. The official exchange rates are now 500 drachmas to the dollar and 2000 drachmas to the pound sterling. An exchange rate for the gold pound of 4000 drachmas has been set by the Bank of Greece; this means apparently that gold purchases and sales will again be legal. These exchange rates fix the value of the drachma far higher than its present value and implies a drastic deflation of prices and wages, if it is to be maintained.
3. Announcement has been made that controls are to be imposed on industrial production, prices and the distribution of consumers' goods (through rationing). Rationing and price controls are to be applied to food, clothing and footwear.
4. Brief news items have appeared recently of export arrangements which have been completed:
  - a) The British Government (?) has agreed to purchase all surplus currants. No figures as to quantity or prices are available.
  - b) The American Tobacco Company has agreed to purchase "substantial" quantities of tobacco. Again no information as to quantity or prices are available.

FIA CARyshpan:CI

*Greece 6/7/2*



2 June 1945

TO: Mr. M. Sokolowski  
FROM: Cicely A. Rysman  
SUBJECT: UNRRA Reports

This memorandum gives a brief description of the present status of UNRRA records and reports. Unfortunately, I have not yet been able to see Mr. Lukas, Chief of the Accounts Division, or Mr. Funkhouser, Chief of the Statistical Records and Reports Branch of the Bureau of Supply, who are responsible for the reports, in physical and value terms, on supplies accumulated, shipped, and delivered. Such information as I have on their plans is, therefore, derived from other sources.

I am sending you this memorandum at this time, however, in the absence of full information because I understand that the problem of reporting is to be discussed at a meeting on Monday. A summary, even if not complete, would, I feel, be most useful in advance of that meeting.

Character of Reports Contemplated or Already Requested

1. The Bureau of Supply maintains records on allocations requested and granted, procurement undertaken, supplies available, and supplies shipped. I believe that the record-keeping procedure was worked out in agreement with the Accounting Division so that information on stocks on hand in supplying countries and supplies shipped to receiving countries are available both in physical and value terms.
2. Procedures are now being developed for recording deliveries to recipient countries in physical and value terms. To the best of my knowledge, the procedures are being developed overseas in accordance with principles developed at Headquarters and modified at the European Regional Office. I believe that an attempt is being made to secure records which will meet the needs of both the Bureau of Supply and the Accounting Division, and that the two are working together to that end. Such cooperation is certainly essential to avoid duplication and inconsistency in reports. However, the records cover supplies only up to the point at which they are delivered to the recipient countries or to individual recipients who are supplied directly by UNRRA (i.e., in camps, etc.).
3. Procedures are now being developed for the maintenance of accounts of their expenditures by UNRRA missions. I believe that they are being developed at the ERO, in accordance with principles laid down by Headquarters. However, these accounts cover only expenditures for personnel (salaries and living costs) and for supplies purchased locally for direct UNRRA operations.
4. Procedures are now being developed at the ERO for statistical reports on mission operations.

271

A procedure for reporting and reporting forms were developed at Headquarters and are embodied in the Manual on Reporting by Chiefs of Mission and National Governments to the Director General (a copy of which is attached.) Eleven reporting forms were included in that Manual, as follows:

- Form FRS-1, Registration and repatriation of displaced persons
- Form FRS-2, Care of displaced persons in UNRRA camps
- Form FRS-3, Hospital in-patient service and clinic or dispensary out-patient service
- Form FRS-4, Personnel
- Form FRS-5, Expense of mission operations
- Form FRS-6, Supplies received by the mission from sources outside mission territory
- Form FRS-7, Supplies acquired by the mission within mission territory
- Form FRS-8, Distribution of UNRRA supplies within the country (Report by the national government)
- Form FRS-9, Proceeds from UNRRA supplies distributed within the country by the government (Report by the national government)
- Form FRS -10, Use of proceeds from UNRRA supplies (Report by the national government)
- Form FRS-11, Use of proceeds from UNRRA supplies (Report by chief of mission)

In addition, an outline of information on the financial and economic position of countries found not to be able to pay for relief and rehabilitation supplies with suitable means of foreign exchange was developed in the Office of the Financial Adviser and submitted to Miss Helen Jeter, who developed the procedure, for inclusion in the final outline.

Miss Jeter, took the Manual and our outline to London in March, with the intention of revising it, after discussions with the ERO and the mission chiefs. Nothing is known at Headquarters as to its status. We know only that it is still being worked on. In a letter from Miss Jeter dated 16 May, she said that the outline of information on the financial and economic position of the non-paying countries was being included and that the entire procedure would be forwarded to Washington, on completion, for comment.



5. Procedures for narrative reporting by Mission Chiefs are being worked on at Headquarters and probably also at ERO. In general, these will be prepared by Mission Chiefs and chiefs of their operating divisions, and will report on their activities, problems, etc.

6. Procedures have been developed for the submission of statements of requirements for relief and rehabilitation supplies by the governments of countries found not to be able to pay for them with suitable means of foreign exchange. A request for such a statement for the six months, July - December, 1945, has already gone to each of these countries and a statement has been submitted. Thereafter, each is to submit at the beginning of each quarter a statement covering nine months beginning three months after the date on which the statement is submitted (i.e., on 1 July 1945, each is to submit a statement covering the period 1 October 1945 - 30 June 1946). The statement for the first three months is expected to be firm, those for the succeeding six months are tentative and subject to revision on later submissions.

Each statement is to be submitted by the Government to the Mission, which is to screen it for conformity to UNRRA bases before transmitting it to ERO and Headquarters. The comments are to be submitted to the Governments, the hope being that the program finally submitted will be agreed to by the Government and the Mission.

The statements are to be accompanied by justifications, consisting mainly of estimates of total need, in the light of UNRRA standards, and of prospective indigenous supplies. They are also to be accompanied by indications of priorities, to be applied if shortages of supplies or shipping make it impossible to meet total stated requirements.

The statements are then to be reviewed at the ERO and Headquarters for conformity to bases and availability of supplies and resources and target programs are submitted to the Mission in advance of the date on which deliveries are to begin for indications of desired modifications, revisions, priorities,

#### Present Status of Reporting and Deficiencies

At present, the Missions are maintaining and submitting accounts, are submitting narrative reports on operations, and preparing statements of requirements. I am not sufficiently familiar with the status of accounts to know whether they meet or fall short, and, if the latter, how far, of Headquarters' standards. Statements of requirements have not come in on time, but this is probably due to Headquarters' failure to make clear precisely and in time what was wanted. There should be improvements in the future.



The narrative reports conform to no standard, since none has been set, and are on the whole not very informative. They are diffuse, repetitive; they omit significant information which would throw light on the activities of the Mission and their present and future problems.

No statistical reports on operations have been supplied, except in response to specific inquiries; some information on economic and financial conditions, not following the outline prepared, since the outline has not gone out yet, is being submitted by the Greece Mission. No similar information is coming from the Yugoslav Mission.

### Deficiencies

Before assessing the deficiencies in the contemplated reports, I should make clear that, since the procedure for narrative reporting has not yet been developed, my strictures may not apply. The procedure ultimately developed may provide for comprehensive and significant reports.

1. The most important deficiency is the absence of some procedure. Any procedure would be better than none. Whatever procedure was developed could be modified later on. But the present situation in which few reports are submitted and such reports as are submitted do not include the most significant information, should be ended as soon as possible.

2. In the development of reports, there has been a failure to recognize the importance of the Mission providing a comprehensive picture of the setting in which it is operating and what it is doing to meet the problems which it must meet. The only background material called for is that called for in the outline of information on economic and financial conditions, prepared by the Office of the Financial Adviser, and the justifications for statements of requirements, submitted quarterly by the Government.

Every one of the countries is in an extremely disturbed economic position. Their statements of requirements are necessarily tentative and will require constant revision as events reveal more pressing unforeseen needs or remedy anticipated difficult situations. Supplies and shipping are short, and our financial resources are far from adequate for meeting the needs that confront these countries. With the information at our command, we are in no position to evaluate urgent Mission pleas, and to plan the distribution of our supplies and resources intelligently.

It is idle to say that we will respond to Government requests. We shall not find ourselves able to do so. If we wish to be helpful, we should be in a position to suggest reasonable alternatives. We cannot and do not wish to dictate the economic policies which the countries should follow. But, if we cannot provide the supplies to enable them to follow the policies they desire to follow, we must be able to state why and to discuss intelligently with them alternative courses.



### Problems

1. There is no question that the preparation of significant reports is time-consuming. To the best of my knowledge, none of the Missions are adequately staffed to do the job. In fact, they will find it very difficult to make any statistical reports, staffed as they are. I know of only one person with statistical training attached to an operating mission outside of the Bureau of Supply and Distribution, which has enough work to do in the handling of its own problems. If reports are to be provided, staffs will have to be supplied.

2. At Headquarters, some arrangements must be made to ensure that reports coming in are analyzed and the information made available to those needing it. At present, since the reports are not prepared systematically, many sections contain information of interest to more than one Division of UNRRA. The present system of distributing sections to the Bureau whose corresponding Bureau in the Mission prepared it means that other people in the organization vitally interested in it do not get an opportunity to see it. At the same time, in the absence of analysis, people are deluged with paper containing information of no value.

The reports should be analyzed with care, and relevant portions duplicated, either in whole or after abstracting, for distribution to interested Bureaus. At the same time, the reports should, after analysis, be cut up and filed under appropriate subject headings so that there will be some place in the organization a point to which to refer for all available information.

FIA:CAR:shpan:CI

25 May 1945

TO: Mr. W. Sokolowski  
FROM: Cicely A. Ryshpan  
SUBJECT: Inflationary Situation in Greece

I have read Mr. Lloyd's two recent memoranda on the current inflationary situation in Greece and his proposal for action to be taken at this time and I want to indicate my own objections to his views.

1. In his first memorandum, Mr. Lloyd attributes the present inflationary situation solely to the fact that the Government has given bonuses to government workers. This increased the volume of purchasing power far beyond the value of goods and services available on the market.

To attribute the inflationary situation to this factor is to assume that no other steps could have been taken to hold the situation within bounds. Theoretically, other solutions were possible: taxes could have been increased; prices could have been fixed; direct measures could have been taken to increase the volume of local produce coming to market.

By attributing responsibility solely to the Government's salary policy, Mr. Lloyd implies that the Government could not follow any of these other policies. In other words, he feels that the Government lacked the political and administrative power to raise taxes substantially, to impose effective price control or to enter local markets directly to purchase (with drachmas or goods) local produce and arrange for its distribution at controlled prices.

I question whether a government not strong enough to put any of these other measures into effect was strong enough politically to refuse salary increases to government employees whose salaries did not enable them to purchase anything resembling their pre-war standard of living.

The Government gave bonuses to employees for the first time following the stabilization in March, 1945. The index of free market prices reached its lowest point following the stabiliza-

*Greece 682*



1)  
tion in that month. Yet, in that month, the Bank of Greece's cost of living index was almost six times as high (in new drachmae) as it had been (in old drachmae) in October, 1939,<sup>1)</sup> while government salaries, without the bonus, ranged from 90% of pre-war salaries in the upper salary levels to 475% in the lower salary levels, with only second, third and fourth class ushers (messengers) receiving more than three times as much as their pre-war salaries. Even with the bonus, only third and fourth class ushers received salaries more than five times their pre-war salaries, and only second class clerks and usher salaries more than four times their pre-war salaries. The salaries of all other government employees were from two to four times the pre-war levels.<sup>2)</sup>

2. I have discussed Mr. Lloyd's analysis of the causes of the present inflation in Greece in some detail because of his suggestion in his final note that the question be raised of UNRRA's people being empowered to advise governments on the effects of their policies on inflation. It should not be assumed that the character of the advice to be given is incontrovertible. UNRRA people in the field might theoretically advise governments to levy heavy taxes on war profiteers, even to impose capital levies on them, or to take over large parts of industry and trade within the country in order to control prices. It might also theoretically advise the Government that certain classes of expenditures - e.g., expenditures on armaments should not be made. But all these policies have political implications. It would, I think, be unwise for us to enter so controversial a field.

- 
- 1) The Bank of Greece Index of free market prices, based on the prices of 20 items: 11 foodstuffs, wine, cigarettes, soap, 2 types of textiles, sole leather, charcoal, a haircut and a tram ticket, rose from 100 on 11 November to 261.4 on 12 January, and then declined fairly steadily to 162.9 on 20 March. It rose thereafter but on 31 March when it reached 173.9, it was still lower than the 1 March level of 174.3. Although the index is not entirely reliable as an indicator of movements because it is unweighted, it seems reasonable to assume that it does measure roughly the course of basic prices.
  - 2) The expenditures of a family of 5.9 persons was calculated by the Bank of Greece at 6644.5 drachmae in October, 1939, and 36,925.45 drachmae in March, 1945. The cost of foodstuffs alone rose from 3118.30 to 17,026.76 drachmae.
  - 3) Table giving pre-war and post-war salaries is attached as Appendix 1.

The problem of preventing inflation, which is part of the problem of promoting economic recovery, is a thorny political problem. The taxes which a government levies and the purposes for which it expends its revenues are matters of the highest political importance. I think UNRRA's entrance into the field would be most unwise.

3. Resolutions 2 and 7 generally indicate the fields within which the Administration has some authority and responsibility.

Resolution 2 provides:

"RESOLVED

1. That, in any area where relief and rehabilitation operations are being conducted through the employment, in whole or in part, of the Administration's resources, relief and rehabilitation in all its aspects shall be distributed or dispensed fairly on the basis of the relative needs of the population in the area, and without discrimination because of race, creed, or political belief.

2. That, in determining the relative needs of the population, there may be taken into account the diverse needs caused by discriminatory treatment by the enemy during its occupation of the area."

Resolution 7 provides:

"RESOLVED

That the Council approves the following statement as a guide to activities with respect to relief and rehabilitation distribution:

1. That at no time shall relief and rehabilitation supplies be used as a political weapon, and no discrimination shall be made in the distribution of relief supplies because of race, creed, or political belief.

.....

3. That distribution should be so conducted that all classes of the population, irrespective of their purchasing power, shall receive their equitable shares of essential commodities. When supplies are sold to consumers, prices should be set at such levels as to facilitate the flow of supplies into the proper hands, and to avoid maladjustments in the price structure of the areas.

4. That distribution of relief and rehabilitation supplies should take place under effective rationing and price controls. The suppression of black markets should



not be left to general pronouncements and decrees, but should be the subject of active measures of enforcement applied vigorously and unrelentingly.

5. That the government or recognized national authority which exercised administrative authority in the area should take appropriate measures to insure that so far as the distribution within a liberated territory of relief and rehabilitation goods is done through private trade, the remuneration earned by private traders for their services is no more than is fair and reasonable.

6. That use should be made to the maximum practicable extent of normal agencies of distribution (governmental, commercial, cooperative), to the particular ends of combating inflation and restoring normal economic activity. This principle, however, cannot be pursued at the expense of measures found necessary under emergency conditions to insure an adequate control of the distribution of supplies and their direction to the appropriate consumers.

....."

In the interpretation of these paragraphs there is room for differences of opinion. It would be proper for the Administration to develop an interpretation. Such an interpretation might arguably be to the effect that "equitable distribution" does not mean equal distribution of all imported consumer goods, if an unequal distribution would make for a healthier economic situation and ultimately a more equitable distribution of all consumer goods, imported and domestically produced.

