

Summer Welles Papers
Box 211 Folder 3
Speeches & Writings
Moffat Diary 1937-1938

January 5, 1938

Lunched with the Hungarian Minister. The conversation ranged over a wide variety of topics. With regard to conditions in Hungary Mr. Pelényi stated that the efforts of the German authorities to encourage Nazi propaganda were seriously disturbing to the Government. He thought that the recent visit of the Hungarian Foreign Minister to Berlin was in part motivated by a desire to clear up this situation. He found, however, that the new party organization in the Foreign Office was highly embarrassing to Von Neurath, and that the latter was not succeeding any too well in controlling it.

The Hungarians have always kept in pretty close touch with what is going on in Germany and, despite rumors that are current to the effect that Party influence is increasing in the Army, and that the influence of the old line Generals is correspondingly diminishing, the best Hungarian opinion is that, for the moment at least, discipline has never been stronger and that this is a worry for the future, not for the present. He said that the Army had more power today than ever before, and that it had about reached the point where it no longer needed the Party; if at any time the Party should try to force the hands of the Army, he believed it not impossible that the Army would "have matters out."

He thought it would be a long time before the Rumanian situation clarified itself. He said we heard a lot about the sufferings of the Jews in Rumania, but he thought these were less than the sufferings of the Hungarian minority. He said that Hungary had successfully persuaded, first Czechoslovakia, and secondly Yugoslavia, to treat the Hungarian minorities in a reasonably humane manner, but that they had been able to get nowhere with Rumania.

As to the general European situation he was growing more pessimistic unless England and Germany somehow or other succeeded in burying the hatchet. Of course the price would be some colonial compensation. He thought that the influence of the League of Nations would steadily decline as from this time forth; despite efforts to the contrary the League would inevitably become more and more devoted to the idea of preserving the status quo. He was much perplexed in trying to analyse British policy ever since the close of the War, but particularly during the past four or five years.

March 21, 1938

Meeting in Sumner Welles' office this afternoon to deal with the refugee situation. The President does not like the idea of proceeding through the International Labor Office, instead he desires to set up a committee ad hoc, despite the fact that there are already three international organizations dealing with the same problem. He goes on the assumption that we must not forget our great tradition of being the home of the exile and the outcast, (but) he recognizes that public opinion and Congressional sentiment are against any relaxation of existing restrictions. What he has in mind therefore is: (1) to liberalize the procedure under existing legislation; (2) to issue an appeal which he believes would persuade many of the Latin-American Republics to accept some thousands of Austrian refugees during the present emergency; (3) and as a long term proposition to look into the question of travel documents, legal disabilities, etc. The difficulty was that he wanted to be presented with a detailed plan before he left for the South tomorrow afternoon. After a discussion between Mr. Messersmith, Mr. Warren, Mrs. Shipley, Hackworth and myself, we reached the following conclusions:

- (a) that Hackworth should give a legal opinion upon whether the Austrian quota can now be absorbed into the German quota and thus make many thousand more immigration visas available to Austrians;
- (b) to inquire of foreign governments whether they would be willing to appoint a refugee commissioner who would meet with a Presidential appointee to go over this whole situation;

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(c) to ascertain that the various welfare groups in New York would cooperate with the individual whom the President has in mind to name, FHA;

(d) to consider the nature of public appeal that the President might make.

March 22, 1938

Sumner Welles sent for me and asked me to draft in connection with the President's idea of encouraging a humanitarian atmosphere toward Austrian and German refugees. It is now dependent upon support from other foreign governments which I think will be most grudgingly given if at all by the European countries to whom we appeal. The Latin Americans may well come through but the experience of Ecuador which admitted a thousand Jews a few years ago and then turned somewhat anti-semitic because they promptly outdistanced the natives in business acumen is scarcely reassuring. No, in my opinion we ought to concentrate on a much longer term policy and investigate places like Madagascar and others which could hold a vast army of new immigrants.

