

M. K. K. K.  
F. 1  
Paris, 4 January 1946

MEMORANDUM FOR THE FILES

The Official Journal of December 27, 1945 publishes the text of the law authorizing the Government to adhere to the Bretton Woods Agreements.

1. The Government is authorized to adhere to the two agreements concerning an International Monetary Fund and an International Bank for Reconstruction and Development, being respectively appendixes A and B of the Final Act of the United Nations Monetary and Financial Conference held at Bretton Woods from July 1 to July 22, 1944 and whose translation is appended to this law.

2. The Minister of Finance is authorized to pay from Treasury funds to the International Monetary Fund:

a) The amount of the subscription of the French Government, in conformity with Art. III, sections 3 (a) and 4 (a) of the agreement relating to the Fund;

b) As the case may be, and in conformity with Article IV, section 3 (b) and (d) of the Agreement relating to the Fund, the sums necessary to compensate for the reduction in gold value of the assets in French money held by the Fund;

c) The commissions due the Fund in conformity with Article V, section 3 of the Agreement relating to the Fund;

d) As the case may be, the sums due the Fund, either in case of withdrawal of the French Government, in conformity with Schedule D of the Agreement relating to the Fund or in case of liquidation of the Fund, in conformity with schedule E of said agreement, or in case of failure or default of the depositary of the assets of the Fund designated by the French Government in conformity with Art XIII, section 3 of said Agreement.

3. The sums which the Fund will pay the French Government in conformity with the Agreement relating to the Fund as well as the schedules annexed to the Agreement shall be turned over to the Treasury.

4. The Minister of Finance is authorized to pay from Treasury funds to the International Bank for Reconstruction and Development:

a) The amount of the subscription of the French Government, and also, as the case may be, the sum necessary to compensate for the reduction in gold value of said amount, in conformity with Art. II, sections 3 to 9 inclusive, of the Agreement relating to the Bank;

b) As the case may be, the sum due the Bank in case of withdrawal of the French Government, in conformity with Article VI, section 4 (c) (iv) of the Agreement relating to the Bank/

5. The sums which the Bank will pay the French Government in conformity with the Agreement relating to the Bank shall be turned over to the Treasury.

6. The Minister of Finance is authorized to create and deliver to the Fund, in conformity with Art. III, section 5, of the Agreement relating to the Fund, and to the Bank in conformity with Art. V, section 12, of the Agreement relating to the Bank, in lieu of all sums in French money to be received respectively by the Fund and by the Bank, Treasury bonds or notes without interest and payable on demand.

7. The Fund and the Bank enjoy the status, immunities and privileges set forth respectively in Art. IX of the Agreement relating to the Fund and Art. VII of the Agreement relating to the Bank.

(Signed) George Wolfenson

George Wolfenson  
U. S. Treasury Representative

Paris, 2 January 1946

MEMORANDUM TO M. GUINDEY

Reference is made to the amendment of October 5, 1945, to General Ruling No. 5A of the United States Treasury Department, prohibiting the presentation, payment, transfer, etc. of any check, draft, bill of exchange, etc., if such instrument prior to September 2, 1945 was within Germany, Japan, Italy, Bulgaria, Rumania, Hungary, or any territory which at any time was occupied or controlled by Germany or Japan.

The Treasury has informed me that License NY 746230 has been issued, authorizing the Federal Reserve Bank of New York to receive and to present for collection, and drawee banks to pay, checks, drafts, etc. of the type listed in General Ruling 5A, which are forwarded for the account of the Bank of France, provided they are accompanied by a letter of transmittal stating that the instruments enclosed have been investigated and certified by the appropriate French government agency and are presented for collection and payment pursuant to License NY 746230. An individual certification for each instrument forwarded for collection will not be necessary.

