

RUMANIA
PERSECUTION OF JEWS IN RUMANIA¹

740.0011 European War 1939/4388 : Telegram

The Minister in Rumania (Gunther) to the Secretary of State

BUCHAREST, July 2, 1940—5 p. m.

[Received July 3—9: 55 p. m.]

327. With the cession of territory to Russia the Jewish problem in Rumania has become more acute. Prior to the Russian ultimatum the new political party formed along Nazi lines had excluded Jews from membership and consequently had politically and economically disemployed them. This had caused grave alarm among Jews and even the rasher Rumanian leaders felt sure that such an action was premature and endangered the economic structure of the country at a critical time. Upon Russian occupation of Bessarabia and northern Bukovina Jewish groups relying upon the protection of the Russians have taken the opportunity to repay old scores and there have been many incidents reported some of which have been most sanguinary. Jews in the rest of Rumania have openly expressed their pleasure at the Russian occupation and many are moving into the ceded area while those resident there are mostly remaining. This would seem to offer an excellent opportunity for settling this old question from the Rumanian point of view by migration of Jews into Bessarabia (as of possible interest see my letter of January 11, 1938,² page 5 last paragraph to Under Secretary Welles) but feelings have been much inflamed by the more radical Rightist elements until the situation has become alarming and may result in serious difficulties. Certain members of the Government and more serious leaders are counseling calm and caution realising that any excesses will be a direct provocation to Russia which she will not be slow to accept as well as a signal for the possible outbreak of disturbance from other disaffected minority groups. There is reason to believe that other Government officials are pursuing the traditional policy in southeastern Europe of using anti-Semitic agitation to cloak from the people at large Government inefficiency and ineptitude. Very strict instructions are being issued by the Government however, to avoid provocative acts.

¹ For previous correspondence regarding anti-Semitism in Rumania, see *Foreign Relations*, 1938, vol. II, pp. 672 ff.

² Not found in Department files.

The supposedly loyal Jewry in Rumania has not as yet made any statement disclaiming or renouncing the action of its coreligionists. I discussed this matter with a leading Jew this morning and he alleged that no publicity would be given such a statement. I am inclined to the view, however, that he and his associates hesitate to align themselves one way or the other until the eventual potentialities of Russian aggression become more apparent.

The situation however, is entirely different from that which prevailed after the entrance of the Goga government in power when prior to any instruction from you I made the representations to the new Prime Minister and other authorities set forth in my telegram No. 3 of January 7, 3 p. m., 1938.³ In view of the natural national resentment that a Rumanian minority should so disloyally welcome the invaders it would be difficult to find grounds for general representations pending specific instances other than to intimate that any violence against the Jews here would only be playing the Russian game as the Russians would probably like nothing better than that excuse for further encroachment. No American interests or citizens in non-occupied Rumania have as yet been threatened.

GUNTHER

871.4016/232

The Minister in Rumania (Gunther) to the Secretary of State

No. 1496

BUCHAREST, July 12, 1940.

[Received August 12.]

SIR: I have the honor to report that the new Minister of Propaganda, Mr. Nichiror Crainic, received the directors of Bucharest newspapers on June 8th last, at which time he read to them a prepared statement which included the following passages:

"In the new regime inaugurated by His Majesty the King the right of daily addressing the Rumanian nation belongs to Rumanians of pure blood. Nationality is a fatality of the blood, and a stranger tends only to express his own self when he utilizes our language. A long and grievous experience has taught us that the press written by Jews never succeeds in integrating itself into the ideals of Rumanianism, but under the mask of the borrowed language only expressed the natural ideas of the respective race, unfortunately dissolvent for our nation. The defunct regime of democracy was dominated by a Jewish press and we are today experiencing its last consequences with profound disillusionment. The regime of integral or totalitarian nationalism of the Party of the Nation and of the Government which I represent can be served only by a national press, the other co-habiting peoples continuing to have newspapers in their languages, harmonized with the superior principles and interests of the State, a thing which, to their

³ *Foreign Relations*, 1938, vol. II, p. 674.

credit, the Christian minorities of the country have done for a long time.

"Consequently, the Government makes it known that Rumanian newspapers can not be directed by Jews, and Jews are not in their place on newspapers directed by Rumanians. . . .⁴

"We know perfectly well that after the great Rumanian misfortune which the old democratic policy won for us, the psychology of the time imposes the bellowing of grief and the red-hot iron of accusation. But, nevertheless, external circumstances, known to everyone, forbid the settlement of internal accounts in the superior interests of the State."

The foregoing is noteworthy mainly for its plain speaking. The result has been the elimination of the Jews from the Rumanian press. The French-language newspaper *Le Moment*, whose Jewish founder-editor has resigned, has been suspended for an indefinite period for reasons of public order and two other democratically inclined newspapers, *Semnalul* and *Jurnalul* (Jewish controlled) have been suppressed. Of interest in this same connection is the publication in the *Monitorul Oficial* of July 10th of the Law for the Organization of the College of Doctors, which provides that in order legally to practice medicine one must be a member of the College and membership is restricted to Rumanian citizens enjoying full civil rights. Since Jews do not enjoy full civil rights, not being eligible to membership in the Party of the Nation, it is obvious that the intention is to exclude them also from the practice of medicine.

The Government appears to be making every effort on the one hand to appease the Jews by restraining molestation of all kinds, while on the other hand proceeding with such discriminatory regulations as those just mentioned. Some are suspected of clandestinely encouraging attacks on the Jews because of their conviction that (a) this is the solution of the entire Rumanian problem and (b) it will curry favor with Germany. Rumanians in general seem to wish to wreak their wrath either actively or passively on the Jews for the events which have taken place in Bessarabia, particularly the many instances which are gradually becoming known in which the Jews, either aided or encouraged by communists and other members of the local populations, rose against the departing Rumanian officials at the time of the Russian entry.

Continual reports of persecutions and killings of Jews in the provinces, particularly in Moldavian villages and towns along the new frontier, are drifting into Bucharest daily, but it is difficult to ascertain just what proportion of them may be true.

As of possible interest in this general connection I am enclosing herewith a copy of a covertly circulated statement^{4a} issued by the self-styled "Central Committee of the organization for the protection of

⁴ Omission indicated in the original despatch.

^{4a} Not printed.

the victims of imperialistic terrorism in Rumania" which describes the "joy and enthusiasm" reigning in Bessarabia and Bucovina today.

Respectfully yours,

For the Minister:

FREDERICK P. HIBBARD
Secretary of Legation

871.4016/238

The Minister in Rumania (Gunther) to the Secretary of State

No. 1502

BUCHAREST, July 20, 1940.

[Received September 9.]

SIR: Adverting to my telegram No. 327 of July 2, 5 p. m., I have the honor to report that Ambassador Stoica, formerly Ambassador at Ankara and now Under Secretary of Propaganda, told me the other evening at dinner at my house in honor of himself and the representatives of the American newspapers, that his Government was going to do everything within its power to prevent anti-Jewish outbreaks, but that it greatly feared such outbreaks on the part of the Army as the latter was so incensed at the treatment meted out to it by the Jews in Bessarabia when it was withdrawing. I observed that for once Rumania had a good press in the outside world, where there was great sympathy because it had been set upon by a powerful nation of 180,000,000 people, and that I thought it would be a great pity to sacrifice this for the sake of a Pogrom or two.

On another recent occasion I had an opportunity informally to emphasize to Prime Minister Gigurtu that any internal disturbance, especially Jewish persecution, might easily be seized upon by Russia as an excuse for further action. Prime Minister Gigurtu, I feel, is fully alive to this possibility, and represents the more moderate element in the present Government's consideration of the Jewish question.