April 5, 1938

We worked for the most part today on getting in their final form the texts of the notes to Germany accepting de facto the absorption of Austria. This required not only a lot of last minute initialing but consultation with McDermott as to publicity, etc. The notes went out to Berlin in the evening. I also prepared a press statement for attribution bringing out the points that we wanted emphasized, notably the importance both to individuals and companies to keep a properly functioning office in Vienna as well as the need of an accurate, fair and humane carrying out of our immigration laws.

April 29, 1938

After a Cabinet meeting Sumner Welles sent for me and told me that the President had approved our recommendation to agree to set the size of capital ships at 45,000 tons, and asked me to start the preparation of the necessary instructions to our negotiators in London. We also discussed at some length the attacks on American citizens in Vienna, of which there have been two or three which were marked by considerable brutality. He doubted if we had done enough, but had overlooked the telegram directing Wilson to make most formal representations to Ribbentrop in addition to having Geist take up the matter through the GESTAPO. He continued in a somewhat critical vein of Hugh Wilson's dilatoriness in sending an analysis of the recent Goering decrees threatening the confiscation of German-owned property of American Jews.

May 5, 1938

Allen Dulles called up with regard to the German law threatening to seize the property of Jews whether American or German. He wanted to know just what we were doing. I told him (1) that we were making inquiries to clear up certain ambiguities and try to determine German practice. (2) That we were studying the Decree in relation to our treaty rights. (3) That we were considering a very strong protest to Berlin but that all these things could not be done in a day or even a week. Conference in the Secretary's office with Messersmith, Lamar Hardy and others on a German question. It was waste time as the object of discussion was soon found not to exist owing to a misunderstanding and confusion of names.

Bill Stone of the Foreign Policy Association dropped in to give me the capitol gossip regarding the Nye Resolution. He said that while most Senators favored the Resolution they only favored it if they could do so without a record vote being taken. They would be most loathe to go on record, given the strong feeling pro and con existing in their constituencies. He also said that Senator Nye was on a hot spot as he was afraid that an attempt might be made to extend his Resolution to include a reexamination of our entire neutrality policy, which was the last thing he wanted to do. He said that he had not been able to locate the Senator who gave the NEW YORK TIMES the false lead pursued in this morning's issue, intimating that the President and Mr. Hull were in favor of the Resolution but he absolved Senator Pittman from double-dealing.

Mr. Cosmelli then asked me about the Nye Resolution with regard to raising the embargo in Spain. I told him that of course

he knew that there had been strong pressure on the State Department to lift the embargo. We had pointed out that there were two resolutions dealing with the embargo, the one of January 8 which was mandatory and the subsequent one of May 1 which was discretionary. The mandatory one, however, had never been repealed, and the argument that the May Resolution had repealed it by implication was one which had never been favored by our courts. The advocates of repealing the embargo had therefore transferred their activities to Congress and the Nye Resolution was the result. He asked whether I thought it would pass, to which I replied that I thought it would develop into a serious political fight. He asked whether it would bring into play the whole question of our neutrality acts or whether it would be fought out on the Spanish issue alone. I told him that the House Committee on Foreign Affairs had declined to hold hearings on the general neutrality policy this session, as it was very late in the year to introduce a new controversial subject. However, the situation was still far from clear as the Nye Resolution was only introduced two days ago and the Secretary of State had not as yet even commented on it to the Committee on Foreign Relations. Mr. Cosmelli thanked me for this information which, he said, about confirmed the opinions he had already formed.

May 11, 1938

Two days ago we presented at Berlin a very sharp note of protest against the German decree requiring Jews, whether German or foreign, to declare their holdings in Germany, which might thenceforth be used "in harmony with the requirements of German economy", and asking assurances that the decree would not be applied against Americans. I felt at the time that while there was little chance of Germany's acceding to our point of view what chance there was would be ruined if the note were made public. Hugh Wilson argued in the same vein, pointing out that it was one of those measures advocated by the Nazi Party but deprecated by Government servants, and that we should be careful to strengthen the needs of the latter. But even Woermann to whom he presented the note made it clear that inasmuch as the decree applied to Jews of all nationalities, we could not claim discrimination against us, and rejected our claim that it was a breach of our EE3 commercial agreement. This morning the NEW YORK TIMES carried the whole story under a Berlin date line giving not only an accurate account of the points we had made in our note but an equally accurate account of the points Woermann had made in his talk with Hugh Wilson. In the circumstances we had no option but to publish the text, which, coming on top of the helium refusal will not improve matters. In the third place, the District Attorney in New York who has uncovered a large scale German espionage plot, telephoned that his key witness had disappeared by stowing away on the BREMEN. The points involved were purely legal but I was busy with Hackworth and Baker for nearly an hour before they were able to reply to New York.