Delbert A. Snider  
U. S. Treasury Representative

Paris, 29 December 1945

Dear Jim:

This will round out the picture for you of our position with regard to the Reparations discussions which have been going on in Paris. Soon after Angell and his group arrived in Paris I wrote to Washington asking whether Treasury was in on the Reparations discussions and what our instructions were with regard to the Conference on Reparations which was about to take place. On December 6, in Letter No. 82, I received the following reply from Glasser:

"This is in reply to your letter No. 339 in which you ask what part, if any, you should take in the work of the American Delegation on Reparations.

Bill Taylor's opinion that you are not expected to take any part in the discussions accords with our own view here. You should, of course, continue to give Angell any statistical information which is at your disposal, but do not accept any responsibility for such statistics. Angell is presumably referring questions of policy to the State Department. However, for your information, State does not, repeat not, clear most reparations matters with Treasury.

So far as we know, the Angell mission has been discussing with the British and French a method for disposing of the gold and currency captured in Germany. Angell has been authorized to agree to a pro rata distribution of the gold to claimant countries without regard for original ownership. He has also been authorized to agree to a return of captured currencies to all countries of issue except the neutrals and United Nations countries not having recognized reparation claims against Germany. Treasury concurred in both these authorizations, although we were inclined to the view that the gold should not be distributed until an effort has been made to recover certain additional looted gold which U. S. Group CC investigations show was shipped to Switzerland by the Germans.

We should like you to send on whatever information you may obtain concerning the mission's activities, using the air pouch for that purpose whenever it seems desirable."

Before leaving Washington, Leonard spoke with Coe briefly about it and was told that since we were completely out of the picture in Washington, we should not participate in the Reparations discussions in Paris except that we should try to keep ourselves informed and notify Washington. He pointed out that several cables had been called to his attention dealing with the Reparation problem which said that Treasury concurred but that we should not take these seriously unless we had direct information from the Treasury Department in Washington that it had actually participated in the cable.

On December 14 we lunched with Oliver, who was very free in the information he gave us on what was being accomplished at the Reparations Conference. I am sending you, attached, a copy of my letter to Washington on the over-all document as well as a Memorandum for the Files by Leonard, giving information which Oliver provided. We sent the only English copy of the draft Reparations document to Washington and have a copy of the French document at our disposal here. I take it that you were particularly interested in the Safehaven aspects of the document which are to be found in Annex II, entitled Unanimous Resolutions of the Conference. There were two resolutions dealing with this subject. The first resolution states that countries remaining neutral in the war "should be prevailed upon by all available and suitable means to support the vesting decess of the United Nations", and the second recommends that governments which remained neutral should assist in making available all gold belonging to Germany found in their territories to the United Nations for reparations.

As you can see from my letter to Washington, the subject which will be of most interest to the Treasury concerns the disposition of monetary gold discussed under Point 5.

In the next few days we shall try to get additional information to you on any further steps which have been taken with regard to Safehaven and B.I.S. gold.

Sincerely,

D. A. Snider

Enclosures (2)

Mr. James Mann  
U. S. Treasury Representative  
American Legation  
Bern, Switzerland

Paris, 28 December 1945

MEMORANDUM FOR THE FILES

Subject: Internationalization of the Rhineland

The United States will reject any proposals to internationalize the Rhineland, according to M. T. McClure, assistant to Livingston Merchant on Rhineland problems.

1. The French have submitted a memorandum urging internationalization; the State Department intends to ignore the memo as long as possible.
2. The U. S. bases its opposition on those sections of the Potsdam Declaration requiring that Germany be treated as an economic unit. The views of the Soviet Union were unknown here but State does not expect to be "double-crossed."
3. Waterways internationalization will be handled so as to prevent French from using these as a lever for obtaining internationalization of the Rhineland.

(Signed) L. Larry Leonard

L. Larry Leonard  
U. S. Treasury Representative

Paris, 26 December 1945

MEMORANDUM FOR THE FILES

The testimony of Colonel Bernstein before the Kilgore Committee has been partially reported in some of the Paris newspapers, mostly by those reflecting leftist opinions. The Communist organ, L'Humanite, devoted two articles to it, one on December 13 and another the following day.