A communiqué issued this morning reads as follows:

"A Council of Ministers met today (July 19) at seven p. m. under the Presidency of Engineer Ion Gigurtu, President of the Council of Ministers, and examined the principles relative to the laws proposed for the incorporation of the Jewish element into the new order of the Rumanian State in accordance with the provisions contained in the law for the organization of the Party of the Nation."

It would appear that the discussions in this meeting hinged on the character of the laws to be passed regarding Jews, the extreme Iron Guard and Rightist element in the Cabinet strongly urging the promulgation of a set of laws similar to the Nürnberg Laws of Germany, while the more moderate element headed by Premier Gigurtu favors laws along the lines of the more restrained anti-Semitic legislation of Italy and Hungary. The Gigurtu group maintains that to pass rigid

laws against Jews at the present critical moment would seriously affect the economic structure of the State, as well as create a most unfortunate impression among nations abroad, particularly the United States. Some observers take the view that should there be no further pressure from Hungary and Bulgaria for territorial cession at present the moderate group will win its point and there will be no strong anti-Semitic reaction in Rumania; if, however, the Government is forced to cede more territory immediately, a cession for which public opinion has not yet been adequately prepared, the Iron Guard thesis will be more likely to win because the Government will find it necessary to resort to anti-Semitic agitation as a cloak and counter-irritant.

In recent days a few mild anti-Jewish measures have been announced but nothing to suggest a really vicious program. One of the first steps was, as already reported, the elimination of Jews from the local press and the suppression of a few Jewish newspapers. It may be mentioned, in addition, that several of the Ministers have announced the dismissal of Jews from public office in their respective departments, the Minister of Cults and Arts has issued a regulation withdrawing the subvention allocated to the Jewish cult, the Christian clergy are forbidden to baptize Jews, kosher slaughter has been prohibited and measures have been taken to prevent Jews from acting as representatives of foreign commercial firms. There are other minor indications, of course, but so far the various measures can in no way compare with those taken during the Goga regime of early 1938. I accordingly feel that no really strong Jewish persecutions are apt to eventuate in the near future except as they may arise out of new circumstances created by the evolution of international events or further dissatisfaction in the Army.

There are no sure indications as yet of German official pressure for widespread elimination of the Jewish element, possibly in view of the attitude of Bolshevik Russia. But it is recalled that at the time of the German occupation of this country in 1917-18 the Jews were used on a large scale by the invaders for all sorts of minor services, and even now it is questionable whether the Germans could dispense with the many Jews being employed by them as middle-men for their agricultural purchases. . . .

Respectfully yours,

FRANKLIN MOTT GUNTHER

871.4016/241

The Minister in Rumania (Gunther) to the Secretary of State

No. 1535

BUCHAREST, August 23, 1940.

[Received September 17.]

SIR: Pursuant to the observations regarding the present treatment of Jews in Rumania contained in my despatch No. 1502 of July 20,

1940, I now have the honor to report that in the course of a conversation with Prime Minister Gigurtu last Sunday I referred to the new Decree Law regulating the status of Jews in Rumania, the text of which is being sent to the Department separately. I observed that the Jews in Rumania did not seem to be deeply disturbed to date by this legislation, which M. Gigurtu said was the case, since Jews living in cities did not particularly mind the expropriation of land held by rural Jews. He continued by remarking that Rumania this time was positively going to get rid of the surplus of Jews who had proved themselves undesirable. Having heard it said that Hitler had held out hope in some recent conversations with Rumanian officials in Germany that Madagascar would soon be available for the settlement of all surplus European Jews, I mentioned this report. The Prime Minister immediately corrected me by saying that it was Rhodesia and not Madagascar which was in the Fuehrer's mind as there was some gold there which would give them a welcome occupation. M. Gigurtu observed that even if they were eventually settled there it would probably not be long before a large part found ways and means to leave for other destinations. I asked him what he proposed to do meanwhile with the Jews dispossessed here or otherwise unemployed as a sequence to this new Decree Law and whether Russia would not take them into Bessarabia. He said that on the contrary the Russian authorities were refusing now to accept any more Jews and that as a matter of fact many rich Jews of Bessarabia had succeeded in getting out and into Rumania proper. It is maintained by others that the Russians want a leaven of Jews left here for the propagation of Russian propaganda; it can hardly any longer be called "Bolshevism".

At this point I thought it opportune to recall to the Prime Minister Rumania's age-old reputation for tolerance and refuge and observed that it was a pity that Rumania should lose this by following in Germany's footsteps. I reminded him that in 1919, when after the Rumanians had withdrawn from Budapest and Hungarian anti-Semitic outbreaks had occurred, the Jews of Budapest sent a petition to the Peace Conference at Paris begging that the Rumanians should be permitted to reoccupy Budapest. M. Gigurtu recalled this circumstance—but seemed surprised and pleased that I had—and remarked that this was all very well but that Rumania had been too lenient and complacent and could not risk drifting into the situation in which Germany found itself soon after the war and during the Weimar Republic when no less than 80% of public offices, professional jobs, newspaper posts, etc., were in the hands of the Jews. If they had contented themselves, he remarks, with 20% the question would probably never have been raised. He maintained that Hitler was not voicing anything new in anti-Semitism which had not already been

expounded by Kant, Nietzsche and the later writers since the World War such as Carl Rosenberg. I could not argue with him about the 80% as I have not the facts, but I cited in support of my contention that the present wave of anti-Semitism is Hitler's doing and that Germans have only recently become anti-Semitic, the following clause contained in the Peace of Bucharest of April 24, 1918 imposed upon Rumania by Germany:

"VII. All worships shall be recognized; Roman-Catholic, Uniate, Protestant, Mohammedan and Jewish; they shall have the same freedom and protection as the Orthodox.

"All residents of Roumania shall become citizens without special measures, including the Jews."

The Prime Minister replied that during all the campaign against Rumania the Jews in Rumania had flocked to the Germans and rendered all sorts of services and that it was in recognition of this attitude of cooperation that the Germans had insisted upon this clause.

The Jews of Rumania have weathered many storms and may survive this one. It will presumably depend largely on the success of German arms and the continued affiliation of Rumanian policy with the Axis. Additional data on this general subject are being submitted in a separate despatch.

Respectfully yours,

FRANKLIN MOTT GUNTHER

871.4016/240

The Minister in Rumania (Gunter) to the Secretary of State

No. 1536

BUCHAREST, August 23, 1940.

[Received September 17.]

SIR: Pursuant to my various past despatches regarding the situation of Jews in Rumania I now have the honor to enclose herewith translations of two Decree Laws,⁵ one dated August 8, 1940, forbidding marriage between persons of Rumanian blood and Jews, and the other dated August 9, 1940, establishing a juridical statute governing the status of Jews in this country.

The nature of the first of these decree laws is evident from the title. The second is much more far-reaching, being designed to define the status of Jews generally and set forth the restrictions placed on their participation in the public and private life of the country. After establishing who are to be considered Jews and dividing them into three categories, the law then proceeds to stipulate that, with certain exceptions, they shall not be allowed to hold public office, practice law, serve in the military forces, have membership in boards of directors, be

⁵ Not printed.

country merchants or wineshop keepers or engage in other specified activities in which the Jews of Rumania have in the past been prominent (Article 7).