To cap the climax the Left Wing group who are opposing us on the Spanish embargo have changed their tactics and instead of attacking individuals in the Department have been spreading rumors of grave disharmony between the Secretary and Sumner Welles. There has been a regular whispering campaign that the Secretary might resign because of disapproval of certain measures taken in his absence. It is all part of a scheme to undermine his influence at this particular moment, but reached such proportions that the Secretary finally felt he had to issue a public denial, branding the reports as fantastic.

September 29, 1938

What a day of contrasts! It opened in the deepest gloom. Sterling broke twelve cents. The security markets were disorganized. German ships were called home from the high seas and everything seemed set for war. Then suddenly came the announcement that Hitler had accepted a Four Power Conference and immediately public opinion changed over the entire world. Sterling recovered. Stocks surged forwards, and everyone whom you met said, "Well, it's all over now". I wish I had the nature to swing to such extremes. I do think the chances of preserving peace have immeasurably improved but it likewise is difficult for me to see how this can be done except at the expense of Czechoslovakia.

The President's second plea sent out last night has received a very good press and papers here are prone to give it credit for saving the situation. That it was a contributory cause I have no doubt, but equally it would seem as though Mussolini's intervention were the principal one. Whether he got cold feet or whether he saw a chance to gain something from England and France by blackmail time alone can tell. At any rate these things stand and we shall wait what the next 48 hours bring forth.

The Czechoslovak Minister called in the morning. He said he knew he could speak for his Government in saying that they had been deeply moved by the President's recent appeals. The fact that Hitler had accepted a Four Power Conference he felt was due, in large degree, to the President's messages.

However, he was deeply fearful that the new conference would result in further pressure being exerted on the Czechoslovaks by the British and French. He had been in Praha all during the

painful earlier days of the crisis. The country, in agreeing to the Berchtesgaden demands, had come to the very verge of suicide. It could not stand for more. (The Minister spoke with such emotion that at one point I feared he was going to break down completely.)

His request was as follows: That inasmuch as we had a share in inducing Hitler to call the Four Power Conference, we should now try to influence the British and French not to agree to anything in that conference which would result in further requests for Czechoslovak concessions.

If this were the case, President Benes would resign. (At this point the telephone bell rang and his secretary told the Minister that the Wall Street Journal had a flash that President Benes had in fact resigned. I called up our Division of Current Information, which checked with the three big associations, none of which could confirm the news and all of which disbelieved it.)

I told the Minister, without giving him any encouragement, that I would pass on his message to you both. He said that he knew our policy of non-involvement, but this request of his seemed to him the one and only hope of saving his country.

Mr. Myron Taylor returned from his refugee mission. He is to make a speech for the Council of Foreign Relations next Monday and had asked us to prepare a draft for his use. Achilles has been working on this for the past fortnight and the result seemed to please Mr. Taylor greatly. He is sending down two or three pages of "human interest" stuff and personal anecdotes for Achilles to incorporate into the speech in order to give it a more emotional and Tayloresque touch.

October 1 and 2, 1938

Sunday morning I was asked to come to the Department at a quarter of ten, which cut short my usual late sleep, as the President had asked Sumner to speak over the radio Monday evening and give a report to the public of last week's crisis, with particular reference to America's role. Sumner was going to dictate the speech in the morning and wanted me to bring all documents as well as my own chronology.

His method of dictation interested me. He thought through in advance every sentence - not only as to substance but as to form - and when all was done not more than three sentences needed revision from the point of view of syntax or style. Further, he was most open to suggestion. When he had finished about a quarter of one we went into the Secretary's room and read it to the Secretary, Jimmy Dunn, Herbert Feis and Hackworth, who were gathered there. Each one had his pet scheme and Herbert Feis his pet hatred, but on the whole his draft was passed with not more than three or four small changes.

