

J.B.K.  
May 26, 1943

## REOCCUPATION AND MILITARY GOVERNMENT

The work on reoccupation problems is proceeding in two planes: (a) study of the appropriate policies to be pursued in reoccupied areas, in collaboration with the Board of Economic Warfare, (b) the Military Government Handbook project.

Collaboration with the BEW on reoccupation problems dates back to last July when the BEW formed an interdepartmental committee with the Treasury and the Federal Reserve on this subject. (The Treasury dropped out at an early stage.) This committee has produced memoranda regarding the appropriate policies to be pursued in North Africa, Italy, Spain and Greece. It is now pursuing its studies of the Italian situation and is discussing certain major problems which will arise when Germany is occupied. In particular, attention is being given to the question of how inter-European trade will be organized and financed after the whole system is disrupted by the collapse of Germany and the clearing system which has been imposed upon Europe by the Nazis.

A memorandum is being submitted recommending certain further steps which should be taken to give the Board of Governors a further role in reoccupation work; this involves in particular representation on a State Department committee which is now dealing with civilian affairs in North Africa.

Meanwhile the Military Government Handbook project is absorbing the energies of the group of economic specialists which has been assembled for this job. This project was undertaken by the Board last February and some weeks were spent in assembling personnel. The work is being handled in two stages: 1) Pre-war background and 2) Wartime developments. The present status of the pre-war work is as follows:

Mr. Tamagna has assembled a great deal of material on Italy and is submitting the first completed sections of the Italian project this week.

Mr. Chleponer is three-quarters through with the job on France, material on the Bank of France having been contributed by Miss Bulla.

Mr. Dernburg is somewhat less than half way through with the job on Germany. Mr. Herberg has nearly finished a section on German agricultural credit, which will be incorporated in Mr. Dernburg's study.

Mr. Eisenberg has finished the work on Czechoslovakia, which is now being reviewed and edited by Mr. Hammond. He is now assembling material on Hungary.

Mr. Furth has finished the work on Austria which has now been mimeographed; he is perhaps half way through the work on Greece.

Mrs. Laursen, in addition to assisting the research work of the other members of the group, has written up a considerable volume of material on Norway.

The Federal Reserve Bank of New York, which is to contribute material on savings banks and insurance companies in most European countries, and the SEC which is submitting material on stock exchanges, have made some progress on their assignments. No finished material has yet been submitted by them, however, except for a section on French stock exchanges prepared by Mr. Vernon of the SEC.

We have recently been informed by the Military Government Division that they have established a deadline of September 1 for the completed handbooks on Germany, Italy, France and Japan. (Our work on Japan will be undertaken by Mr. Tamagna as soon as he has finished Italy, which should be within three or four weeks.) Of course, our material on these countries should be submitted well before that date, perhaps by the first week of August. It is believed that we can accomplish this, although the work will have to be pressed.

Aside from these major countries, we are being urged to complete the work on the minor Axis countries (Hungary, Bulgaria, and Rumania) and on Greece. Hungary and Greece are now being worked upon, and Bulgaria and Rumania are tentatively assigned to Miss Cornelia Rose, whose appointment is at present being considered by the Board.

If Miss Rose's appointment is approved, it is believed that our personnel for the Handbook work will be adequate.