

Diary

Book 698

January 29-31, 1944

- A -

Accounts, Bureau of  
See Deferments, Military

Book Page

- B -

Belgium

Currency situation at time of occupation discussed by HMJr, White, and Luxford - 1/31/44.....	698	159
a) Proposed agreement.....		172
b) Bell-Hull conversation - Bell urging action - 2/15/44: See Book 702, page 1		
1) Divergence in Treasury - State views revealed		
2) Both views placed before FDR - 2/21/44: Book 702, page 211		
a) FDR supports Treasury - 2/29/44: Book 704, page 187		
c) Stettinius-HMJr conversation - 3/4/44: Book 706, page 171		

Bridgeport, Connecticut

See Speeches by HMJr: "We the People" broadcast

Business Conditions

Haas memorandum on situation, week ending January 29, 1944 - 1/31/44.....		193
------------------------------------------------------------------------------	--	-----

- C -

Canada

United States dollar position at end of December 1943 - 1/31/44.....		214
-------------------------------------------------------------------------	--	-----

Chaney, Lon, Jr.

See Financing, Government: War Savings Bonds  
(4th War Loan Drive)

Connecticut, Bridgeport

See Speeches by HMJr: "We the People" broadcast

Contracts, Renegotiation of

See Revenue Revision: 1944 Revenue Bill

- D -

Deferments, Military

Conference; present: HMJr, Gaston, Thompson, and Wilson - 1/31/44.....		180,185
---------------------------------------------------------------------------	--	---------

- a) Consideration given to
  - Accounts, Bureau of
  - Harsha, Earl C. (Inspector, Procurement Division)
  - Internal Revenue, Bureau of
  - Mager, Harold
  - Perry, Wallace G.
  - Rath, Robert C.
  - Schmidt, Frank S.
  - Sgroi, Joseph M.

Dominican Republic

See Post-War Planning: Currency Stabilization

- E -

	Book	Page
Engelhard, Charles		
Letter prepared for FDR in regard to suggestion that Government bonds should insure adequate tax benefits, etc. - 1/29/44.....	698	53

- F -

#### Financing, Government

##### War Savings Bonds

Nebraska State Chairman to be consulted concerning Draft Board's threat to anyone not buying bonds - 1/29/44.....		1,26
4th War Loan Drive		
Progress reports beginning January 18, 1944 - 1/29/44.....		32
(See also Book 599, page 86 - 2/1/44)		
North Carolina appearance of Lon Chaney, Jr., brought to HMJr's attention by Governor Broughton - 1/31/44.....		190

#### France

##### French Committee of National Liberation

a) Use of gold and dollar assets of Metropolitan France applies at time of liberation		
b) Manner of payment for civilian supplies furnished by United States to French North and West Africa		
Crowley and HMJr suggest to Hull a meeting to discuss - draft.....		164,177
Signed letter - 2/2/44: See Book 599, page 298		

- G -

#### Gold

Holdings looted by Axis: Treasury attitude toward - Declaration on Gold Purchases - 1/31/44.....		159,166
a) White memorandum on HMJr's statement and British attitude - 3/6/44: See Book 706, page 277		

#### Governments-in-Exile

See Belgium for discussion of currency situation at time of occupation

- H -

#### Haiti

See War Refugee Board

Haraha, Earl C. (Inspector, Procurement Division)

See Deferments, Military

- I -

Internal Revenue, Bureau of  
See Deferments, Military

Book Page

- J -

Jack and Heintz

Correspondence concerning reputed criticism of five-man  
War Contract Renegotiation Board under Bureau of  
Internal Revenue - 1/29/44..... 698 49

- L -

Latin America

Dominican Republic: See Post-War Planning

Haiti: See War Refugee Board

Lowe, Berenice

See Socialized Medicine

- M -

Mager, Harold

See Deferments, Military

Morgenthau, Henry, Jr.

"We the People" opening drive for 4th War Loan:  
Popularity report by Smith - 1/29/44..... 43

- N -

Nebraska

See Financing, Government: War Savings Bonds

- P -

Pehle, John W.

See War Refugee Board

Perry, Wallace G.

See Deferments, Military

Post-War Planning

Contracts, Renegotiation of: See Revenue Revision  
(1943 Revenue Bill)

Currency Stabilization

Dominican Republic reply on Treasury proposal -  
1/30/44..... 124

U.S.S.R.: Names of technical experts - 1/29/44..... 59

	Book	Page
Radar		
Publicity memorandum by Office of War Information - 1/29/44.....	698	58
Rath, Robert C.		
See Deferments, Military		
Refugees		
See War Refugee Board		
Renegotiation of Contracts		
See Revenue Revision: 1944 Revenue Bill		
Revenue Revision		
1943 Revenue Bill		
Contracts, Renegotiation of		
See also Post-War Planning (Contracts, Renegotiation of) in previous books		
Lack of progress on the Hill discussed by Patterson and HMJr - 1/31/44.....		126, 154
a) Paul memorandum on threat of possible veto.....		129
b) Paul-HMJr conversation.....		130
c) Byrnes-HMJr conversation - 1/31/44.....		134
1) Possible veto discussed		
Conference; present: HMJr, Gaston, Paul, White, Smith, and Sullivan - 1/31/44.....		140
a) Treasury group polled on veto - 1/31/44.... (See also Book 699, pages 47, 64)		152
Committee reverses itself - Patterson tells HMJr - 1/31/44.....		189
Byrnes-HMJr conversation - 2/1/44: See Book 699, page 1		
Conference; present: HMJr, Bell, Paul, Surrey, Gaston, Smith, Sullivan, and White - 2/1/44: Book 699, page 47		
a) HMJr's advice on <u>veto</u> to FDR discussed		
b) Gaston memorandum on FDR action on 1938 Act - allowed bill to become law without his approval: Book 699, page 72		
Paul proposed draft of FDR statement to accompany signing of bill - 2/2/44: Book 699, page 303		

Schmidt, Frank S.		
See Deferments, Military		
Sgroi, Joseph M.		
See Deferments, Military		
Socialized Medicine		
Berenice Lowe suggested by Fred Smith to study - 1/29/44.....		57

- S - (Continued)

	Book	Page
Speeches by HMJr		
"We the People" broadcast, Bridgeport, Connecticut, January 30, 1944.....	698	66
(See also Books <u>696</u> and <u>697</u> : Financing, Government - War Savings Bonds, 4th War Loan Drive)		
a) "Labor-Management News", February 12, 1944 article: See Book <u>700</u> , page 55		
b) Sherwood (Robert E.) asked concerning overseas rebroadcasts - 2/6/44: Book <u>700</u> , page 177		

- U -

Unemployment		
War contract cancellations - situations arising from: Haas memorandum - 1/31/44.....		207
U.S.S.R.		
See Post-War Planning: Currency Stabilization		

- W -

War Refugee Board		
Executive Director:		
Taft, Charles, suggested by Lehman - 1/29/44.....		29
<u>Pehle, John W.</u> : Lehman regards highly.....		29
Treasury recommendations: See Book <u>699</u> , page 40		
Haiti: Report on possible extent of cooperation - 1/31/44.....		229
(See also Book <u>701</u> , page 12 - 2/10/44)		
"We the People"		
See Speeches by HMJr		

January 29, 1944  
10:04 a.m.