The Czech Minister took me aside and talked in tones of the utmost bitterness - not that I blame him for his country was abandoned by its friends and left to make the burden of the sacrifice to Germany alone. Nevertheless his emotions were not well under control and he made some remarks which in a calmer moment he will probably regret having given voice to.

He said that he wanted to come and see the Secretary tomorrow on two points: (1) to ask his approval of a short statement he wishes to issue here tomorrow addressed both to Czechs in America and to Americans in general. He had planned to broadcast but the

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broadcasting company suggested that this would be a mistake, acting allegedly on the advice of "higher ups". This the Minister termed censorship.

The second subject that he wished to take up with the Secretary was to call attention to the plight of the hundreds of thousands of non-Czechs, namely anti-Nazi Germans and Jews who were fleeing from Sudetenland seeking refuge in Praha. Czechoslovakia, having felt itself betrayed by its friends, would never again ask anyone for political help, but as she had been "sacrificed by others" she felt that outside help should at least be granted her to take care of these refugees. In a purely humanitarian spirit he hoped that we would do something as a Government in this respect and was going to speak both ^{to} the Secretary and to the President in this regard.

October 12, 1938

It is curious how one subject can suddenly arise above the horizon like a small cloud, grow until it occupies almost the entire sky of Departmental effort and then is driven gradually behind the other horizon by new clouds looming from other quarters. At present the cloud is Palestine. The British are alleged to be considering a change in the mandate in order to make peace with the Arabs. In particular it is alleged that they are going to agree to the Arab demand to shut down on Jewish immigration. American Jewry has sprung to arms. 6,000 telegrams demanding that we stop the British reached the Department in 24 hours. Over a hundred members of the House and Senate have joined the warpath. Personal friends are writing letters to the President and the Secretary.

Fortunately Palestine falls in the Near Eastern Division and they must carry the burden. Nevertheless, the Secretary asked Jimmy and myself to sit in while we talk over the best ways and means. The legal position is clear. We have a right to make our views known to the British but have nothing to say as to their ultimate decision, other than to retain the rights granted Americans. Of course that is not what the Jews want and the problem is to find a formula which shows sufficient sympathy with their wishes (most of which are just in equity), and yet does not put us in a position of going beyond our treaty rights.

In addition to the foregoing Sumner Welles gave me some draft letters to prepare such as one from the President to Governor Lehman and others to miscellaneous correspondents.

November 14, 1938

The German situation was uppermost in our minds. The wholesale confiscations, the atrocities, the increasing attacks not only on Jews but on Catholics have aroused opinion here to a point where if something is not done there will be combustion. The difficulty was to find ways and means of making a gesture that would not either inherently hurt us or provoke counter retaliation that would hurt us. The final decision was to order Hugh Wilson home for "report and consultation". We had several conferences with the Secretary during the course of the day as we had to determine: (a) how to phrase the instruction; (b) how to give it publicity and (c) how it could best be followed up by the President at Press Conference tomorrow. Hugh Wilson happened to be planning to come home on leave next week. We therefore had to telegraph him without delay to sail on the next non-German ship. As a matter of fact, the papers played it up even more than we anticipated. The supposition was fairly general that it was either a breach of relations or might develop into a breach of relations. The French Ambassador telephoned me about ten minutes after McDermott had given the news to the press and I tried to put the thing in proper perspective for him. It is more than a struggle between Christian and Jew, it is as much a struggle between two factions of the Nazi Party for dominance. Unfortunately, all the information we get is that the wild men are winning.

Myron Taylor telephoned three times from New York today. He had been in touch with Mr. Rublee by telephone in London, and the latter was calling a meeting of the Intergovernmental Committee's

officers to see if other means might not be found of putting pressure on receiving countries to be more liberal in their promises. Mr. Rublee, however, still felt that this was subsidiary in importance to arranging for Mr. Rublee's reception in Berlin. Mr. Taylor asked if I did not feel we could instruct Mr. Wilson to make one further effort with the German authorities before he started on leave.