The first article was entirely devoted to that portion of the testimony in connection with the I. G. Farben-Kuhlmann deal for the creation of Francolor. The newspaper took the occasion to call attention to the fact that similar revelations had been made during the occupation by the Communist Party in a clandestine tract entitled "The high treason of the trusts". It also called attention to the fact that Rene Duchemin, one of the directors of Kuhlmann, who became a director in Francolor, is still on the board of Kuhlmann.

The second article is based on a press interview given by Colonel Bernstein in which he stated that I. G. Farben is, even now, manufacturing explosives, and that the industrial potential of Germany is such that intensive production could be resumed within six months. He is also quoted as having advocated heavy reparations as the only sure obstacle to the industrial recovery of Germany.

On the basis of these statements and similar ones previously made by others, L'Humanite attempts to draw lessons for the conduct of France concerning the German problem. It states that Colonel Bernstein is undoubtedly simplifying the problem when he speaks of reparations as the only sure way of overcoming the menace of German rearmament. However, they are one of the efficient ways. Furthermore, they constitute for France an economic necessity. L'Humanite considers it an intolerable situation for France to be without certain materials which are supplied to the Germans. It adds that she will continue to clamor for the coal of Ruhr so long as she will be unable to get it.

L'Humanite expresses its joy at the signing of the Anglo-French agreement concerning the Near East. It would equally welcome any agreement which makes for better international understanding. But what about the German question? It quotes the Nouvelle Gazette de Zurich, which wrote a few days ago that London has as yet been unable to make up its mind to support unequivocally the claims of France. Will the Ruhr be internationalized? Will the Western frontiers of Germany be determined before the creation of a central administration in Berlin? What about the continued maintenance in the English Zone of Occupation of the German "Northern Army Groups"?

L'Humanite then takes to task Mr. Massigli, the French representative at the Preliminary Commission of the United Nations, for having criticized the right of veto on the part of any one of the Big Three and for having done so the day following a statement in the above-mentioned Swiss paper to the effect that Russia is opposed to a resolution tending to over-rule the French veto in the Berlin Control Council.

The task of France, says L'Humanite, is to bend her efforts toward eliminating friction among the Big Three and to do everything in her power to facilitate understanding among them. She must, above all, use vigilance only against those actions which might compromise her frontiers and peace.

(Signed) George Wolfenson

George Wolfenson  
U. S. Treasury Representative



26 December 1945

MEMORANDUM TO THE AMBASSADOR

The following is a statement which M. Plevin intends to make before the Assembly concerning the change in rate and the discussions with the British and United States Treasuries on the subject. This statement has been officially cleared by Washington.

"Le choix du taux de change est, bien entendu, une décision proprement française. Dans l'esprit de coopération internationale qui a inspiré les accords de Bretton-Woods, j'ai tenu à me concerter à ce sujet avec les Trésoreries des deux principaux Pays ayant jusqu'ici adhéré aux accords de Bretton-Woods: La Grande-Bretagne et le Etats-Unis. A la suite des consultations franco-américaine et franco-britannique qui ont ainsi eu lieu ces jours derniers sur la question dans un esprit de confiante coopération, le Gouvernement a fixé la parité du franc. Cette parité aura, en application de l'accord sur le Fonds monétaire International, à être déclarée au Fonds et acceptée par lui. J'ai tout lieu d'espérer qu'elle sera acceptée."

I received late last night the text of the message which Secretary Vinson is sending to M. Plevin, on the same subject. I was told by Washington last night that this statement was cleared with Mr. Acheson and that it was going to be leased to the press.

"My dear Mr. Minister,

I appreciate your having kept my government, together with other interested governments, informed of the monetary problems of France and consulted us on the change which has been made in the foreign exchange value of your currency. I have followed with sympathetic interest the efforts of France to cope with her difficult economic problems. It has been generally recognized that the foreign exchange value of the franc was out of line and that a change in the franc rate was an essential step in the French program of economic reconstruction.

I wish to extend my best wishes to your government, your people and yourself in this undertaking.

