

Baruch, Bernard

1975-52

Baruch
[redacted]

ILC
Baruch

1. Treaty to be made to which
all nations will become party
and which has to be ratified
by various governments - U.S.
ratified by 2/3 vote of Senate

2. Treaty sets up international control
of atomic energy as as to use for
peaceful purposes and not for
war purposes. This control
starts at the raw material
uranium (thorium) when they
become under ownership of
Int Authority as soon as secured
from the ground - Int control
continue its dominance over
material thru metallurgy
conversion into fissionable
material for development of
atomic energy thru fission

control by management,
designs, licensing ownership
if necessary, operation and a
thorough system of inspection
Free access is to be granted
to the agents officers of the inter-
national authority at all times

3. There is to be no interference
of day to day operations by other

4. Swift sure punishment
is to be set up under the
appropriate authority of the U.N.
that can not be slowed down
or interfered with by a veto or
otherwise when its rules
regulations have been
broken

If this done with all ~~circumstances~~
troops, arms with control
inspection and punishable
punishment we may
enter a warless age

When U. S. has satisfied
the war.

The treaty will dispose of all
our bombs, fuzes, inflammable
materials as agreed upon by
all nations concerned

From Prof. Baruch for use of industry
at Washington, D. C. meeting with
R. S. P. was requested

Smith

The International Control of Atomic Energy

January 8, 1947

1. A Treaty is to be made to which all nations will become party and which has to be ratified by the various governments. United States ratification would require a two thirds vote in the Senate.
2. The Treaty sets up the international control of atomic energy so as to use (such energy for peaceful purposes and outlaw it for war purposes. This control starts with raw materials - uranium, thorium - which come under the ownership of the International Authority as soon as severed from the ground. International control continues its dominence over these materials thru metallurgy, conversion into fissionable material, and for development of atomic energy thru effective control by management, designs, licensing ownership if necessary, operation and a thorough system of inspection. Free access is to be granted to the agents and officers of the international authority at all times.
3. There is to be no interference with day-to-day operations by vote.
4. Swift and sure punishment is to be set up under the appropriate authority of the United Nations that cannot be slowed down or interfered with by a vote or otherwise when its rules and regulations have been broken.

If this is done with all agreements and treaties, with control, inspection and un-stoppable punishment we may enter a warless age.

The Treaty will dispose of all our bomb and fissionable materials as agreed upon by all nations concerned.

BERNARD M. BARUCH
597 MADISON AVENUE
NEW YORK 22, N.Y.

April 3, 1947.

gpc

Howdy

My dear Mrs. Roosevelt:

I have been troubled in my mind by a statement you made the other day, which seemed to indicate that I had said each family had a problem child.

in the family I never said that to anyone. Others have said it to me. Even if I thought so, I would not have said it because it would only make more difficult the problems of the ones ~~we~~ like and want to help.

As ever,

B. M. B.
I am to go to Car and if I am back will be at Hyde Park April 12th. My thoughts will be with you affly, BMB

Mrs. Eleanor Roosevelt,
Hyde Park,
New York.

Stred him I thought it
was given you -

I am leaving for the South
to be gone till the end of the
week -

I am not sure I could not be
here on 17th I will see Mr
Fry on my return surely will
look you up -

I did not come to Hyde Park
as I could not make the
grade -

My love & good wish
B m B

If Basil gave the stone to
you ok - If Basil says it gave
at 2,000 don't say anything
till I come back



Bar 10.1
1912

The Towers
The Dabford-Astoria

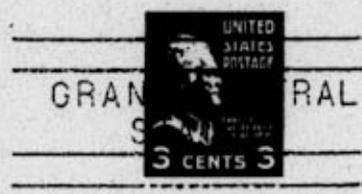
My dear Mrs Russell - Ben Pearson
called me to ask about the
aqua marine. He knew that
a jeweller had it for sale -
I told him that you had
spoken to me that a piece
was being obtained -

The jeweller was called up by
him. He said that he was asked
to get a value. Pearson wanted
to know what it was worth. The
jeweller replied not much -
Pearson said that it was
given to the resident -

Postmark

EC

Franklin



Mrs. Eleanor Roosevelt

29 Washington Square

New York City

Baruch

April 18, 1947

Dear Mr. Baruch:

In spite of the fact that I sent you that wire from Jimmy, I think I will not try to sell either the aquamarine or any of the boxes at this time. You can have the aquamarine returned to me and just hold the boxes until I decide what to do.

I am sorry to have given you any unnecessary trouble.

Affectionately,

Baruch, E.

May 3, 1947

Dear Mr. Baruch:

I do not know about the editorial idea but I sent it to Mr. Henry Morgenthau to discuss with the Memorial Foundation, thinking that if they have any ideas they should get in touch with you.

In the meantime, what do you think about this column of Stewart Alsop's? It seems to me that something should be done along your suggestion of straightening out Great Britain's finances by making the offer to buy what they produce rather than waiting until the last moment. How do you feel about it?

Affectionately,

May 9, 1947

Dear Mr. Baruch:

Many thanks for your letter of May 7th. I am delighted that you have already talked to Mr. Snyder about making world purchases.

I thought you would be interested in Sumner Welles' letter about the squamarine and my answer to him, so I am enclosing copies.

Affectionately,

Rawson, B

BERNARD M. BARUCH
597 MADISON AVENUE
NEW YORK 22, N.Y.

May 7, 1947.

My dear Mrs. Roosevelt:

I do not think that Great Britain is as badly off as she claims to be. I think I can demonstrate that to you.

I am now trying to get our people to offer to buy not only from England but the whole world, any non-perishable raw materials that she or anybody else in the world can produce.

I have already talked to Snyder about it, particularly in reference to the Mexican request.

Line

Sincerely,

BMB

Mrs. F. D. Roosevelt,
Val-Kill Cottage,
Hyde Park, New York.