In reply I read Mr. Taylor the gist of Mr. Wilson's telegram describing his talk with Weizsaecker and Heath's talk with Woermann, and quoted both as saying that there would probably be no reply for at least a fortnight. In the circumstances Mr. Taylor agreed that there was nothing further that Mr. Wilson could do but thought his early return for consultation was a good move.

The President's Advisory Committee, under the chairmanship of Mr. McDonald, lunched with Mr. Taylor today. The Committee felt that it was time for them to go to Washington to report to the State Department and to the President. Mr. Taylor said that we would in all probability be faced with two suggestions on their part, and that we might meanwhile be considering our answers thereto.

The first suggestion would be for the President to summon Ambassador Dieckhoff and point out that the failure of the German authorities to answer concerning Mr. Rublee's trip was a lack of courtesy not only to us but to the other countries represented on the Intergovernmental Committee. I suggested that it was unusual for the President to summon foreign ambassadors. Mr. Taylor replied that it was that very factor which made the Committee most keen on suggesting this course. They thought that it offered the

President a chance to indicate his disapprobation of what was going on in Germany without overstepping any of the bounds of propriety or of giving offense.

The second suggestion was that the Secretary call in the British and French Ambassadors separately and point out to each of them that they had not as yet assumed any of the burden that might be expected of a receiving country with a large empire. He might express the hope that their cooperation with the Intergovernmental Committee in London might be more constructive.

I thanked Mr. Taylor and agreed to pass the information on to Mr. Messersmith and to Mr. Welles.

November 15, 1938

Again a busy day. The Secretary sent for me early in the morning to suggest that a short statement we were preparing for the President to use at Press Conference be amended to include some phrase about the danger of Germany's actions proving an incentive to lawlessness in other countries. I urged him most strongly not to include this sentiment to which he finally agreed. As a matter of fact, the President took our statement in toto, pointing it up, however, with the addition of a sentence reading: "I myself could scarcely believe that such things could happen in the 20th century." The press reaction to Hugh Wilson's recall for consultation has been almost uniformly favorable. No one has illusions that it will stop the Germans in their tracks but it is a gesture that enables us to save our self-respect. Incidentally Hugh Wilson telegraphed that he was leaving tomorrow and would catch the MANHATTAN from Le Havre the following day.

Sumner Welles sent for me to talk over the refugee situation. Rublee's reports have become more and more pessimistic and he has found little disposition on the part of England or France to take action as a receiving nation. Despite all the reports coming from London of a widespread plan to settle the Jews in some colony in Africa there has been no willingness visible as yet on the part of the British colonial authorities to admit any Jews at all. The papers are full of negotiations between Kennedy, Chamberlain, Halifax, etc. but there have been no reports from Kennedy and it is hard to see how he could short-circuit Rublee and his Committee to the extent reported in the press.

Myron Taylor telephoned from New York to say that he hoped we would discourage Rublee from summoning a meeting of the officers

of the Intergovernmental Committee until after Hugh Wilson returned from Germany. He thought that a week's delay on Rublee's part would be of scant importance particularly as he had no constructive proposal to put up to the group. Mr. Taylor agreed with us that it would be a tactical mistake for Mr. Rublee to discuss ways and means of destroying his Committee. He deplored the defeatist inferences in such a move and said that he still felt that Germany would have to let the refugees leave in a more orderly manner.

Mr. Taylor said that he was prepared to come to Washington as soon as Hugh Wilson arrived for a conference, and hoped that it would be possible to arrange a meeting, either social or otherwise, with Mr. Welles, Mr. Messersmith, Ambassador Wilson, Achilles and myself. I told him that we appreciated enormously his offer to come to Washington; that I too thought it would be most useful and would let him know about Mr. Wilson's plans.

November 17, 1938

We are still in the dark as to what Kennedy is doing in London on refugees. Mr. Taylor is so upset that he gladly welcomed the President's invitation to return to London and jumped on the train to Washington, arriving about five o'clock. Not only have the papers been full of an alleged "Kennedy plan" but they have even gone further and announced that Mr. Kennedy would substitute for Mr. Myron Taylor at the meeting of the officers of the Inter-governmental Committee.