Sincerely yours,

Fred M. Vinson. "

Paris, December 26, 1945

Dear M. Plevén:

I am pleased to let you know that the Secretary of the Treasury finds the statement which you have proposed to make before the Assembly on the discussions which have just taken place with British and U. S. Treasury Representatives entirely satisfactory.

With regard to the statement which the Secretary of the Treasury will make with respect to these discussions, Secretary Vinson has indicated to me that he will address to you the following message which will be made public:

"My dear Mr. Minister,

I appreciate your having kept my Government, together with other interested governments, informed of the monetary problems of France and consulted us on the change which has been made in the foreign exchange value of your currency. I have followed with sympathetic interest the efforts of France to cope with her difficult economic problems. It has been generally recognized that the foreign exchange value of the franc was out of line and that a change in the franc rate was an essential step in the French program of economic reconstruction.

I wish to extend my best wishes to your Government, your people and yourself in this undertaking.

Sincerely yours,

Fred M. Vinson"

Sincerely yours,

Delbert A. Snider  
U. S. Treasury Representative

M. Rene Plevén,  
Minister of Finance

December 26, 1945

MEMORANDUM FOR THE AMBASSADOR

For your information and files, the following is the exact statement which Mr. Taylor and I had orally reported to you previously as representing the official position of the U. S. Government with respect to the franc rate of exchange:

"The Secretary of the Treasury is of the opinion that as between the two limits of the proposed rates, the lower value of the franc is to be preferred, that is 120. However, this view which is based on the information available to us is without prejudice to our feeling that a value of the franc somewhat lower than 120 might in effect prove to be the more appropriate one.

"It is understood, of course, that the decision as to the specific rate is one for the French to make."

The above statement was, of course, accompanied by a fuller explanation, but I believe it is a summary which essentially represents the official U. S. position.

Delbert A. Snider  
U. S. Treasury Representative

Paris, December 22, 1945

MEMORANDUM FOR THE FILES

Subject: Meeting of Embassy Economic Staff, December 21

Principal points discussed were:

1. National Planning Council will be established shortly by the French Government to develop a "Three Year Plan" of reconstruction and modernization which will be used as basis for loan negotiation. De Gaulle, personally, will head the Council; Monnet will serve as Secretary-General with Marjolin as his principal assistant. Monnet insisted upon assurances of support of the Council by the three major parties before accepting position. The principal ministers and nine persons outside the government will make up the Council, and labor and management are expected to participate in its work.

2. International Conference on Trade and Employment.

French are concerned about relationship of the Conference to their own negotiations for a loan and Embassy tends to believe U. S. committed to have loan talks prior to the preliminary trade conference. French believe they have committed themselves to the trade talks in their note of November 20 (which we have not seen), but will send a formal note accepting.

3. Surplus Property.

Millions of dollars of groceries will be declared surplus in this area shortly. Charlie Little was disturbed with the high priority that both the Belgians and UNRRA have. In view of the serious food shortages, if these priorities were maintained, would give some countries an unfair advantage over others without necessarily taking actual need of the countries into account. He proposed that ECCE or some other body determine priorities.

(Signed) L. Larry Leonard  
L. Larry Leonard  
U. S. Treasury Representative

December 20, 1945

MEMORANDUM FOR THE FILES

M. Jean Saltes, Directeur du Blocus, has just been appointed sub-governor of the Bank of France.

(Signed) George Wolfenson

George Wolfenson  
U. S. Treasury Representative

COPY

Paris, December 17, 1945

Dear M. Fleven:

Secretary of the Treasury Vinson has asked me to transmit to you the following message, which is in response to your communication addressed to him on December 14, 1945:

"1. Thank you for the information regarding your plans. Frankness compels me to reveal our concern over the short time available for final action on Bretton Woods by your Government.

"I appreciate your invitation to participate with the United Kingdom representatives in your discussion in Paris concerning exchange rates. As you know I had hoped that several more countries would be included in such a discussion and that more time would be given for joint consideration of this important matter. However in consideration of your wishes we are asking Mr. Taylor, our Senior Treasury Representative in Europe, to proceed to Paris, where, assisted by Mr. Snider, he will be available for such discussions as you may decide to have. Pending the arrival of Mr. Taylor, Mr. Snider is empowered to participate in these discussions.