Although the provisions of the new law, while somewhat ambiguous, are fairly sweeping and the present Government avowedly purposes to follow an anti-Semitic program, the Jews of the country give an appearance of remaining strangely unperturbed. They undoubtedly realize that the full possible force of the new law could bring them real disaster, but they know from long experience that repressive laws usually are not nearly as bad as they sound, that application and interpretation are of far more importance than the letter, that Governments and programs change fast and that anti-Semitic fever is like the malarial and flares up only to subside again. Although the Prime Minister has, as reported elsewhere (despatch No. 1535 of August 23, 1940), indicated his full intention to proceed energetically with the Jewish question, the foregoing considerations will suggest that the actual effect of this new statute can not be gauged with even an approach to accuracy before an opportunity is had to observe the mode and vigor of its application.

The Jews have, as previously reported, already been eliminated from the press. Since the promulgation of the new statute it has been noted that various Government departments have announced the dismissal of their Jewish employees and many Jewish lawyers are liquidating their affairs. On the other hand I learn that in many cases Jewish members of boards of directors are retiring behind the scenes but retaining their interests while being ostensibly replaced by dummy directors and wineshop keepers and merchants place their businesses under the name of a Rumanian who is paid a salary for his services! As Premier Gigurtu remarked to me: "Jews here are not like those in the United States. If there is a new law, they look for some way to get around it; they have no patriotism or loyalty."

As of possible further interest in connection with this general subject I am enclosing herewith, in single copy, a copy of a statement on "The Jewish Problem in Rumania"⁶ prepared by a Mr. Grindea, Rumanian representative of the Jewish Telegraph Agency. Since preparing this statement Mr. Grindea has been arrested and placed in forced domicile for "spreading false or alarmist news".

Respectfully yours,

For the Minister:
FREDERICK P. HIBBARD
Secretary of Legation

⁶ Not printed.

871.404/148 : Telegram

The Minister in Rumania (Gunther) to the Secretary of State

BUCHAREST, September 17, 1940—6 p. m.

[Received 10:15 p. m.]

544. A decision of the Minister of Cults and Arts dated September 9th lists 8 cults which the State recognizes and protects and then adds that the existence of the Mosaic faith is recognized under new regulations which stipulate that a synagogue is available only if it serves at least 400 Jewish families in urban and 200 families in rural districts. Organizations in districts where no synagogue is authorized must cease all activities. In view of these drastic limitations the president of the Jewish Community has seen Premier Antonescu who agreed to delay application of the new laws pending investigation in the light of information and data accompanying the protest. General Antonescu gave assurance at the same time that he does not propose to adopt a program of Jewish persecution and a statement issued on his instructions on September 14 declared that "no one is permitted to use violence against foreign cults, persons, or property distribution.["]

In my first official interview with General Antonescu yesterday I observed that I had noted with relief and satisfaction the above-mentioned statement. The General assured me that he would brook no persecution and that such action as might ensue would be taken through the courts.

As in the past the Baptist faith is not included in the list of cults recognized by the new decision. However the leaders of the Baptist Church have been received by the Prime Minister and the Minister of Cults and have left a full memorandum with the latter on their situation. They have been promised that careful consideration will be given their requests.

GUNTHER

871.404/150

The Minister in Rumania (Gunther) to the Secretary of State

No. 1592

BUCHAREST, October 1, 1940.

[Received November 7.]

SIR: Reference is made to my telegram No. 544, of September 17, 6 p. m., regarding the decision issued by the Ministry of Cults and Arts on September 9th, governing the various religious organizations in Rumania. It was then particularly noted that, although the "existence" of the Mosaic faith was recognized, it was not included in the list of cults authorized and protected by the State, and separate regulations were issued to govern the exercise of the faith and all

other Jewish activities. I now have the honor to enclose herewith a translation of the decision, as well as of a new set of regulations governing confessions in general, the special regulations pertaining to the Jewish faith and a decision regarding the suppression of religious associations.⁷

The foregoing decisions and regulations have since been suspended. The drastic limitations which they placed upon the exercise of the Mosaic faith naturally produced consternation in Jewish circles and, as indicated in the telegram already cited, the President of the Jewish Community (Dr. W. Fildermann) immediately made representations to Premier Antonescu on the subject. According to Dr. Fildermann, General Antonescu received these representations in a sympathetic, reassuring manner and directed his Minister of Cults and Arts to accord them careful consideration. But on September 14th the New Iron Guard Government converted the Ministry of Cults and Arts into an Under Secretariat of the Ministry of National Education; and Dr. Fildermann found in his first interview with the new Iron Guardist Under Secretary that he was disposed to treat the Jews and the Jewish problem with all severity. Becoming thereupon genuinely apprehensive, Dr. Fildermann busied himself with new representations to the Premier which apparently bore fruit. On September 18th he received a letter from the Secretary General of the Presidency of the Council of Ministers quoting a communication from General Antonescu which said in part:

"Assure Dr. Fildermann . . . ⁸ that if his coreligionists do not openly or secretly sabotage the regime, either politically or economically, the Jewish population will not suffer.

"General Antonescu keeps his word."

A copy of the full text of the Premier's letter, as furnished the Legation by Dr. Fildermann, is enclosed herewith.⁹

Then on the following day, September 19th, came the announcement of fresh decisions suspending those of September 9th "until such time as the regime governing religious associations and communities shall have been definitely regulated by legislation". Translations of the suspending decisions form an enclosure hereto.⁹

On September 19th, before he had been apprised of the suspensions, Dr. Fildermann called on Mr. Benton ^{9a} by appointment for the express purpose of acquainting the Legation with the circumstances and, undoubtedly, of enlisting its sympathy and possible support. I am enclosing a copy of Mr. Benton's memorandum ⁹ of the conversation,

⁷ None printed.

⁸ Omission indicated in the original despatch.

⁹ Not printed.

^{9a} James Webb Benton, First Secretary of Legation.

since it contains some very useful data and background information regarding the Jewish position in this country at the present time.

The position now is, then, that Premier Antonescu, desirous of consolidating governmental authority and restoring order rather than provoking new complications or taking over-hasty action pointing to persecution, is making every endeavor to moderate the enthusiasm of the youthful, impatient, essentially anti-Semitic element newly come to power. Suspension of the former decisions is an indication that he has in this instance been successful, at least to a degree, and that the problem is to be reviewed in favor of a less hurried solution. It can not be expected that such new regulations as may be issued will be in any way favorable to the Jews, but I believe that General Antonescu was sincere in his recent assurances to me that there would be no real persecution or anything in the nature of a pogrom.

A few minor anti-Semitic measures have in the meantime been taken, such as: The elimination of certain Jews from activities in State and private theaters; the prohibition for Jewish bookshops to sell school books and equipment, exclusion of Jewish lawyers from various bars, dismissal of numbers of Jews from the different Ministries and official institutions, elimination of Jews from the stock exchange, proposed exclusion of Jews from medical practice and other similar measures.

When a few days ago I called on Professor Horia Sima, who not only has fallen heir to the leadership of the Iron Guard but is Vice President of the Council of Ministers, our conversation turned briefly on the subject of the Jews. After asserting, to my surprise, that the Legionaries had swung to the support of the Axis because it is anti-Jewish, he went on to say that he personally was anti-Jewish because the Jews had succeeded in obtaining a strangle-hold upon every branch of Rumanian life. He warned me that they were probably trying to do the same thing in America and would not be convinced that a serious Jewish problem does not exist in the United States. But the point of chief interest was his assertion that he purposed to carry out his program by pacific means rather than persecution, gradually training young Rumanians to take over the work now done by Jews. As this was in harmony with remarks made to me the other day by Premier Antonescu, who said that he planned to place young Rumanians in Jewish offices to learn their methods, I felt considerably reassured as to the intention to exercise restraint and to avoid bloodshed or any other of the more violent forms of oppression.