MATTER OF FACT

By STEWART ALSOP

Henry Wallace and the Great Debate

LONDON, May 1.—Unless the crystal balls of a great many politicians, economists and other observers here are more than usually clouded, by next year, when the dollars of the American loan will probably have run out, a great debate will be raging on both sides of the Atlantic. The issue of this debate will be of profound historic importance. For in essence it will be concerned with whether this island is to remain Great Britain or to become Little England; with whether or not England is to remain a major force in world affairs.

The debate has already been in intermittent progress here for many months. It is the essential point at issue between Foreign Minister Ernest Bevin and the Labor party rebels. Bevin, backed by the great majority in Parliament, wishes to co-operate with the United States in containing Soviet expansion, and wishes England to continue to carry her heavy load of international commitments to the best of her ability. The rebels, on the other hand, wish to divorce British policy completely from American policy, to cut British commitments all over the world and to follow a policy of appeasement toward the Soviet Union.

Few observers believe that the issue will be decided until some time next year, when it is almost universally expected that the great British economic crisis will come to a head. Meantime, however, a kind of sneak preview, a special flare-up of the issue, was occasioned by the recent visit here of Henry Adams Wallace, under the auspices of "The New Statesman and Nation," intellectual organ of the Labor rebels.

Effect Is Blow to Unity

In certain political quarters Wallace was hailed as a Daniel come to judgment, and in others as a fool and a rogue. But the most general reaction seems to have been one of genuine puzzlement. An American in these parts is very apt to be asked, "What is Wallace really getting at, anyway?" That is not an easy question to answer. But, whatever he has been trying to get at, the net effect of his visit has certainly been to strengthen the hands of all those who would like to see a wedge driven between the foreign policies of England and the United States.

Wallace has a special capacity for allowing himself to be used as a sounding board. The extent to which this is true is illustrated by an apparently reliable description of the way in which his first, important London speech was prepared. The speech was roughed out at a meeting between Wallace, Michael Straight, amiable and intelligent angel of "The New Republic"; R. H. R. Crossman, spokesman and leader of the Labor party rebels, and Kingsley Martin, chief of the rebels' brain trust, and editor of "The New Statesman." Crossman and Martin are two of the most brilliant and articulate (if occasionally badly misinformed) men in England.

At this meeting, they are reported to have positively glittered with brilliance. They strode up and down sending forth a rich shower of ideas, while Straight acted as an awed amanuensis, jotting down the jewels which fell from the English lips, and Henry Wallace watched the display with an air of omni-benevolence. Then, in Central Hall in Westminster, Wallace,

carefully wrapped in the political mantle of Franklin Roosevelt, read a speech which was largely a result of this curious collaboration. The speech, together with others which followed, has of course provided Crossman, Martin and their followers with much useful ammunition for attacks on the Labor government for working too closely with "imperialist" America.

Communist Fronts

Other groups also found Wallace a useful sounding board here. At least two high Labor party officials have expressed honest bewilderment that he allowed himself to appear under the sponsorship of such organizations as the Lancashire Trades Council and the British Students' Federation. According to these men, any knowledgeable British trades unionist knows that the Lancashire organization was captured by the Communists some years ago and that the students' federation is one of the most closely controlled of the British Communist party fronts. Wallace is no more a Communist than the vast majority of the Labor party rebels. Yet that he appeared under such auspices is as typical of his confusion of mind, as the fact that names like that of Howard Fast appeared on the embossed scroll of "credentials" from American "progressives" to British progressives which Wallace brought with him. Wallace could hardly have been ignorant of the fact that Fast's name also appeared on the membership of the Communist "New Masses." It is this sort of thing which goes a long way toward justifying the description of Wallace which appeared in an English newspaper: "A Child in a Great Dark."

There is no doubt that Wallace's short descent on England has its effect, and that many people here are vaguely convinced that, since Wallace repeatedly pointed out that he wanted peace, President Truman and Secretary of State George C. Marshall must want war. But the effect can be exaggerated.

The great issue increasingly confronting England—whether to maintain her commitments and continue to join the United States in opposing Russian expansion, or to cut her commitments and appease the Soviet Union—is not likely to be decided by any number of speeches. It will be decided rather by the size and shape of the economic crisis which will come when the American dollars run out and the British export program has not yet taken up the slack. For foreign commitments are expensive, and a fire in the grate will certainly seem far more important to many cold and hungry Englishmen.

Thus the issue will confront the United States as well. Nothing is more obvious, especially to one who has just seen the Near and Middle East at first hand, than that a working partnership agreement with a reasonably strong England is essential to the American effort to contain Russian expansion. But a partnership agreement is not much use if one of the partners is financially bankrupt and economically ruined.

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Baruch B.

BERNARD M. BARUCH
597 MADISON AVENUE
NEW YORK 22, N.Y.

July 10, 1947.

Jel

My dear Mrs. Roosevelt:

I am in receipt of your letter of July 8th, together with the enclosure. I had already read it but I will do so again and comment upon each paragraph in a separate memorandum.

You of course know that the so-called Marshall plan is what I advocated in the report I was to give Franklin D. Roosevelt on my return from the trip on which he sent me, and which I presented to Mr. Truman and Mr. Byrnes. The over-all reconstruction of Europe is what anyone who had any experience would have urged.

How much better it would have been if, instead of taking up the Turkey-Greek loan (with England insisting that she had to get out by March 31st), we had put forward the Marshall Plan as a counter-proposal, or as a part of an acceptance of the English proposal.

As ever,

BMW3
They keep away from me as if I had the plague
Perhaps I have

Mrs. F. D. Roosevelt,
Val-Kill Cottage,
Hyde Park, Dutchess County,
New York.

Comments of Mr. Bernard M. Baruch on an article which appeared in The Sun, Baltimore, Friday morning, June 27, 1947. It is a slightly condensed form of article appearing in previous week's London Observer.

1. I agree with this.

2. I do not agree with this for they have overlooked one thing - that the present condition is due to the fact that the people will not go back to work; that Germany was divided into four parts and nothing done to reestablish in Europe what was the productive and distributing center known as Germany.

3. This is only partly true. It can still do much of what it did before, especially all of that Europe outside of Germany, for England, Belgium, France and Holland, and to some extent even Italy, can undertake for themselves much of what Germany did for them.