"2. With reference to your expressed view, that it would be useful for us to make a public statement concerning the new franc dollar rate, when that is announced we would be prepared, if the discussions are successfully concluded, to make a statement along the lines of the following which we suggested last August:

"The French Government has kept us, and other interested governments, informed of its monetary problems and consulted us on the change which has been made in the foreign exchange value of their currency. I have followed with sympathetic interest the efforts of France to cope with her difficult economic problems. It has been generally recognized that the foreign exchange value of the franc was out of line, and that a change in the franc rate is an essential step in the French program of economic reconstruction."

"3. In view of the pressure of time, we strongly suggest that discussions with respect to the final adjustment under the Mendes-France Agreement be postponed.

"4. In accordance with your request we are instructing our representatives to cooperate with representatives of the U. S. Army

to take up with you the technical problems which the change in the rate raises with respect to the supplying of francs to the American troops."

Sincerely yours,

Delbert A. Snider  
U. S. Treasury Representative

Mr. Rene Pleven,  
Minister of Finance.

December 13, 1945

MEMORANDUM FOR THE FILES

The French press of December 13 publishes a communique of the Ministry of National Economy, stating that the board of directors of the Banque Mirabaud has been accused of "trading with the enemy".

The accusation is based specifically on transactions connected with the Mines de Bor.

(Signed) George Wolfenson

George Wolfenson  
U. S. Treasury Representative



Paris, 12 December 1945

MEMORANDUM FOR THE FILES

The newspaper L'Aube, organ of the M. R. P. has, at present, a reporter covering the situation in Poland. Although the source of information is not official, it is thought that, in view of the lack of representation in Poland, the Department will be interested in some of the data, principally those on prices, wages and production.

Bread costs 28 zloty a kilo, butter 267. Prices which had gradually decreased by 45% since March are rising again.

A miner, interviewed, said that his salary is 150 zloty per day. Two to three times that amount is needed by his family to live frugally. University professors earn between 2500 and 5000 zloty per month. One of them, earning 5000, stated that his family of five needs 12,000. It is therefore necessary to obtain the additional 7,000 in the black market.

Foodstuffs are often distributed by employers as part of the salary. Even Cabinet ministers get monthly supplies of sugar, butter, etc. Some of this eventually finds its way in the black market. Some workers are fed on the factory premises.

Production is on the increase. Coal output has risen from 932,000 tons for April 1945 to 2,400,000 tons for August. It is hoped to reach 50,000,000 tons for 1946, as compared with 38,000,000 in 1939. Poland needs only 25,000,000 tons. The rest will be available for export. Half of that quantity will go to Russia and Sweden.

As to steel, the production has risen from 17,000 tons in April to 75,000 in October; textiles from 2,500,000 meters in April to 11,000,000 meters in October.

Russia absorbs at present a great portion of Polish production. In some cases, cotton for instance, she supplies the raw materials. Payment is effected by Russia principally in raw materials and gasoline. She also supplies labor in the form of German P.W.'s.

Mr. Minc, Communist Minister for Production, declared to the reporter that the Russians have taken away all war plants installed by the Germans in old Poland and 25 to 30% of those in the new territories of the west. Poland will need 2 to 3 years to get things going again. Russia has promised to help Poland in the matter of equipment by giving her 15% of what she will get as reparations from Germany.

(Signed) George Wolfenson

George Wolfenson

Paris, 12 December 1945

MEMORANDUM FOR THE FILES

At a meeting with M. Guindey last night, the question of the disposition of francs in the hands of U. S. Armed Forces at the time of devaluation was discussed again.

M. Guindey said that with respect to French colonies and territories, it is not certain that the devaluation will apply to all of them or in the same degree. However, he felt that with respect to North and West Africa, the rate would be the same as for the Metropole. No rate change is, however, contemplated for Equatorial Africa or for New Caledonia.