The British Ambassador came in to see Welles this morning and presented the fantastic proposal that Britain would surrender part of her quota (of course largely unfilled) if the United States chose to allocate it to German refugees. Sometimes the British are incredibly dense and this was one of those occasions. Sumner Welles replied that of course this will require Congressional action; that no country had a quota of its own to dispose of; that the President had indicated right along that the quotas would not be disturbed; and finally that he doubted whether the Jews themselves would favor such a solution. I had a short talk with Sumner Welles just before Mr. Taylor arrived and before they went over together to the White House.

November 23 and 24, 1938

Almost all of Wednesday was taken up on the refugee matter. Myron Taylor was on the telephone over and over again and asked us to prepare a radio speech for him to broadcast Friday night just before sailing. Then later in the day the President sent a rush telegram from WarmSprings to the effect that he had heard that the Zionists were prepared to send an additional 100,000 Jews to Palestine, asking Mr. Welles to confirm it immediately and inquiring whether it was safe to comment. We had about one-half an hour before the President's press conference. We finally got hold of Rabbi Wise in New York, who said he had information which he believed trustworthy to the effect that MacDonald would announce in the House of Commons Thursday that 5,000 children, 8,000 young people, 10,000 relatives, and perhaps eventually as many as 100,000 more Jews would be admitted to Palestine, and that the Zionists could take care of these. In reporting this back to Warm Springs Sumner Welles suggested that it would be premature for the President to make any comment. The President, however, did say that he had heard information roughly to this effect and hoped it was true. Needless to say, it was not true, and MacDonald's speech the next day was far from encouraging to further Jewish immigration.

December 8, 1938

Sumner Welles sent for me on a number of matters the chief of which was to suggest the drafting of a further note to Germany - short but clear - protesting not against any decrees or series of decrees but setting forth in plain language our basic contention that we do not admit the right of foreign countries to divide American citizens into groups according to race or creed and grant these groups differential treatment. As a matter of fact, in many of the decrees foreign Jews are specifically exempted, in others however they are not and the complications arising from this mass of decrees are increasing daily.

December 12, 1938

More trouble on refugees. The French seem most successfully to have angered Ribbentrop during his visit in Paris. Although the Intergovernmental Committee people had urged the French not to cross wires or muddy the waters, Bonnet apparently tackled Ribbentrop not only on the general principles involved but on the merits of a specific financial plan the details of which nobody knows. Ribbentrop apparently went up in the air, said that the Jews were criminals, that like criminals they would be made to live in segregated quarters, report to the police and their ill-gotten gains confiscated. If other countries chose to do something about it that was their business, but Germany would not help one iota.

As a matter of fact the report of this conversation struck the President so forcibly that he has asked us to confirm it as far as possible both in Paris and Berlin.

Gilbert reports that there are two trends in Germany - the first as typified by Ribbentrop, the second as typified by Goering and Schacht, who have economic responsibilities and realize the damaging effect it is having on German economy. They apparently are anxious to "make a good thing out of the Jews" and sell them to foreign countries. They are quite prepared to talk to Rublee and even invite him to Berlin, though they will not recognize him officially or enter into any multi-lateral understandings.

December 16, 1938

Sumner Welles sent for me twice on the refugee question, the first time in connection with the Philippines who were prepared to make a public offer to receive a very large number of Jews, perhaps 5,000 a year, to open up the Island of Mindanao if they were properly financed. The people specializing in the Philippines pointed out that this was virgin territory and that to send numerous Jews without a great deal of advance preparation would be suicidal. The second time was in connection with a telegram from Rublee advocating the setting up of a financial committee and a Jewish organization's committee to consider Schacht's plan. This is blackmail and extortion pure and simple though we shall have to bat it down with politer and more technical terminology.