Also, all of these countries will have more of the trade of the world, with Japan eliminated (at least for many years) from the position she formerly occupied.

4. The reason the United States produces more steel now than the whole of Europe has ever produced, and her industrial technique is the most efficient in the world, is because of our political setup, giving the individual the greatest freedom of any people in the world. You know that no matter how much anyone complains, if he would compare his position with people in other countries, he would find he is better off than anyone in the world.

It says Japan has become industrialized. Now she will be de-industrialized to some extent. There is not much China trade. In fact, England should benefit more than any other country in the world, if she would only grasp the opportunity and stop the self-pity which she is encouraging and which is surprising to me in view of my knowledge of the English spirit.

There is reference to "undeveloped Africa". Indeed therein lies, particularly for England and all of Europe, the opportunity to help themselves. You may recall that President Roosevelt, at my suggestion, wanted to open up a United States of Africa for what is now generally known as displaced persons. In my report to the President, I brought up that matter anew. Mr. Roosevelt told me after his fruitless meeting with Ibn Saud that Churchill said "I guess we will have to go back to Bernie's scheme", which was to place people, or displaced people, in the great colonies in Africa. England herself hasn't any resources, except coal. She has always had to lean upon the outside world. *the principal assets were her people.*

5. If Germany is being cramped for whatever considerations, that gives England a better opportunity, for she is better equipped for export trade than any other country.

6. The reparations claims of Russia, which I think are justified to some extent, will have to be paid by somebody and they can be paid by Germany. Russia has already collected much in the form of territory. I do not think we will have to hang our heads about what Great Britain did in the war, if a comparison of the two countries were made.

7. The circumstances do not have to continue. Therefore Europe does not have to decline. What Europe will have to do is to get back to work. I understand they are working less in Europe than they are in America, although their needs are greater than ours.

8. I do not concur in this statement.

9. Nor is this correct. They must have around a billion and a half in credit, if not more. Besides England has vast amounts of American securities just as France has. Is it proposed that we use up our resources to help England before she has used up hers?

10. Correct. The Marshall Plan says to Europe - if you will help yourselves, we will help you to do so.

11. This is all right.

12. This is only partly correct, but I will concur in that.

13. I concur.

14. I concur.

15. This is all right also, but here they want to favor themselves over the rest of the world.

16. This is quite apparent.

17. I do not see why Russia does not accept, although as you know, she accepts nothing.

18. This paragraph, especially the last half, is fine.

19. This is all right.

20. This is correct.

21. Probably correct. It is the writer's opinion.

22. Correct.

23. Correct.

24. This is not correct.

25. I do not know why the Western European countries have not agreed to this before except that our own people would not carry it out. When it was proposed originally to Mr. Roosevelt, he favored it. On my return from Europe, Mr. Truman favored it but I commented that many of his Cabinet, naming them, would not let him do it. That proved to be correct.

26. Correct.

27. I agree.

28. What do they mean by a "hard core of productive capital investment"? Is that to be made by the countries to which the money has been loaned to nationalize their industries, or for private capital?

29. All right.

30. All right.

Now to the second part - Ways and Means for Action Now.

1. All right.

2. All right.

3. Is a generalization with which we must agree

4. We must agree

5. We can agree

6. I agree, but I would not undertake it the way it is now proposed. Here is my suggestion - that a consortium of the cotton textile industry in France say how much cotton, spindles, raw material they want. A consortium of American industry would agree to sell these things to the consortium of French industry and get the obligations of the French industry. The French industry would know what they could use, how they could best use it, and would see that the goods which they made were distributed and paid for. This consortium of French industry would pay the American industry consortium who in turn would pay off the obligations which they incurred. The RFC or some other government agency could guarantee the costs of this production, but only a limited profit. This method would mean a much smaller amount of money need be advanced by the American government, and we could be sure that it would be better spent in the country to which it was given, than if it were given to the government itself.

4.

7. This is correct. The shortage of food in Europe has been due to the seizure by Russia of two of Europe's bread baskets, Silesia and the Danubian Valley.

In discussing the Ruhr problem with people who are well advised as to what is happening there, it is agreed that the production of coal is the most important single item in Europe and this can be aided by seeing that the miners get special food and purchasing power by establishing stores for that purpose. That was done by Germany after World War I for the purpose of increasing production.

8. Correct.

9. and 10. These are correct, but Mr. Hoover informs me that he thinks the amount needed by Europe for food and other things is much smaller than generally estimated. Europe has had two years in which to work to take care of itself to some extent, by planting root crops and vegetables. There is plenty of food in France and considerable in Italy, and in Germany, too, but the farmers will not take it to market. I understand from Mr. Hoover we will have to commence to slaughter about 8,000,000 animals (I am not certain whether in Germany alone or in other countries too) because the farmers look upon animals as a savings to beat inflation. In other words instead of taking their crops to market, they put them in animals.

11. Is correct.

12. This can be cured by their getting back to work.

13. Correct.

14. Incorrect.

15. Incorrect on our present basis of work hours and production.

16. I do not agree.

17. This has merit. If you can get special boards for the Ruhr, Silesia and the area of the Danube Valley Authority, the problem of Europe will have been solved.

18. I do not think this is necessary.

19. I agree with this, but it is a contradiction of paragraphs 17 and 18.

20. This would be taken care of by the consortium idea.

21. As would this.

22 and 23. This does not necessarily have to follow. But, if they will not help themselves, I do not see what we can do.

I notice throughout this whole statement there is no mention made about work - about people in England or any other country going back to work. They all speak about what they can get from us and the only way we can give it to them, is for our people to work longer and more effectively. But, the Europeans should work at least as long hours as we do. Indeed, they should work longer hours as they are not as efficient as we are.

If the English will not mine coal for their own people how do they expect us to furnish those things which the money or proceeds from the sale of the coal would buy?

If the Germans will not dig enough coal so that Germany and the rest of Europe will survive, how can they expect us to produce those things which this coal could purchase.