M. Guindey seemed to be in agreement with the general procedure that I outlined to him for the turning in of francs by troops and official and quasi-official organizations. In particular, he seemed to recognize the necessity for a special delay in the case of hospitalized personnel and those on travel and T. D. status.

With regard to the adjustment franc problem, he agreed that it would be desirable, if possible, to ignore them and since it is contemplated that devaluation will not occur until the end of this month, no problem will arise with respect to the adjustment francs.

M. Guindey had the following questions on which he would like information:

1. How long will it take to issue instructions to troops on the mechanism for turning in francs after the army has been informed of the date of devaluation?
2. What preparation for adjustment francs is paid to troops in transit during the month?
3. Guindey would like to have francs purchased by the army for cash after D day.

With regard to a possible conference in Washington next week on the rate of the franc and on the settlement of the Mendes-France agreement, Guindey is to give me a note within the next 2 or 3 days.

(Initialed) D. A. S.  
Delbert A. Snider  
U. S. Treasury Representative

Paris, December 10, 1945

Dear M. Fleven:

I have received word from the Treasury Department that it is removing all the special restrictions which were imposed upon the financial operations in the United States of the Banque de Paris et des Pays Bas. The Treasury appreciates having received information from you concerning the changes which have already been made in the management of this bank. The Treasury would be happy to receive information concerning any further measures which might be taken by the Banque de Paris et des Pays Bas in accordance with directives prescribed by the French Government.

Very truly yours,

Delbert A. Snider  
U. S. Treasury Representative

M. Rene Fleven,  
Minister of Finance

Paris, 7 December 1945

MEMORANDUM FOR THE FILES

In a meeting with Guindey this morning, the following points were discussed:

- 1) The problem of adjustment francs in the hands of troops at the time of devaluation. Guindey seemed willing to accept my thesis that we must assume that the first \$50 francs spent by troops after a pay-day represents adjustment francs and not pay. Hence, that no problem will arise unless devaluation takes place immediately or soon after an adjustment franc payment. However, Guindey raised the problem of adjustment francs that are paid to troops in transit. If these payments are made at scattered points over the month, no matter at what time devaluation comes, there will be a certain number of troops who have just received adjustment pay. It was pointed out to Guindey, however, that if the payments are scattered over the month at any one point there would be only a small amount of adjustment pay which had been received, say, within the previous week.
- 2) It will be necessary for troops to turn in the francs they have in their possession as soon after devaluation as possible. Guindey pointed out that a soldier who has on his exchange card a balance of, say, \$100 may in fact have spent that balance. This soldier would then be in a position to turn in \$100 worth of francs for exchange at the new rate, which francs he had acquired from the black market. Similar kinds of maneuvering could be done as between soldiers. Hence, it is imperative from the French point of view that the exchange of outstanding francs for francs at the new rate must be accomplished as soon as possible after devaluation.
- 3) I asked Guindey if he did not believe that tying-in devaluation to Bretton Woods may result in causing delay in the adoption of Bretton Woods. Guindey said that he did not believe so and presented what he thought might be the schedule of events. At the beginning of next week Bretton Woods would be presented and discussed during the week. Beginning the next Saturday, the proposal to devalue would be presented to the Assembly and action adopted on both Bretton Woods and authority, under a law of 1937, to devalue the franc without the consent of the Assembly. He said that the franc has no gold content and that it is simply a question of changing the buying and selling rates of foreign currencies by the Stabilization Fund.

(Initialed) D. A. S.  
Delbert A. Snider  
U. S. Treasury Representative

Paris, 7 December 1945

MEMORANDUM FOR THE FILES

Some time ago a large number of documents were discovered in Germany, relating to the files of the German Headquarters at the Hotel Majestic in Paris. Few details were given about the event in the French press. It was reported that a large number of investigators had been detailed to the job of extracting information from those files and that it was expected as a result that thousands of additional cases of "collaboration" could be built up against Frenchmen whose names had been found among the documents.