December 19, 1938

Most of the day I was at work on Schacht's refugee plan. It started off with a conference in the Treasury with Wayne Taylor, Lochhead and Cairns for the Treasury, Livesey, Achilles and myself for the State Department. We ran over the proposal from both the psychological and the technical viewpoint and saw no merit in it from either. The more one examined it the more it seemed like a straight ransom proposal, and while one would willingly pay blackmail if one payment ended the demand, it is quite evident here that payment of blackmail would merely touch off further persecutions and further demands for ransom in other Central European countries. The plan called for no present concession from Germany whatsoever. The only future contribution it involved would be for Germany to give up some foreign exchange in the future, but even this would be compensated by making every refugee and subscriber to relief bonds an agent in pushing sales in order to create extra exports for Germany. But the main reason for batting down the scheme was that the vast sum mentioned (five or six hundred million dollars) could never be raised in all the markets of the world welded together on terms such as these. Mindful of the fact that ^asummary rejection might make the plight of the Jews worse we cautioned Rublee to be careful in the way he handled matters with the Germans. We also told him that there was a better chance of raising money if the loan were entirely divorced from Germany, German exports and the liquidation of German property than if it were tied up therewith.

Following this conference at Treasury I drafted the telegram which was gone over by Messersmith and Welles. I then took it back to Wayne Taylor who made a few changes in wording. Sumner

Welles then sent it over to the White House where it received Presidential approval and went out about six. Now we are at work in trying to evolve some more constructive scheme but it is difficult work because no two groups see the problem alike. The Jews themselves are hopelessly divided, not to mention the different groups of Christians.

Mr. Bruce arrived and started a series of talks with Frank Sayre. Sumner Welles gave him a large luncheon - some 20 or 24, following which Sayre, Wallace and Bruce had another hour by themselves. I am told that matters are going reasonably well though I keep cautioning people downstairs not to take Mr. Bruce's statesmanship or good manners as typical of the reaction they will find in Canberra.

The Soviet Chargé d'Affaires called to discuss, inter alia, the arrest of Gorin, the heat of the Intourist in Los Angeles. He said that he was much perturbed over this case, which he feared was bound to have unfortunate publicity. He did not know Gorin personally, but he wanted to make certain observations to me. In the first place, no Soviet official was authorized to do anything inimical to the American armed forces as in the Soviet view these were an element of peace. Should it be that Gorin had violated these instructions, he would be severely punished on his return by the Soviet authorities. Of course there were many people not to say countries trying to create discord between the United States and the U.S.S.R. He could not dismiss the possibility that Gorin had been the victim of an agent provocateur. In any event, he could well imagine the tertius gaudens who was watching every sensational development in the case.

I replied that I welcomed the assurances that Mr. Oumansky had given to me with regard to the Soviet official attitude, and

that only the evidence would show whether Mr. Gorin had in fact been living up to the high standard of conduct in a friendly country which was imposed on him by his superiors.

Mr. Oumansky then made some observations on the difficulty of obtaining official information on this case, but later asked that I take no action for the present on his complaints until he had had a further talk with the Vice Consul he had sent out to Los Angeles from New York.

The Chargé also referred to the charges made in the recent German spy trial that sealed letters between the United States and Europe were opened on German vessels. He said that although the newspapers were somewhat confused, the postal authorities in Soviet Russia had been able to identify certain documents to which reference had been made in the trial as being of interest to Soviet national defense. He referred notably to some correspondence of the Bethlehem Steel Corporation which had been intercepted.

December 20, 1938

Still working on the telegram developing our thoughts for Rublee and Taylor as to how in practice something constructive can be done for the refugees. At long last the Germans have agreed to receive Rublee, who is going over with Pell next week. The idea we are working on contemplates the setting up of an International Board of Trustees who can receive subscriptions from the public or from governments for which they will issue non-interest bearing debentures. With the money received they can either: (1) finance the mass settlement of new regions and (2) make individual loans to refugees to be repaid by them if and when they become settled. Achilles was over at the Treasury Department working on the financial end of the message which Sumner Welles plans to take up in Cabinet tomorrow afternoon.

The German Chargé came down to tell Mr. Welles that exchange would be given for the withdrawal of American legacies from Germany. We asked whether this applied to Americans irrespective of race or creed; the answer was "yes". The Germans apparently have gotten wind of an intention to retaliate by preventing the transfer of legacies from American decedents. As they naturally get more than they give they were wise in making this concession. At the same time it is satisfactory both to a vast number of individuals as well as to the Government.