This whole problem is going to rest upon two things. The European countries should sit around a table and say what their needs are and what they can furnish. America should, if it were wise, examine each demand and the ability to make contributions to the general cause. There must be an evaluation of the needs and the ability to help. Here is where America must show wisdom which she has not heretofore done. We must not be carried away by emotionalism to help people who will not help themselves.

It will be a difficult problem unless it is wisely done.

Every nation will exaggerate its demands and minimize the contribution it is possible for it to make.

None of the foregoing means that I do not want to help them, but they should realize that they must help themselves because we are not strong enough to carry the world upon our backs. The Marshall Plan heads everything in the right direction, but it is unfortunate they had to wait for over two years before they undertook it. There is not much to be gained by belaboring that point, but there is much to be gained if we remember that procrastination is not alone the thief of time, - it can also be the destroyer of our civilization.

The Bunk: GREAT PASTRY COOKS ARE BORN

The Truth: GREAT PASTRY CAN NOW BE MADE IN EVERY HOME



Homemade pie with the flaky crust he loves! That's what any wife can give her husband now — with the new Pillsbury Pie Crust Mix. Tender, flaky crust every time. You can't miss. Use your own favorite filling recipe — or see Ann Pillsbury's special recipes right on the package.



- Tender, "short" crust — the flaky kind
- Rich flavor of fine shortening
- Warm brown color
- Cuts at touch of a fork
- Mixes quickly. Soft, pliable, rolls out easily
- Doesn't stick to hands or rolling pin
- Doesn't break apart when lifted into pan
- Edges seal easily
- Fast — fits in less time Gas takes oven to heat
- All you do is add cold water out of the tap, mix and roll out

Pillsbury PIE CRUST MIX



MADE JUST FOR YOU, BALTIMORE!

Right from the kitchen Frankfurters



Look for the Armour Star Brand

Only in U.S. Government Inspection

fresh every day from Armour's kitchen right here in town!

40,429 FLEE FROM FLOODS

Mid-West Refugee Total Soars; Des Moines Areas Inundated

Des Moines, Iowa, June 26 (AP)—Flood waters of two major streams merged at record levels today at their junction near the heart of this capital city of 170,000 and left 1,800 homeless and two given up for dead.

Along with the devastation elsewhere in Iowa and in parts of Nebraska, Missouri and Illinois, the growing toll of mid-Western flood refugees soared to a total estimated by Red Cross area headquarters in St. Louis at 40,429—highest since 1937.

As the flood waters began to recede slowly in Des Moines the downstream communities of Red Rock, Eddyville, Ottumwa and Keosauqua, already battered twice this month by the worst floods in their history, prepared for a third crisis this week end.

Missouri Reaches 31.3 Feet Elsewhere in the mid-West the rising Missouri River reached 31.3 feet at Booneville, Mo., in the greatest flood in 103 years and along the Mississippi 2,000 persons were homeless between Alton and Cairo, Ill.

In Nebraska, the Missouri was flooding thousands of acres near Rulo and flooding occurred on the Elkhorn River between Norfolk and Winslow.

In Des Moines, several residential areas totaling 52 blocks were inundated up to a depth of eight feet by the waters of the Des Moines and Raccoon rivers.

Half of this area was engulfed swiftly when the Des Moines tore a 600-foot breach in the levee protecting the Franklin area a dozen blocks northwest of State Capitol Hill. Coast Guardsmen said all residents got out safely.

Hope For Two Abandoned An army of volunteers, public employees, sailors and Coast Guardsmen had sailed throughout the night removing lowland residents and reinforcing levees with 25,000 sandbags. The power plant was saved and the business district escaped damage.

Deputy Sheriff Jack Kuyper said hope had been abandoned for James Armstrong, 32, and his son-in-law, Clair McNeil, 22, after an eighteen-hour search disclosed no trace of them. The men were pitched into the current last night when the oxcart in which they were trying to reach their marooned wives was swept from the road north of Des Moines.

Flood crests of the Des Moines and Raccoon rivers, swollen by torrential week-end rains upstream, reached their confluence simultaneously at 4 A.M. (C.S.T.) to set an all-time peak of 31 feet—2 feet over bank level. The junction is a few blocks south of the business

Valley Residents Warned The Weather Bureau sounded flood warnings to residents of the Des Moines River valley below Des Moines as the crest boiled on downstream.

Ottumwa, one third of whose 32,000 residents were driven out the week ends of June 8 and 15, was told to prepare for a stage of 18 feet or slightly higher Saturday or Sunday. This would be 10 feet over bank level there and only 2 feet under the historic highs earlier this month.

Even as new flood devastation hit Iowa, the United States Soil Conservation Service estimated at \$107,000,000 the damage to soil and crops from the State's rains and floods earlier this month.

Red Cross Shelters In St. Louis, the Red Cross said 55 local chapters now were operating 31 shelters in a four-state area in which the homeless this spring numbered 2,300 in Iowa, 2,766 in Missouri, 2,224 in Nebraska and 1,407 in Illinois.

F.D.R. Disclaimed Aims In '39,

Washington, June 26 (AP)—James A. Farley reported today that the late President Roosevelt told him flatly in the summer of 1939 that he would not run for a third term.

Farley also recorded himself as telling a friend that he had no hesitancy in saying without egotism in 1939 "that no other Democrat has any better chance than I have" for the presidency in 1940.

In the third of a series of articles in Collier's on "Why I Broke With Roosevelt," the former Democratic national chairman wrote that Roosevelt made his no-third-term statement in an "impressive whisper" during a conference at Hyde Park, N.Y. As reported by Farley, Roosevelt said:

"Jim, I am going to tell you something I have never told another living soul. Of course, I will not run for a third term. Now I don't want you to pass this on to anyone, because it would make my role difficult if the decision were known prematurely."

Rebuked Mundelein (When Roosevelt decided to run, Farley broke with "the boss" and resigned as Postmaster General and Democratic chairman in August, 1940.)

Farley also wrote that: 1. He rebuked the late George Cardinal Mundelein, archbishop of Chicago, for trying to influence him on the third-term issue. He said the cardinal brought up the religious issue in advising Farley not to run.

