

I-2/r

November 7, 1941

## MEMORANDUM

FF/Mr. Livesay

DE/Mr. Bunn

EO/Mr. Collado

EA/Mr. Stinebower

I have discussed the Swiss application to transfer earmarked gold to Portugal with Mr. Welles and with Mr. Berle and Dr. Feis. All of us agree that the application should not be granted. Dr. Feis, in addition to his comments in the file, points out that the transaction may be a direct or indirect outcome of the present German purchases of tungsten in Portugal. We all agree furthermore that while the application should not be granted, it should not be denied until the study outlined below has been made and we are in a position to discuss with the Swiss reasonable steps which we can undertake to relieve their food situation and to consider any difficulties which may have been created for Switzerland by this government's use of Swiss funds to finance obligations abroad.

The study to be undertaken and pressed to a speedy conclusion is divided into two parts:

1. Mr. Hallett

I-2/2

-2-

1. Mr. Hallett Johnson and Mr. Stinebower (to whom Dr. Feis has already addressed a memorandum) are asked to prepare a memorandum which can ultimately be taken up with the Economic Defense Board and with the British Economic Warfare authorities here, setting forth by quarters the items, principally food items, which this country would be willing to export to Switzerland. This study should be based upon the British Rationing Agreement, the recent note from the British to the Swiss Government modifying the Rationing Agreement, and the limitations of our own supplies. Its purpose would be to indicate to the Swiss the extent to which it is possible for us to help them thereby facilitating the issuance of export licenses and indicating that our policy towards Switzerland is not purely negative.

This study should take into consideration the fact that to some extent the Swiss are able to make and are making purchases in Portugal. This will affect not only the amount of various commodities to be furnished from this country but also the financial considerations mentioned below.

2. Mr. Livesay is requested to get in touch with Mr. Harry White of the Treasury Department and prepare a memorandum of the extent to which this government is requesting Swiss banks to purchase dollars in order to make payment through Swiss

francs

I-2/3

- 3 -

francs to our official representatives in Europe and to take care of remittances and other payments in Europe. The purpose is to see whether this movement of funds is or is not offset by Swiss purchases in this country and to what extent, if any, it may require gold transactions. In this connection, Mr. Livesay is requested to consider the bearing of Swiss purchases of foodstuffs in Portugal. I have mentioned this matter to Mr. Foley of the Treasury Department who assured me that he would speak to Mr. White.

Dean Acheson.

A-A:DA/ATJ