Fred  
Smith: Hello.

HMJr: Hello.

Ted  
Gamble: Good morning.

HMJr: Gentlemen, good morning.

S: Good morning.

HMJr: Now, look, I'm worried about this thing of -- this Nebraska fellow that wants to refer everybody to a Draft Board that doesn't buy a bond and I read the story in the Baltimore Sun -- see?

G: Yes.

HMJr: I don't know whether you've seen it.

S: No, I haven't this morning.

HMJr: And it gathers that -- he says that somebody from Washington has talked to him, but I haven't said anything, and he's going right on doing the same.

S: That's right. I've got a statement for you already.

HMJr: Well, just a moment.

S: Yeah.

HMJr: Gamble.

G: Yes, sir.

HMJr: I thought that you might call up your State Chairman in Nebraska, see?

G: I have talked to him, sir.

HMJr: Well, what's the answer?

G: I told the State Chairman that he should issue a statement to the effect that this was a voluntary program and that Mr.....

- 2 -

HMJr: Yeah.

G: ....Placek in Wahoo, Anderson County, Nebraska, had no right to make any such statement.

HMJr: Well, he did all that and he's -- but Placek says that until he hears from me he's going right on doing it.

G: Yes.

HMJr: Now, I think, what I would -- my suggestion is, because if we want to get it in the Sunday papers it has to be done by twelve o'clock.

G: Yes.

HMJr: For the Sunday papers release.

G: Yes.

HMJr: But I would find out -- I don't see why you don't call this fellow direct.

G: Yes.

HMJr: In -- Placek in Wahoo.

G: Yes.

HMJr: And simply say is he -- will he stop this? And if not....

G: To please resign.

HMJr: To please resign and then get out a statement over my name....

G: Yes.

HMJr: ....that I fired him.

G: Yes.

HMJr: I want it to go out over my name.

G: Right.

HMJr: But I -- that's what I would do.

- 3 -

G: All right, sir.

HMJr: But this time I'm not going to take any excuses. It has to be cleaned up by twelve o'clock today and in the hands of the newspapers. See?

G: Well, I'm completely in accord with that, sir.

HMJr: Yes. But I mean it's for Sunday papers' release. It has to go out by noon.

G: Yes.

HMJr: Now, are we together?

G: We're together. As a matter of fact, I ordered our Chairman yesterday to fire him if he didn't retract....

HMJr: Well....

G: ....the statement.

HMJr: ....in this article -- he got that and he says that -- he insists he got ordered out of Washington. He doesn't give a damn about the Chairman and until he hears from me personally, he's not going to -- he said I should fire him.

G: Yes.

HMJr: Well, I would give the man a call and if he says he wants to hear from me, a telegram and a newspaper release can go out of here at twelve o'clock for Sunday morning.

G: Fine. We will have it done, sir.

HMJr: All right.

G: All right, sir.

HMJr: And -- hello?

G: Yes.

HMJr: If and when you have that newspaper copy on these atrocities, I'd like to see it.

G: Well, you can have that this morning, sir. It's all ready.

HMJr: And incidentally, these people who have been so highly critical of me because I've talked about bloody and this and that -- they now ought to go in their corner and hide their heads.

G: I'll say they should.

HMJr: And one other thing -- I can't get this thing straight but it looks to me as though your friend from Portland kind of forced these fellows hands in his article for the American Magazine.

G: Well, the story is that McCormack did. He has a series starting today.

HMJr: Oh. Of the Tribune?

G: Yes.

HMJr: But what's-his-name -- Palmer Hoyt has a story.

G: Yes. He had a story in -- in the American Magazine, next issue.

HMJr: Yeah. All right. Everything -- it's all right, huh?

G: Everything otherwise is 100%.

HMJr: Yeah.

S: Will you call me, Gamble, after....

G: Yes.

S: ....you've talked to the guy?

G: Yes, Fred, I will.

S: If he....

G: I'll call you.

S: You -- you'll want to put out a statement whether he agrees to quit or not, won't you?

G: Oh, I think that he has no choice. If the fellow doesn't agree that he's going to discontinue this thing, Fred, and retract what he says, then he's fired.

- 5 -

HMJr: Well, I think that he should be fired by me....

G: Yes, sir.

HMJr: ....in a telegram.

G: Yes.

HMJr: And then a statement for Sunday morning papers saying I fired him.

G: Right.

S: Yeah.

G: Now, I agree with that, sir.

HMJr: Freddie.

S: Yep.

HMJr: When are you ready with your script?

S: It hasn't come in yet but I'll call you.

HMJr: Oh, Gawd!

S: Huh?

HMJr: I said, "Gawd!"

G: (Laughs)

S: I'll call you as soon as it comes in. They were supposed to have mailed me two of them last night -- one by airmail and one by straight mail.

HMJr: Yeah.

S: So I'm sitting on needles and pins waiting for it to arrive.

HMJr: Well, somebody should have gotten on the train and brought it down.

S: Yeah.

HMJr: Well I -- I -- I -- I saved this morning and now this afternoon I've got to go to the doctor and I don't know when I can do all this stuff.

- 6 -

S: Yeah.

HMJr: I mean somebody should have been on the train and brought it down and been here at nine o'clock.

S: Yeah. Well, I'll check up and find out where it....

HMJr: Well, it's too late now. I've got other work to do and this always -- the thing of doing the thing the last minute is inexcusable.

S: Well, there's nothing I can do about it.

HMJr: Yes, you can. Yes, I beg your pardon. You could have a man up there and get on the train and bring it down.

S: Yeah.

HMJr: That's what you could do.

S: Yeah.

HMJr: I mean a man should have been there and brought it down on the midnight. And, I mean, I saved this morning to work on this thing.

S: Yeah. All right. Well....

HMJr: There's no excuse, Fred.

S: All right. Well, I'll try to find it.

HMJr: All right.

January 29, 1944  
10:15 a.m.

7

HMJr: Hello.

Operator: Mr. Stettinius.

HMJr: Hello.

Edward  
Stettinius: Good morning, sir.

HMJr: Ed, how are you?

S: Good. How are you?

HMJr: I'm all right but I'm mad.

S: What's the matter?

HMJr: It's your God damned Department.

S: What's the matter?

HMJr: I, here, the Secretary of the Treasury, have got to spend two days after you leave on this Ira Hirschman to try to get him out of town.

S: Yeah.

HMJr: And I'm going to put Pehle on the phone and let him tell you what happens when you're not around.

S: All right, old boy.

John  
Pehle: Hello.

S: Yeah.

P: Good morning.

S: Yes, sir.

P: The Secretary sent a letter to General George.

S: Yeah.

P: A strong letter telling him that he wants Hirschman moved right out.

S: Yeah.

P: And that went over to General George and was in his office sometime yesterday afternoon.

S: Yeah.

P: I checked up on it last night and it had been sent down to the Air Transport Office and I checked with them and they said, "Well, it hasn't been approved because the State Department didn't approve raising this guy's priority." And I said, "Who in the State Department?" And they said, "John Bell." So I called John Bell and he said, well, that wasn't exactly accurate but he'd look into it.