2. Mrs. Farley never forgave the President for his "silence" when the late Senator Huey Long attempted to bring about an investigation of Farley. She also felt the Farleys were treated like "poor relations" by the Roosevelts since they were "never invited, to the White House except for purely official functions."

Said Wallace Lacked "It" 3. Roosevelt declined to appoint a prominent Jewish lawyer to the District of Columbia Court of Appeals because the President felt there was "strong feeling" against Jews at the time. Partly because of this same feeling, the President told Felix Frankfurter he could not name him to the Supreme Court until Louis Brandeis resigned or died. Frankfurter succeeded the late Benjamin Cardozo January 30, 1939. Two weeks later Brandeis retired and was succeeded by William O. Douglas. Brandeis died October 5, 1941.

Saw Cardinal in New York 4. At the same Hyde Park conference in 1939, Roosevelt, discussing possible presidential candidates, declared John Garner, then Vice President, was "just impossible," said Henry Wallace did not have "it," and "turned down the thumb of his right hand" in mentioning Paul V. McNutt.

Farley devoted much of his article to his conference with Cardinal Mundelein. He saw the cardinal



J.C.

Baruch

BERNARD M. BARUCH
597 MADISON AVENUE
NEW YORK 22, N.Y.

July 18, 1947.

*Have been notified by
- Aaron -
- [unclear] -*

My dear Mrs. Roosevelt:

I have reread your reply to the question, and I think it is fine *if you desire deeply.*

I wouldn't have missed, for anything in the world, being present the other day.

I must tell you a little secret. I had sent you some flowers in care of the French Embassy, and on the card I said -- "My affectionate thoughts always with you and him." When I arrived at the Embassy, Madame Bonnet thanked me for the flowers I had sent her. I wonder what she is going to think when she reads the card.

*Thank you for
the flowers. Please
be sure to tell her
I'm glad to hear
you're having a fine
vacation -
I'm glad to hear -
I'm glad to hear -*

I do hope you are having a fine vacation.

As ever,
BmB

*I'm glad to hear
you're having a fine
vacation -
I'm glad to hear -
I'm glad to hear -*

Mrs. Eleanor Roosevelt,
Eastport,
Maine.

MEMORANDUM

October 17, 1947

To : Mrs. Roosevelt
From : General Carter
Subject: Mr. Blaisdell's Proposal for the Ruhr

I appreciate your sending to me Mr. Blaisdell's letter of September 24, 1947, containing his proposals for the Ruhr. I have asked our people here who have been concerned with the problem of the Ruhr to review the material, and they have given me the following comment which I think may be of interest to you:

Proposals for the international control of crucial German industry in the Ruhr by means of the establishment of an international corporation have been carefully considered in the Department during the past years. These proposals have been discarded because they were regarded as impracticable, over-complicated, and politically as well as economically untenable in the long-run. Mr. Blaisdell's proposals for an international corporation for the Ruhr fall in the category of proposals which have been rejected for the above reasons.

Moreover, it has been believed in the Department that an appropriate international control of Ruhr resources both for security as well as economic purposes could be achieved by more simple means. In his statement of April 10, 1947, to the Council of Foreign Ministers at Moscow, Secretary Marshall expressed the following view:

"* * * When Allied Military Government in Germany is terminated and a German Government is functioning under a constitution, however, some special provision for the overseeing of Ruhr resources may be advisable. The United States Delegation is of the opinion that whatever provision is made should not interfere with German responsibility for the management and operation of Germany's resources. In the first instance Germany must have responsibility not only for the production but the marketing of the products of her own industries. It is only if the Germans take action contrary to the just interests of other countries that the attention of an international agency may have to be called to the question."

file

OFFICE OF
THE SECRETARY OF STATE
WASHINGTON

November 8, 1947

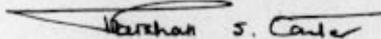
Dear Mrs. Roosevelt:

I return your memorandum of October 9 with the attached letter and enclosure from Mr. Blaisdell.

I showed it to General Marshall and then sent it to the Department for appropriate action, which consisted of preparation of the attached memorandum dated October 17, prepared for my signature. Since it is not in my language, and since I don't know anything about the subject, I did not sign it, but am sending it along for your informal information.

At any rate, the General has seen Mr. Blaisdell's memorandum!

Faithfully yours,



Marshall S. Carter
Special Assistant to the Secretary

Mrs. Franklin D. Roosevelt
29 Washington Square
Apartment 15A
New York, New York

franklin

→ Mr. Bean

DEPARTMENT OF STATE

THE SECRETARY

EXEC. SECRETARIAT (DEPARTMENT)

For appropriate action:



M.S.C.

Sew

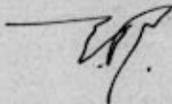
UNITED STATES DELEGATION TO
THE UNITED NATIONS

October 9, 1947

MEMO TO GENERAL CARTER

From: Mrs. Roosevelt

This seems to me to have some new ideas which I think might be helpful to pass along to the Secretary, if he has not already had them.

A handwritten signature in dark ink, appearing to be 'M. Roosevelt', written in a cursive style.



DEPARTMENT OF COMMERCE

OFFICE OF THE SECRETARY
WASHINGTON 25

September 24, 1947

PERSONAL

Mrs. Franklin D. Roosevelt
29 Washington Square
Apartment 15A
New York, New York

Dear Mrs. Roosevelt:

It has been brought to my attention, through Mrs. John Hight, that you are much concerned, as we all are, over the European recovery program--and especially that progress be made on some workable plan for the Ruhr.

I am enclosing, at Mrs. Hight's suggestion, a copy of a memorandum I wrote in 1946, suggesting a method for international control of crucial German industry short of separation of the Rhineland from Germany.

Although these proposals were made over a year ago, I have seen no reason for changing them, nor have I thought of better proposals. Secretary Harriman and Under Secretary Clayton are among many officials in the Government who have seen this memorandum, but up to this time, my proposals have not met with any degree of enthusiasm.