Among the few papers, mostly of the left, who gave any space of consequence to the story was the Communist organ, L'Humanite. That paper took the occasion to give a list of the French and German personalities who had been known to gather at the Majestic during the occupation to take part in friendly and discreet luncheons.

On the French side, the following persons were listed:

Pierre Laval  
de Chambrun, son-in-law of Laval  
Yves Breart de Boisanger, governor-general of the Bank of France  
Jacques Barnaud, of the Banque Worms  
Jacques Guerard, secretary of Laval, Director of the Banque de l'Algerie  
E. Girardeau, of the Banque de Paris et des Pays-Bas  
Pose, Director and President of B.M.C.I.  
G. J. Painvin, of the Credit Commercial de France, director in Uginé  
Marcel-Paul Cavallier, chairman of Pont-a-Mousson  
Henri Fayol, Chairman of the Committee of Organization for Iron and Steel  
F. Lehideux, son of the manager of the bank of the same name  
A. Baptifaut, Vice-Chairman of Chargeurs Reunis, an enterprise owned by Fabre, Fraissinet and Lazard Freres.  
Gabriel Cognacq, member of the National Council of Petain, Chairman of La Francaise des Magasins Modernes  
Robert Thibaud, of the Gibbs toothpaste concern  
Francois Dupre, President of the Grands Hotel Associes and Director of Acieries du Nord. Also director of French Ford in company of A. Baptifaut, above.  
Prince of Beauveau-Craon, of the Union et Phenix Espanol, Banco di Roma and Compagnie du Cambodge  
Marquis de Polignac, director of Champagnes Pommery

There were several more but of minor importance, mostly officials of various ministries.

On the German side:

E. Hoechling  
L. Noe, Director in Krupp  
Von der Thann, of Henschel and Co.  
H. Kramer, of I. G. Farben  
Winkler, President of Aero-Bank  
Von Falkenhausen, of the Deutsche Bank  
Von Maltitz, representative of the wood industry  
de la Roche, Wehrwirtschaftsfuher  
Von Hanna, President of the Mumm Champagne concern.

In addition, there were various German officials charged with the direction of financial and economic affairs in France.

A. Baptifaut, above listed, is apparently the person referred to in the report sent by this office in connection with the investigation of Lazard Freres. It will be recalled that he was entrusted with 26,600,000 francs of the funds of Lazard Freres, giving in exchange a promissory note (Exhibit U.F. 13) on which there was still due 19,600,000 at the time of liberation.

(Signed) George Wolfenson

George Wolfenson  
U. S. Treasury Representative

MEMORANDUM FOR THE FILES

Meeting with Guindey December 1, 1945

1. Finance plans to obtain devaluation before Bretton Woods act. Plan is to present devaluation proposal to Government on a Saturday and get final action by Monday morning. Bretton Woods could then be considered with background of the new rate.
2. There are three problems that Finance wants to discuss with British and U. S. Treasuries: (a) the rate of the franc; (b) the rate to be established for the adjustment of dollar credit under Mendes-France Agreement; (c) Mechanism for return of francs in the hands of troops.
3. Guindey said that personally he would like to have a round-table discussion with me and with British Treasury representative on all these problems. While action re franc devaluation is French matter, it is hoped that the three Treasuries can agree on the action to be taken and make an announcement to that effect.
4. Guindey raised question whether it would be better to negotiate these matters in Paris or in Washington.
5. Guindey anticipates no difficulties with regard to agreement by Treasury on rate nor on liquidation of Mendes-France Agreement. The real difficulty lies in mechanism for return of troop francs.
6. On return of troop francs, Guindey is bothered by problem presented by the presence of the adjustment francs. In view of fact that adjustment francs are designed for expenditure only in France and not transfer into dollars, it will be difficult to separate them out from pay francs in hands of troops. The only tentative solution which he suggested was advance warning to troops to reduce their franc balances to bare minimum.
7. Guindey feels that now that Army expenses in France for goods and services are to be paid for in dollars, the Army no longer needs to keep accounting records so far as the French are concerned, showing breakdown of franc outlay.