As I see it, however, UNRRA's responsibilities and the interests of the people in the liberated areas would be best promoted by aiming at two general principles and following such policies in detail as are necessary to achieve these aims:

1) Ensuring a supply of essential commodities to all consumers. The term essential commodities should not be interpreted too narrowly, so as to limit supplies to indigents to the barest essentials, e.g., to foodstuffs providing sufficient calories, but insufficient proteins, etc.

2) Ensuring that imported supplies of raw materials and supplies are distributed so as to make the greatest contribution to domestic production and distribution. This requires that considerations other than prices should govern the allocation of raw materials and supplies, and that positive steps, such as requiring the delivery of specific quantities of finished goods at specified prices, should be taken to ensure that the desired results are achieved.

UNRRA's role in these matters should be to encourage the governments to attempt to achieve these aims. To do so will require either a strong central administration and/or the assistance of local committees of consumers, committees of producers, etc. Unfortunately, the methods to be followed are again matters which have serious political implications. Our staffs should be wellware of that fact and should give such advice as they give with great caution. Our emphasis should be on principles, rather than methods. We can properly urge the Government to develop policies; we can properly except to policies on the ground that they are discriminatory politically or against the needy or that they do not promote physical rehabilitation. We cannot and should not, I believe, except to policies on the ground that we do not like the method proposed as a way of achieving the desired ends.

FIA:CAR:CI

CC: E.M.H.Lloyd



MONTHLY SALARIES OF CIVIL SERVANTS AND TECHNICAL EMPLOYEES OF THE STATE  
(Pre-War and Post-War)

Position	Pre-War (Athens- Pir)	Post-Stabilization				March, 1945		
		Basic	Allow- ances <sup>2</sup>	Total	As % of Pre-War	Addit. Allow.	Total	% Increase over P.W.
Director General	9,650	4,000	4,800	8,800	91.19	10,000	18,800	113.64
Director, 1st class	7,475	4,000	3,600	7,600	101.67	8,000	15,600	105.26
" 2nd "	6,716	4,000	3,200	7,200	107.21	8,000	15,200	111.11
Section chief, 1st class	5,980	4,000	2,400	6,400	107.02	6,000	12,400	93.75
" " 2nd "	5,060	4,000	2,400	6,400	126.48	6,000	12,400	93.75
Rapporteur	4,370	4,000	2,000	6,000	137.28	5,000	11,000	83.33
Secretary, 1st class	3,726	4,000	1,600	5,600	150.29	4,000	9,600	71.45
" 2nd "	3,174	4,000	1,200	5,200	163.83	4,000	9,200	76.92
Attache	2,507	4,000	1,000	5,000	199.44	3,000	8,000	60.00
Clerk, 1st class	2,185	4,000	800	4,800	219.68	3,000	7,800	62.50
" 2nd "	1,725	4,000	800	4,800	278.26	3,000	7,800	62.50
Chief usher	2,070	4,000	1,000	5,000	241.55	2,000	7,000	40.00
Usher, 1st class	1,552	4,000	600	4,600	296.39	2,000	6,600	43.48
" 2nd "	1,380	4,000	600	4,600	333.33	2,000	6,600	43.48
" 3rd "	1,150	4,000	400	4,400	382.60	2,000	6,400	45.45
" 4th "	920	4,000	400	4,400	478.26	2,000	6,400	45.45

§ Military, Judicial, Police and University Personnel are entitled to allowances ranging up to 225% of the basic salary. All employers of the State are also entitled to the following dependency allowances:

- (1) 30% of the basic salary of 4000 drs. for the first dependent,
- (2) 15% of the basic salary for each additional dependent up to a maximum of 4 dependents.

The average monthly salary, including allowances, of all employees of the State is officially estimated at 7200 drachmas.

Source: Pre-War and Post-Stabilization, C.A. Coombs, Greece Mission, 22.3.45 - Economic and Financial Statistics, Greece, Table 17

March, 1945 - UNRRA, Greece Mission, Financial Analysis Section of Office of Chief of Mission - Statistical Bulletin, March 1945, Table 11

15 May 1945

TO: Mr. M. Sokolowski  
FROM: Cicely A. Ryshpan  
SUBJECT: Attached Note on UNRRA's Future Operations  
and Expenditures

I am attaching a note giving some ideas I have had recently on the possible future course of UNRRA's operations and expenditures. A discussion of these problems may well be premature, but they may come up at the coming Council meeting, and since the ideas have occurred to me, I thought they might be set down.

FIA:CARyshpan:CI  
Attachment



### UNRRA's Future Activities

...

1. The term "relief and rehabilitation" covers two types of activities:

- (a) The provision to liberated areas which lack it, of foreign exchange to finance the purchase of the essential civilian supplies which were expected to be and are, in fact, found to be lacking in these areas on liberation. It was hoped that the import of supplies would make possible the revival of productive activities, without burdening with a permanent debt those economies which could not carry such a debt without great potential economic harm.
- (b) The provision of essential consumer goods and necessary services - medical, welfare, etc. - to those persons in each area who had been made destitute by the war and who needed either special assistance to render them capable of earning an income or continued support for an extended period of time.

2. These two types of activities are, of course, closely related. In the early period following liberation, the dearth of essential consumers' goods makes it impossible for everyone - the destitute as well as those in possession of some means of exchange - to obtain the essentials of life itself. Thus, the import of consumers' goods is a sine qua non for relief to individuals. Moreover, to the extent that the imported supplies make possible the revival of domestic production, they will enable individuals to earn an income and thus reduce the number of persons requiring special assistance.

3. But, though closely related, the two activities are not identical. Thus, areas whose governments possess adequate foreign exchange to finance the import of civilian supplies as well as areas whose governments need assistance in financing these imports are confronted by great individual need for relief and rehabilitation. Moreover, in those areas whose governments require financial assistance to enable them to import civilian supplies, the need for special assistance for the war wounded, war widows, war orphans, the internally displaced, those whose homes and possessions have been destroyed in the fighting, etc. may continue after the need for assistance in financing imports has ceased.



4. In planning for its operations, UNRRA differentiated between these two types of activities, but it offered primarily only foreign exchange assistance. Thus, countries which possessed adequate foreign exchange were, in practice, offered little by UNRRA. UNRRA would, not, of course, finance their imports of civilian supplies. In addition, the only assistance it offered them in meeting the great problem of individual need for relief and rehabilitation was in the form of a limited number of trained workers. That the plan was inadequate became clear during the past winter when pressure from the delegates of the "paying" countries in the Committee of the Council for Europe for assistance in meeting their great problems of individual destitution resulted in the passage of a resolution by that Committee and the agreement to a policy by the Central Committee that the Administration should help these countries in meeting their problems of individual indigence.

5. Countries lacking adequate foreign exchange, on the other hand, were offered foreign exchange to finance the import of relief and rehabilitation supplies, but were themselves expected to finance the relief and rehabilitation of individuals needing this assistance. It is true that they receive financial assistance in that task in that the proceeds from the sale of imported supplies to individuals able to pay in local currency are made available to their governments to assist them in meeting the special needs of indigents. But, after extended discussion of the policy to be followed in the disposition of these proceeds, it was decided that they should be made freely available to the governments, the only condition being that these were, in turn, at some future date, to spend an equivalent sum for relief and rehabilitation.

6. Because of the limitations on its financial resources, the period during which the Administration can furnish assistance to the countries of Europe on a large scale is likely to be limited to little more than a year. Moreover, because of limitations on its power and on its financial resources, the Administration is not likely to make a major contribution to the rehabilitation of the economies of these countries. In view of the economic disruption in many of the liberated countries now receiving assistance from UNRRA, it seems unlikely, therefore, that economic recovery will have been achieved in that period.

7. If this analysis is correct, the governments of countries now receiving assistance from UNRRA may find that assistance cut off before the demand from individuals for relief and rehabilitation has been reduced to proportions with which they can cope. In other words, when the financial assistance of UNRRA is withdrawn, their budgetary position may be such as to make it impossible for them to spend on relief and rehabilitation the sums equivalent to the proceeds from sale of imported supplies which were intended for that purpose and which will still be



be required if widespread suffering is to be avoided. In addition, it is possible that governments now receiving no assistance may find it impossible to cope with the widespread indigence with which they may be faced.

8. The problem can be met in several ways. The governments now contributing to UNRRA can make additional contributions and thus enable it to continue financing imports into liberated countries until their recovery is complete. Such assistance would probably make it possible for the governments in turn to furnish special relief and rehabilitation assistance to those individuals requiring special assistance. However, it seems hardly likely that such additional contributions will be forthcoming. A year or 18 months after liberation, the assistance which the liberated areas will need will fall much more definitely in the field of reconstruction than in the field of rehabilitation. Resolution No. 12 explicitly excludes reconstruction from the scope of UNRRA's activities. It seems unlikely that the member governments will reverse their position. If they agree to international activity in support of international economic recovery, they are more likely to turn to another agency - perhaps the new International Bank plus the social and economic body it is now proposed to attach to the International Security Council.

9. If some other international body is set up to assist the liberated countries of Europe to achieve economic recovery, its help may enable them to cope with their internal problem, on the one hand by increasing domestic employment, and thus removing from the ranks of those requiring special assistance employable workers, on the other hand, by improving the budgetary position of the governments and thus enabling them to finance the special relief and rehabilitation activities that will still be required.

10. However, in planning for the future, it seems well to be prepared for the possibility that there will be a fairly large problem of destitution and need for special assistance by individuals in one or more of the countries of Europe and that, although it is now assumed that the governments of these countries will finance that assistance, when the situation arises, for reasons indicated above, these governments may find it impossible to do so. It seems advisable for the Administration and the member governments to consider what policy they should follow in the event that such a contingency occurs.

11. If the Administration confined itself to financing certain special activities, providing foreign exchange to finance the import of needed supplies or to purchase local supplies or services, the cost would be very limited (consider, e.g., the Administration's operations in Italy). It might not be impossible to obtain additional contributions to finance such operations. I believe that the humanitarian desire to assist individuals hard hit by the war was an important factor in securing U.S. partici-

pation in UNRRA. It might well prove possible to secure an additional contribution from the United States and other countries for UNRRA activities in behalf of underfed children, widows, etc.

12. Such a program could, of course, only be undertaken in countries which were willing to accept assistance for certain groups of the destitute and which were willing to cooperate with the Administration in rendering assistance to them. Obviously, also, they should be undertaken only in countries unable to finance such programs without serious economic hardship.

FIA:CAN:cl



14 May 1945

TO: M. Sokolowski  
FROM: Cicely A. Ryzhpan

News dispatches to Greek-American newspapers for 10 May indicate an improvement in the financial situation but continued political and economic instability in Athens.

1. Following a statement by the Minister of Finance decriing alarm over the currency situation in which he pointed out that Greek currency in circulation was covered 200% in gold and foreign exchange (British and American) and that \$300,000 in remittances, etc. were coming into Greece daily, the fall in the drachma ceased and the sovereign is now offered for 7,000 drachmae.
2. A proposed bonus of 3,000 drachmae to civil servants for Easter was cancelled with the explanation that the financial situation did not make it possible and that the civil servants would be worse off with the additional money than without because of the effect of the issuance of so much currency on the value of the drachmae.
3. However, the trade unions of Athens called a general strike to begin at midnight on 9 May. Although no information to their demands is available here, it is believed that it was called in order to increase wages to meet the rising cost of living. No information is yet available as to its effectiveness. Later information indicates that strike was called off after twenty-four(24) hours.

*Greene 353.1*

9 May 1945

To: Mr. M. Sokolowski  
From: Corrington Gill  
Subject: China's Ability to Pay

The problem of China's ability to pay recurs from time to time in staff meetings. It would be most helpful if you would be good enough to prepare a brief memorandum for me on this subject.

CGill:vc

China 601



8 May 1945.

TO: M. Sokolowski, Financial Advisor  
FROM: Corrington Gill  
SUBJECT: Agenda Items for Council Session

May I have at your earliest convenience a memorandum concerning any matters in your field which you believe should come before the Council for action in its forthcoming session.

In general we expect this Council Session to be a very brief one and only those matters which actually require Council consideration should be placed on the agenda.

In connection with any item you suggest, will you also please specify any background material which should be prepared by your office in order for proper Council consideration of the matter and the date such material could be ready, if the item is placed on the agenda.

ARocessun/mh

124.3

4 May 1945

TO: Mr. M. Sokolowski  
FROM: Cicely A. Ryshpan  
SUBJECT: Summary of Current Greek Economic Situation

For your possible use in your conversations with  
Mr. Maben today, I am attaching a brief statement,  
summarizing as I see it, the present economic  
situation in Greece.

Greece 672



4 May 1945.

TO: M. Sololowski  
FROM: Corrington Gill  
SUBJECT: Living and Quarters Allowance

In accordance with Administrative Order No. 35, revised 5 March 1945, it is the duty of the Deputy Director General for Finance and Administration to establish an allowance to cover the additional living costs which an employee, whose home station is not Washington, incurs by reason of service at Headquarters.

In accordance with the procedure outlined in the above Order, this rate was to be effective as of 1 May, but, due to the fact that this represents a change in the allowance paid to you, we will extend your old rate until 1 June 1945. As of that date the living allowance for Headquarters' employees with dependents, whose home station is not at Washington, D. C., shall be \$7.00 per day. The Administration will, however, assume the tax withholdings from this allowance.

This will result in payment of the full amount of the allowance of \$7.00 per day to you, instead of your present allowance of \$10.50 which, after the withholding of 30% tax, results in a net allowance of \$7.35.

JRDavis;ew;mh

400 Sololowski m

27 April 1945

TO: Mr. M. Sokolowski  
FROM: J. J. Polak *JJP*  
SUBJECT: Financial Report from Yugoslavia

I have the report "Yugoslavia - Finance" recently submitted by Major Edholm. The report contains some interesting data on prices and wages in Yugoslavia and on recent legislation on the subject, although the data has not been presented in such a form that they can easily be interpreted.

That, however, is about all the good that can be said about it. All the general statements of the finances of Yugoslavia show clearly that the author has neither knowledge of the statistical facts nor insight in financial matters in general. A few figures which I was able to check are definitely wrong. A statement is given on page 2 that the circulation in Croatia was 17 billion kuna at the end of 1944. Figures on the circulation in Croatia have been regularly published and were far in excess of 60 billion kuna before the end of 1944.

The statement that the "individual earnings" of Yugoslavia equal 1/3 of those in the UK also seems to be patently wrong. The per capita national income in Yugoslavia before the War was about \$70; in the UK it was at least \$100, or six rather than three times as high as in Yugoslavia.

At the bottom of page 3 the statement is made that the Germans stole about 9½ billion dinars in "gold, platinum, paper and coin." At the 1939 rate of exchange this would be the equivalent of 215 million dollars, which is more than twice the gold and foreign exchange holdings of the Yugoslav National Bank. I am afraid that in the value of the things reported as stolen, Yugoslav paper money accounted for a large part. At any rate, without any knowledge of the composition of the figure of 9½ billion dinars, it is completely worthless.

The entire document, except price and wage statistics, is nothing better than amateur financial journalism. Two conclusions stand out: 1) The first is that the author should be asked to confine his reports to purely statistical and legal data and an exact interpretation thereof, and should not endeavour to cover the more general financial field or appreciate the Government's financial policy; and 2) The second conclusion is that if we do want to have any general economic and financial knowledge about Yugoslavia as a basis for our UNRRA policy, a more qualified person will have to be sent there.