S: Yes.

P: So -- that was last night -- I called -- I couldn't reach Mr. Bell this morning and I called the Air Transport Office and they said they hadn't heard anything from State that would change the position.

S: Well, I've talked to them myself several nights ago.

P: I told them that and I also told them that -- I told ~~Ed~~ that you had said that if this fellow didn't move out, that the Secretary should write to War.....

S: That's correct.

P: ....and that we wanted the State Department's support on it.

S: That's correct.

P: But no support has been forthcoming and as a matter of fact, according to this WAC Lieutenant in the Air Transport, State didn't approve raising this man's priority.

S: All right. Well, it makes me damn sick and I'll -- I'll talk to him immediately.

HMJr: Ed.

S: Yes.

HMJr: Do you want to use my switchboard?

S: Yeah.

HMJr: And I'll hang up in a minute.

S: Yeah, and I'll talk to State and I shall have State now say that we wish to have the top priority for this man.

HMJr: Well, all we're asking for is "2".

S: All right.

HMJr: "2" which they tell me will see him through.

S: Yeah.

HMJr: But when you leave town nothing happens.

S: Ah-ha. Okay, Henry.

HMJr: Now, just one second and....

S: Switch me to State.

HMJr: Just one minute and I'll....

Operator: Yes, sir.

HMJr: Who is this?

Operator: Miss Carre.

HMJr: Miss Carre will you take care of Mr. Stettinius, please?

Operator: Yes, indeed.

HMJr: Right.

S: Thank you, Henry.

HMJr: All right.

cc-Mrs. Klotz.  
Mr. Pehle.

January 29, 1944  
10:27 a.m.

10

HMJr: Hello.

Operator: Mr. Stettinius wants you again.

HMJr: All right.

Operator: Go ahead.

HMJr: Hello.

Edward  
Stettinius: Henry.

HMJr: Yes.

S: It looks as if that man will move tomorrow.

HMJr: I see.

S: I told him that if he didn't move tomorrow  
we wanted them to ask for a "2" priority.

HMJr: Yes.

S: And....

HMJr: I thought he needed a "2" priority.

S: No, they say he doesn't need anything other  
than to be -- to -- that they'll move them  
tomorrow and that the War Department are the  
only people who can give them the "2" priority.

HMJr: Yeah.

S: We have told them that we are -- we are telling  
them now that we have -- that this is an important  
case, that the man must move at the first possible  
hour and to do whatever is necessary to bring that  
about.

HMJr: Well, did you -- this man Bell, or whoever he is,  
he understands....

S: I've talked to Bell myself.

HMJr: Yeah.

S: I just talked to him.

- 2 -

HMJr: Well....

S: And I told him -- I've given him the orders.

HMJr: Good. Well....

S: Now, I think -- I think that your -- you see, the War Department gives these ratings themselves. We don't.

HMJr: No, but they check with you, you see. Evidently when they got my letter, they immediately called up State and said, "Well, what do you think about it?" And they must have talked to this fellow Bell.

S: Yeah.

HMJr: And he threw cold water on it.

S: Well, he knows now.

HMJr: He knows now?

S: He knows now and no fooling.

HMJr: Well, good. Well, it's just -- all of this -- gradually the thing will permeate down from you that we mean business.

S: Well, it's the same thing we were talking about one afternoon at your house.

HMJr: That's right.

S: Okay, old fellow.

HMJr: Thank you.

S: Righto.

January 29, 1944  
10:35 a.m.

Operator: Go ahead.

HMJr: Hello.

Arthur  
Sulzberger: Hello, Henry.

HMJr: Good morning.

S: How are you?

HMJr: Fine.

S: Good.

HMJr: Arthur, instead of trying to go through some third party - to - and get over to you my feelings, I thought I'd do it direct.

S: Yeah.

HMJr: A couple of days ago, the new Presidential War Refugee Board got out a very important release....

S: Yes.

HMJr: .... on instructions to all the American missions abroad as to how to treat Jewish refugees.

S: Yes.

HMJr: I fail to find that the Times carried it at all.

S: Well, that's a God-damn crime, because I told them I wanted to play that for all it was worth.

HMJr: Well, I don't think they even carried it.

S: When was it, Henry?

HMJr: Well, it must have been two nights ago, I think.

S: Ah - what was its form?

HMJr: Well, it was a release which was given out from the Executive Office of the White House - I mean, we gave it out here because somebody had to give it out ....

S: Yes.

- 2 -

HMJr: .... a formal release, announcing ....

S: And what - what was it on - it was ....

HMJr: Instructions had gone out to all the American missions as to how in the future they should treat refugees.

S: I see.

HMJr: It ....

S: Well, we'll pick it up.

HMJr: Now, wait - it's called "Release No. 1"; it was really very important.

S: Right.

HMJr: It didn't get out 'til late, but we gave - told the men in the press room at five o'clock that it was coming, and what it was ....

S: Uh-huh.

HMJr: .... in our press room ....

S: Right.

HMJr: .... Treasury Press Room, and so by about seven o'clock they had it, and I know the Associated Press sent out 350 words on it.

S: Oh, we should have had it all.

HMJr: Now, the Tribune did carry it, but only a little bit on the tail end of something, I think, that Mr. Bloom said, but I fail to find it - even I sent for the late - the very late edition ....

S: Yes.

HMJr: .... of the Times, and I couldn't find it.

S: Well, if we didn't have it, we'll run it tomorrow.

HMJr: Now, that's Number One.

S: Right.

HMJr: Number Two: yesterday the - the Hebrew Sheltering Society, or some Society, gave us \$100,000.

- 3 -

S: Yeah.

HMJr: The - the Tribune carried a story; the Times carried nothing.

S: When was that?

HMJr: That's today.

S: Today?

HMJr: Yeah.

S: Uh-huh.

HMJr: Now, ah ....

S: That's H. I. A. S.?

HMJr: Beg pardon?

S: H. I. A. S.?

HMJr: Yes.

S: All right.

HMJr: Now, here they come through with a \$100,000 check; the Trib. carries the whole story - nothing in the Times.

S: Right.

HMJr: Now, that's - that's pretty bad, Arthur.

S: Oh, well, look - I was in the office last night, and I know what they were fighting with on the size of the paper, you see?

HMJr: Yeah.

S: And, someone has just got to be down there with special interest watching every story.

HMJr: Well, I mean, if you don't mind - it - it looks ....

S: It should have been in ....

HMJr: .... it looks ....

S: .... because they know my particular interest in it, and it ....

- 4 -

HMJr: Well, it looks sort ....

S: .... and it should have been there.

HMJr: Well, it looks as though some special interest kept it out.

S: Oh, no. No, that I'm sure of.

HMJr: Yeah. I was first going to call your brother, Dave, because ....

S: Oh, no.

HMJr: .... and have him talk to you, but I thought, no, I'd talk to you, direct.

S: No - no. All right, we'll pick it up, Henry, and I'm delighted you did -- and please don't hesitate to do it again.

HMJr: Well, you know how rarely in ten years I've done this.

S: Well ....

HMJr: I think this may be the second time.