I shall welcome any comments on these proposals from you and shall be more than pleased to discuss them with you at any time.

Mrs. Blaisdell and I recall with great pleasure our associations with you in London and I am sure Mrs. Blaisdell would join with me in sending you our greetings.

Very sincerely yours,

A handwritten signature in cursive script, reading "Thomas C. Blaisdell, Jr.".

Thomas C. Blaisdell, Jr.
Assistant to the Secretary
for International Trade

Enclosure

FOR PERSONAL USE OF MRS. ROOSEVELT

A PROPOSAL FOR THE RUHR

- I. Preliminary memorandum suggesting a method for international control of crucial German industry short of separation of the Rhineland from Germany (25 July 1946).
- II. Memorandum on the need for going concerns in Germany (22 February 1945).
- III. Letter to the New York Times by Gerard Swope on the control of German industry.

C O P Y

PERSONAL AND CONFIDENTIAL

PROPOSAL FOR THE RUHR

1. The coal and steel industries of Germany, and particularly of the Ruhr, are the basis not only of the war-making power of Germany but also in large degree of the industrial activity of Western Europe and of Germany itself. Future control of the Ruhr thus is the heart of any peace settlement.
2. There are at present two basic approaches to the question of the Ruhr, both of which have apparent defects. One of these might be called the technique of demilitarisation, requiring a reduction in the output of German industries to a level sufficient only for the needs of the German civil economy, and for such exports as are required to pay for essential imports. The difficulty of applying this formula to Ruhr coal and steel is apparent, since the output of these industries is a vital factor in the development of the economy of various European nations. The other approach is to remove the territory of the Ruhr from the sovereignty of the German state. This solution creates problems of irredentism which may become explosive in a period of resurgent German nationalism.
3. There exists a third approach to the problem which provides a control over the war-making potential of the Ruhr but which at the same time does not require the reduction of its output or territorial change. This approach is basically to alter the ownership of the Ruhr industries in such a way as not only to place them under international control as business enterprises, but also to share their profits among the Allied governments and encourage their development in the interest of increased industrial activity throughout Western Europe. This approach offers a way out of the present impasse with

regard to the future of this vital area.

The chief features of the proposal are as follows:-

- (a) The establishment of an international public corporation, the members of which will be the governments of the countries consuming Ruhr coal and steel. Membership will thus include the governments of Allied, neutral and ex-enemy countries, including the government of Germany when one is established. So long as Germany remains occupied and without a sovereign government, the Allied control authority will be appropriately represented in the international corporation. The corporation will be established by international agreement among the members and will have perpetual existence.
- (b) Transfer to this corporation of the ownership and control of all steel and coal companies and enterprises in the Ruhr, including the technically integrated subsidiaries of the large coal and steel firms. The international corporation should have the exclusive right to own and control the coal and steel firms in the Ruhr, and it should be provided that no new companies of this sort can be created, or new capital invested in these industries, except with the consent of, and subject to the ownership and control of the corporation. Such an exclusive monopoly both as to existing and to future enterprises can be established by the international agreement establishing the corporation. Through this means, the corporation would have effective control over the future development of the area.

- (c) Being established by international agreement, the charter of the corporation will not be subject to German laws. The officials of the corporation should have international status as do those of UNO. The properties of the company may be subject to local taxation, if necessary, but not to German national taxation, and the products of the company and its purchases from abroad should be expressly exempted by the charter from the operation of German export or import restrictions or subsidies. Relationship of the corporation to German law and German sovereignty will obviously require a good deal of detailed research, but the above suffices to give an indication of the general objectives to be reached.
- (d) The active management of the subsidiary companies would be appointed by the corporation and be subject to its control.
- (e) The control of the international corporation would be fixed in the charter or the international agreement. As a suggestion, the member governments might divide among themselves, in proportions to be agreed upon, a limited class of stock which alone would have voting rights, and which would not be transferable except upon revision of the international charter. For reasons indicated below this controlling stock would not have earning power.
- (f) The corporation would be entitled to issue securities, without voting rights, of a fixed interest-bearing character. Such securities might be sold to the general public, governments, or the International Bank for Reconstruction. Depending upon

what principle may be adopted with respect to the compensation of the German owners of the properties to be transferred to the international corporation, its securities could be offered to such owners in return for the transfer of their interests to it.

- (g) Earnings of the corporation over and above those necessary to meet the fixed interest charges would be distributed to the member governments, on the principle of the consumer cooperative, that is, in proportion to the amounts of the corporations products which are sold in their respective territories. Under this scheme, each member government would have a financial interest in encouraging the purchase of the corporation's products by its own nationals. Since the German government would also be entitled to its share of such dividends, the exemption of the corporation from German national taxation would not constitute a net loss to the German national budget.

NOTE From the point of view of international security, this scheme would avoid some of the worst features of a territorial change. The German government, on the other hand, would not be able to assert exclusive national control over the corporation without abrogating the international agreement, which would be sufficient cause for the employment of force by other members of the corporation. Through control over the sale of the corporation's products, the non-German members of the corporation could be assured that the products were not being used to re-arm Germany.

On the economic side, however, such a corporation would institute a pattern whose long range effects would be to minimize the causes of war. It would be possible to extend the corporation's control beyond the Ruhr.

It should, of course, include the Saar, unless we have already gone too far in yielding this to French sovereignty. Ideally, it should also include the coal and steel industries in French and Belgian territory. On such an inclusive basis, if it could ultimately be realized, the corporation would create an European interest in place of conflicting national interests in the production and use of these vast resources. It would go to the roots of the nationalism which has precipitated the two great wars. It would create an international vested interest in the stimulation of higher living standards in the whole of Western Europe rather than a vested interest in monopolistic nationalistic private undertakings.

Such a project would have elements which should get the political support of some of the most powerful political movements on the continent of Europe today. These forces have been growing weaker as the national governments get stronger. A forceful presentation and backing by the USA could gain immediate support in many circles. There would be powerful opposition but the USA has such a tremendous interest in developing a positive constructive program that it could well explore the possibilities of such a program.