Furthermore, since the drafting of the above despatch it has reached me from a usually reliable source that the German authorities in Bucharest in the last day or two have warned the Rumanian Government to make less haste in the matter of ousting the Jews from their various occupations. The Germans have no desire to see the impending eco-

conomic crisis hurried along. It would take three or four years, at least, for the gradual training of Rumanians to take the places now occupied by Jews, and before that the Germans hope to be able to demobilize and to have plenty of young men to take those places themselves. I shall not fail to point this out to the Rumanian authorities as opportunities present themselves. The Germans employ a large number of Jews here as middlemen for most of their agricultural purchases. Furthermore, the German Legation's local lawyer is a Jew. I understand that he has recently tried to resign in the light of the general attitude towards his race but was deterred by the Minister, personally, who pleaded with him not to do so.

Respectfully yours,

FRANKLIN MOTT GUNTHER

871.4016/248

The Minister in Rumania (Gunther) to the Secretary of State

No. 1607

BUCHAREST, October 7, 1940.

[Received October 31.]

SIR: In continuation of my despatch No. 1592, of October 1, 1940, which dealt with certain aspects of the situation of Jews in Rumania under the new Antonescu régime, I have the honor to list below the more recent measures, official and otherwise, that have been taken in this regard:

1. All rural property in the hands of Jews has been taken over by the State and paid for in bonds at an interest rate of 3%, the bonds at the same time being blocked.
2. Jews are forbidden to use the phrase "Furnishers to the Royal Court".
3. Jewish children are permitted to attend Jewish schools only.
4. Jews who have entered Rumania clandestinely during the past five years are required to leave the country within two months, failing which they are to be placed in concentration camps at their own expense, or at the expense of the Jewish Community.
5. Pharmacy shops may not be leased to Jews; Jews may not be employed in pharmacies other than those owned by Jews; pharmacies now leased by Jews must be liquidated within one month.
6. Jewish lawyers who remain members of the bar can plead the cases of their coreligionists only.
7. Christian lawyers will replace Jewish lawyers in the legal departments of commercial firms.
8. All lawyers and all persons practicing a liberal profession who come from the evacuated territories will be given places as new vacancies arise through the elimination of Jewish professionals.
9. Jewish lawyers have been eliminated from the bar at Braşov.
10. Twenty-eight Jewish professors have been dismissed from teaching faculties in different parts of the country.
11. Jews have been excluded from the Syndicate of Journalists of Bucharest.

12. The Society of Rumanian Writers has eliminated from its membership all writers of Jewish origin.

13. Jews of Rumanian origin may not be correspondents for foreign newspapers.

14. "Rumanianizing" commissars have been placed in the larger Jewish enterprises.

15. The Association of Rumanian dentists has decided to exclude all Jewish dentists from its ranks.

Respectfully yours,

FRANKLIN MOTT GUNTHER

871.4016/254

The Minister in Rumania (Gunther) to the Secretary of State

No. 1690

BUCHAREST, December 4, 1940.

[Received January 30, 1941.]

Subject: The Situation of Jews in Rumania.

SIR: Referring to the Legation's despatch No. 1607, of October 7, 1940, and previous despatches on the above subject, I now have the honor to note some of the more recent developments affecting the situation of the Jewish population in Rumania.

The Department is well aware of the perennial character of the Jewish problem in this country, particularly as it has presented itself since the conclusion of the World War. In 1922 a student movement was founded having anti-Semitism as its basic tenet. A few years later, Codreanu and his Iron Guard took up the cry. Throughout the twenties and late into the thirties Mr. A. C. Cuza, a veteran politician and nationalist, has led a constant and bitter campaign against the Jews. A particularly critical period came with the ill-starred and short-lived Goga Government of early 1938, when official anti-Semitism became rampant for the first time. Then followed the uncertain period of King Carol II's dictatorial regime, which retained Goga's plan for citizenship revision and otherwise indicated its clear intention to deal seriously with the Jewish problem. Those who could not establish their title to Rumanian citizenship under drastic and severely applied regulations became "foreigners", or unwanted residents of the country without nationality, and it was hoped that their emigration would eventually become possible through some as yet nebulous international arrangement. Throughout all this the Jews were watchful and fearful; there was even a mild exodus and some flight of capital. But, in general, they were relatively untouched; they were humiliated and jostled, but they kept their homes and jobs, they continued to sell their wares and practice their professions, hoping that this storm would pass as had so many others.

But, as earlier despatches have already suggested, the lot of the Jews in Rumania has definitely worsened since the inauguration of

the present regime three months ago. In the first place, the green-shirted Iron Guard is in power, and the Iron Guard is notoriously and avowedly an essentially anti-Semitic organization. In the second place, Rumania not only has come under the direct "influence" of Nazi Germany but is now actually a member of the Axis and an adherent to the Tripartite Pact.¹⁰ And, thirdly, the country requires scape-goats for all the evils and misfortunes of the day, and finds that the Jews, along with former King Carol and the old politicians, serve admirably in this unhappy rôle. These considerations, plus an underlying sentiment of genuine anti-Semitism generally, provide sufficient reason and background for Jewish fears and sufferings in Rumania today.

Dr. W. Fildermann, President of the Jewish Community in Rumania, has made a special point of keeping the Legation informed of the changing situation of the Jews in Rumania, particularly through the Bucharest correspondent of the Jewish Telegraph Agency, a Mr. Adolph Grindea, who is among those who recently succeeded in effecting a clandestine departure for Palestine. These sources have supplied the Legation with a sheaf of copies of written representations to the Rumanian Government, dealing sometimes with individual cases and at other times with general decrees and measures, as well as providing information of the temper and fears of the Jewish population and retailing innumerable stories of persecution and violence. Translations of two typical representations to the authorities form enclosures hereto.¹¹ Among the verbal but uncorroborated accounts received, the following may be mentioned as representative cases:

1. Following minor disorders at a market on the outskirts of Bucharest, attempts were made to implicate the Jews as communists, and two young Jewish boys were shot by the Legionaries.

2. At one village the Jewish families were sent into the forest to cut down trees and when they returned found that their household belongings had been confiscated.

3. At Tecuci, estimated to have possibly one hundred and fifty Jewish families, the Jewish colony was notified one day that it should produce one million lei by seven o'clock in the evening, which it finally succeeded in doing in spite of extreme poverty.

4. Jewish stores all over the country are being placarded as such and Legionaries are either forbidding entry or at least warning persons who come to such stores. In other cases entrance is encouraged but a Legionary collects the cash at the end of the day.

5. A Jewish merchant on Strada Lips cani was forced under duress to sign a statement transferring the rights of his store to the Legionaries.

¹⁰ German-Italian-Japanese Tripartite Pact, signed at Berlin, September 27, 1940; adhered to by Rumania November 23, 1940; for text, see *Foreign Relations*, Japan, 1931-1941, vol. II, p. 165.

¹¹ Not printed.

6. Three men were taken from their offices, charged with being Communists, stripped to the waist, beaten and then released with a warning.

7. Jews leaving Constanza at the time of the last sailing of the *Basarabia* had all of their personal effects confiscated, including even the shoes they were wearing, being left with only the other clothes they happened to have on.

8. A group of some fifty or sixty young Jewish girls who were gathered together at some sort of meeting were made the object of various forms of violence, including the shaving of their heads.

Most of the foregoing alleged happenings, which could be multiplied indefinitely from hearsay, took place early in November, and leading Jewish quarters became increasingly alarmed at that time. In the hope that I might exert some leavening influence in the proper quarters, Dr. Fildermann made known to me his fears that a pogrom of serious proportions was being planned to take place while Premier Antonescu was away on his official visit to Italy. As Mr. Mihai Antonescu, Minister of Justice and a cousin of the Premier, laughingly reminded me some days later, these extreme fears were not realized and the Premier's absence was not marked by any notable anti-Semitic activities. Nevertheless, the day-by-day persecutions, restrictions, humiliations, hardships and instances of violence have been sufficient to strike terror in the Jewish heart.