NIA:JJPolak:CI  
CC: Joel Gordon

*Yugoslavia 312*



11 April 1945

TO: Mr. M. Sokolowski

FROM: J. J. Polak

SUBJECT: Currency exchange of displaced persons in Germany

I saw today three people in the United States Treasury who are most concerned with this subject, Messrs. Glasser, Hoffman and Gunther, and I learned the following:

- (1) The Army has no general instructions for dealing with the currency of displaced persons in Germany. There is no control of what displaced persons may take out of Germany. They can take out marks or any foreign exchange or gold they might have been able to obtain.
- (2) The question of exchange of the holdings of displaced persons is entirely up to their national governments. It is hoped that at a later date national governments will do this exchange in Germany; at the present they are doing it as their nationals go into various countries. Governments are free to use whatever rates of exchange they want. They have, however, been asked to seize against receipt any very substantial holdings which any one person may carry.
- (3) It appears that in many respects the Army policies on displaced persons are not determined by SHAEP, but are left to the commanders of the individual armies; therefore, policies may be different in the regions under the control of different Army commanders.
- (4) The Treasury people agreed that the original idea of Mr. Glasser to create some sort of large fund for the conversion of all currencies held by displaced persons was at least at present no longer to be considered.

VIA:JJPolak:HD

CC: Mr. Dayton  
Mr. Cooley

305 Ex Change

11 April 1945

TO: Mr. M. Sokolowski

FROM: J. J. Polak

SUBJECT: Exchange of currencies of non-repatriatable displaced persons

This subject came up in Treasury discussions with Mr. Hoffman and Mr. Gunther. I made it clear that it was UNRRA's function to take care of displaced persons for a reasonable period of time, but that their transportation and settlement were the responsibility of the Inter-Governmental Committee on Refugees. The question arose as to who was responsible for the exchange of their currencies.

I expressed the opinion that UNRRA was presumably not responsible for this exchange, but that UNRRA was anxious to know what settlement was made for these persons.

Mr. Hoffman said that the Treasury is also anxious to know what settlements were made because the question was put to them repeatedly. He suggested the possibility that UNRRA might exchange enemy currencies of these people against currencies which they needed. UNRRA would then have a claim on reparations for this amount. The United States might be willing to take this claim over from UNRRA, or to guarantee it, provided an agreement was reached with the UK and the USSR to the effect that this claim should have first priority on the enemy reparations. Hoffman and Gunther expressed a general desire on the part of the Treasury to do anything possible for these non-repatriatable persons and to put in a high claim on their behalf at the Reparations Commission.

In further discussion, it was agreed that the displaced persons who happened to have considerable amounts of enemy currency had no higher claim on the enemy than other displaced persons whose property might have been destroyed and who would have no monetary assets. It was also brought out that there might be little justice in starting a new settlement of these people in a foreign country, with the ones who happened to have had enemy currency in a much more favourable position than the others. The Treasury people indicated their willingness to explore this question further. I should think we ought to do likewise and begin with a talk with the representative of the Inter-Governmental Committee.

FILE:JJPolak:ND

CC: Mr. Dayton  
Mr. Cooley  
Miss Bishle  
Mr. Feller



*filed*

9 April 1945

To: Mr. Sokolowski  
From: F. W. Leith-Ross

Loveday League of Nations telephoned that they wrote to the DG 5 April asking whether UNRRA wishes to send an observer to attend the meeting of the Economic Committee on Postwar Commercial Policy. They wrote similarly to the Food Organization and the latter will probably reply that Mr. McDougall, who is a member of the committee, would also act as representative of the Food Organization - unless you want specially to send a representative. I suggest that similarly I should be appointed to represent UNRRA.

FWLeith-Ross/vm

*220*  
*040 - League of Nations*

Log  
7 April 1945

MEMORANDUM

TO: M. Sokolowski  
FROM: John Earl Baker  
SUBJECT: Chinese Price Index, etc.

In connection with your memorandum of the 2nd inst., I am told that the information requested in your first paragraph is being prepared in Chungking. When I arrive there I will follow up and do what I can to expedite its completion and forwarding.

In connection with your second paragraph, I wonder if you have received the file addressed by Mr. Kizer to Mr. Menshikov under date of March 25th. Pertinent paragraphs are quoted in the attachments. The steps outlined by Mr. Kizer were accepted by Mr. Tsiang under date of March 23rd.

Attachments:

Excerpt from letter C-80 to M. Menshikov from B. H. Kizer,  
25 March 1945  
Letter to Dr. T. F. Tsiang from Benjamin H. Kizer  
Procedure for Chinese Currency Advances to or on behalf  
of China Office

JEBaker/cr/ms  
7 April 1945



27 March 1945

TO: Mr. M. Sokolowski  
FROM: J. J. Polak  
SUBJECT: Financing of the Inter-Governmental Committee  
on Refugees

In many instances, decisions have to be taken as to whether certain operations will be carried out by the Inter-Governmental Committee on Refugees, or by UNRRA. In most cases, the decision is a legal one depending on the mandates of the two organizations; but the financial aspects are also sometimes important in deciding. For that reason, it seems useful to have an idea of the way in which the Inter-Governmental Committee is financed. This Committee has now a resident representative in the United States, Miss Biehle, who is located in the UNRRA office. From her I received the following information:

- 1) The Committee has at present 36 member countries. They share together the administrative expenditure which is narrowly defined and which for 1944 amounted to £26,000. The budget for 1945 is £41,000. These amounts are distributed over the various member countries according to International Scale, allocating certain units to each country.
- 2) The operational expenditure of the Committee has been underwritten by the governments of the United Kingdom and the United States. It is the intention to invite the other member countries to contribute to such expenditures in accordance with their ability and interest in the work of the Committee. The budget for 1944 operational expenditures was £1,000,000, and the United Kingdom and the United States have each assumed half of this sum. For 1945, double this amount (£1,000,000 for each of the two countries) has been requested.
- 3) As long as the operational expenditure is being underwritten by these two governments, any specific scheme or project needs their approval before expenditure can be made. This procedure works obviously slowly, and they are at present considering in what way it can be made more expeditious.

FIA:JJPolak:HD

040 Inter-Gov. Com. on Refugees



26 March 1945

TO: Mr. M. Sokolowski  
FROM: Cicely A. Ryshpan  
SUBJECT: Draft Manual on Field Reporting

The following comments on the "Manual on Reporting by Chiefs of Mission and National Governments" might be called to Dr. Welk's attention. I must apologize for my delay in preparing them; it was due, in large part, to my having unavoidably had to be away from the office for a week.

1) The only questions of significance arise in connection with Tables FRS-9 and 10.

a. FRS-9 calls for a detailed report by the Government on the proceeds from sale of supplies provided by UNRRA, by supply categories and by distributive channels. Since the agreements signed to date, with Czechoslovakia and Greece, provide only that the "Government will provide the Administration...with a record of the net proceeds derived by the Government...from the sale, lease, or other transfer of relief and rehabilitation supplies and services furnished by the Administration under this Agreement", such reports to be provided quarterly by the Government of Czechoslovakia and monthly by the Government of Greece, and that "in lieu of a record of actual net proceeds, a lump sum approximation of proceeds may be mutually agreed upon between the Government and the Administration", the advisability of requesting the government to provide this information seems questionable. Table 10, modified as suggested below, seems to provide all the information that should be called for.

b. FRS-10 calls for information on the total proceeds received by the government, on the amount turned over to UNRRA, and the amount not yet turned over to UNRRA. Since it has now been decided that, at least for the immediate future, the government is to make available to UNRRA out of the proceeds from sale only the sums required by UNRRA for its operations, and is to retain the balance, it seems better to eliminate 1b from this table, in order to avoid the implication that all proceeds from sale not yet turned over to UNRRA are to be turned over at some time in the future.

2) Several minor comments might also be called to Dr. Welk's attention.

a. Instructions. In general, these instructions are so detailed

*Reporting by Chiefs Mission*



and repetitive as to be confusing. As one example, on page 3, under the heading Frequency of Reports, the statement is made that two copies of the report on any particular form are to be mailed to Headquarters and two to the regional or area office, while under Report forms, it is requested that until forms have been duplicated, reports should be typed and submitted in accordance with the prescribed forms, with "an extra carbon copy" to "facilitate handling". Does this mean that until the forms have been duplicated, submission of 2 copies of any report is optional, or that 2 copies plus an extra carbon copy are desired?

b. FRS-1.

(1) Item 4 calls for the number of prisoners of war included in items 1.c and 1.d. However, this form includes items 1a, b, and c, but not 1.d.

(2) Item 2 calls for numbers of displaced persons registered by nationality (citizenship) and gives sources in AEF D.P. Registration Record, Item 5, and UNRRA CD-1, Item 26. In the instructions, however, it is stated that UNRRA CD-1 includes two items, 26 citizenship and 27 nationality, and further that tabulations of item 27 from UNRRA Form CD-1 should be consistent with tabulations of AEF D.P.2 items.

There is apparently an inconsistency here. The instructions should be rewritten to show plainly what information is desired and its source.

c. FRS-3, Item B.2 Clinic visits. The instructions state that a clinic "visit" may be defined in one of two ways, i.e., "either the sum of patient visits to several separate departments or an unduplicated count of visit to the clinic as a whole if records are kept for such a count". For clarity, persons preparing the report should be requested to state the definition used for the purposes of this report.

d. FRS-7, Item 4a. The instructions state that the value to be used for entry under this heading should "include cost of transportation". The inclusion of this cost is not required in any other instance. If value includes transportation in the case of item 4a, and in no other case, there will be an inconsistency which will make it impossible for the tables to balance.

e. FRS-11. This table calls for information on the proceeds from direct UNRRA operations in Items 1b and 3. Since it is doubtful whether UNRRA will itself engage in direct operations as a result of which it will receive proceeds, these items should, I believe, be eliminated.



24 March 1945

TO: Mr. M. Sokolowski

FROM: Cicely A. Ryshpan

SUBJECT: Attached Memo from Mr. Dayton to the Director General  
on the Draft Letter to Mr. Klentzov

The attached memorandum from Mr. Dayton to the Director General proposing a change in Mr. Schachter's draft answer to Mr. Klentzov's letter of 10 March, 1945, on the use of local currency proceeds proceeds contains several statements which I think are open to question. A comment is not of practical significance at this time, since Mr. Dayton's substitute paragraph seems unexceptionable to me and, in any case, has probably already been agreed to. However, since the problem is going to confront us for some time, it may be worth while to set forth my objections to these statements and to state explicitly certain views which though probably generally accepted within UNRRA tend to be neglected in written statements on the problem.

1. In paragraph 2, Mr. Dayton alludes briefly to the distress caused by inflation and then states: "The suffering in Greece today is primarily from inflation and not from military destruction." I think it is not quibbling to point out that the statement does not describe the facts, since the inflation is itself a result of military destruction, which is the primary cause of the suffering in Greece today. The inflation is, as Mr. Dayton correctly implies in the next sentence, the result of the great decline in the country's productive capacity. I think it is important to keep this in mind because it reinforces the importance that the program undertaken in the country should be directed at restoring its productive capacity.

2. Mr. Dayton then, to my view properly, emphasizes the importance that UNRRA's own program and "the program which it encourages the governments to undertake out of the proceeds of sale should, to a considerable measure, be directed" to the end of restoring the productive capacity of their countries. But in arguing that Mr. Klentzov is mistaken in his view that the most urgent needs are aid for homeless children, invalids, and evacuated persons, and by implication in the first sentence in the second paragraph, in which Mr. Dayton says: "The use of local currency proceeds for activities which a government in a weak financial position cannot afford is a spur to inflation", he seems to be viewing very narrowly and incorrectly how the productive capacity of a distressed nation can best be restored.

In a country like Greece, two-thirds of whose population is engaged in small scale agriculture and livestock raising, an extremely

305  
Local Currency



important contribution to national productivity can be made by increasing the efficiency of individual cultivators. Thus, the return to their fields of those rural workers who have flooded the cities, the rebuilding of their homes, and the cure and prevention among them of such debilitating diseases as malaria, must be regarded not as relief activities alone, but as exceedingly important, indeed vital, contributions to national productivity. Until the farmers are back in their fields, until they are strong enough to work, until they are able to devote their full energies to production, instead of to seeking shelter for themselves and their families, they and their country will not be self-supporting.

I think these points, though obvious, need re-emphasis. In advising the government on the uses to which it should put its local currency proceeds, the necessity for the rehabilitation of its productive labor force must never be forgotten. Nor should such relief activities as rebuilding homes, curing the sick and preventing disease and returning displaced persons (who are also potential workers) to their homes be regarded as activities which a government in a weak financial position cannot afford, because they will necessitate very large government expenditures. They will not accustom the population to a standard of social activities which, to their disappointment, the government will subsequently be unable to finance, since the activities are of a non-recurrent character. Moreover, until these relief activities have been carried on, the country will not be self-supporting.

FIA:CRYshpan:HD

24 March 1945

TO: M. Sokolowski  
FROM: Florence Kirlin

Mr. Corson sent Mr. Harris a copy of your memorandum of 12 March commenting on the Personnel Regulations for the Field Service (Administrative Order No. 27) in which you pointed out that the provision on Page 7 of the order which stated that the employee "may arrange with the Mission Finance Officer to have the amount of local currency which he does not spend credited to him in funds of the country in which his home station is located". You suggested that this should be modified to indicate that it is only the part of the employee's salary for which such credit could be made.

This change has been made in the Personnel Management Manual which is at this time being stenciled. It will also be made in any revision of the Field Service publication.

KIRLIN:ba

204.2



23 March 1945

TO: Mr. M. Sokolowski

FROM: Cicely A. Ryshpan

SUBJECT: Meeting of Library Advisory Committee, Thursday,  
22 March, 10:30 a.m.

At Mr. Polak's request, I attended the first meeting of the informal committee invited by Dr. Kuo to function in an advisory capacity to the Library. The meeting was held in Dr. Kuo's office on Thursday, 22 March, at 10:30 a.m.

The following persons, representing the indicated bureaus, divisions and offices, were present:

Dr. P. W. Kuo - Deputy Director General for the Secretariat  
Lucille Donovan -, Librarian  
David Vaughan - Bureau of Finance and Administration  
Valery Terestenko - Bureau of Areas  
Janet Smith - Bureau of Supply  
Margaret Gottlieb - Displaced Persons Division  
Zygmunt Deutschman - Health Division  
Wilhelmina Luten - Welfare Division  
Anna Belle Newcomb - Office of the Diplomatic Advisor  
Robert T. Huang - Office of the General Counsel  
Cicely A. Ryshpan - Office of the Financial Advisor  
Esther Ober - Office of Public Information

The purpose of the committee was outlined in a memorandum of 9 March from Dr. Kuo, a copy of which is attached:

(a) To extend the use of materials already available, it was suggested and agreed that the Library should prepare a brief pamphlet, describing the library and setting forth the services it is in a position to perform. This pamphlet is to be made available to all professional members now on the staff of UNRRA and to all new appointees when they enter on duty.

(b) To insure that the Library collection contains, so far as possible, material needed by members of the staff of UNRRA, it was suggested that the members of the committee request members of their bureaus, divisions and offices to recommend additional materials which it would be desirable to add.

(c) To avoid the renewal of subscriptions of periodicals not useful to the staff, the members of the committee were asked to submit to the members of their bureaus or divisions a list of periodicals now received in the Library and ask them to indicate those which they need in their work. I am attaching the list.