Thomas C. Blaisdell, Jr.

25th July 1946

CONFIDENTIAL

TOB
2-22-45

RE-ESTABLISHING ECONOMIC LIFE ON THE EUROPEAN CONTINENT

Our experience in Italy, France, and Belgium has demonstrated how essential it is that we be prepared to make the economy of Europe move when Germany is defeated. All of our agencies heretofore have failed to deal with the basic problems, and as a result, the situation deteriorates from day to day. We have forgotten the necessity for re-establishing "going concerns."

Heretofore our governmental machinery has functioned almost entirely as a political organization. But the job to be carried out is essentially an industrial job and the units with which we must deal are industrial units. There is no point in having a political control commission to control the steel industry when there is no steel industry. The primary job is to re-establish the units of the steel, the coal and the transportation industries as going concerns.

With the collapse of German military strength, a whole host of Nazi institutions will disappear. At least it will be our function to make them disappear. However, unless we replace them with machinery which can re-establish economic life, we will be faced with a population which will be beaten to a pulp. Our controls will keep them from helping themselves. A situation far worse than that in France and Italy will develop.

The managerial organizations of the great industrial concerns have been almost entirely of Nazi persuasion, just as the management of the industrial concerns in France and in Italy was Collaborationalist or Fascist.

The immediate job then is to re-establish some form of management, to select persons who are thoroughly competent to manage industries and have them assigned to these jobs. This is a responsibility which must be shared with the Services in the liberated areas and in Germany as the military forces establish themselves. Ultimately it will be turned over to persons who in the liberated areas are acceptable to the re-established governments. In Germany the management should function as trustee. During the process of re-establishing government, there is no alternative to assumption of responsibility by the military authorities who must have worked out this program in advance with the civilian authorities.

A problem far more fundamental, however, than the immediate re-establishment of "going concerns" in liberated territory is the long-run settlement which will have to be made both in the liberated areas and in conquered territory. Unless this settlement is satisfactory, we will have already laid the groundwork for immediate depression at home and for the next war.

It is necessary to maintain in considerable part the political organization and cultural integrity of the European states which now exist. At the same time it is essential that a community of interest be established, particularly in the border areas where the natural resources are of such a character as to make them not only valuable economic prizes for peacetime but also the fundamental bases for waging war.

The most obvious case of this type is the Ruhr and Saar valleys or even the whole of the Rhine valley. It is suggested that in an area such as this there be established an international corporation which might be called the Rhine Valley Industries, Inc. Under this holding company would be arrayed a whole series of corporate enterprises such as the steel works in Essen, the coal mines, the barge transportation systems, the electric works at Schaffhausen, etc. The board of directors of this international corporation would have to be established by international agreement and the charter would thus necessarily have to be established by treaty. The participants in the treaty should be those countries which directly border on the Rhine, now Switzerland, Germany, France, Luxembourg, Belgium and Holland. In addition, Great Britain, the Soviet Union and the United States would have representation also. The corporations thus established would function as other government corporations function, buying and selling in the open market for a profit. The earnings of the corporation, if any, would be distributed not on the basis of capital contribution but on the basis of proportion of products sold in the particular country. Capital contribution should probably be established as fixed interest debentures.

The great merit of such corporations would be their public character. Their activities should be open to all interested parties. The earnings of the corporation should be distributed to the countries and the users of the services in proportion to sales made in each country. All countries would benefit from such an arrangement. The economic structure would be of such a character as to promote productive, friendly relationships between the several nations rather than a struggle for domination of these resources.

A series of detailed studies, some of which already have been made, involving both the economic geography of the particular areas and the corporate structures which would be required could quickly lay out the basis for discussion of the particular institutions which would be required.

The utilization of government corporations of this type is nothing new. Historically several such organizations as the Turkish Debt Commission, the Chinese Maritime Customs Service, the banking organizations set up after the last war such as the German Railroads Company, and domestic corporations such as the London Transport Authority, the Port of New York Authority, the Tennessee Valley Authority and the Inland Waterways Corporation have all demonstrated the practical feasibility of government corporations operating as these corporations would have to.

It can be argued that the organization of government corporations of this type will interfere with the development of private enterprise and initiative. However the problems which we will be facing in Europe will be of such a character as to demand public corporations of this kind in view of

the fact that many of the present private equities will have to be wiped out if our pledges, vis-a-vis punishment of Nazis, is to be carried out. The destruction of the old corporate entities and the private property claims which will be lodged against them will be impossible to salvage on any detailed basis. Provision will have to be made for refunding these private obligations against state revenues of some kind or other. While these steps are being taken, it is inconceivable that we should permit the economic life of Europe to fall to pieces.

Both from the short-run standpoint and from the standpoint of the permanent organization of Europe, a series of institutions such as the ones suggested can provide an institutional framework which could be accepted by the various national states and national groups without loss of prestige and with positive gain to everyone. In the beginning it would have to be by a combination of force and persuasion. If it were made to work, it would be as readily accepted as many of our interstate organizations. On the other hand, unless some such step is taken, the forces which have precipitated the wars of western Europe will again precipitate the next war. Only by working at a series of institutions of this kind can we break through the vicious cycles which are created by the attempt of national states to dominate these natural resource areas in order to develop military power.

Among the examples of international organizations are those of the treaty ports in the Far East. It might be said that these organizations are an excellent illustration of what international agencies of this kind could do in Germany. They have permitted and encouraged the rapid development of economic life in the Far East. At the same time they prevented the redevelopment of a powerful independent Chinese Government. It might be said that this is the objective in the establishment of international controls in major industrial activities in Germany and in the border areas. As long as the control can be kept international, the possibilities of development of a powerful German government with a powerful military group would be next to impossible. Municipal governments and local governments to perform the normal civil functions for commercial activities of private enterprises need not be interfered with in any way by the establishment of such internationally chartered organizations. The essential feature, however, must be the retention of international control rather than the development of a single national control by any single European power.

The advantages of the internationalization of the economic unit has the great advantage of permitting the political states to remain very much as they are. It destroys, however, the ability to use these corporations except for desirable economic purposes.