In recent weeks the Jewish plaint has not been one of lost positions, special taxes or discriminatory restrictions—that is an old story. Rather it has been one of deaths, torture, beatings, abductions, confiscation, robbery and violence in all forms. It is not an exaggeration to say that here today one sees the Jews with tears, hollow eyes and wringing hands. Many of them never go out; they keep to their homes for fear of meeting violence in the street. A few, who have reasons to fear they may be sought out, creep from friend to friend or house to house afraid to go to their own homes to sleep. Those of means endeavor frantically to dispose of their property, secure funds abroad and find a way to leave the country. Officers of this Legation are daily besieged, in the street, in public places, at social functions and even in their homes, by seekers of American visas or their friends. They all feel that Rumania's identification with the Axis and the advent of the Green Shirts spell an end to that tolerance for the Jews which has to some degree heretofore existed in this country.

The wiser heads amongst the Rumanians, official and otherwise, look askance at these young, undisciplined, irresponsible Green Shirted boys who, drunk with their new power, their uniforms, their songs and their untried revolvers, rush headlong for a quick revenge against the Jews, the "enemies of the country". General Antonescu is making every effort to hold them in leash. Even the Germans here, military

and official, consider that the anti-Jewish movement is going at an unreasoning speed, and that the Legionaries are trying to accomplish in a few short months what Germany required several years to achieve. And observers have noted that as Nazi interests acquire business establishments and other enterprises in Rumania they take care to retain the experienced Jewish administrators and managers to ensure continued efficiency of operations.

It may be pertinent to the foregoing to note here a few of the official measures taken with regard to Jews in Rumania during the past few weeks.

1. It has been decreed that all enterprises and companies are obliged to eliminate all Jewish employees by December 31, 1941.

2. Following the announcement that all rural property owned by Jews was liable to confiscation by the State, it was decreed that Jewish owners of land properties (forests, forestry enterprises, mills and the like) are compelled to continue the exploitation of such properties until they are taken over by the State.

3. Jewish doctors are not allowed to have other than Jewish clients, nor are they allowed to practice outside of their prescribed district.

4. Jews are not permitted to benefit from the arrangements made for exchanges of students with other countries.

5. Jews engaged in the moving picture business or connected with moving picture theaters, as well as those engaged in tourist trade, must withdraw from such enterprises or employment.

6. Jews have been excluded from military service; but they must pay special military taxes and are to be employed in public works instead. Qualified specialists (doctors, chemists, engineers, architects and the like) will be utilized according to their specialty.

7. Rumanian civil servants are forbidden to marry persons who are not of Rumanian ethnical origin.

8. All boats and vessels which belong, or which belonged on September 6, 1940, to Jews or Jewish-owned companies are confiscated by the State. (A few days after this decree was issued it was announced that eight tug-boats confiscated from Jews had been turned over to the German Company for Danubian Navigation).

Some uncertainty always exists as to the precise number of Jews in Rumania. The official census of 1930 indicated that in Greater Rumania there were 728,115. In 1938, official estimates placed the number at roughly one and a half million; Jews gave a considerably smaller figure and anti-Semites a much larger. A few weeks ago, Dr. Fildermann said that he had established with the Rumanian Government that the number of Jews in present-day Rumania, following the losses of Bessarabia, Northern Bucovina, Southern Dobruja and a large part of Transylvania, was approximately 340,000, or roughly 21½% of the total population. Officially supplied figures now appearing in the press show a Jewish population of only 283,094. For general purposes, however, it may be assumed that there are now approximately 300,000 Jews in Rumania.

Respectfully yours,

FRANKLIN MOTT GUNTHER

APPLICATION OF CONTROLS ON RUMANIAN ASSETS IN THE UNITED STATES

840.51 Frozen Credits/648 : Telegram

The Secretary of State to the Minister in Rumania (Gunther)

WASHINGTON, October 11, 1940—8 p. m.

333. Executive Order 8565, October 10, 1940¹² extended all provisions of Executive Order 8389 of April 10, 1940,¹³ as amended, to include Rumania. For reference see last paragraph of Radio Bulletin No. 85, April 10, 1940.

HULL

840.51 Frozen Credits/708 : Telegram

The Minister in Rumania (Gunther) to the Secretary of State

BUCHAREST, October 15, 1940—1 p. m.

[Received October 16—6:50 a. m.]

605. Department's No. 333, October 11, 8 p. m. Foreign Minister Sturdza asked me to come to see him late yesterday when he complained banteringly of our having sequestrated Rumania's "gold". The Finance Minister¹⁴ joined us in a few minutes and stated specifically that he would be needing immediately some 10,000,000 dollars for payments to Greece for tanning fluid and to Turkey and Iran for cotton and wool without which money Rumania would be ill equipped for the winter. He referred also to payments of salaries of Rumanian diplomats such as Gafencu¹⁵ which had to be paid in dollars. He made reference to seeming "discrimination" in our decision and both stated that Rumania was neither invaded nor occupied. I could, however, get no precise figures of number of troops but was assured that General Antonescu¹⁶ who desired to see me on this matter would himself give them to me today. It was of course alleged that the German officers and men were here by invitation and arrangement.

I replied that I have not been consulted and really knew very little about the matter, showed them a paraphrase of the only telegram from you on the subject No. 333, October 11, 8 p. m., and left with them a copy of Executive Order 8389 of April 10, 1940, as amended by Executive Order 8405 of May 10, 1940,¹⁷ with both of which I

¹² *Federal Register*, October 12, 1940, p. 4062.¹³ *Ibid.*, April 12, 1940, pp. 1400-1401. This order froze all the assets of Denmark and Norway in the United States.¹⁴ Georges Cretzianu.¹⁵ Grigore Gafencu, Rumanian Minister to the Soviet Union.¹⁶ Ion Antonescu, Rumanian Chief of State, Prime Minister, and Minister for Foreign Affairs.¹⁷ *Federal Register*, May 10, 1940, p. 1677.

had armed myself in anticipation. I pointed out that licenses for specific payments might presumably be obtained in much the same manner as with the licensing system prevailing here.

When they asked me to present the true facts to you I replied that I had already done so in so far as I was able to ascertain them due to the seeming mystery which shrouded the presence of German forces but would not fail to report this conversation and recommended that they take the matter up with their representative in Washington. I added upon leaving that quite possibly this had been an independent decision of the Treasury Department without prior consultation with you.

The Finance Minister estimated that the total amount of Government funds blocked was something under 30,000,000 dollars although he did not know how much private individuals had in America over and above this amount and also referred further to Jewish black bourse operations here to that end.

For my own information has this decision been actuated more especially by reported instances of growing domination of German party's Economic Central in Rumania's internal and foreign economic policy?

GUNTHER

840.51 Frozen Credits/709 : Telegram

The Minister in Rumania (Gunther) to the Secretary of State

BUCHAREST, October 15, 1940—8 p. m.

[Received October 16—8:44 a. m.]

608. My 605, October 15, 1 p. m. I have just come from seeing General Antonescu at his request. He spoke with considerable emphasis of the blocking of Rumania's funds. He said that he assumed that it was due to British pressure, adding that this attitude should no longer hold as he had now reached a satisfactory solution of British difficulties in Rumania that the Minister¹⁸ and his diplomatic staff were remaining and that in turn he, the General, was releasing for deportation a number of the British civil prisoners charged with sabotage.