240 Library 2847 Comm.

For convenience, I suggest that we attach to the list the following key, and note alongside of each periodical whether we regard it as following into classes 1, 2, 3, or 4.

Necessary. Please circulate to me - 1. (All periodicals should be so marked which you regard as necessary and would like to receive, including those you now receive and such additional listed periodicals as you would like to receive).

Useful. If the Library continues to receive this, please circulate to me - 2. (All periodicals should be so marked if you would be interested in seeing them, but do not regard them as essential).

Useful for reference in the Library - 3.

Not necessary or useful to this office - 4.

If you will pass this list on to Mr. Polak for him to mark in the same way and then return it to me, I will send it on to Miss Donovan, properly marked. Miss Donovan is to collate the lists from the various divisions and offices and report to the next meeting of the Committee the magazines which do not seem to be generally required.

(d) To insure that the Library contains only necessary material, the Library proposes to go through material sent to it gratuitously, select from it such material as it requires and then periodically place the remainder on display. Members of the staff will then be free to select from the remainder such material as they would wish to retain in their offices.

There was some discussion, at this point, as to the desirability of retaining in the Library material which was described as hostile propaganda. Mr. Terestenko expressed the view that UNRRA's library should not be used as a depository for publications hostile to the governments which are members of UNRRA. I expressed the view that the only restrictions on the Library collection should be those imposed by money, space and general usefulness. No decision was reached.

(e) To make it possible for the librarian to have ready materials needed for particular studies, the members of the Committee were asked to request members of their divisions, bureaus and offices to notify the librarian in advance of any studies which they plan to make.

VIA:CRychpan:ND



14 March 1945

TO: Mr. M. Sokolowki  
FROM: Florence Kirlin  
SUBJECT: Employee Progress Reports Section of the Manual

It has been decided to issue the Employee Progress Reports Section of the Personnel Management Manual as an Administrative Order applicable to Headquarters prior to issuing the Manual in provisional form.

The section will be issued in essentially the same form in which it was finally presented to the Personnel Policies Committee.

KIRLIN:be

30412

COPY

13 March 1945

To:           Mr. Corson                               Mr. Henson  
              Mr. Menshikov               Mr. Richard Brown  
              Mr. Weintraub               Mr. Dayton  
              Mr. Feller                   Mr. VanHynning  
              Mr. Sokolowski           Mr. Weisl  
              Mr. Polak                   Mr. Schuller  
              Mr. Sayre                   Mr. House  
              Miss McGeachy               Mr. Day  
              Mr. E. M. H. Lloyd

From:       The Director General

A meeting will be held in the Director General's office on Friday next at 11:00 am to discuss economic and financial problems which will arise in countries receiving aid from UNRRA, particularly in Southeastern Europe, e.g.:

1. UNRRA's interest in policies which will improve a country's ability to pay, \_\_\_\_\_
2. Questions relating to price policy, \_\_\_\_\_

Mr. E. M. H. Lloyd will summarize the results of recent discussions that have taken place on these subjects with special reference to the position in Greece and Yugoslavia.

DOCUMENT FILED:   Corson, John



14 March 1945

MEMORANDUM FOR: M. Sokolowski  
FROM: Thomas M. Cooley, II  
RE: Response to Washington Cable No. 114 to  
Rome re "AC Financial Arrangements, November  
9, 1944". Copy of Statement prepared by  
Mr. Ratay, dated 9 Nov. 1944.

The attached memorandum, obtained at your request, is believed  
self-explanatory.

Attachment:

Above-named  
Statement

TM Cooley/vgk

10 March 1945

TO: Mr. M. Sokolowski  
FROM: Corinne Ingraham <sup>el</sup>  
SUBJECT: Staff luncheon meeting - Tuesday, 6 March  
Displaced Persons operations

At the above meeting on Tuesday last, Mr. Hoehler spoke of the Multilateral Agreement and the Agreement with SHAEF on which DP operations in Europe will be based.

He said that UNRRA had been able to bring together the Soviet authorities and SHAEF on matters relating to prisoners of war and DPs. General Gullion, Chief of the DP Div., SHAEF, met with General Vasileff, Commanding Officer of the Soviet Military Mission in London, as a result of which the Soviet Govt. now has liaison officers with SHAEF.

It has been decided to send DP teams operating from an assembly center unit within a district. The district will be within a region which will be the major unit under the central authority. There will be 10 or 15 regions under one central authority.

The DP Div. is now in the process of recruiting some 5000 persons, 60% of which will be done in the Continent and the remainder here. ("They do not all have to be recruited here or we would never get the job done."). Many will be taken from the various armies of different countries whose experience is expected to prove invaluable.

"Do not let anybody tell you there is no job for UNRRA nor that it is unable to meet its responsibilities. Our big job to date has been to be ready for service. I know how difficult it is to wait for service, but War is mostly waiting. If UNRRA's staff is not willing to wait, they are not contributing to UNRRA's success. If you are not busy here, move into the overseas staff and you will be less busy but nearer the scene of operation. However, as soon as our work commences, we will be working hard day and night."

Mr. Hoehler told of the extreme hardship in France due to lack of food and clothing. Shoes are distributed by the Army and, because of the lack of clothing, blankets have been

641



given out in their stead. These are cut into strips and made into ill-fitting, flapping garments.

Each French family, he said, is putting away what little money they can for their "absent one" - a term given those who have been deported into Germany - so that they will be given medical care, adequate, rest, clothing and a start on a new life.

Q. How long will the DP operation take?

A. We expect to move a million a month, which will mean that the actual moving process will take seven months. # The stateless persons will probably become the responsibility of other organizations in the international field.

# At a later meeting of the Bureau of Area chiefs and Mr. Cooley, it developed that this estimate had been made six months ago and is now considered too optimistic.

FIA:CIingraham:CI

8 March 1945

TO: Mr. W. Sokolowski  
FROM: Herbert H. Lehman  
SUBJECT: Determination regarding Italy's ability to pay

I am attaching my determination with respect to Italy's ability to pay for supplies and services furnished by the Administration, pursuant to Resolutions 57, 58 and 60 of the Council.

Will you please see to it that this determination is made known to the officials of the Administration concerned.

VIA:JJPolak:ND

Italy 601



8 March 1945

TO: Mr. M. Sokolowski - Room 518  
FROM: Dr. R. Alfaro - Room 631  
SUBJECT: Exchange rates of the various Latin  
American Countries.

Your memorandum dated 7 March on this subject coincides entirely with the information I had already gathered. It is expected that no serious trouble will be found by the mission I will head in the matter of exchange rates.

I thank you very much for your information.

DA/RJAlfaro/mg  
8 March '45

305  
Exchange Rate

COPY

7 March 1945

TO:	H. E. Caustin	M. Sokolowski
	John Corson	E. G. Arnold
	A. H. Feller	Richard R. Brown
	P. W. Kuo	Robert L. Brown
	Roy Hendrickson	Loda Mae Davis
	Fred Hoehler	J. F. Hostie
	Hugh Jackson	Victor Rodnov
	Craig McGeachy	Frank Weisl
	Dr. Sawyer	George Xanthaky

FROM: William G. Welk

SUBJECT: Draft Manual on Field Reporting

I am attaching for your information and comment the draft of a "Manual on Reporting by Chiefs of Mission and National Governments" prepared in the Bureau of Areas. The Manual contains forms and instructions for monthly statistical reports to be submitted by field missions in accordance with Administrative Order No. 41. \_\_\_\_\_

\_\_\_\_\_

DOCUMENT FILED: Caustin, H. E.

204-2



1 March 1945

TO: M. Sokolowski

FROM: J. J. Polak

SUBJECT: Mr. Schuller's proposal for procurement of Czechoslovak textiles by UNRRA.

(1) In his letters to Hendrickson of 7, 13, 14 and 15 December 1944, Mr. Schuller proposes a new method for procurement by the Administration in Czechoslovakia. The following paragraphs contain an analysis of this proposal against the background of the discussions and decisions which were taken in this field in October 1944.

(2) The procurement of shoes in Czechoslovakia by the Administration from leather provided by the Administration was exhaustively discussed in the first half of October 1944. A decision was finally taken by the Director General that the Administration would not use its contributed resources for such procurement. This decision was incorporated in a letter to Mr. Vondrich of 17 October 1944, which did not contain a provision, deleted from an earlier draft, that the Administration would pay part of the value of the shoes in raw materials or free foreign exchange.

(3) The essence of Mr. Schuller's proposal is that the Administration will procure textiles to a value of, say, \$10,000,000, against cotton contributed to the Administration, of equal value. This means that the Administration makes available to Czechoslovakia the cotton needed for the production of cotton textiles of a value of \$10,000,000, (roughly 2½ million dollars' worth of cotton), and will also pay for the local cost of production of these textiles (\$7,500,000) in cotton. Mr. Schuller's proposal is, therefore, not compatible with the decision taken by the Director General in October, and the consideration of the proposal implies reconsideration of the decision taken by the Director General at that time.

(4) The proposal has actually been put forth in a somewhat more complicated form. The contributing country, say the United States, is to make the cotton available to Czechoslovakia in exchange for the cotton goods; upon receipt of these goods the United States will then contribute them to UNRRA against the 90% of the U.S. contribution. The purposes of this complication appear to be two-fold:

(a) If the raw materials are made available to Czechoslovakia, not by UNRRA, but by the United States Government, the United States is in a position to stipulate certain conditions on the use of that part of the cotton which will not be incorporated in the cotton textiles which Czechoslovakia will

*Czechoslovakia 722.4 (Textiles)  
China - Supplies 1.5*



deliver in return to the U. S. The United States might, for instance, insist that this cotton be not used for exports to markets in which the U.S. themselves have a stake. Mr. Schuller expresses the hope that such conditions will not be made.

(b) The second purpose appears to be that if raw materials are made available not by UNRRA but by the U.S., it can be argued that the cotton textiles in question have not been produced with the assistance of the Administration, but rather with the assistance of the United States Government. In the letter to Mr. Vondrich referred to above, it was stated that the principle of not using the Administration's general contributions for procurement in non-paying countries was one "to which the Administration proposes to adhere particularly with regard to the procurement of any 'surplus supplies'". We understand this term to cover (i) supplies which cannot be sold in the domestic market and, at the same time, cannot be disposed of in foreign markets on reasonable terms, and (ii) supplies which have been produced with the special assistance of the UNRRA e.g. by the provision of raw materials or the provision of fertilizer or machinery (such as mining equipment) required for the production of the special supplies which UNRRA wishes to procure". If, therefore, the transaction is clothed in a form in which it appears that assistance is not from UNRRA but from some other agency, payment could be made in contributed resources without violating the words of the letter to Vondrich.

(5) It is clear from the above that the essential point in which Mr. Schuller's proposal differs from the principles set forth in the letter to Vondrich is that the payment which it was there proposed to be made in local currency, (either of the country of procurement or of the country of destination), is now proposed to be paid in contributed supplies. The argument why, if payment for these costs is not made in local currency, it should be made in contributed supplies, rather than in free foreign exchange, would appear to be that by using contributed supplies, the Administration can draw upon the 90% of the contribution, whereas free foreign exchange would have to come from the 10%. This reflects the position which appears to be generally held in the London office, that the 90% are of a much lower rank of usefulness than the 10%. This proposition may have some truth for the United Kingdom, but in no other country. The fact that the 90% of the United Kingdom can rather easily be used in many parts of the sterling area goes far to reduce the validity of the proposition even for the United Kingdom.

FIA:JJPolak:HD



1 March 1945

TO: Mr. M. Sokolowski

FROM: Joel Gordon

SUBJECT: Yugoslav Ability to Pay for Relief and Rehabilitation Supplies in Suitable Foreign Exchange

Pursuant to our recent conversation with Mr. Polak, I am submitting this brief description of recent developments in Yugoslavia bearing on the ability of the country to pay with suitable foreign exchange for its imports of relief and rehabilitation goods in the first year after liberation.

As you undoubtedly know, the country is only two-thirds liberated and the regions still held by the Germans lie across the main transportation routes between the Adriatic and Belgrade. The Germans still hold the northern Adriatic ports of Fiume and Trieste and thus close off the main route from the Adriatic to Belgrade. The southern Dalmatian ports have been liberated, but the Germans still hold Zagreb and thus block the only other rail route from the Adriatic to Belgrade. The only other direct rail route to the sea - the route from Salonika to Belgrade - is, to the best of our knowledge, not yet in operation.

Moreover, within the territory which has been liberated, the transportation system has been so badly damaged that all movement of goods is difficult. At present, the transportation system is burdened with the task of transporting war materials to the front. But even when this burden is lifted, Yugoslavia's transportation difficulties will not be ended. According to reliable reports, at most, 20 percent of the pre-war rolling stock of the country will be usable after the war. This has serious implications for internal trade, at present. Thus, it is reported that 100,000 tons of wheat in the Vojvodina are rotting because no facilities exist to move them to Belgrade. To overcome these difficulties, the authorities in that city have organized parties to go out into the country to bring in such supplies as can be transported in the crude vehicles available.

But the transport situation has implications for Yugoslavia's financial situation. In the memorandum on Foreign Exchange Position of Yugoslavia (CS-CFC/AP(44)14 of 22 December 1944) the assumption was made that the country's exports in the first year after liberation might reach a value of 25-35 million dollars, but this assumption was subject to the provision of a "substantial import of transportation material." The present prospects that such imports will take place are not good.

Orig. 4-2  
12-23-44  
J. Gordon

Practically no locomotives and few cars can be expected to be imported during the first two six-month periods of relief and rehabilitation operations. The trucks to be imported into Yugoslavia under the present UNRRA program will be insufficient for the transportation of even the proposed relief imports; no trucks will be provided for distribution of domestic produce. Transportation will thus be a bottleneck which will make impossible any appreciable volume of exports. In addition, however, obstacles exist to the production of exportable surpluses in the case of every commodity exported before the war.

(1) Wheat - According to a recent statement of the Minister of Agriculture of the Yugoslav National Committee of Liberation, published in the Belgrade Politika, for January 28, 1945, 85 percent of the fall seeding plan was achieved in Macedonia, but in Serbia, and, even more important, in Vojvodina, the granary of Yugoslavia, which produced half the cereals of the country, only 50 percent of the planned sowing took place.

There is little likelihood that this deficiency can be made good through spring sowing. In the first place, the area ~~not~~ normally grows very little spring wheat; suitable seed for spring varieties is consequently not available. Moreover, the shortages of labor, draft power and fuel for machinery which limited sowing in the fall are unlikely to be ended by the spring sowing season. Reports indicate a decline of 80 percent in draft animal numbers in Vojvodina, a deficiency not soon to be made good.

In consequence, it may be anticipated that there will be no export surplus of grains available in 1945. Indeed, the country will be on a deficit basis in the winter of 1945-46. If facilities are made available before the sowing season of 1945, a normal harvest might be achieved in the summer of 1946.

(2) Livestock - There is no prospect of any exportable surplus of live animals or pork products from Yugoslavia in the immediate future. The numbers of all types of animals have been reduced by 40-60 percent. Whatever animals are available for slaughter will be required at home for meat, fats and hides.

(3) Construction needs - Although the timber resources of Yugoslavia are reported not to have been greatly damaged, the facilities used in the production of lumber, located, for the most part in Slovenia and Bosnia, where guerilla warfare raged for three years, have either been wrecked or are in great need of repair. How soon they can be repaired depends in large part on how soon supplies of raw materials and repair parts can be brought in. Moreover, two further obstacles to the production of exportable surpluses exist: (1) the domestic demand for construction lumber for repair and construction of dwellings (in southern Croatia alone, an estimated 90,000 homes have been destroyed or damaged); and (2) a labor shortage because of the demands for labor throughout the country for large scale rehabilitation.