S: You go right ahead.

HMJr: But, Arthur - Arthur, ask them to show you - going back to the thing - of the way -- the President set up this Refugee Committee.

S: Yes. Well, we had that.

HMJr: And, then - well, you carried it on - on the back page, about 18 or 20; the Tribune carried it on the front page.

S: Uh-huh.

HMJr: So, I mean, right straight along, I mean - and a number of people have commented - they said, how funny that the Tribune should carry it on the front page, and the Times somewhere in the back.

S: Uh-huh. Well, it was inside. I don't remember where it was.

HMJr: Yeah - yeah. And, this isn't - this is breaking new ground....

S: Right.

- 5 -

HMJr: .... right straight along, and it's the most encouraging thing that's happened on this front.

S: Right.

HMJr: And, the only reason that I've kept so quiet is that I don't want them in any way to appear critical of anybody, you see?

S: Right.

HMJr: But it's really important, Arthur.

S: Right. I've been talking about it, and I don't understand, for that reason, and I'll have to check it.

HMJr: Thank you.

S: Right. Thanks, Henry.

HMJr: Good-bye.

January 29, 1944  
10:40 a.m.

Operator: Go ahead.

HMJr: Hello.

John  
Bell: Hello, Mr. Morgenthau.

HMJr: Yes.

B: I have talked to Mr. Stettinius in New York and to General George and have now been advised by General George that he has made arrangements for Hirschman's priority to be raised and for him to be moved tomorrow.

HMJr: Good. Now, what priority is he going to have?

B: "2"

HMJr: "2"?

B: And I believe General George will call you and confirm that.

HMJr: Good. I suggest that you read the circular that Mr. Hull sent out to all Diplomatic Missions on how these refugees should be treated.

B: Yeah.

HMJr: If you haven't read it you'd better get a copy.

B: Well, I just want to make clear of a measure that the matter of the priority that was granted to him was decided by the War Department and not by us.

HMJr: Yes, but then, as I understand, they called you up, some WAC Lieutenant and you discouraged it.

B: Well, now, that was a very peculiar thing. Mr. Pehle called me last night and said something to the same effect and I said that I was at a loss to understand it because I hadn't talked to anyone in the War Department about the case at all, which is the truth.

HMJr: Well, I believe you -- you hadn't talked to anybody?

- 2 -

B: No, sir.

HMJr: Well, why did they say that they called you?  
This WAC Lieutenant, whatever her name is, said  
that she spoke to you and that you discouraged  
it.

B: Well, I'm afraid that isn't true, because I hadn't  
talked to anyone about the case.

HMJr: Well, do you want her name?

B: Yes, I would like to know.

HMJr: Will you stay on the phone a minute?

B: Surely.

Operator: Yes, sir.

HMJr: Keep Mr. Bell on this phone and put Mr. Pehle  
on as well, please.

Operator: All right.

HMJr: Hello.

Operator: Now, there's Mr. Pehle.

John  
Pehle: Hello.

HMJr: Mr. Pehle, Mr. Bell of the State Department is  
on the same wire and he says that nobody from  
the War Department communicated with him and  
would you give him the name of the WAC Lieutenant  
who said that she talked to him?

P: That's right. Lieutenant Chappell.

HMJr: Well....

P: Hello. Is Mr. Bell there?

B: Yes.

P: Mr. Bell.

B: Yes.

P: As I told you last night, Lieutenant Chappell....

B: Lieutenant Chappell.

P: ....told me that the reason that Hirschman's priority had not been raised is that the State Department did not agree.

B: Yeah. Well, that's....

P: And I said, "Who was handling it at State?" and she gave me your name.

B: Well, that's absolutely incorrect as I just told the Secretary that we hadn't -- and I believe I told you last night that we had no conversation on the subject whatsoever with anyone in the War Department.

HMJr: How do you....

P: Well, that's what she told me.

HMJr: How do you spell this Chappell?

P: I suppose it's C-h-a-p-p-e-l-l.

HMJr: C-h-

B: Yes.

P: You know who it is, don't you, Mr. Bell?

B: Yes, she is one of the girls....

P: Sure.

B: ....over in that office. But I can assure you that I very definitely had not discussed the case.

HMJr: Well, I would suggest, Mr. Bell, that you tell that to General George that this girl said that she talked to you.

B: I'll be glad to do that.

HMJr: What?

B: I'll be glad to do that because I do want the -- I want to make it clear that we had not opposed the raising of Hirschman's priority. In fact, we were the ones who asked for his priority in the beginning.

- 4 -

HMJr: Well, would you mind calling up General George and telling him that -- that this Lieutenant Chappell has told an untruth?

B: Yeah.

P: Mr. Secretary, what she said -- I think it ought to be very clear -- what she said was that it had not been raised because the State Department was not in favor of raising it. And I said, "Well, who in the State Department?" And she said, "Mr. John Bell."

B: I don't know how she gathered that. She certainly didn't talk to me.

HMJr: Well, the man is going to move.

B: Yeah.

HMJr: And I think for the reputation of the State Department and yourself, I think you ought to clear that up with General George.

B: Well, I do want to because I regret exceedingly that impression having gotten out because it isn't true. It isn't true at all.

HMJr: Well, will you clean it up yourself?

B: Will do.

HMJr: Thank you.

B: Thank you, sir.

P: All right.

cc-Mrs. Klotz  
Mr. Pehle

21  
January 29, 1944  
11:35 a.m.

HMJr: Hello.

Operator: General George.

HMJr: Hello.

Operator: Go ahead.

HMJr: General George?

General George: Yes, sir.

HMJr: Morgenthau speaking.

G: Yes, Mr. Secretary.

HMJr: Good morning.

G: Good morning, sir.

HMJr: General, has a Mr. Bell of State Department called you?

G: Yes, he has and he called me -- oh, about an hour ago.

HMJr: Yeah.

G: And I -- speaking to me about this particular case -- I asked him if the State Department wanted to have that priority increased....

HMJr: Yes.

G: And he finally said that provided it could be done and be compatible with the military requirements, that they would very much like it done and I immediately increased it and we issued orders for Mr. Hirschman to get out on a plane tomorrow regardless of who he displaced.

HMJr: Well....

G: And with a Number "2" priority I am sure that he will go along as fast as the devil.

HMJr: Well, that's fine. Now, General, there's -- something happened, you see -- to go back a little bit -- Mr. Stettinius told his people that he wanted this done.

- 2 -

G: Yes.

HMJr: And then he had to leave town and he said if anything went wrong would I please write you a letter. You see?

G: Yes, sir.

HMJr: I want you to know the history of this.

G: Uh huh.

HMJr: I mean -- and Stettinius issued the orders in the first place. I mean they arranged for Mr. Hirschman to go. I didn't.

G: Oh, I see.

HMJr: And then the President got out this new order in which -- on how to handle this whole refugee matter and the State Department sent a circular to all its Ambassadors and Ministers to facilitate this thing. And I think that Mr. Stimson is going to get out one also now.

G: Uh huh.

HMJr: Now -- but last night the thing that disturbed me and I told Mr. Bell to tell this to you. A Lieutenant Chappell in your office.

G: Yes.

HMJr: A WAC.

