

MEMORANDUM

January 10, 1947

To : William S. Youngman

From : Duncan C. Lee

Subject: UNRRA Air Transport - Memorandum of Meeting with UNRRA Washington

1. Mrs. Lönborg and I met this afternoon with Captain MacIver, Chief, Program Section for Eastern Affairs, of UNRRA. Also present were Major Atkinson, his assistant, and Mr. Lloyd of Legal Division, UNRRA. Captain MacIver read over a brief statement summarizing the status of procurement and financing arrangements for CAT, which became the agenda for the meeting's discussions.

2. Funds Allocated. The following funds have been allocated by UNRRA for this project.

\$ 750,000	Purchase of aircraft and spare parts
235,000(a)	Purchase of POL (to 30 June 1947)
180,000(a)	Home allotments (to 30 June 1947)
170,000(b)	Reserve including make-ready expenses at Hawaii and the Philippine Islands
<u>\$1,335,000</u>	TOTAL

Notes

(a) Captain MacIver explained that under present State Department authorizations UNRRA could not commit itself beyond 30 June 1947 on this project; hence the June 30 limitation upon funds allocated for POL and home allotments. He expressed the personal view that funds for home allotments might later be made available beyond this date but he did not think the same would be true of POL. In this connection, it would be noted that the POL estimate is based upon CAT's six months' requirements estimate. If these requirements to June 30, 1947 should have to be revised upwards, UNRRA would presumably be in a position to increase its allocation correspondingly.

(b) Of the \$170,000 reserve fund, \$130,000 has already been allocated for make-ready expenses as follows: \$25,000 for use in Washington to move maintenance and repair personnel to Hawaii, \$100,000 for expenses in Hawaii, \$5,000 for expenses in Manila.

3. Procurement. Fourteen C-46's are being procured at Hawaii. Dewey Jones, who will be UNRRA's representative and certifying agent there, is now on his way to Hawaii to investigate the possibility of

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purchasing Navy spare parts believed to be available at Pearl Harbor. ~~these~~ If these spare parts cannot be procured, UNRRA will purchase an additional three C-46's for cannibalization. Two C-47's have been procured at Manila and three additional ones have been lined up. One or two more C-47's will probably have to be procured for cannibalization if spares cannot be obtained. At the moment, it seems unlikely that C-47 spares can be found anywhere. In this connection, however, it was suggested that CAT immediately investigate the possibility that the surplus property recently acquired by the Chinese Government on the China mainland may include spare parts for both types of aircraft. If so, CAT should put in an immediate request for an allocation. Captain MacIver explained that UNRRA did not propose to procure any ground equipment, since this was believed to be available in China from surplus property. UNRRA will also not supply food or clothing for CAT personnel.

4. Accounting Procedure for Make-Ready Expenses. Almost all of the reserve fund has already been allocated to make-ready expenses, with only \$40,000 remaining unallocated. Mrs. Lönberg has already spent \$22,500 to send the main party of maintenance and repair personnel to Hawaii. Captain MacIver promised to reimburse her for this early next week. She stated that she would have to send at a later date an additional nine personnel at a cost of several thousand dollars in excess of the \$2,500 remaining out of the original allocation. Captain MacIver assured her that there would be no difficulty in increasing the allocation to provide for this additional group.

Expenditures at Hawaii and the Philippines will be handled as follows: General Chennault and Mr. Willauer through their local representative will make the original outlay and upon presentation of vouchers will be reimbursed on the spot immediately by the UNRRA certifying and paying agent, i.e., Dewey Jones in Hawaii and St. Louis in Manila. Mrs. Lönberg raised the question whether the pay of the maintenance and repair personnel while in Hawaii should be reimbursed as a make-ready expense or should be handled under the allotment provisions of the employment contracts. In the discussion that followed, it was pointed out that these allotment provisions clearly contemplated the presence of the employees in China, and were hardly appropriate for this situation. Accordingly, it was the sense of the meeting that this pay should be charged to make-ready expenses and be fully reimbursed by UNRRA. Before UNRRA finally agrees to this decision, however, Mr. Lloyd was asked to check as to any possible legal difficulties in handling the matter this way.

5. Procedure for Home Allotments. After considerable discussion it was agreed that the home allotment procedure followed by UNRRA in the case of its existing China projects might be simplified to the following steps:
  - (a) UNRRA, Shanghai, and CAT will prepare each month an approved list of names and addresses.

- (b) A copy of this certified list will be delivered to UNRRA, Shanghai, and another copy will be sent directly to Mrs. Lönberg in Washington.
  - (c) UNRRA, Shanghai, upon approving the list will cable UNRRA, Washington authority to pay to Mrs. Lönberg the total dollar amount shown on this list.
  - (d) Upon receiving this payment Mrs. Lönberg will then pay out the individual allotments in accordance with the list she has received from China.
  - (e) UNRRA may thereafter require that Mrs. Lönberg certify to them that she has made payments in accordance with the UNRRA list. This can be handled simply by endorsing a certification upon a copy of this list and returning it to UNRRA, Washington.
6. Use of ATC Facilities. Mrs. Lönberg reported that she was taking up with ATC next week the request for permission for the C-46's to use ATC facilities en route to China.
7. CAA Jurisdiction over Flight to China. Mrs. Lönberg read a cable received from Mr. John R. Rossi at Hawaii saying that CAA claimed jurisdiction over the flight to China and would refuse to permit passengers to be carried. Mrs. Lönberg undertook to contact CAA to find out what their requirements might be. As to passengers she will explain that only crew members will be carried.
8. Insurance. Mrs. Lönberg inquired as to whether UNRRA had any group insurance schemes in effect which might be available to CAT personnel. The UNRRA representatives were certain that there were no such arrangements available to any except direct UNRRA employees. They undertook, however, to look into the matter further.
9. Matters to be Pursued Further. (a) General Chennault and Mr. Willauer should review POL and other requirements in light of the 30 June '47 cutoff date to make sure that present estimates are adequate. Any revised requirements should be put in immediately. (b) Inquiries should be made immediately in China as to the availability of aircraft spare parts and ground equipment for use in connection with the project.