I am transmitting to you separately by telegraph a translation of a memorandum¹⁹ which the General handed me taking it from the hands of the Finance Minister who was present at the interview. He urged immediate release of the required funds. As he added that contrary to the insistence of his Finance Minister he was not taking the retaliatory measures urged upon him respecting the American tele-

¹⁸ Rex W. A. Leeper.

¹⁹ Transmitted in telegram No. 609, October 15, 9 p. m., not printed; the substance of the memorandum is contained in a note from the Rumanian Chargé, October 17, *infra*.

phone and oil interests in Rumania. I replied that I was very glad to hear this and that certainly I at least never anticipated for a moment that he would do such a thing. I added that, as explained yesterday to the Foreign Minister and the Finance Minister, I was personally completely in the dark as to the reasons actuating this decision, which I casually observed might not have been taken solely for military reasons but possibly also because of the seemingly increasing pressure upon Rumania's internal economy of the German Legation's economic centres.

GUNTHER

840.51 Frozen Credits/755

The Rumanian Chargé (Coste) to the Secretary of State

No. 3631/P-3-II-3a

WASHINGTON, October 17, 1940.

SIR: With reference to Your Excellency's note of October 12, 1940,²⁰ transmitting copies of Executive Order No. 8565 of October 10, 1940, I have the honor to inform you that I am instructed by my Government to protest in its behalf against the issuance of the above Executive Order, by which the provisions of Executive Order No. 8389 of April 10, 1940, as amended, are extended to Romania and Romanian nationals.

Considering that Executive Order No. 8565 does not contain any reasons for the measures ordered thereby, the Romanian Government is obliged to interpret it, in view of established precedents and of statements, apparently semi-official, which appeared in the American press on October 11, 1940, as a measure based on the assumption that Romania is an occupied country.

The Romanian Government is unable to admit such an assumption and declares most categorically that Romania is a free and independent country.

The sending of a German military mission accompanied by military units, for the purpose of instructing the Romanian army, had already been negotiated by the previous Romanian Government.

This action on the part of the then Government being found agreeable, the present Government continued these negotiations and is now carrying out the agreement reached. Therefore, and since numerous precedents are in existence, the Romanian Government can in no way concur with the view that the presence in Romania of this mission could be interpreted as a military occupation.

In behalf of my Government, therefore, I have the honor to ask for a reconsideration of the entire matter, leading to the rescinding of Executive Order No. 8565.

²⁰ Not printed.

Pending the favorable decision of the United States Government on this request, I have the honor to inform you of the urgent character of certain obligations, which my Government has to fulfill out of funds deposited with the Chase National Bank by the National Bank of Rumania, and for which I request, on behalf of my Government, that the Treasury be good enough to free immediately the following necessary funds:

(a) Two Million Seven Hundred Thirty Thousand Dollars for the payment of cotton imports from Iran, in fulfillment of an existing contract;

(b) Seven Million Dollars for the import of raw materials from Turkey, in accordance with an agreement signed by the Romanian and Turkish Governments in September 1940.

(c) Four Hundred Thirty-Eight Thousand Dollars for the import of raw materials from Greece, in accordance with contracts now being executed.

(d) Ninety-Five Thousand Dollars for salaries and expenses of Romanian Legations in different countries during the current month.

Accept [etc.]

BRUTUS COSTE

840.51 Frozen Credits/710: Telegram

The Secretary of State to the Minister in Rumania (Gunther)

WASHINGTON, October 19, 1940—7 p. m.

351. Your 609, October 15, 9 p. m.²¹ and 614, October 17, 7 p. m.²² The Rumanian Chargé on October 16 [17] left a note with the Department which was similar to that contained in your no. 609, October 15, 9 p. m. (This note has been referred to the Treasury Department). Coste was informed that this was a matter lying within the competence of the Treasury Department.

For your guidance the customary procedure in the presentation of applications for unblocking funds is for either the American bank or foreign mission in Washington to apply to the Treasury Department which has full responsibility for the administration of the blocking order. This practice should be followed in the case of Rumanian blocked funds. You may inform Jordan²³ in the above sense stating that it is regretted that documentation in connection with applications cannot be handled through the American Legation.

HULL

²¹ See footnote 19, p. 781.

²² Not printed.

²³ Inspector General of the National Bank of Rumania.

840.51 Frozen Credits/730 : Telegram

The Secretary of State to the Ambassador in Turkey (MacMurray)

WASHINGTON, October 21, 1940—7 p. m.

78. The Rumanian Government has requested this Government to release sufficient Rumanian funds in this country to enable Rumania to pay for Turkish cotton in accordance with the Turkish-Rumanian Agreement of September 26. The Department desires to follow a benevolent policy regarding Turkey in view of the political situation in the Levant and is considering recommending that \$1,410,000 of Rumanian funds be released to enable Rumania to pay for 3,100 tons of Turkish cotton now understood to be ready for shipment from Turkey. The Turkish Commercial Attaché in Bucharest has stated to our Legation there that Turkey is convinced that the cotton is for Rumanian ultimate destination and that Turkey will stop shipments if this proves to be incorrect.

Before reaching a final decision, the Department would be glad to receive any observations the Turkish Government might desire to make regarding the matter. An urgent reply is requested.

HULL

840.51 Frozen Credits/860

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] October 21, 1940.

The Rumanian Chargé d'Affaires called on me today, at his request.

The subject was the blocking of Rumanian funds. He did not seem to be too well informed. He raised an objection to the blocking, on principle. He said he understood that it turned partly on the belief that Rumania was occupied by the Germans, partly on our own theory of national defense, and partly on an endeavor to prevent any goods reaching Germany. He thought that the amount involved—some thirteen million dollars of Rumanian Government funds—was not an item sufficient to affect our defense; he stated that Rumania was not effectively occupied by Germany; he said that all of the materials for which they used this American exchange as a revolving fund were for strictly Rumanian consumption. Therefore he pressed an objection of principle against our blocking exchange.

I said that I found it difficult to accept any such principle. We happened to be the last great country in the world that preserved the principle of free exchange. But we could hardly recognize that we were bound by a principle against exchange blocking orders when every other country in the world, including Rumania, felt entirely free to put blocking orders into effect as they saw fit.

Further, I said, the blocking orders were really motivated primarily by two desires. One was to safeguard American interests: we had seen Austria and Czechoslovakia occupied and every obligation to the United States repudiated at the same time that all of the assets of these countries were promptly withdrawn or utilized.

The second was a desire to assure that the assets in question reached their rightful owners, instead of somebody else.

We had, I said, every sympathy for independent Rumania. We desired nothing more than that she should be able to preserve herself. We recognized fully the cruel situation in which a country menaced by two forces, both of which were quite ready to occupy territory, necessarily found itself. This underlined our own policy of being unable to recognize seizures by armed force.

Coste thereupon explained at some length that there was not a true force of occupation, but merely a "military mission"; that it did not exceed ten thousand men; that it was not regimental formation, but company formation; and then added, somewhat illogically, that Americans would find difficulty in realizing that the Rumanians on the whole were favorably disposed towards the Germans. They had vivid and terrible recollections of the Russian army which had marched through during the World War and the fighting they had had to do to get them out. The troops in Rumania, on the other hand, had been Austrian; and they had behaved themselves well. Many of these Austrians had subsequently been in Rumania as technicians and had created a favorable impression. In any event, if they were forced to choose between Russians and Germans, they would naturally choose Germans.

I said that we did not feel called upon to pass judgment on what a country in that unhappy predicament might do; that we could not very well retire from the blocking order; but that we would of course examine sympathetically any application for licenses which they might make.