G: Yes, sir.

HMJr: Told my Mr. Pehle that the State Department didn't want anything done about this case and when he asked, "Who?", she said that she'd been in touch with this Mr. Bell.

G: Uh huh.

HMJr: Now, I talked to Mr. Bell and Mr. Bell said he had no contact with Lieutenant Chappell whatsoever.

G: I notice that was on the -- that comment was on the "buck" slip that came on my desk this morning and....

HMJr: And Bell says he had -- nobody contacted him from your office whatsoever.

G: Uh huh.

HMJr: Now, I think that ought to be looked into.

G: Well, I certainly will. I'll investigate that immediately.

HMJr: And I asked him -- he called me a few minutes -- oh, half an hour ago, and I said, "Well, please tell General George this yourself," because he said, "If Lieutenant Chappell said that, it's an untruth." I said, "Well, I want you to tell that to General George." And he said, "Well, General George is going to call you." Well, when you didn't I took the liberty of calling you myself.

G: Uh huh.

HMJr: Because we have troubles enough.

G: (Laughs)

HMJr: So, that's the story and the background and I would appreciate it if you would look into this question as to what happened between Chappell and Bell.

G: I'll certainly do it because I ....

HMJr: Because he was very emphatic that he -- that she had not contacted him at all.

G: It -- it -- I just can't quite believe that my people are making statements....

HMJr: Well....

G: ....either that are completely erroneous. Maybe she might have contacted somebody in Mr. Bell's office and used that name.

HMJr: Well....

G: Frequently that is done, but I'm going to look into it anyway, to straighten that out.

HMJr: Would you, please? And thank you very much.

G: But right now you can be sure that he's got a Number "2" priority and I'll guarantee he goes along rapidly.

HMJr: Thank you. And my -- all of my own contacts with you or your office heretofore have been most satisfactory, and everybody in your office has always cooperated with me so I want you to know that.

G: Well, I'm awfully sorry that this developed -- this whole thing -- they took it over to O.P.D. in the War Department....

HMJr: Yeah.

G: ....and said that if there was no request from the State Department to increase it above a "3"....

HMJr: Yeah.

G: ....that in view of the fact that there were a lot of military crews going over there, that they didn't want to do it. If the State Department said, "Do it," then they said, "Shoot, then that's the end of it."

HMJr: Well, the whole thing stems out of Stettinius' office. That's where it originated, and I called him up in New York today and told him to please to follow through, which he did.

G: Uh huh.

HMJr: Yes. Well, thank you very much.

G: Well, it's all arranged out there, I'm sure and I am going to personally see that he gets along.

HMJr: Thank you so much.

G: Okay, Mr. Secretary.

HMJr: Bye.

## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE Jan. 29, 1944

Secretary Morgenthau

FROM J. W. Pehle

Hirschmann now has a number 2 priority.

~~SECRET~~

January 29, 1944  
11:58 p.m.

HMJr: ....Wahoo, Nebraska thing is cleaned up?

G: Well, I think so, Mr. Secretary. I talked to Placek and I talked to Clark again.

HMJr: Good.

G: And they had -- Clark had gone from Omaha last night to Wahoo and held a meeting at my request with this fellow.

HMJr: Good.

G: And I gathered from him a very satisfactory meeting.

HMJr: Well, I just signed a release.

G: Fine.

HMJr: And so that's that.

G: He told me, Mr. Secretary, that this fellow is a Legionaire. He's a fellow that just thinks that everybody in America ought to take every dollar they have and put in War Bonds.

HMJr: Well....

G: And he goes from house to house himself he's so keyed up about it.

HMJr: Right. Thank you, Ted.

G: All right, sir.

January 29, 1944  
4:50 p.m.

Fred  
Smith:

Levy?

HMJr:

Yeah.

S:

Yeah, I've talked to him and we're going ahead on the script. He beefed and said that we never changed any other scripts -- I don't know where he got that idea. If I remember correctly we've changed them all.

HMJr:

That's right.

S:

He said we never changed one and he didn't like it and he didn't think it would be possible to do it and I said, "Well, it's either that or nothing at all." And he said, "Well, you go ahead and get the thing fixed and I'll call Young & Rubicam and see what they feel about it." And I said, "It doesn't make any difference what they feel about it, that's the situation." Either we change it to the way you want it or you don't go on the air.

HMJr:

Yeah.

S:

So, that's what we're doing. Now, we're getting the thing organized here now and we will phone it to him so that he can get his music cues and what-not straight as it goes along.

HMJr:

And he hasn't called you back?

S:

No, he hasn't called me back. I don't think it's going to be any trouble at all.

HMJr:

Well, it's still set for ten tomorrow morning?

S:

Yeah.

HMJr:

And when I know, I'll let you know.

S:

What you know? Well, when....

HMJr:

They're going to call me at work, because if we don't go, we have to go on the nine o'clock train.

S:

Yeah.

HMJr:

So, I'll let you know by eight. Is that time enough?

- 2 -

S: Oh, that's plenty time enough. Yeah.

HMJr: All right.

S: Now, when -- we'll get this thing just to you in the morning then. You don't want to bother with it tonight?

HMJr: I don't want to see a thing tonight. I can't.

S: Oh, that's right. You can't read.

HMJr: No.

S: Okay.

HMJr: Thank you.

S: All right.

January 29, 1944  
4:54 p.m.

29

Operator: Go ahead.

HMJr: Yeah.

Herbert  
Lehman: Hello.

HMJr: Yes, Herbert.

L: Hello, Henry.

HMJr: Yes.

L: I called you up before and it wasn't of any  
importance -- I -- I've been having a long talk  
with your man.

HMJr: Yes.

L: Pehle. I called you up before simply to say that  
I was wondering whether Charlie Taft had been  
considered at all.

HMJr: His name has been mentioned.

L: It has?

HMJr: Yes.

L: Because of those men that have been mentioned  
I would think he would probably stack up pretty  
well.

HMJr: I -- I -- I think he's a good man, Herbert.

L: Now, I want to say to you this: my people over  
here think very highly of Pehle.

HMJr: They do?

L: Very highly of him.

HMJr: Good.

L: They worked with him and they think very highly  
of him and they would all be rooting for him to  
get the job.

HMJr: Me, too.

L: And as far as I'm concerned, I -- I want to emphasize this and I think it's probably -- my experience parallels yours. I think this business of putting men of national or international reputation in these jobs is a damn sight less important than getting a fellow who could run it.

HMJr: I told the President that and do you know what his answer was?

L: What?

HMJr: "You can't have your cake and eat it, too."

L: Yeah.

HMJr: I said, "What do you mean by that?" He said, "Well, you can't have a man who both knows the job and has international reputation."

L: Well, then if I -- if that's the case, then I would choose the second. I'd choose the fellow who could run the job.

HMJr: Me, too.

L: If not, Henry, what in the devil is the use? I mean....

HMJr: Well, I can't get -- I can't get it through his head.

L: Uh huh. Well, this fellow strikes me as being a pretty darn good man.

HMJr: Yeah.

L: And my people over here who have worked with him....

HMJr: Yeah.

L: ....think very highly of him.