(4) Copper and Lead Ore - It appears to be the policy of the Yugoslav authorities to concentrate the resources of the country on the production of minerals with immediate war use. Thus, the attempt is being made to get the coal mines working again. To that end, labor tools and transport are being pooled. How soon the government will feel able to encourage the resumption of non-ferrous metal mining is not now apparent. Reports on the state of mining facilities and the stocks of metal above ground are not very good. The most recent reports indicate, however, that the workers at the Bor Mines (mostly forced labor) were dispersed when the Germans were driven out.

(5) Hemp - It seems probable that hemp production will fall off with the elimination of German pressure on producers. Moreover, the shortage of textiles of other types may increase the demand upon hemp.

(6) Fresh fruits - Although surpluses of fresh fruits may be produced, it seems probable that exports will be small for two reasons: (1) increased domestic consumption, to make good deficiencies in other types of foodstuffs and (2) difficulties in their movement. Before the war, the principal markets for fruits were Austria and Germany. It is doubtful whether arrangements can be made by next summer to market these fruits in other areas where they can be sold for foreign exchange, or exchanged for goods needed in Yugoslavia.

(7) Dried Prunes - Subject to labor and transport limitations, there may be a surplus of dried prunes. However, in the absence of adequate quantities of other foodstuffs, and particularly of imported sugar, increased domestic consumption may cut into this surplus.

(8) and (9) Hops and Leaf Tobacco. - Although precise information on these two crops is lacking, it appears that the acreage of both has been reduced, and that there is unlikely to be an export surplus.

#### Monetary Matters

Some additional data on the monetary situation in Yugoslavia has become available recently. On 15 October 1944, it was reported that there were 105 billion kuna in circulation, and that the circulation was increasing at the rate of 20-25 billion a week. In late October, 1944, the circulation of dinars in Serbia was reported to be 35 billion.

In November, 1944, the dollar was worth 200 dinars officially, - on the free market, however, a dollar exchanged for 3000 dinars.

Reports from Dalmatia in early February, 1945, indicate that money practically is out of circulation.

The true value of the currency cannot, of course, be known until the country has been liberated. There are 7 or 8 currencies now in circulation - dinars, kupa, lire, German marks, Hungarian pengoes, Bulgarian levae, Albanian francs, in addition to gold sovereigns and gold Napoleons. The government does not intend to attempt to stabilize the currency until the entire country has been liberated.

ASBAS:Gordon:Gingraham



22 February, 1945

To: M. Sokolowski

From: Frank Weisl

Attached is the most recent periodical statement of the National Bank of Bohemia and Moravia available here, as published in the Bulletin of the Czechoslovak Economic Council.

cc - Mr. Menshikov

Attachment

O.Kutvirt/ss  
22 Feb 45

*Recd  
Czechoslovak Economic Council*

22 February 1945

TO: Mr. Mieczyslaw Sokolowski

FROM: Herbert H. Lehman

SUBJECT: Personal Services Budget for 1945 for Office of Financial Adviser.

The administrative budget for 1945 for the Headquarters Office has been discussed during several of the recent staff meetings. Furthermore, my memorandum of 11 October 1944 in regard to the significance of the Council action on the 1945 Administrative Budget indicated tentative limitations of personnel for each organizational unit in the Headquarters Office for 1945.

Since 15 November, members of the staff of the Budget Division have visited and surveyed the work of each office, division and bureau in order to obtain a full and accurate understanding of their essential needs. This information has been analyzed in order that I might determine the allotments for 1945 which will be within the funds available, and still provide for the functions essential to the operations of the Headquarters Office.

#### Period Budgeted

I have limited my consideration at this time to the period ending 30 June 1945. During this period UNRRA will commence its actual operations and the responsibilities and personnel needs of the Headquarters staff for the future should become clearer. We may also expect to see the extent to which the transfer of responsibilities to missions and field offices changes the demands upon the Headquarters staff. Accordingly, I am approving a budget which I believe will adequately meet the needs of the Headquarters staff to 30 June 1945, and intend to have the needs for the second half of 1945 reappraised during the month of June. New limits will then be fixed in the light of the needs as they appear at that time.

Our records indicate that there were 735 regular positions filled in the Headquarters Office on 31 January. The total of 1,121 regular positions were requested by all of the offices, divisions and bureaus, for the first half of the year 1945. After full consideration of the personnel requested I have decided to expand the Headquarters staff to 928 regular positions during the period remaining to 30 June. This will represent an increase of 193 regular positions or 26% during the next four and one-half months. During the five months just ended 31 January, the Headquarters staff expanded from 540 to 735 regular positions or a total of 195.

33/17 Financial  
adviser Fiscal 3



Mr. Sokolowski

Page 2

22 February 1945

The budget which I have approved for the period to 30 June 1945 provides for 6 positions in the Office of Financial Adviser at base annual salaries totaling \$30,200. You will note that this authorization, which is the same as your current control budget, will permit a staff expansion of 3 employees, since the budget records indicate that only 3 positions were filled as of 31 January.

LRSmith/hrk  
HHLehman

TO: Mr. M. Sokolowski

31 January 1945

FROM: J. J. Polak

SUBJECT: Oil seed and oil cake requirements

1. Oil seeds have already been allocated for the first half of 1945. Allocations are as follows:

	000 tons in terms of cake	Estimated value, in \$ millions <sup>a)</sup>
Belgium	38.3	6.2
Netherlands	66.5	10.3
Norway	31.0	4.5
Sub-Total	- 135.8	21.0
Denmark	9.2	1.3
Total, Paying	- 145.0	22.3
Non-Paying	- 62.3	10.6
Grand Total	- 207.3	32.9

a) At \$100 per ton of seeds

2. Oil cake requirements for the first half of 1945 have been presented on the basis of (a) oil seed allocations as above; (b) estimated period of liberation, which, for Denmark, has been assumed as 30 April 1945. Resulting requirements are

	000 tons	Estimated value, in \$ millions <sup>b)</sup>
Belgium	90.4	5.4
Netherlands	66.0	3.9
Norway	2.3	.1
Sub-Total	158.7	9.7
Denmark	97.0	5.6
Total, Paying	- 255.7	15.3
Non-Paying	13.3	.8
Grand Total	269.0	16.1

b) At \$60 per ton of cake.

3. Much less than this is likely to be allocated. The provisional allocation of 150,000 tons of South American oil cakes is as follows (first half of 1945):

721.5 (oil seeds + cakes)  
Supplies 52



	<u>000 tons</u>	<u>Estimated value in \$ millions</u> <sup>b)</sup>
Belgium	50	3.0
Netherlands	40	2.4
Norway	<u>4</u>	<u>.2</u>
Sub-Total	94	5.6
Denmark	<u>40</u>	<u>2.4</u>
Total, Paying -	134	8.0
Non-Paying --	<u>16</u>	<u>6.4</u>
<u>Grand Total -</u>	<u>150</u>	<u>14.9</u>

b) At \$60 per ton of cake.

Allocations from North America of oil cakes are expected to be very small.

4. At present, therefore, the position of total allocations of oil seeds plus oil cakes is as follows:

	<u>Estimated Value \$ millions</u>
Belgium	9.2
Netherlands	12.7
Norway	<u>4.7</u>
Sub-Total	26.6
Denmark	<u>3.7</u>
Total, Paying -	30.3
Non-Paying -	<u>17.0</u>
<u>Grand Total -</u>	<u>47.3</u>

5. The value found for Denmark's allocations for the first half year (\$3.7 million) is far below the value of the requirement presented in their memorandum of 6 December (\$60.9 million), because the latter:

- a) refers to a whole year, whereas the allocations refer to half a year, taking into account that during the large part of it Denmark will not be liberated.
- b) assumes full availability of the quantities allowed by the "bases."

fia:JJPolak:CI

WELFARE DIVISION

30 January 1945

TO: M. Sokolowski  
FROM: Conrad Van Hyning  
SUBJECT: Welfare Background Material on Poland

Attached is a copy of a draft prepared in the Welfare Division. It has been the policy of this Division to prepare material of this kind for office use, for training purposes, and for the general orientation of welfare personnel going into the field. If you happen to have time to look this draft over, we would greatly appreciate any suggestions you might make that would increase its usefulness.

Attachment

WH:ickwar/lw

*Poland 680*



30 January 1945

To: M. Sokolowski  
From: K. Y. Chen  
Subject: OFFRO Studies

The OFFRO studies on relief and rehabilitation in China prepared in 1943 have now been made available to UNRRA. That study of interest to you is enclosed for your use and retention.

Enclosure

AROMAN/mh

*China Reports*

# 4 Financial Problems of Relief and Rehabilitation in China  
by Frank M. Tamagna



25 January 1945

TO: M. Sokolowski  
FROM: Herbert H. Lehman  
SUBJECT: Cable No. 62 from Cairo

I beg to refer you to Cairo cable no. 62. It is not quite clear to me what Dayton has in mind. I would appreciate it if you would interpret the cable for me if you can in simple terms, and also let me have your comments.

DG:Lehman:gs

*Greece 672*

9 January 1945

To: M. Sokolowski  
From: John J. Carson  
Subject: Promotion of Jacques J. Polak

Reference is made to our recent conversation regarding the above case in which you raised the question of a promotion to \$7000.

The file on Dr. Polak shows that he was employed on August 1, 1944 as Assistant Financial Adviser, Grade 12, \$6600, tax free. As you will recall, representatives of the Personnel and Training Division had discussions with you and Dr. Polak at that time relative to the salary. In terms of the over-all policy, it was agreed that \$6600 was an equitable starting salary. You will also recall that representatives of the Personnel and Training Division indicated at the time that consideration could be given to an adjustment at the end of six months of service. In accordance with our regular personnel practices, there are two methods by which such consideration could be given: 1) for an in-grade promotion for meritorious service, and, 2) for a promotion to a higher grade.

In an in-grade promotion it would be assumed that Dr. Polak would be continuing in his present position and performing his present duties. The promotion would be considered on the basis of \$200 per annum increments, limited to a single increment in nearly all cases. In a request for promotion to a higher grade, it would be necessary to establish that Dr. Polak has been assigned or will be assigned duties of a more responsible nature and consequently, holding a position at a higher level than that of Assistant Financial Adviser, Grade 12. In either instance, the Personnel and Training Division would, of course, be glad to look into the case and make a determination based on information you and Dr. Polak would furnish.

If you are interested in pursuing this, I would suggest that there be initiated an appropriate P-2, personnel action, indicating your wishes in the matter. You recognize, I am sure, that in accordance with our personnel practices neither the in-grade promotion at the end of the six months nor the request for reclassification can be done automatically but must be accomplished on the basis of an evaluation of the position and the performance.

*J. J. Carson*  
*J. J. Polak*



4 January, 1945

To: M. Sokolowski  
From: Frank Weisl  
Subject: Inflation in Slovakia

The following item was extracted from the D.N.B. for Europe of December 8, 1944:

"DNB reports from Bratislava: A Government decree has made changes in the regulations governing the note cover of the Slovak National Bank. Apart from gold and foreign currency, securities with gold cover, bills of exchange, cheques, other securities, collateral certificates and loans on collateral securities (Warenpfandscheine und Anleihen auf Faustpfande) may be used as cover. It is ruled that credits must be granted to the State by way of current accounts or by treasury bonds due in three months. The maximum of credits to be granted to the State free of interest has been fixed at Ks 250,000,000. Previously the maximum was Ks 100,000,000." #

# News Digest (West Central District Office,  
New Oxford St., W.C.I., ) Dec. 11, 1944.

B. Douglass/ss  
4 Jan 45

*Slovakia*

18 December 1944

TO: M. Sokolowski  
FROM: David Weintraub  
SUBJECT: Presentation of the Administration's Material to the  
Subcommittee Appointed Under Resolution No. 23

The discussion we had last Saturday in Mr. Hendrickson's office on the Polish and Yugoslav memorandums raise in my mind several questions as to the type of material which the Administration should endeavor to present to the members of the Subcommittee.

I believe that at this time we should not try to present formal documents on behalf of the Administration. We have not as yet developed our own mechanism of obtaining information on the financial status of the applying governments. The governments themselves are not in a position to estimate their future revenues and expenditures. No detailed studies are actually needed for initial determinations, since it is clear that the applying governments will have no foreign exchange to pay for relief supplies and services in the immediate future. In my opinion, the following approach should be used:

1. The Administration should review the material which the government submits in support of its application for financial assistance.
2. If the Financial Adviser finds his material complete, accurate and clear, there should be no need of any further data to be submitted on behalf of the Administration to the Subcommittee. This will be true also in the case where in the opinion of the Financial Adviser a lack of data or a lack of estimates of potential financial position are justified at this time.
3. If the Financial Adviser finds that the data submitted by the government could be improved there should be a thorough discussion with the applying government and the government should be asked to submit additional data or revise its initial document.

122 (Sub-Comm. Under Res. 23)  
J. H. H.  
W. H. H.



4. If after such a discussion there are still some gaps which could be filled or there is a significant difference of opinion, then the Financial Adviser should prepare supplementary material for the Subcommittee's use. However, it would be desirable if the applying government could be shown this material beforehand. Obviously, the data compiled by the Administration should be fully supported by quoted sources.
5. A very brief summary or a statistical table, depending on the nature of the data, covering the government's document and the material compiled by the Administration should be prepared for the use of the Subcommittee.
6. In addition, the Financial Adviser should be prepared and have on hand any other information dealing with the foreign exchange position of the applying government so that he will be able to act in a staff capacity to answer questions raised by the members of the Subcommittee.

This approach, in my opinion, should facilitate the task of the Administration in making initial determinations by keeping the applying government fully informed of the work done by the Administration on its application and by avoiding as far as possible any estimates where the government itself believes that such estimates could not be made at this time. This does not mean that in subsequent determinations when the Administration will have access to more recent and reliable data it should not present formal documents to the Subcommittee.

DVARLEY/am  
18 dec 44

12 December 1944

TO: M. Sokolowski

FROM: J. J. Polak

I had lunch yesterday with Professor James W. Angell of FEA who holds, in that organization, a position equivalent to that of the Financial Advisor in UNRRA.

We discussed two main problems:

1. In view of the fact that FEA will have to go before Congress shortly to get funds for the Export-Import Bank and to get approval of the Bretton Woods proposals, Angell is anxious to obtain a total picture of the financial demands which are likely to be put on the United States through the Bretton Woods organizations, Lend-Lease, the Export-Import Bank and UNRRA. He would like, therefore, to have an idea of the total requirements that can be put on UNRRA and to what extent we are going to meet these requirements.

I made it clear that we cannot give anything like an answer to that question now.

2. Angell was concerned about one apparent gap in the organizations supplying liberated countries with the necessary capital. He realized that UNRRA could take care of the relief requirements of non-paying countries, that the Export-Import Bank and later on the Reconstruction and Development Bank will be able to take care of the reconstruction needs of countries that were relatively good risks. But, he saw, at present, no source of finance for the reconstruction needs of countries that were too bad risks to be taken up either by the Export-Import Bank or the Bretton Woods Bank. These countries are roughly the same as those that are the non-paying UNRRA members.