(Signed) Delbert A. Snider  
Delbert A. Snider  
U. S. Treasury Representative

November 24, 1945

MEMORANDUM FOR THE FILES

Subject: Meeting with M. Guindey and M. Clermont-Tonnere

In a meeting with M. Guindey this morning, he introduced M. Minost, President of the Banque de l'Indochine, who is going to Washington in the near future. M. Minost asked if I would give him a letter of introduction to Mr. White. I agreed to do so.

After Minost left, I asked Guindey what progress was being made on the problem of reparations, Guindey being a member of the French Delegation. He replied that it was fortunate that nearly all of the delegates had come to the conference with an extremely realistic point of view, and that, consequently, everything was going along pretty smoothly. I asked whether France was expecting to receive very much from Germany in the way of machinery, etc. Guindey said no - that he did not believe that France would receive a great deal for several reasons:

1. The Russians are taking a great deal of the available machinery out of Germany;
2. There is not a great deal of machinery intact that could be transported usefully into France;
3. Other countries had a large percentage of claims on Germany's assets. For example, he said that out of the assets available in the Western Zone, the U.S. and Britain may each get 30 percent. Again he referred to the fact that one of the things in Germany that would be most important to France is coal and even here, France is compelled to pay in dollars.
4. Lastly, there is the limitation imposed by the amount of equipment and assets that the Control Council decides is to be left in Germany for domestic production. Guindey indicated his sympathy with the point of view that as little machinery should be left in Germany as possible.

I asked Guindey about the prospects of nationalization of credit in France. He said that they are presently working on the nationalization decree for the Bank of France and that at some later time, the insurance companies would probably also be subject to such a decree. He said that the nationalization of the Bank of France was important and that it would make possible a more direct and effective control over commercial banks. Although the Government has, at least since 1936, exercised practical control over the operations of the Bank of France, the latter, in turn, had only persuasion as an instrument of control over commercial banks. As to commercial banks, Guindey is not sure whether they will be nationalized. He seemed to believe that



it is possible that they will continue in private ownership and that greater controls will be extended over them through the Bank of France.

I asked Guindeg for information on the recent Franco-Swiss Commercial and Financial Agreement. He said that he would be glad to give me a copy both of the published agreement and of the confidential annex. He said that the main points in the agreement are the following:

1. Switzerland had granted to France last March a credit of 250 million Swiss francs. France has used 125 million of this credit. The Swiss wanted France to use the remainder only for certain specified products. This was objected to by the French and finally it was agreed to allow the free use of the remaining 125 million credit. In addition, discussions were held on the possibility of a further credit of 50 million Swiss francs. However, the Swiss are insistent that this credit be used only for the purchase of certain goods for which France has no particular need. Hence, France has reserved the right now to use this credit as it may see fit.

2. Under the agreement that the Swiss reached at the time of the Currie mission, the Swiss were not to unblock French assets in Switzerland except in specific cases where the French Government had requested such unblocking. It was agreed, however, that French nationals going into Switzerland would be allowed to draw upon Swiss balances of up to 1,000 francs a month. In practice it developed that the Swiss were allowing Frenchmen to draw as much as 12,000 francs a month and this was allowed not only for Frenchmen going into Switzerland, but for those who did not as well. Under the new agreement, the Swiss have undertaken to tighten up their controls over French accounts in Switzerland.

I inquired whether anything had been done on my previous case to Clermont-Tonnere concerning the reported investigations by the D.G.E.R. in Switzerland of German penetration into the Swiss economy and financial institutions. Clermont-Tonnere said that he was trying to get information, but so far had not been successful. Guindeg, however, seemed to think that they would be able to get some information and would let me have it.

I asked whether they were going to send me a letter soon agreeing to the procedure on the certification of dollar securities, as outlined in my memorandum to them on this subject. They said that they were in agreement and that a letter was in preparation indicating this. I asked if they would include a sentence in the letter to the effect that the Treasury would be kept informed of cases in which dollar securities are found to have an enemy interest.