HMJr: Well, I am delighted to know it and confirm my own feelings but I can't get it by the President.

- 3 -

L: That's too bad.  
HMJr: Yes, it is.  
L: Yep. All righty, Henry.  
HMJr: Thank you very much.  
L: Bye. Bye.

## FOURTH WAR LOAN

Beginning January 18, 1944

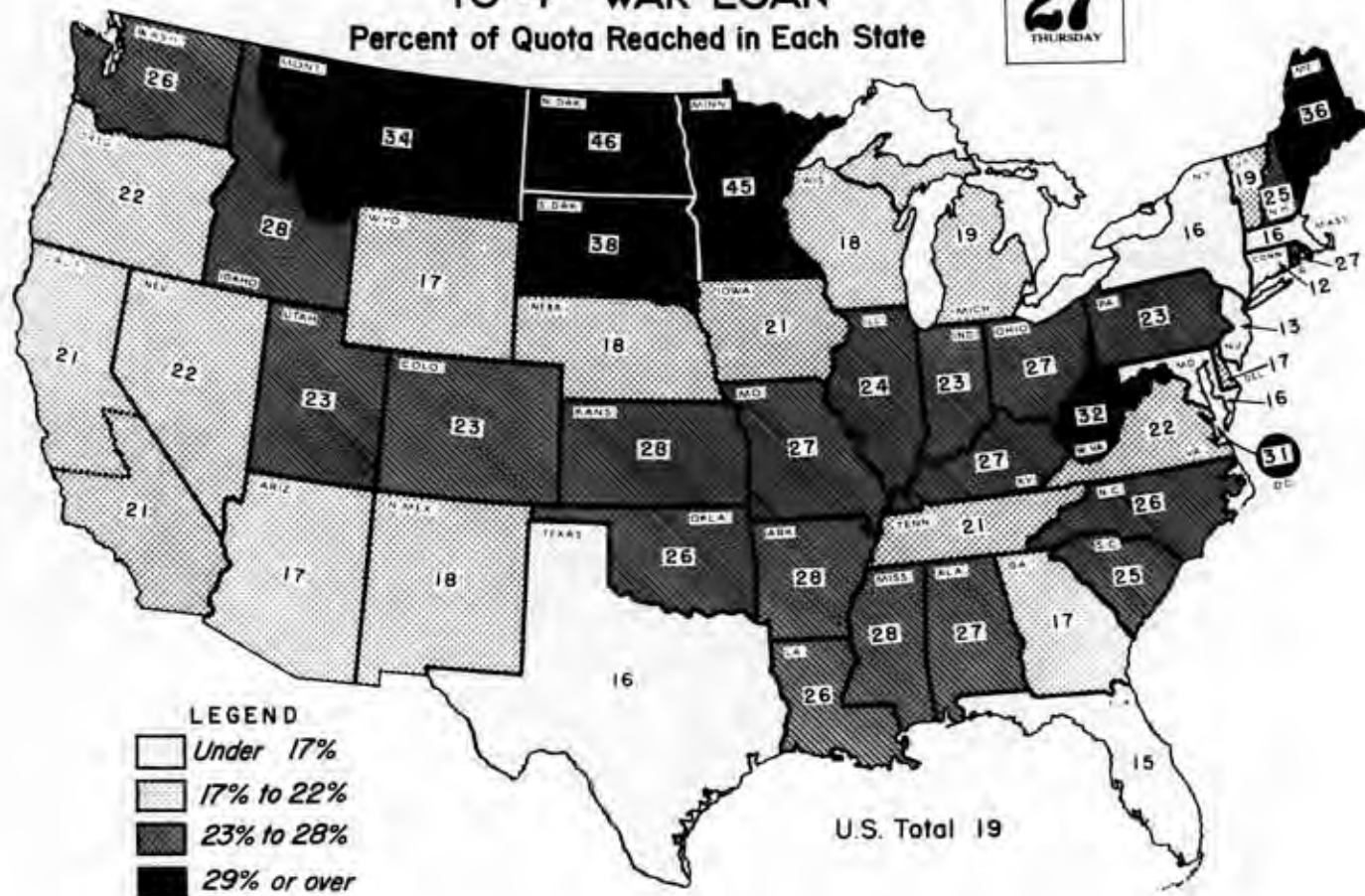
(In millions of dollars)

## Cumulative

	: Through : Jan. 22	: Through : Jan. 24	: Through : Jan. 25	: Through : Jan. 26	: Through : Jan. 27	: Through : Jan. 28	:
Series E Bonds . . . . .	: 587	: 629	: 670	: 736	: 799	: 874	:
Series F Bonds . . . . .	: 27	: 31	: 35	: 41	: 46	: 53	:
Series G Bonds . . . . .	: 142	: 159	: 182	: 210	: 236	: 266	:
2-1/2% Treasury Bonds . . . . .	: 101	: 118	: 137	: 159	: 191	: 250	:
2-1/4% Treasury Bonds . . . . .	: 123	: 149	: 194	: 245	: 298	: 378	:
7/8% Certificates . . . . .	: 314	: 364	: 451	: 557	: 650	: 790	:
Series C Notes . . . . .	: 244	: 285	: 351	: 428	: 492	: 644	:
TOTAL . . . . .	: 1,538	: 1,735	: 2,020	: 2,376	: 2,712	: 3,255	:

# TOTAL SUBSCRIPTIONS TO 4<sup>TH</sup> WAR LOAN Percent of Quota Reached in Each State

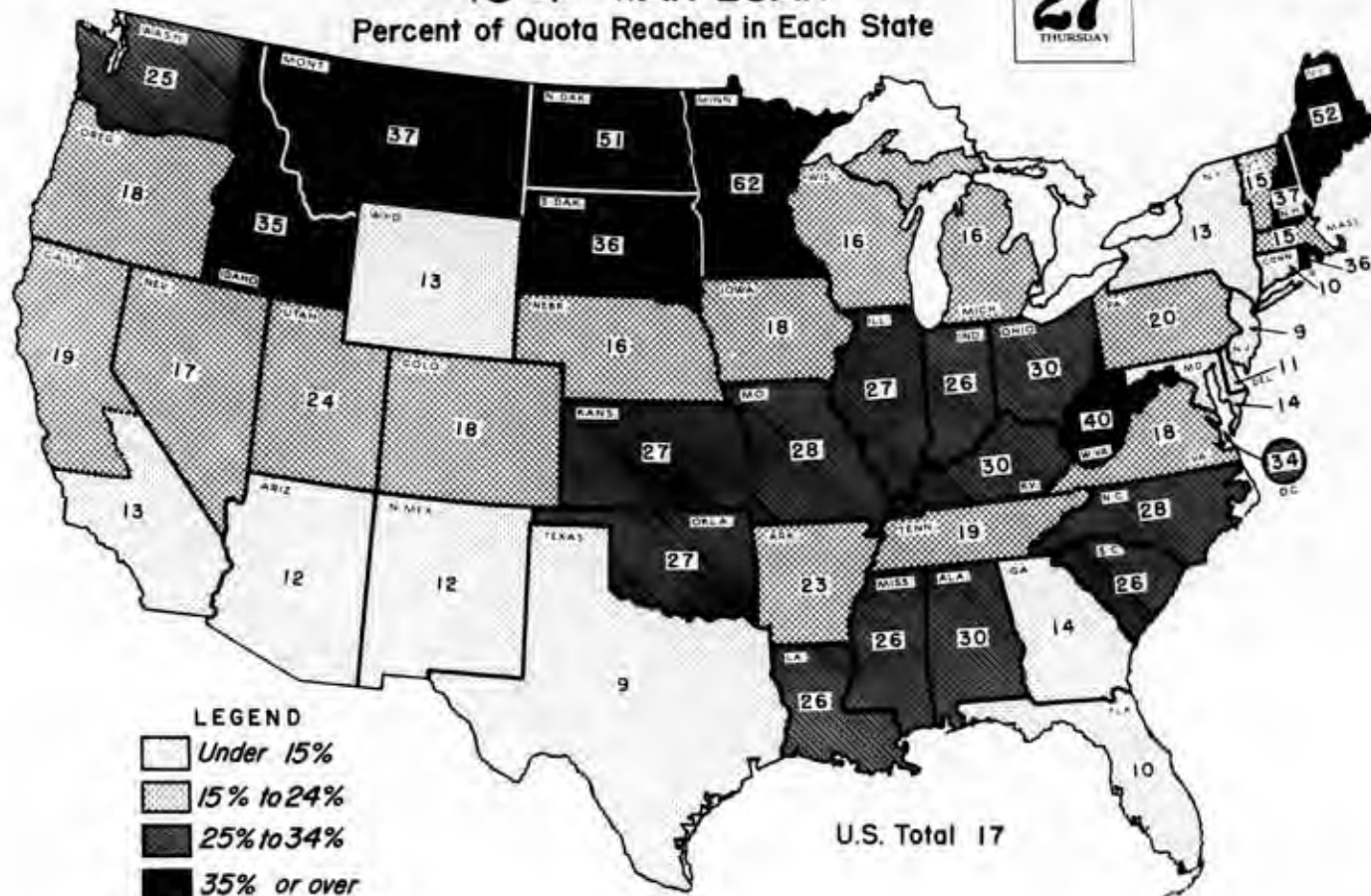
JANUARY  
**27**  
THURSDAY



# CORPORATION SUBSCRIPTIONS TO 4<sup>TH</sup> WAR LOAN

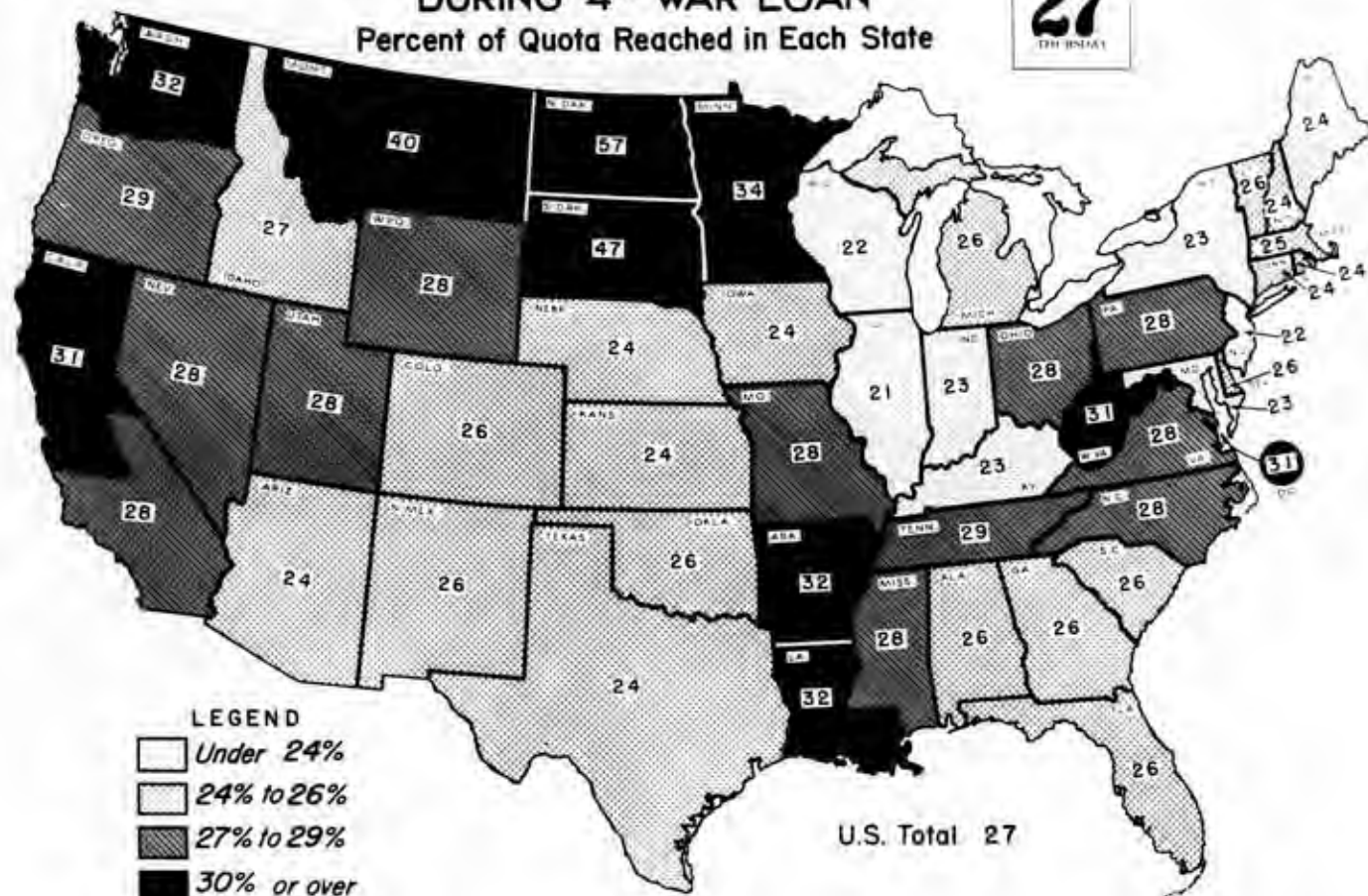
Percent of Quota Reached in Each State