I suggested to him that part of the finance needed by these countries for reconstruction might be provided by the liberal interpretation on behalf of UNRRA of Section 17 of the Financial Plan, whereby the Director General would give priority to the countries' reconstruction needs in determining their ability to pay. In this way, I explained to him, it might be possible for these countries to apply to the import of reconstruction goods both their present foreign exchange holdings and part of the accruals thereto during the UNRRA period.

300.1

~~Forwarded~~



The problem mentioned under 2 appears to be one of the many cases where the actions of UNRRA and other agencies providing financial assistance to liberated areas have to be dovetailed in or so as to render them efficacious.

If, UNRRA adopts and continues to adhere to a policy of leaving to its non-paying members adequate foreign exchange for the purchase of reconstruction goods, a new agency to finance these imports will be unnecessary. If, on the other hand, UNRRA is uncertain about this policy or if the FEA is not aware of it, other provisions for the financing of these requirements are likely to be made.

FIA:JJPolak:CI

9 December 1944

TO: M. Sokolowski  
FROM: Walter A. Chudson

Attached is the signed copy of the recommendation of the Subcommittee on Italy. I assume you will want to forward this to the Director General when you have prepared the draft determination on Italy's ability to pay, for his signature.

Attachment

WACHudson/am

Only 4 B  
ability to pay



8 December 1944

To: Mr. Sokolowski,  
Finance Division

From: Edwin G. Arnold

Subject: Report for Submission to the Committee  
of the Council for the Far East

A report has to be prepared for submission by UNRRA to the Committee of the Council for the Far East at the February meeting in Sydney. Will you please be good enough to send me as soon as possible a summary of all the activities of your division to date, insofar as they concern the Far East.

In view of the very short time permitted for preparation of our general report, I should sincerely appreciate your cooperation and early attention to this request.

DGJacquelin/b

Copy 4  
Far East

29 November 1944

TO: M. Sokolowski

FROM: George Yanthaky

SUBJECT: Financial Instructions, Your Letter of November 27, 1944.

As our people have already been working in Greece for several weeks, it is imperative to have this instruction sent to Cairo and Athens. The sooner, the better.

On the whole, the draft of your instructions reflects the main ideas which have been made clearer within the last few weeks with regard to the interpretation of our financial problems. Of course, the main issue is still under discussion, namely, the extent to which the proceeds from the sale of our goods should be made available to the Administration. Maybe, in the near future, we will have more light from the Director General in London. I think, however, that this instruction as it is should be dispatched before the final decisions arrive from London as to whether we shall maintain our full rights to the total amount of proceeds from sale, or to be satisfied only with local currency appropriations to cover our current administrative and operational expenses.

In my opinion, the former course should continue to prevail. The intention of the Atlantic City conference was, beyond any doubt, only to avoid the situation which had happened after the first World War, when relief goods had been delivered almost exclusively against cash or loans in convertible currencies granted by the U.S.A. or other Western Allies to the beneficiaries. Therefore, the principle of local currency proceeds has been brought forward to the great satisfaction of potential recipient countries. At the time of the Conference nobody thought of giving away UNRRA goods or of considering the proceeds from sale as the revenue of a recipient country. Thus far, this has been the policy of the Administration and its Director General and I see no reason to have this attitude changed.

*Shrew. Miss - 300.1*  
*Instr* *Final*



29 November 1944

I think, therefore, that the Administration should have all proceeds from sale made available to the U.N.R.R.A. and dispose of for relief purposes by the Mission or through the National Government as directed by the resolutions of the Council. Besides, it is superfluous to indicate all other implications, political or otherwise, connected with our operations and procedures.

Leaving this issue open until final decisions are made, I would send out your instruction as soon as possible.

Attached you will find a memorandum prepared in my Division before I received the draft of your instructions. In addition, here are some remarks on specific paragraphs:

Paragraph 1 - Who is to negotiate with the military, our Headquarters or the Mission?

Paragraph 2 - Are there any instances in which the procurement of drachmas against dollars or pounds would be needed?

Paragraph 3 - Instead of the end of the first sentence "is to be consulted as far as possible", it might be preferable to say "may be consulted if the Chief of the Mission is so advised by the military". I think we should maintain the principle established in Paragraph 1 that, during the military period, our expenditures are borne by the military, the principal.

Paragraph 4 - Similar question as in reference to Paragraph 1. Does this paragraph cover only the arrangements for the civilian period with the National Government or also for the military period with the military?

Paragraph 5 - It might be preferable to use the term assets, or receipts, rather than "revenue" which implies profits or taxes.

Paragraph 6 - Instead of "the receipt of proceeds of sales" may be better "the flow of receipts from proceeds of sales"; anyhow "receipts", not "receipt".

Paragraph 7 - Agreed.

Paragraph 8 (a) - Instead of "UNRRA revenues against inflation" may be better: "UNRRA assets against devaluation" or "depreciation".

Paragraph 8 (b) - It does not seem possible under any circumstances to get the equivalent of the total wholesale prices. At least distribution expenses, taxes and the distributor's profits should be

deducted (see the enclosed memorandum). In my opinion only a case in which we cannot get the entire net proceeds from sale should be reported to our Headquarters.

Instead of "corresponding to the local . . . prices", may be better "representing proceeds of sales at wholesale prices".

Paragraph 8 (c) - Instead of "corresponding to a part . . ." may be better "representing only a part of . . .".

Paragraph 9 - Probably it should be "stressed again" instead of "stressed against".

Paragraph 10 (a) - After "subsidies" it may be well to add: "to food producers as well as the dole in cash to destitute consumers".

Paragraph 10 (d) - The last sentence starting with "in all situations . ." is not clear.

Paragraph 11 - The reference to paragraph 5 is not clear.

Paragraph 12 - At the end of this paragraph it might be useful to fix a minimum amount to be released by the Chief of the Mission.

Paragraph 13 - Agreed.

Paragraph 14 - Agreed.

H Taubenfeld/gc



27 November 1944

MEMORANDUM

TO: Mieczyslaw Sokolowski  
FROM: A. H. Feller  
SUBJECT: UNRRA Immunities Bill.

For your information and convenience, I am sending you the attached copy of the UNRRA Immunities Bill - H. R. 5512, introduced in the House of Representatives on November 21, 1944. The Bill has been referred to the Committee on Ways and Means.

Attachment

WTFeller/gb

Copy 4-2  
R20 32-34-36 USA

23 November 1944

TO: H. Sokolove Room 915  
FROM: T. J. Murphy  
SUBJECT: Attached Schedule - Camps Division Requisition No. 31

With reference to the above, since the children's, misses', youths', boys' and men's shoes are intended very largely for warmer climates, it is desirable that low shoes be used as much as possible since there is a larger supply of low shoes than high. It is preferable that the high shoes be retained for use in colder climates. It is therefore recommended that all children's, misses', youths' and boys' shoes consist of low shoes, and the men's consist of half low and half high.

On the misses' scale of sizes, I would suggest that an additional 6 pairs of size 3 be added and that size  $12\frac{1}{2}$  be reduced by 3 pairs and that size  $13\frac{1}{2}$  be reduced by 3 pairs.

On the youths' scale of sizes, I would suggest that an additional 4 pairs of size 2 be added and a reduction of 2 pairs of size  $12\frac{1}{2}$  be made and a reduction of 2 pairs from size  $13\frac{1}{2}$ .

On the men's scale of sizes, would suggest an addition of 10 pairs to size 8 and a reduction of 8 pairs from size 10 and a reduction of 2 pairs from size 11.

On women's low, medium heel, wide width, would suggest that an additional 4 pairs of size  $4\frac{1}{2}$  be added, 4 pairs of size 5 and 6 pairs of  $5\frac{1}{2}$ , and a reduction of 5 pairs from size 8, 5 pairs of  $8\frac{1}{2}$ , and 4 pairs of size 9.

On women's low, medium heel, extra wide width, I would suggest an addition of 2 pairs to size 4 and 2 pairs of size  $4\frac{1}{2}$ , and a reduction of 4 pairs from size  $7\frac{1}{2}$ .

I would also suggest that for the nomenclature of women's and growing girls' shoes, you use the term, "Shoes, women's, low, low heel."

TJMurphy/hmb  
Attachment

*Supplies - 4 - 2*



16 November 1944

TO: M. Sokolowski  
FROM: David Weintraub  
SUBJECT: Financial Instructions for the Chiefs of UNRRA Missions

The following are my comments on the draft "Financial Instructions for the Chiefs of UNRRA Missions," dated 8 November, 1944.

1. I would suggest that the title read: "Financial Instructions for the Guidance of etc."
2. Add to last sentence of paragraph 2, "until ratified by Headquarters."
3. I would suggest that reliance by the Mission on proceeds rather than on budgetary appropriations should apply to all cases of seriously unbalanced budgets, not merely to the case in which printing of money is resorted to by the government. I would recommend, therefore, that the sentence referring to the printing of money be deleted.
4. I would suggest that the second sentence read as follows: "This advance is to be repaid from the proceeds of the sales of supplies, if they are sufficient."
5. I would recommend the deletion of paragraph d. Since the local price is to be determined by the government itself, there can be no serious basis for arguing that UNRRA has made a profit.
6. With regard to paragraph e, I would modify the first sentence as follows: "Landed costs may constitute a useful guide for the determination of differential prices charged for different grades of the same product. In rare cases they may provide a point of departure for the determination of the prices of goods of which there is no local supply. In this situation, however, the significance of landed costs . . ."
7. The second paragraph of Section 5-e should be a separate point.
8. I would suggest elimination of Section 10 since this will be covered entirely in the Master Agreement. In any event, Section b should refer to mutually agreed programs undertaken either by the government or by UNRRA, since both possibilities exist.

300.1 Financial Instr  
Issued

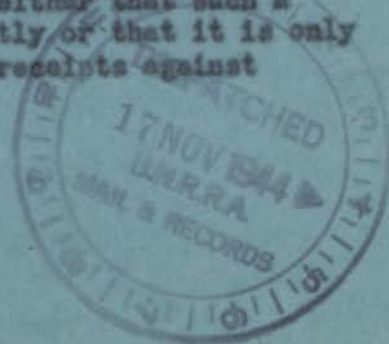


Section c is unnecessary, since it is covered in b, in view of the necessity for all UNRRA programs involving use of local currency to be agreed upon with the government.

With respect to the major question of whether the local currency is turned over to UNRRA (as is assumed throughout your draft) or whether the government keeps a memorandum account for UNRRA, I think this should be settled definitely in the Master Agreement, not in these instructions.

9. I would recommend elimination of Sections 11 and 12 on the grounds that it is too early now to anticipate all situations involving the determination of and procurement of surpluses and their method of payment. For this reason I would recommend that all such arrangements be referred to Headquarters for the present. This does not mean that I disagree in principle with the policies proposed.
10. If it is decided that UNRRA should hold the local currency proceeds in its own account, I would recommend elimination of Section b of paragraph 16 on the grounds that this involves UNRRA in dealings which are not necessary for UNRRA operations. I appreciate that these dealings may be to the benefit of the local government, but I do not regard it as UNRRA's responsibility to run any risk whatsoever of having its funds tied up in order to assist the local government to finance its budget.
11. Since the proposal of Section 17-c involves a definite request of the government, I should think it would be desirable to include it in the Master Agreement, rather than in these instructions. I am not sure that UNRRA should insist on freedom from banking charges if the handling of UNRRA accounts involves substantial business for local banking institutions.
12. In Section 18, I would not recommend as a general principle that UNRRA, which is a quasi-governmental body, follow business practices in hedging against inflation. Perhaps this can be cleared up by specifying the measures which UNRRA's mission might use to accomplish this objective. Also, I think it should be explained why a guarantee formula will not be in itself a safeguard. I take it that you mean to imply either that such a formula will not be administered efficiently or that it is only a guarantee of assets but not of current receipts against price increases.

WACHudson/am  
16 nov 44





13 November 1944

TO: M. Sokolowski  
FROM: George Xanthaky  
SUBJECT: Ethiopia - Paying or Non-Paying Country

In view of the desire to start an operational program in Ethiopia as soon as possible, the determination of whether Ethiopia is to be a paying or non-paying country should be made without delay.

Would it be possible for you to approach Hlatta Ephrem, explain the matter to him and assist him in submitting the necessary application and substantiating material so that the decision can be made by the Director General.

Xanthaky/tep

*Ethiopia-Mission*

11 November 1944

TO: M. Sokolowski  
FROM: John J. Corson  
SUBJECT: Comments on Financial Instructions for the Chiefs  
of UNRRA's Missions".

We have reviewed the material transmitted with your memorandum of 8 November and the following comments have been prepared by my staff for your consideration. I am in general accord with the draft instructions but suggest that you consider the following points in revising it:

1. 1st line and elsewhere: "Financial arrangements with the local government". The word "local" is obviously intended to mean National Government of country. Why not say so throughout the document?  
  
5th line. "will enter into temporary financial arrangements.." It might be advisable to say "with National Government".
2. 1st line. As above.  
  
5th line. "be subject to termination on three months' notice". By either side? Intent not stated.
3. 2nd & 3rd lines. "the local currency required by the Administration" is too broadly stated. Required for what, or in accordance with what resolution or agreement? To what maximum amount? (Here reference could be made to Paragraph 10 for definition)  
  
1st line on page 2. "....where the budget deficit is met by the printing of money." My impression is that currency stabilization is one of the points emphasized by UNRRA in its discussions with governments applying for UNRRA relief. Is it not rather contrary to this emphasis to state that printing inflation will be expected?
4. Page 2. c. The principle of preserving the original buying power of local currency credits is very important. The arrangement stated in this paragraph is not detailed. Would it not be advisable to work out a specific method and outline it in this document to the necessary extent? Is the present treatment of this subject not too casual?

300.1 Financial Instr. Treat. 1



5. Page 4. c. Resolution 7 places particular emphasis on rationing and price control in its outline of distribution of goods. If rationing is not used to the fullest extent, the people with money will buy up UNRRA's supplies, and the others will not get them. This creates black markets and chaos.

Devoting only two lines to this subject, without mentioning rationing by name, and without at least some degree of emphasis on the problems of fair distribution which are bound to arise in a relief area, would seem very puzzling.

8 November 1944

To: Mr. M. Sokolowski  
From: John J. Corson  
Subject: Financial Instructions for the Chiefs of UNRRA Missions.

I am quite agreeable to the issuance of a statement entitled,  
"Financial Instructions for the Chiefs of UNRRA's Missions --  
A. Military Period." There was general agreement on this document  
and I concur in its issuance.

JJCorson/vs

*Fiscal 1*



7 November 1944

To: M. Sokolowski  
From: Joseph P. Harris

I talked to Mr. Orvid Smith of the Treasury Department in some detail about Mr. Arthur Rueffer, explaining to him the nature of the work of a financial analyst. Mr. Smith, whom I have known personally for a number of years, told me that Mr. Rueffer's work with the Treasury had not involved financial analysis and was quite unrelated to the kind of work he would do as a financial analyst. Mr. Smith also said that his work with the Treasury Department had been satisfactory and that he was regarded as a "good man" but he did not think of him as one of their more able men.

Mr. Rueffer's work for a year or so was that of reviewing applications for licenses to withdraw foreign funds which were frozen. Later he was assigned to the Censorship Office in order to instruct the censors in the kind of data which the Treasury wished to secure through this source. He is now acting in a liaison capacity with certain other agencies.