A. A. BERLE, JR.

840.51 Frozen Credits/730: Telegram

The Secretary of State to the Minister in Rumania (Gunther)

WASHINGTON, October 21, 1940—7 p. m.

353. Your 617, October 17, 9 p. m.²⁴ and other telegrams on Rumanian blocked funds. The Department is considering recommending the release of dollars to cover preliminary Rumanian obligations to Turkey for cotton importations. Before reaching final decision Department would appreciate your further recommendations after you

²⁴ Not printed.

have consulted the Turkish Ambassador. This subject will also be discussed with the Turkish Ambassador in Washington ²⁵ and by Mac-Murray in Ankara. For your guidance, the Department desires to follow a benevolent course in its dealings with Turkey because of the political situation in the Levant. HULL

840.51 Frozen Credits/772: Telegram

The Minister in Rumania (Gunther) to the Secretary of State

BUCHAREST, October 24, 1940—6 p. m.

[Received October 24—7:35 a. m.]

655. This morning I had a conference with the Turkish Ambassador,²⁶ his Commercial Attaché and Mr. Edson²⁷ being present.

The statements of the Turkish Commercial Attaché on the technical aspects of the problem may be summarized as follows:

The urgency of Rumania's need for cotton is genuine; local stocks have been almost exhausted and certain Rumanian mills may be forced to shut down in a few days if fresh imports are not made. Turkish cotton has proved usable in Rumanian textile factories without important changes in the machinery although the textile produced was naturally inferior to the product obtained from Egyptian long staple. "The Iranian Minister last night confirmed to me both of the above points concerning which I had been anxious. He has a number of Armenian nationals who operate textile factories in Rumania." Recently Rumania has been importing ersatz cellulose thread from Germany in order to keep weaving mills busy.

The Commercial Attaché confirmed the other statements conveyed in my 617, October 17, 9 p. m.²⁸ but added the following modifications:

1. The sum of eleven million Turkish pounds fixed for the value of cotton to be bought by Rumania and also of oil to be bought by Turkey was not a fixed contractual figure to buy the quantity which each party promised to make available to the other. It now appears probable that Turkish purchases of oil will not be as large as Rumanian purchases of cotton.

2. At present it seems possible that Rumania will attempt to insist that Turkey pay for oil in Swiss francs instead of dollars.

The Turkish Ambassador stated that the proposed transaction was an entirely legitimate one which had been envisaged since some time. He assured me that the granting of licenses for this cotton would be esteemed a real favor by his Government.

If only as a matter of tactics the granting of some licenses now would appear warranted, i. e., unless perchance we would lief see

²⁵ Mehmet Münir Ertegün.

²⁶ Bay Suphi Tanrıöer.

²⁷ Andrew W. Edson, Second Secretary of Legation in Rumania.

²⁸ Not printed.

American companies here completely nationalized. So far I have been able to juggle the deferment of definite decision on this but I could not guarantee being able to do so indefinitely in view of the strength and persistence of the radical wing of the Iron Guard Party. Further, now that we are at last using some of our power our action in this matter, with skillful handling, might even be turned to inure somewhat to the advantage of American interests in Rumania.

GUNTHER

840.51 Frozen Credits/781 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, October 25, 1940—5 p. m.

[Received 6:25 p. m.]

177. Department's 78, October 21, 7 p. m. Foreign Office states that under the Turkish-Rumanian agreement of September 26, last, Turkey is to deliver to Rumania cotton to a maximum amount of 12,000 tons against petroleum products of an equivalent value to be furnished by Rumania. Rumania is obliged to pay for the cotton in dollars which will be deposited in a special account in the Turkish Central Bank and used for the payment of the petroleum products delivered by Rumania. Upon inquiry being made why provision was not made for an exchange of specified amounts of these products without payment in free exchange, the Embassy was informed that such an arrangement had been tried before and had not worked.

Foreign Office states frankly that it realizes that some of the cotton exported to Rumania may find its way to Germany. It is convinced, however, in view of the great need of cotton in Rumania that any such amount would be small. (Turks estimate minimum needs of Rumanian cotton mills at approximately 20,000 tons annually and usual sources of supply—Egypt and the United States—are not available.) While there is a provision in the agreement requiring clearance of the cotton through the customs, there is no stipulation prohibiting re-exportation. The cotton will be delivered in a series of shipments and a second shipment will not be made until Rumania has furnished petroleum products. Foreign Office emphasizes that Turkey was obliged to agree to deliver cotton to Rumania in order to obtain petroleum products which Turkey greatly needs and cannot at present readily obtain elsewhere. Rumania was willing to deliver such products only if Turkey furnished cotton.

The Foreign Office states that 3,100 tons of cotton are now being prepared for shipment to Rumania of a value of between \$1,400,000 and \$1,500,000.

MACMURRAY

840.51 Frozen Credits/727 : Telegram

The Secretary of State to the Minister in Rumania (Gunther)

WASHINGTON, October 29, 1940—8 p. m.

374. Your 609, October 15, 9 p. m., 614, October 17, 7 p. m.²⁹ and 655, October 24, 6 p. m. Following a careful examination of the points involved in the Rumanian Government's request for the release of \$1,410,000 to pay for Turkish cotton importations, it has been decided that the request is justified. Accordingly, the Treasury Department has released the aforementioned sum for the purpose indicated.

You should immediately inform the Prime Minister of this fact, stating that the release has been made strictly on the merits of this specific request. You should in no sense, however, give any indication that the action of this Government has been in any way concerned with a *quid pro quo* involving the difficulties of American companies in Rumania. The Department believes that this Government and the companies themselves would be in a far stronger position by keeping the question of blocked funds entirely separate from American interests in Rumania.

HULL

840.51 Frozen Credits/1033

Memorandum of Conversation, by the Assistant Secretary of State (Berle)

[WASHINGTON,] December 6, 1940.

The Rumanian Chargé d'Affaires came in to see me today at his request. His purpose was to ask the renewal of the license³⁰ formerly granted by the Treasury for fifteen days authorizing payment of \$1,400,000 from the account of the National Bank of Rumania with the Chase National Bank of New York to the Agricultural Bank of the Republic of Turkey in payment for 3,100 tons of Turkish cotton purchased by the Rumanian Textile Industry.

I said that I knew about the matter; that I had previously recommended the granting of the license. In frankness, however, I felt it necessary to observe that the situation of Rumania had changed materially since the last license had been granted. She had adhered to the Axis; she had recognized Manchukuo despite the fact that our Legation there had made representations to General Antonescu.

The German "Military Instruction Mission" had now become quite openly an army of occupation. She had signed a commercial treaty which on first analysis would seem to indicate that the results of

²⁹ Neither printed.

³⁰ See *Federal Register*, October 29, 1940, p. 4273.

Rumanian manufacture would go first to Germany, and that only after their needs were satisfied would the Rumanian people get anything out of it. This did not necessarily indicate what action would be taken on the license; but these considerations necessarily entered into the matter.

The Rumanian Chargé was obviously very moved and very unhappy. He said that Rumania's misfortunes were due to the action of one man—King Carol; that Antonescu was doing his best to save what he could from the wreck; that if the Rumanian population could not be taken care of to some extent the present group which were moderate would probably be replaced by extremists; etc. He did not conceal from me the fact that he felt Rumania was well on the way to becoming virtually a conquered province. He hoped that we might be of some assistance to them.

He left with me the attached *aide-mémoire*.³¹ I said I would consider the matter with the Treasury.

A. A. BERLE, JR.

840.51 Frozen Credits/1012: Telegram

The Secretary of State to the Ambassador in Turkey (MacMurray)

WASHINGTON, December 9, 1940—noon.