Mr. Gerard Swope stated in the New York Times in part:

"Some of the essential factors of a continuing peace are:

(1) The German Empire shall be broken up into the original states. Even if this is done, in whole or in part, the following will still be necessary:

(2) The entire disruption and wide emigration of the Prussian military caste (a) No former Prussian officer, from a lieutenant up, shall be allowed in the army of any German state; (b) No Prussian officer, from a lieutenant up, who is sound in mind and body, shall be given a pension by any German state.

(3) The voting control of the heavy industries, including chemical and power, shall be placed in the hands of the United Nations. (a) The majority of the securities, bonds, preferred and ordinary shares of each industry shall be held by the United Nations for a period of at least 20 years; (b) The board of directors of each industry shall include representatives of the United Nations, to watch their growth, the character of their growth, and their methods; (c) The income from such securities shall be given to those countries of the United Nations that have suffered most from the aggression and destruction caused by the Prussian-led German Army.

(4) On the demobilization of the German armies their men shall be sent, when needed, to those countries which have suffered most, to assist in rebuilding the homes and factories that have been destroyed."

GERARD SWOPE

New York, Sept. 1, 1943.

November 18, 1947

My dear Mr. Blaisdell:

I did get your memorandum to the Secretary and he referred it for recommendation and I am sending you the comments which he sent back to me, largely because I would like to have your answers on them.

It seems to me a very ~~intensive~~ intensive memorandum and I would like to pursue this further, if you can give me better arguments than I have myself.

Very sincerely yours,

November 16, 1947

My dear Mr. Blaisdell:

I did get your memorandum to the Secretary and he referred it for recommendation and I am sending you the comments which he sent back to me, largely because I would like to have your answers on them.

It seems to me a very ~~interesting~~ memorandum and I would like to pursue this further, if you can give me better arguments than I have myself.

Very sincerely yours,

Memorandum

*copy
Baruch, 13
November 1, 1946
E. F. Fleming*

Herewith is one of the memoranda concerning which I spoke to you yesterday. The State Department has this memorandum and all the others. May I add that any human and helpful approach to the subject should have this additional historical atmosphere woven in to any ideas in presenting the American view vis-a-vis the Russian.

It might be well to show the mistakes that the Russians -- driven by fears, hopes and not with reason -- have made, such as an alliance with Germany, particularly in the invasion of Poland, the war with Finland, and then the break with Germany, the understanding first and then the break with Japan.

The whole approach should be a reasoned out one, with firmness and patience, because of their fears, ambitions, suspicions and the terrific scorching -- military, physical, economic, spiritual -- through which the Russians went.

There should be an insistence and appeal for the use of this vast power which they have in their hands and not abuse of it, in order that peace for which mankind has yearned since the beginning of time may come, bringing security and an opportunity to work for each and everyone everywhere in a manner of his own choosing.

E. F. Fleming

P.S. - Please return the enclosure which was written by Dr. D. F. Fleming of Vanderbilt University.

E. F. Fleming

WHY ARE THE RUSSIANS SLOW TO TRUST THE WESTERN POWERS?

Many people feel that the Russians are unduly slow about trusting us, that comradeship in arms should end old suspicions. This difficulty cannot be understood without trying to place ourselves in the position of the Soviet leaders, to see their side and explain it to our people.

As time goes on we may find out that the Russian Government will not permit our side of things to be presented to their people. If this is true, serious trouble is likely to develop. But, in any event, we must be very sure that we have done our best to avoid it.

1. Many Historic Expressions of Western Hostility to Red Russia.

As the Russian leaders are likely to see it, they had little reason to trust the West, prior to the German attack on them. After the Red revolt in 1917 there were at least four major attempts of the Tsarist forces to re-conquer Russia -- those led by Kolchack in Siberia, Yudenitch in the North, Denekin and Wrangel in the South. These were major wars, usually mustering 500,000 men, who were largely armed and supplied by the British and French. The Polish attack on Russia in 1920 was the last of the series of wars on Red Russia supported by the West.

All of these failed but a basis was laid for the Soviet belief that Russia had to go out and conquer the capitalist world (via world revolution) or the capitalist powers would close in on Russia again.

This fate seemed imminent to the Russians after Japan broke

loose in Manchuria and Hitler rose to power in Germany. Therefore, Moscow stopped reviling the League of Nations and approached it by way of the World Disarmament Conference.

After she was admitted to the League in 1934, Russia was the best Great Power member that the League ever had. On every vital occasion she stood for action against the fascist aggressors, perhaps not for any idealistic reasons, but to help save herself. Yet in every decisive case her cooperation was rejected by the British and French.

- (1) They refused really to discipline Italy in the Ethiopian Affair.
- (2) Far from defending the Spanish Republic at Geneva, they fled to London and organized a "Non-Intervention Committee" which held a blanket over the Spanish tragedy until the Republic was strangled to death under it by Mussolini, Hitler and Franco. When Russia tried belatedly to help the Spanish Republic, the cry of "Communism" was accepted, for a time at least, even in the United States.
- (3) The rape of Austria followed, throwing all Eastern Europe open to Hitler.
- (4) Then when Czechoslovakia's turn quickly came, the British and French Governments begged Hitler to take what he wanted peaceably, making Poland's doom sure. But the deepest significance of the Munich "conference" was the exclusion of Russia. She was sent back to Asia to await her turn in Hitler's sweep to world power.
- (5) When Hitler tore up the Munich Pact in March 1939, Britain and France at once threw out guarantees of the independence of Poland and Rumania - guarantees which they were totally powerless to make good. Only Russia could defend Poland and she would have to do it virtually alone, because of the German West Wall. Even then, third rank negotiators were sent to get the alliance with Russia.
- (6) The Russians chose instead to make a deal with Hitler which would enable them to regain control of a buffer zone extending from Bessarabia to Finland.
- (7) When Russia made war on Finland to get control of the

years immediately ahead, not thirty years from now when hostilities and suspicions have grown to explosive proportions and new scientific means of planetary destruction are ready at hand.