Mr. Smith said that while Mr. Rueffer does not have the education to equip him to make financial analyses, still he thought he might be able to do the work if we could not find someone with better equipment. The Treasury's Fund Control Division is reducing its force because of the liberation of countries in Europe. I asked him if he would not have other persons available whom he might consider better qualified and he said that he thought that was quite possible. I have made arrangements for Mr. Cozad to see him within the next day or two to canvas other possibilities.

I am going to have some other candidates called to your attention which you may consider better qualified than Mr. Rueffer but if he is your choice after reviewing such available candidates as we may be able to find, I shall, of course, approve the appointment action.

*Personnel  
Arthur Rueffer*

4 November 1944

To: M. Sokolowski  
From: Joseph P. Harris  
Subject: Two Candidates for Field Work

Reference is made to your memorandum of 26 October referring the names of Henryk Stebelski and Marta Korwin as possible candidates. I am happy to report that a personnel action has been initiated to appoint Mr. Stebelski as Displaced Persons Administrator, Grade 12, \$6,000 in the European Reserve. Since Marta Korwin lives in London, any personnel action will be handled by the office there.

CHCrazer/ra  
cc: CHC

x Personnel  
Marta Korwin

Personnel  
Henryk Stebelski



Files

2 November 1944

To: Mr. W. Sokolowski  
From: John J. Corson  
Subject: Conversation re Messrs. Wankowicz and Taubenfeld.

I have looked up the two cases about which you talked with me this morning.

1. In the case of Mr. Wankowicz, I find that Mr. Cooley is recommending him to the Director General for appointment at a salary of \$6000 in a position which I think meets both of the points you raised with me.
2. In the case of Mr. Taubenfeld, the problem is described in the accompanying memorandum from Mr. Harris. I am inclined to agree that Mr. Harris has raised a logical question. I am asking him to discuss it at first hand with Mr. Menshikov and Mr. Brown and I hope that they may find some resolution of it. I would be glad to have you make known your view to Mr. Harris.

Attachment

cc-Mr. Harris

Personnel

X Taubenfeld

Personnel  
Wankowicz

30 October 1944

TO: Mieczyslaw Sokolowski

FROM: Morse Salisbury

The first anniversary of the signing of the UNRRA Agreement is Thursday, 9 November. To mark the occasion, we plan the issuance of a review of the work done during the year. For inclusion in this review, we should like to have by Saturday 4 November, a one hundred word summary of the work of the year in the Office of the Financial Adviser. Please forward the summary to the undersigned.

DPI/Salisbury/dek  
30 October 1944

*Publications 4-1*



*File*

28 October 1944

To: Mr. M. Sokolowski  
From: John J. Corson  
Subject: W. Evans Thomas and Candidates Suggested by  
British Embassy.

I wish you would note the accompanying file relative to certain individuals recommended by a representative of the United Kingdom. I think Mr. Siegel has already brought to your attention the name of W. Evans Thomas. Are you yet prepared to determine whether there will be any use for his services?

Attachment

JJCorson/vc

*Personal - 6*

16 October 1944

TO: M. Sokolowski

FROM: Willard F. Day

SUBJECT: Your Memorandum of October 10 - Attached "Purchase in Non-Paying Countries of Relief Supplies for Use in Other Relief Areas"

It is difficult to comment on this memorandum as it deals with a highly complicated subject requiring specialized skill and experience in its analysis. The purely financial arrangements between UNRRA and the recipient countries seem to me to be largely outside the scope and responsibility of the line operating divisions who provide technical data as to the sources and potential production of materials and equipment best suited for relief and rehabilitation.

I am interested in the statement appearing on page 3 of the memorandum under section B, 3 (a) "The non-paying countries receive from the Administration free of charge goods for a very large value, covering probably almost the entirety of their imports in the first year". It has been our understanding in this division that materials, tools, and equipment to be supplied to the so-called non-paying countries will be purchased from vendors or other sources of supply with UNRRA funds, and UNRRA will be reimbursed with local currency for the goods and supplies delivered to the country.

Will you kindly inform me if a change in this policy has been made?

WFDay/sm

*Supplies 28-4*



12 October 1944

TO: Mr. M. Sokolowski  
FROM: Roy F. Hendrickson  
RE: Memorandum on "Purchase in Non-Paying Countries of Relief Supplies for Use in Other Relief Areas"

1. Thank you for your memorandum which I have read with great interest. You have probably noted that we have taken some of the passages from your memorandum and incorporated them in our letter to the Czechoslovakians.
2. So far as section A of your memorandum is concerned I do not think that we should expect any resistance to the terms of payment which you suggest for commodities which come under your definition of "surplus commodities".
3. So far as section C of your memorandum is concerned I hope that we shall be able to procure some supplies which come under your definition of "Other Commodities" without having to pay 100% in freely convertible foreign exchange. I suppose you would agree that insofar as we can agree with a government concerned that they will sell such commodities to us against payment, in part, out of local currency holdings we shall have increased UNRRA's total resources and that this is therefore a policy which is to be recommended.
4. Section B of your memorandum raises a number of points which, I feel, need further discussion.

ESchuller/bbm

15/ R7H

Supplies 28.4

12 October 1944

TO: M. Sokolowski  
FROM: M. Craig McGeachy  
SUBJECT: Your note of 5 October to Mr. John Gerson:  
"The financing of aid to Italy, in accordance with Resolution 58 of the Second Session of the Council."

I note in Article 2-a that you provide for procedure for the financing out of local currency of "operations in enemy or ex-enemy territories with respect to displaced persons and epidemic control."

I would hope very much that you would agree to extend this article to include "emergency relief and welfare services." It may easily be that it will be in this area of UNRRA emergency work that it would be most easy to apply local currency. In particular in Italy, we shall be able to count upon a great many social institutions which have been built up during the past twenty years, especially institutions for maternal and child care. With a wise expenditure of funds locally available among these institutions, UNRRA could relieve itself of no small part of the burden of the care of mothers and children which it has undertaken in that country.

MCraigMcGeachy/gl  
12 october 1944

*Italy-601*

*Welfare*



29 September 1944

TO: M. Sokolowski  
FROM: J. J. Polak  
SUBJECT: Clearing Agreements

I went through a set of all clearing and payments agreements in force around 1940-41, which have been assembled by the International Chamber of Commerce.

Attached are extracts from all agreements which contain certain clauses to the effect that when the balance has reached a certain amount, special provisions become operative. As you see, the number of agreements containing a clause to this effect is very small.

JJPolak:CI  
Attachments

*Legal*

28 September 1944

TO: Mr. Sokolowski - Room 518  
FROM: Mr. Laurence Duggan  
SUBJECT: Brazilian participation

There is attached a copy of a memorandum which I have sent to Mr. Corson with regard to the financial aspects of Brazil's participation in UNRRA.

If you have any questions about this, I am at your service.

DA:LDuggan/ct

*Final 2  
Brazil*



28 September 1944

TO: Mr. Corson

FROM: Mr. Laurence Duggan

SUBJECT: Brazilian contribution

I attach copies of two drafts of decrees with respect to the Brazilian contribution. The first provides for the overall contribution of \$30,000,000; the second provides for the immediate payment out of this \$30,000,000 of \$150,000 for administrative expenses.

I have now been advised by telegram from the Chairman of the Brazilian commission with which our commission dealt that both of these decrees have been signed by the President and published. I am not informed, however, whether they were signed in exactly the form of the attached drafts, but I doubt whether there was any important modification.

You will note that the Brazilian contribution is to be put up in three equal instalments. The Brazilian Minister of Finance told me that in the event UNRRA wanted to buy at a greater rate than \$9,000,000 per annum, and paid dollars, he would be ready to pay back those dollars as part of the next year's contribution. Since this matter only came up at my last interview with the Minister, a few hours before my departure, I did not have time to agree with him on an exchange of letters that would confirm this arrangement. I have now drafted a suggested letter for the Director General's signature, a copy of which is attached for your consideration.

DA:LDuggan/ct

*Fiscal 2 Brazil*

23 September 1944

To: M. Sokolowski  
From: J. J. Polak  
Subject: Financial Analysts for Balkan Mission

The two following cables were received today from Cairo:

No. 482. "Your 451. Please contact War Department concerning release Charles A. Coombs CAS DET A-RRR Hq USAFIME APO 787 apparently subject military jurisdiction though presently attached American Economic Mission Middle East. Apparently two Americans Middle East having specialized qualification required this post. One declined employment Coombs is other."

No. 492. "Request authority appoint Doreen Warriner financial analyst Balkan. Pounds 1,000 plus allowances. With Lloyd Food Ministry London. Heads MEAC staff earmarked for Balkan Supply Center."

The status with respect to financial analysts for the Balkans is presently as outlined in the attached memorandum to Mr. Roseman, to which he agreed. However, the Personnel Division does not feel in favor of Mr. Callis and we are investigating him further.

Since you are asked to reply to cable no. 492, would you consult on this with Xanthaky and Roseman in Montreal. The salary proposed in cable no. 492 (pounds 1,000 plus allowances) is below the amount budgeted, which is \$6,000 plus allowances. Colonel Harris told me that he agreed to the authorization.

I presume from the text of cable no. 492 that Mr. Warriner is a particularly good candidate and, unless Roseman or Xanthaky would prefer him for another post, I would feel like authorizing his appointment. In that case he should presumably be stationed in Greece.

Attachment



23 September 1944

To: M. Sokolowski  
From: J. J. Polak  
Subject: Mr. Zbiewski, applicant for position of  
financial analyst

I have just been visited by Mr. Zbiewski who applied for a position as financial analyst. He has filled important posts with the Polish Government, including that of Financial Counselor in London from 1933 until 1939. He is very anxious to serve UNRRA in any position and in any place. He applied in December 1943, was seen by various people in April of this year, and his file has since been forgotten until today when he called again.

He is at present employed with some Polish agency in New York and is very anxious to go into more active work. He gives as his references Mr. Zoltowski and Mr. Kwapinski. I thought you might know his qualifications or might be able to learn something about him from the Polish delegation at Montreal. In view of the negligence with which he has been treated up to now and of his desire to come into UNRRA as rapidly as possible, I feel that we ought to investigate him as quickly as possible.

*and Italy*  
I told him that all the positions in the Balkans were almost certainly filled, but that there were possibilities in Eastern Europe (he speaks some Italian). If his capacities are as great as the positions he has filled seem to indicate, I think we ought to keep open the possibility of appointing him as Financial Adviser, for instance in Yugoslavia.

If you have no knowledge about him which would preclude his employment, I wonder if it would be good for you to write a personal note to Mr. Zoltowski, with whom he has for some time been employed in New York.

FIA:JJPolak:hh

*Personal  
Mr. Zbiewski*

16 September 1944

To: M. Sokolowski  
From: J. J. Polak  
Subject: Financial questions to be raised at Moscow

The working party on Eastern Europe agreed at its last meeting that the various officers would compile questionnaires as a background for the information which the Mission to Moscow might want to obtain there. I attach a questionnaire which I sent to Mr. Weisl and which will be discussed along with the other questionnaires next Wednesday.

It is not intended that the people who go to Moscow will be requested to ask each of these questions, but rather that they be informed what sort of information would be helpful to the organization if it could be obtained.

I wonder if you might have any comments or additions to the questions I have put down?

*WSS R-Mission*



30 August 1944

CONFIDENTIAL

To: M. Sokolowski  
From: Joseph P. Harris  
Subject: PROF. SAM CROSS

In accordance with our conversation, I attach herewith biographical statement on Prof. Sam Cross of Harvard University.

We are told that he is one of the outstanding professors at Harvard, and that he has had considerable administrative experience as well as having a fine academic record. He is being considered for one of the higher administrative positions in Europe.

We have not approached Prof. Cross yet and so the consideration of him is still preliminary and confidential.

*Personal*

4 August 1944

TO: H. Sokolowski  
FROM: George Xanthaky

I wonder if we could discuss Cairo cables  
Nos. 282, 309, and 300.

GXanthaky:el

*Balkan Cables*



22 July 1944

TO: M. Sokolowski

FROM: G. Xanthaky

SUBJECT: Arthur F. L. Rueffer

I saw this chap and was impressed by him. I thought he might make a good financial analyst.

In any event, I expect that you may be interested in his application.

GXanthaky/eg

*Personnel*

20 July 1944

TO: M. Sokolowski  
FROM: George Xanthaky  
SUBJECT: CAWA-20 (Agricultural Bank of Greece)  
CAWA-24-25 (Industrial Rehabilitation)

I am attaching hereto three letters which we received from Cairo during your absence. Although the letters purport to deal with Agricultural and Industrial Rehabilitation problems, essentially they raise policy questions in the fields of finance and distribution.

During your absence, Henryk Taubenfeld and I spent the better part of a week drafting the annexed reply to these letters. We carefully examined your proposed financial plan, and fully considered, we hope, your point of view in preparing the draft.

I should deeply appreciate it if I could discuss the matter with you on Saturday morning, so that the final document will have your complete approval. You realize, I am sure, that we acted on the matter to avoid delay in clarifying the problem for the Cairo mission. As a matter of fact, the original action assignment was given to the Agricultural and Industrial Rehabilitation Divisions.

Attachments: (4)

*Fiscal 8*



20 July 1944

TO: M. Sokolowski  
FROM: G. Xanthaky  
SUBJECT: Louis E. Callis

I thought you might want to consider Mr. Callis for one of the Financial Analyst positions in the Balkan Mission.

Callis, you will recall, is the chap who prepared the survey for the Treasury on Greek financial laws and institutions. Henryk Taubenfeld read the study and was impressed by its thoroughness.

If Callis is suited for any work, it is for research and analysis. I recommend him as the most likely candidate whom I have seen thus far.

GXanthaky/eg

*Personal*

July 13, 1944

Mr. M. Sokolowski *WARRA*  
Financial Advisor  
Mt. Washington Hotel  
Bretton Woods, New Hampshire

Dear Mr. Sokolowski:

I am sending you herewith one copy of the first draft of Chapter 3 of the Director General's report. I would appreciate your comments and suggestions on it just as soon as possible. I hope that I can have them by Monday or Tuesday of next week, July 17 or 18. As to Chapter 1, copies of which I sent to you last week via Mrs. Zamoyka, I hope that you can send me your comments by or before that same time. In order to have the report ready for circulation to member governments by August 15, we are faced with the necessity of having Chapter 1 ready for the printer by July 20.

Sincerely yours,

James G. Johnson, Jr.

Enclosure

JGJohnson/fh

272  
*Replied*



7 July 1944

TO: M. Sokolowski  
FROM: Harry Franklin  
Tony Sender

SUBJECT: Annual report of the Hungarian National Bank for 1943

The following information regarding the economic and financial situation in Hungary during 1943 is taken from an article on the Annual Report of the Hungarian National Bank, published in the Sud-Ost Economist, Budapest, February 4, 1944.

In spite of increasing difficulties in the procurement of raw material and manpower it was possible further to increase production. Nevertheless it became more difficult to supply the population and the discrepancy between income and the available quantity of goods increased further.

The crop of wheat, rye, and oats was higher than in the preceding year, but the corn crop was not as high as last year's. While the potato crop was satisfactory it was not sufficient to offset the feed shortage. Consequently, there was no substantial increase in cattle and horse numbers, and effect on pigs and sheep numbers was still more unfavorable.

Industrial production, however, could still be increased, especially in the heavy industry and in chemicals. However, there were reverses in the textile, ceramic, and wood industries as a result of the difficulties in getting sufficient coal and power.