97. Department's no. 78, October 21, 7 p. m., your no. 177, October 25, 5 p. m., and Department's no. 82, October 31, 7 p. m.³² Transfer of the \$1,410,000 of Rumanian funds to pay for Turkish cotton has been delayed due to the Rumanian Government's failure to utilize the permit within the 15 days for which it was valid. The Department's recommendations have now been asked by the Treasury Department on a new application by Rumania for release of the funds. In view of recent developments in Rumania, the Department has decided to recommend that the funds be not released, and has informed the Turkish Ambassador here of this decision today.

The Department understands that the Rumanian Government is very anxious to obtain the cotton and that our refusal to release the funds may force Rumania to supply oil to Turkey promptly, in accordance with the original barter plan. For this reason, we believe the Turkish Government will be in accord with our decision to withhold the funds.

This information is being sent to you for such use as may be appropriate.

HULL

³¹ Not printed.

³² Telegram No. 82, October 31, 7 p. m., not printed.

840.51 Frozen Credits/1020

The Rumanian Chargé (Coste) to the Secretary of State

No. 4069/P-3-II-3a

WASHINGTON, December 10, 1940.

SIR: Pursuant to my note No. 4062 of December 9, 1940,³³ concerning the application filed by the Chase National Bank of New York with the Treasury Department for a license to pay the sum of \$2,730,000 from the account of the National Bank of Romania with the said Institution, to Maison Pirous, Teheran, Iran, I have the honor to reiterate to your Excellency the following points, which I stressed, on behalf of my Government, during my conversation today with Mr. Ray Atherton, Chief of the European Division:

1. The freezing of Romanian funds by Executive Order No. 8505 of October 10, 1940, has been regarded by the Romanian Government as a departure from the Most-Favored-Nation Clause stipulated in Article I of the Provisional Commercial Agreement concluded between the United States and Romania on August 20, 1930,³⁴ inasmuch as the measure taken in regard to Romanian funds was not general but specific, thus discriminatory.

2. If the license referred to in the aforesaid note were not granted, it would mean that Romania is subjected to a further discriminatory treatment, which is not applied to any of the belligerent countries.

The funds of the belligerent countries in the United States are not frozen.

Thus, the belligerent countries have the possibility of using these funds for buying needed goods from all those countries with which they are able to maintain commercial communications. Turkey and Iran are, without doubt, in the category of those countries with which each one of the belligerents has extensive trade relations.

In addition to the funds deposited in the United States, the belligerents, in virtue of special payment agreements, dispose of direct means of payment for the importation of Turkish and Iranian goods. In contrast, Romania, particularly with regard to Iran, has no means of payment available other than the blocked funds in the United States.

3. The cotton imported by Romania from Turkey and Iran is destined exclusively for internal consumption. Romania has never exported and has no intention of exporting or re-exporting raw cotton, finished or semifinished cotton goods. Because of exceptional conditions prevailing during the current year and in spite of increased needs, due to extended mobilization of its army, Romania has imported only insignificant amounts of raw cotton in comparison with an average annual importation of 17,000 tons for each of the three preceding years.

4. Having in view on one hand that the needs of the domestic market are so urgent that several textile factories in Romania have been forced to slow down production because of lack of cotton, and on the other the fact that the foreign countries supposedly able to obtain for their needs the cotton imported by Romania are in position to import it

³³ Not printed.

³⁴ *Foreign Relations*, 1930, vol. III, p. 799.

direct from Iran and Turkey, the suggestion that goods imported by Rumania and paid for from accounts frozen in the United States could reach certain foreign countries cannot be substantiated by indications, let alone by facts.

5. The discrimination against Rumania, mentioned under point 2, appears evident not only by comparison with the treatment accorded the belligerents, but also with that granted to all the countries bordering on Rumania, no matter what attitude these countries have taken with regard to the present war.

I beg your Excellency to be good enough to take the foregoing arguments into account when considering the request for the license mentioned above.

The said arguments (particularly those under Nos. 1, 2, 4 and 5) apply with equal force to the specific requests for which I had the honor to ask your Excellency's intercession with the Treasury Department in my notes of November 18 and 19, Nos. 3896 and 3819,³⁵ respectively.

Accept [etc.]

BRUTUS COSTE

840.51 Frozen Credits/985½

Memorandum of Conversation, by the Secretary of State

[WASHINGTON,] December 23, 1940.

The Rumanian Chargé d'Affaires called and protested against the failure thus far of this Government to release a certain amount of Rumanian assets which have been blocked in this country, in order that the Rumanian Government might pay for cotton, et cetera, which it is desirous of purchasing in Turkey and Iran. I said to him that the entire problem of exchange was under consideration from day to day by the experts in the Treasury and the State Departments and that every attention was being given to all phases of the matter; that it was necessary to consider the entire picture for the purpose of formulating policy. He stated that we were allowing Germany and Italy to purchase cotton in Turkey and Iran with dollars and that this was a discrimination against Rumania. I replied that that might be an argument in favor of dealing with this situation rather than in favor of complying with the Rumanian request. I made it clear to the Chargé d'Affaires that this Government and the American people have a most friendly and sympathetic interest in the people of Rumania and in any circumstances deemed at all permissible, we would go far out of our way to do a service to the Government and the people of Rumania; that we were well aware of what Hitler has done to many countries in Europe, including Rumania, and we were taking no

³⁵ Neither printed.

chances in aiding or encouraging him, even indirectly, to continue his ruthless advance across the earth, and ultimately to reach South America and this hemisphere. I said that I felt sure his Government understood the situation.

C[ORDELL] H[ULL]

840.51 Frozen Credits/1007

The Secretary of State to the Rumanian Chargé (Coste)

[WASHINGTON,] February 12, 1941.

SIR: Reference is made to your notes no. 4069/P-3-II-3a of December 10, 1940 and no. 4095/P-3-II-3a of December 13, 1940 ³⁶ expressing the view of your Government that the freezing of Rumanian funds by Executive Order no. 8505 of October 10, 1940 is discriminatory and a departure from the most-favored-nation treatment stipulated in Article I of the Provisional Commercial Agreement concluded between the United States and Rumania on August 20, 1930. Particular reference is made to two applications to the United States Treasury Department for licenses to pay from the account of the National Bank of Rumania with the Chase National Bank of New York, sums totalling \$3,419,200 to residents of Turkey and Iran in payment for cotton and rubber imported into Rumania from those countries.

Without concurring in the assumptions implicit in your note no. 4069 as to the purposes for which the freezing of certain foreign funds in the United States was adopted and is administered, it is to be noted that the cases under reference raise no question of commercial transactions between the United States and Rumania, but relate to the release of funds for payment of transactions between Rumania and third countries. It would not appear therefore that the provisions of the Provisional Commercial Agreement of August 20, 1930 are pertinent to these cases.

It would not appear necessary, therefore, in the instant cases to examine whether the provisions of the Agreement extend to regulations affecting the means of payment for transactions between Rumania and the United States or whether the administration of Rumanian exchange control regulations has been such as to accord most-favored-nation treatment to nationals of the United States.

Careful examination has, nevertheless, been given to the request of the Rumanian Government that the Department of State intercede with the Treasury Department in order that the sums of \$2,730,000 and \$689,200 be paid to Maison Pirous, Teheran, Iran and to Mr. John

³⁶ Latter not printed; it requested the Department of State to intercede with the Treasury Department in support of an application for a license to release \$689,200 for payment of imported rubber in Istanbul (840.51 Frozen Credits/1031).

Toyhe, Istanbul, respectively. The Department regrets, however, that it does not feel that it can recommend the granting of licenses for the release of the amounts in question.

Accept [etc.]

For the Secretary of State:
SUMNER WELLES