New investments took place in industry and in the mines but not in those industries working for civilian consumption. In the latter industries it was not even possible to secure the necessary replacement investment. The renewal of industrial machinery and installations caused considerable concern.

*Hungary-672*



Although the value of foreign trade increased (imports from 837 million Pengo in 1942, to 1053 million Pengo in 1943 - exports from 982 million Pengo to 1116 million Pengo), the quantity of imports as well as exports dropped.

Fifty-nine per cent (59%) of the total exports went to Germany and 14% to Italy, while 52% of the total imports came from Germany, and 19% from Italy.

The price stop agreement with Germany was further developed.

The Hungarian National Bank stresses the further increase of the credit balance in Hungary's favor as a result of the export surplus in the trade with Germany. In order to have the claims of Hungarian exporters satisfied more rapidly, the Hungarian National Bank grants advance payments to the German "Verrechnungs Kasse" (clearing fund) in such a way that it pays the claims of the exporters up to an amount of 300 million Reichs Marks.

In the second half of the year the State intervened to a larger extent in the financing of foreign trade. Its purchases on H.M. eased the burden of the exporters, and such purchases reached the amount of 350 million H.M. in 1943, including purchases during preceding years.

The State obtained the amount of Pengo necessary for the purchase of H.M. by issuing treasury bills.

Hungary's total H.M. balance at the end of the year 1943, including the Pengo credits granted the "Verrechnungs Kasse", reached the amount of 978 million H.M., as against 549 million H.M. in 1942.

The circulation of notes increased from 2,959 million Pengo at the end of 1942 to 4,392 million Pengo at the end of 1943.

Deposits increased during the same period from 559 to 912 million Pengo the major part representing State deposits.

Money circulation per capita increased from 201 Pengo to 296 Pengo and includes coin circulation from 213 Pengo to 310 Pengo.

The increase in money circulation was accompanied by a corresponding increase in the price level.

Sender:kay



30 June 1944

To: M. Sokolowski

From: N. C. Anagnostopoulos

The following information was given by Mr. Mohn:

During the last few months inflation became so much beyond any control that any denomination of price for the articles of relief distribution is extremely difficult. The economic adviser of the Commission has made a suggestion to put at the disposal of the Commission a certain amount of foreign exchange in order to be able to cover losses which were certain to occur. An advance denomination of increased prices in order to cover future losses from further inflation would contribute to the further increase of inflation. The problem has not been clarified as yet. In the case of flour, the Commission was forced to give it free of charge to the bakers. The Commission fixes the price of the bread on the basis of the baker's costs. Since the expenses of the bakeries were absorbing all profits of the bakers, the Commission was forced to compensate them by giving the flour free of charge but as the Commission had to cover its own costs, it asked the Greek Government in Athens to refund the value of the flour.

NCAagnostopoulos/mm

*Finance 4*

28 June 1944

TO: M. Schemelowski

FROM: S. M. Keeny

SUBJECT: Assignment of Dr. William G. Walk to the Italian Mission

Mr. Menshikov has consented to assign Dr. Walk to the Italian Mission as Economic Adviser. I have talked with Walk about some of the points you and I discussed the other day and have asked him to get as much help as possible from you before his departure in about a fortnight. Specifically, I hope that you and he will explore all of the hypotheses as to possible UNRRA relationships to Italy and the financial and political implications of each.

I am asking Walk to make extensive notes on these points, so that we can test them in the field.

I have also asked Dr. Walk to get in touch with Mr. Hunt of FRA and Mr. Tirana of the State Department. I hope that he can arrange for you to meet both of these persons at some convenient time.

S:Keeny:cm  
cc: Menshikov  
Xanthaky  
Lohman  
Walk

*Italy Mission*



19 July 1944

TO: M. Sokolowski  
FROM: Frederick C. McMillan

Attached for your information are:

1. Copy of a memorandum from Mr. Borders to Mr. Weintraub concerning a conference with reference to the method of procuring narcotics available in Switzerland, together with a copy of a proposed cable.
2. Copy of a memorandum from Mr. Borders to Mr. Weintraub concerning the procurement of jute bags in India.

*India Supplies 28*

*Switzerland Supplies 28*

19 June 1944

To: M. Sokolowski

From: George Xanthaky

I am transmitting herewith memoranda by Mr. Anagnostopoulos and Mr. Perazich of my staff which relate to your memorandum of June 9 on Greek financial questions.

Attachments.

Xanthaky/mm

*Greek Reports*



15 June, 1944

To: M. Sokolowski

From: H. E. Caustin

The Director General has examined superficially the attached memorandum from FEA. I mentioned some of the conclusions which you had reached in your study of the Italian economy and its probable balance of payments in the coming two years. The Director General is greatly interested in this question in its relationship to any responsibilities which UNRRA may have to accept in Italy.

Probably these questions will be taken up in the memorandum which, I believe, is being prepared elsewhere in the office but the Director General would be glad to have your comments upon these calculations if, in your judgment, there are additional factors covered which are not taken up in the report.

A copy of the report is now in Mr. Nadzo's hands and he is, I believe, considering it in relation to his work on Italy.

The report is sent to us for restricted confidential circulation only and should be returned to the Director General's office when you have finished with it.

Attachment -

DG:HECaustin:emc

*Italy Reports*

9 June 1944

MEMORANDUM

TO: Mr. Sokolowski

FROM: Public Information Division

One of our major public relations problems is to bring home to the American and Canadian public realization of the tremendous need for relief supplies and services in soon-to-be-liberated Europe. One of the best media is pictures. We have collaborated with the United Nations Information Office in getting up this picture page. It is being distributed in mat form to metropolitan newspapers here and a few in Canada. If you desire extra copies, for posting in your offices, call Mrs. Kathleen Louchheim.

*Replications 7*



5 June 1944

TO: M. Sokolowski

FROM: Roy F. Hendrickson

SUBJECT: Reply by the Director General to the Letter from the  
Member of the Council for Greece.

I am in general agreement with the reply to Mr. Sbarounis' letter of May 22, and the letter to Mr. Pearson which you have drafted. However, I should like to make several minor suggestions:

1. I think the second paragraph of the letter to Mr. Pearson should be more positive and specifically request him to organize the Sub-Committee of the Committee on Supplies to advise on Greece's ability to pay for relief. Perhaps something like the following might be substituted for paragraph two:

"According to Resolution No. 14, Section 17, of the First Session of the Council, the Director General shall determine whether a member government is not in a position to pay for relief and rehabilitation supplies and services in consultation with the member government involved and on the advice of the appropriate committee of the Council. Resolution No. 23 provides that the appropriate committee of the Council for this purpose shall be a sub-committee of the Committee on Supplies. I should appreciate it, therefore, if you would, in your capacity as Chairman of the Committee on Supplies, take the necessary steps to appoint this sub-committee after consultation with the Chairman of the Committee on Financial Control, as provided in Resolution No. 23."

2. I agree that the sub-committee should be formed as soon as possible but I do not think its formation has any particular relation to the next Session of the Council, as stated in paragraph three of the letter to Mr. Pearson, unless there should be an unresolved disagreement between the Administration and the Greek Government, which I trust will not occur.

3. Two small editorial comments:

- a. In the last line of the letter to Mr. Sbarounis, did you intend "to keep in close contact," rather than "to remain in close contact"? The latter would imply that you have already been in contact with him.



5 June 1944

b. In the next to the last paragraph of the letter to Mr. Pearson, I imagine you meant "current" rather than "actual" in referring to the financial position of Greece.

4. I suggest that you send a copy of the correspondence with Mr. Sbarounis and Mr. Pearson to Mr. Dean Acheson, Chairman of the Committee on Financial Control, for his information, and add a sentence informing Mr. Pearson of this.

Mr. Weintraub, as Secretary of the Committee on Supplies and also on behalf of the Bureau of Supply, will cooperate with you in the coordination of problems involving the determination of the ability of recipient governments to pay for relief and of mutual concern to you, the Committee on Supplies, and the Bureau of Supply.

*Roy F. Henderson*

WACHudson/sm/emc

CHRONOLOGICAL  
COPY



5 June 1944

To: Mr. M. Sokolowski  
From: John J. Corson  
Subject: Draft correspondence on the position of Greece to  
pay for UNRRA's goods and services.

Thank you for your memorandum of May 31, 1944, transmittting  
draft correspondence on the above question. We have reviewed  
your draft letters and have no comments or revisions to  
suggest.

W. Halliner/vc

*Reg 4-2-Res. 14*

26 May, 1944

To: H. Scholowski  
From: H. E. Austin

The Director General wished you to see this letter from Mr. Skovsbo. In his view, we could do no more than send a formal acknowledgment and in due course submit this statement to the subcommittee charged with assessing a member government's ability to pay.

Perhaps you would consult with Mr. Hendrickson and Mr. Carson, in case they have any views on this, and in conjunction with Mr. Sayre prepare the necessary draft reply for the Director General's signature.

Attachment

*Aug 4-2 (Res. 14)*



20 May 1944

To: M. Sokolowski  
From: Francis B. Sayre  
Subject: Norwegian-Swedish Credit Agreement

For your information I am sending you herewith a copy of the letter from Sir Frederick Leith-Ross to Governor Lehman dated 8th May, 1944, enclosing a copy of the Credit Agreement recently signed between Norway and Sweden, which I am sure will be of interest to you.

FBSayre:abn

*Orig 2-1*

*Greece Reports*

10 May 1944

TO: Mr. M. Sokolowski  
FROM: Mr. George Xanthaky  
SUBJECT: Financial conditions in Greece.

I am sending you the following reports and current despatches on Greek economy:

Hill Reports - "The Economy of Greece"  
Parts 1 thru 5

State Department Despatches:

Economic Conditions of Greece  
as of August, 1943  
Economy of Greece  
Greek Economic Information  
Financial and Food Situation in Greece  
Tobacco Crops in Greece  
Devastated Districts of Western  
Macedonia  
Re-orientation of Agriculture in  
Liberated Greece  
Prices and Rationing in Athens

I would like to call your attention particularly to the despatches describing present-day economic conditions in Greece, which you might want to go over before the meeting this afternoon at 2:30.

You will note that Greece is in an exceedingly dangerous financial condition. Taking into consideration the small and diminishing economic strength of Greece, in no other country are the

*Greece 672*



burdens imposed by the occupying authorities so great. As no resources existed for these payments, the Government issued paper money.

The circulation of paper money, which was 7 billion drachmas in 1939 and 22 billions at the beginning of the occupation, amounts at present to the astronomical figure of 4 trillion drachmas. Almost the whole of this figure is for occupation charges which are growing every month by around 300 billions.

Greece's national economy has dropped to 1/2 of the pre-war level. Foreign trade hardly exists and because of the shortage in transportation, home trade is practically at a stand-still.

Industry and mining are, with few exceptions, ideal. The reduction of cattle, lack of seeds, fertilizers and machinery, plus the removal of farming population, all have decreased agricultural production to 50% of the pre-war level. The total amount of the still existing cattle and livestock amounts to about 30% of the pre-war figures.

Further indications of the financial condition in Greece are the price indexes. Since the war, up to last March, prices of food-stuffs has increased 6000 times; of shoes, 10,000 times; of other commodities, 2,000 times. Currency has increased 600 times; the price of the golden sovereign 5000 times; salaries, 400 times.

May 11, 1944

To: Dr. Sokolowski  
From: James G. Johnson, Jr.  
Subject: Director General's Report

I am attaching for your consideration my first draft of Chapter I of the Director General's Report to the Council. This draft is a highly tentatively one in that it has not yet been cleared with anyone. My plan is to send it to you and Mr. Dayton in the first instance, hoping to get your comments within the next day or so. Then we can give it further circulation to other members of the Director General's staff.

Attachment  
1-The Administration's Financial Position

Johnson/fh  
11 may 44

*Reports*



MEMORANDUM

April 19, 1944

To: Mr. Mieczyslaw Sokolowski - Room 523  
From: Mr. Oscar Schachter  
Re: U.S. UNRRA Appropriation

In accordance with our conversation today, I am attaching for your information a set of tables and an explanatory memorandum dealing with the proposed request for the U.S. UNRRA appropriation. This material has been submitted by the Foreign Economic Administration to the U.S. Bureau of the Budget. The same or similar material will be submitted to the Appropriations Committee of the U.S. Congress.

If you have any questions in regard to this material, or if you wish to discuss any other aspects of the U.S. appropriation, I shall be happy to do so at your convenience.

Attachments:

Set of Tables  
Explanatory Memorandum

OSchachter:sj  
19 apr 44

*Fiscal 2*

29 February 1944

MEMORANDUM

To: Mr. M. Sokolowski, Financial Adviser to the  
Director General

From: Eugene Staley

Subject: J. J. Polak

Since I am on the point of leaving for China and will not be able to see you personally when you arrive to take up your duties, let me extend cordial best wishes in the important responsibility you are undertaking.

I have reason to believe that Mr. J. J. Polak, a Dutch now employed by the Netherlands Economic Financial and Shipping Mission, 1620 Belmont Street, N. W. might be interested in working for UNRRA in the financial and economic field. He formerly worked for the League of Nations Economic Financial and Transit Department under Mr. Loveday. I have had two or three conversations with him on economic subjects and have gained a favorable impression of his abilities. This note is simply to pass this information on to you in case you may be looking for suggestions on personnel.

(Dictated but not read)

MAR 1 1944



UNRRA  
MAIL & RECORDS

*Permanence*



UNRRA

Straight

Mr. M. Sokolowski  
Mt. Washington Hotel  
Bretton Woods, N. H.

OFFERING JACQUES POLAK POSITION OF ASSISTANT TO FINANCIAL  
ADVISER AT \$6000 PER ANNUM WITH UNRRA TO TAKE CARE OF TAX  
WHICH WOULD APPROXIMATE \$3000 PER ANNUM GROSS.

William Howell  
Deputy Director of Personnel  
United Nations Relief And  
Rehabilitation Administration

Elwin/gwd



11 January 1944

TO: M. Sokolowski

FROM: J. J. Polak

SUBJECT: Financing of Displaced Persons Operations

I had discussions yesterday with Mr. Stauffer, the Acting Chief of Displaced Persons Division, and Mr. Daderkin, the Chief of their Planning Branch. They made it quite clear to me that the displaced persons discussions up to now have proceeded on the assumption that UNRRA will not have any responsibility for supplies to displaced persons in Germany. Their negotiations with the Military have been on that basis.

The suggestion that UNRRA should provide supplementary supplies for displaced persons in Germany has been discussed internally some time ago but the proposals have been vetoed by Mr. Hendrickson as being incompatible with the complete responsibility of the Military for the supplies of these displaced persons. No discussions on this subject have been had with the Military.

It is possible that at some later stage UNRRA may take over the supply responsibility for the displaced persons in Germany but no provisions are at present being made for this eventuality. It is the position of the Displaced Persons Division that at that time the subject would have to be negotiated in its entirety with the Military.

According to this factual information, there is no basis at present to discuss who will bear the costs of the displaced persons operations in Germany, as far as supplies are concerned. It is the opinion of the Displaced Persons Division that the only costs to be incurred by the Administration will be for personnel. It has, I take it, always been the tacit understanding that that part of the salaries of this personnel that would have to be paid in foreign exchange would be borne by UNRRA, whereas the local currency part of the salaries and the living allowances would be financed from local German currency to be made available by the Military.

In view of the above, I think we can let the question raised in the attached memorandum rest for the moment.

FIA:JJPolak:CI  
ATTACHMENT

*Germany 640*