JANUARY  
**27**  
THURSDAY



F-299-2

JANUARY  
**27**  
THURSDAY

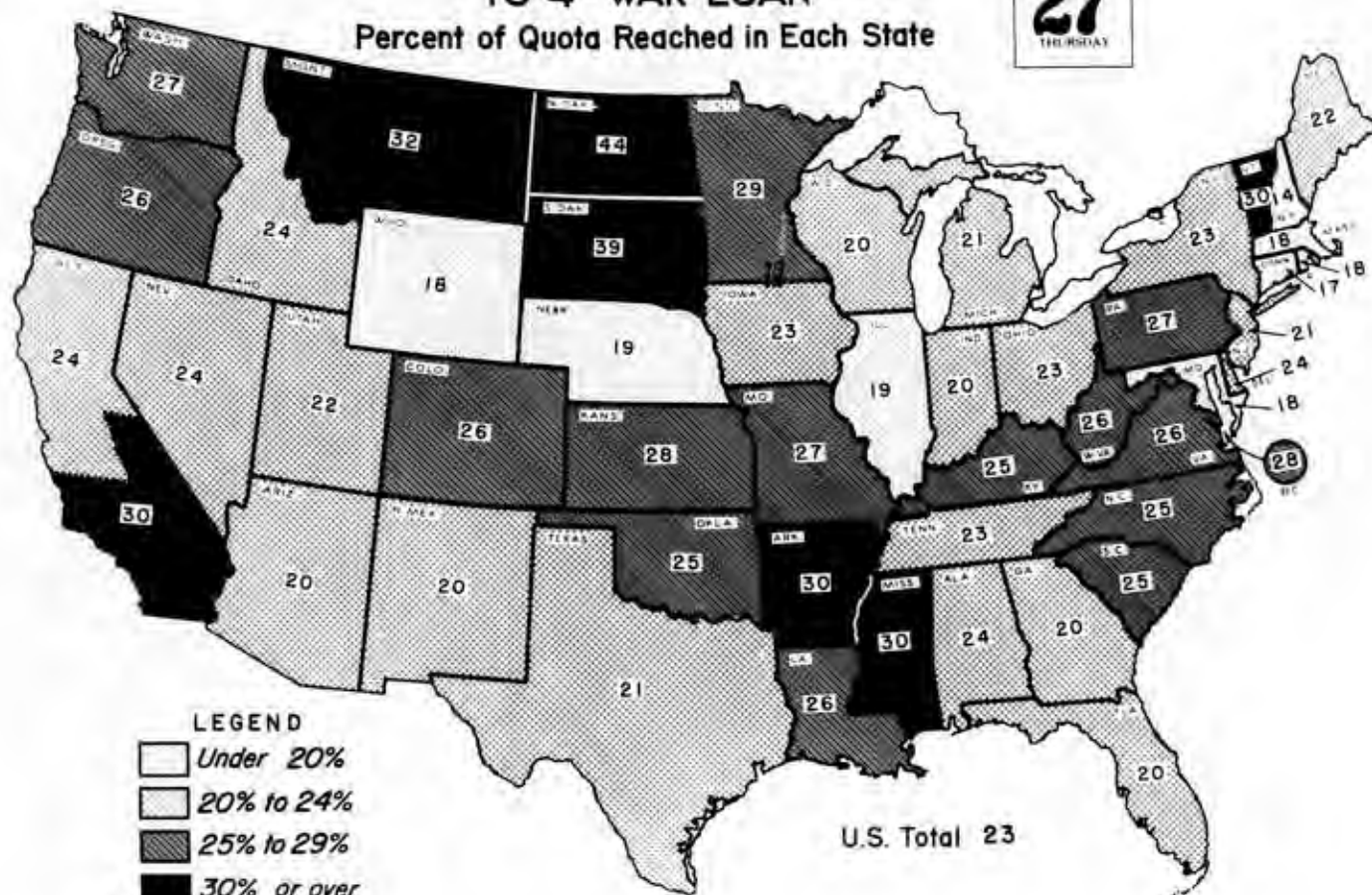


36

# SUBSCRIPTIONS BY INDIVIDUALS TO 4TH WAR LOAN

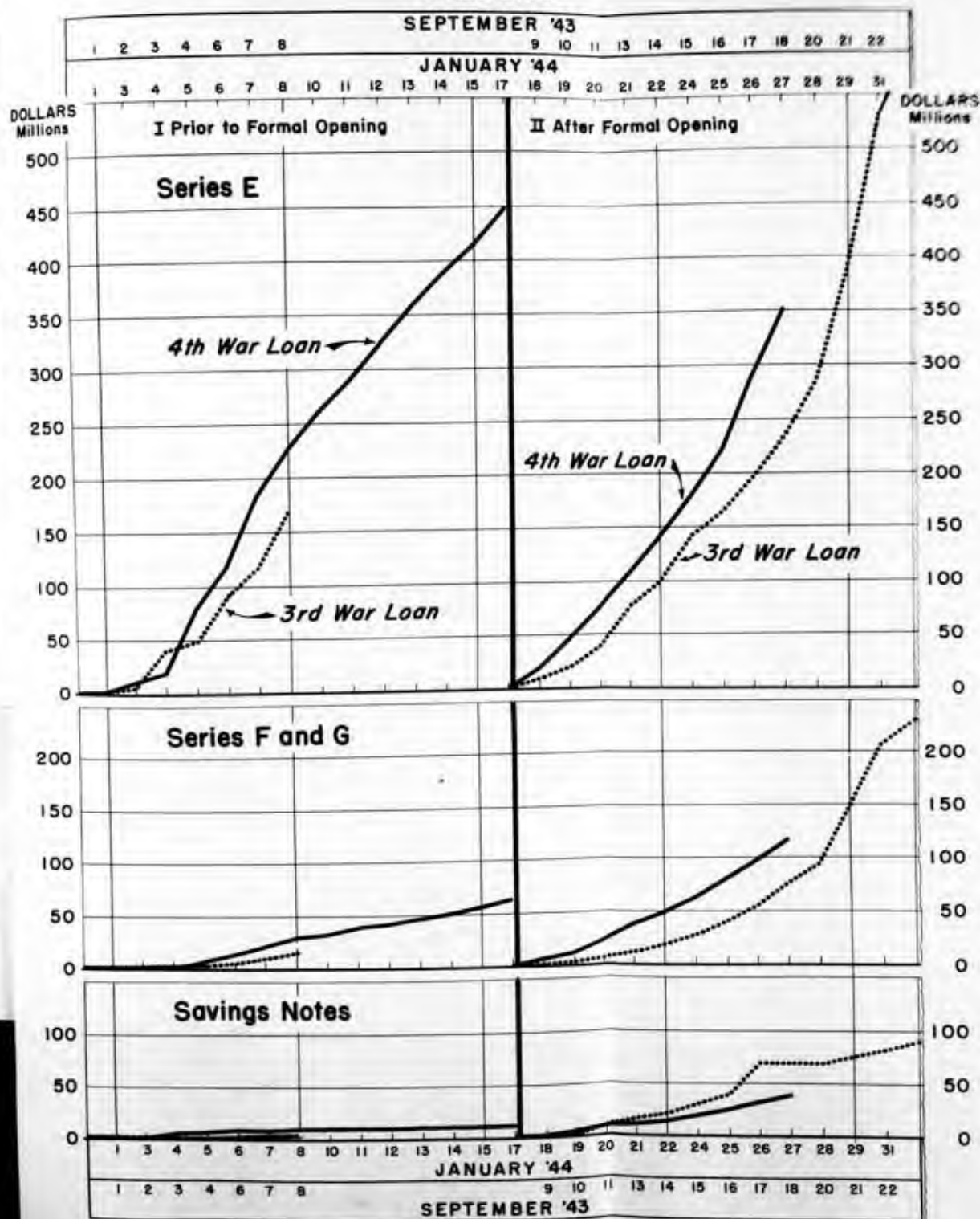
Percent of Quota Reached in Each State

JANUARY  
**27**  
THURSDAY



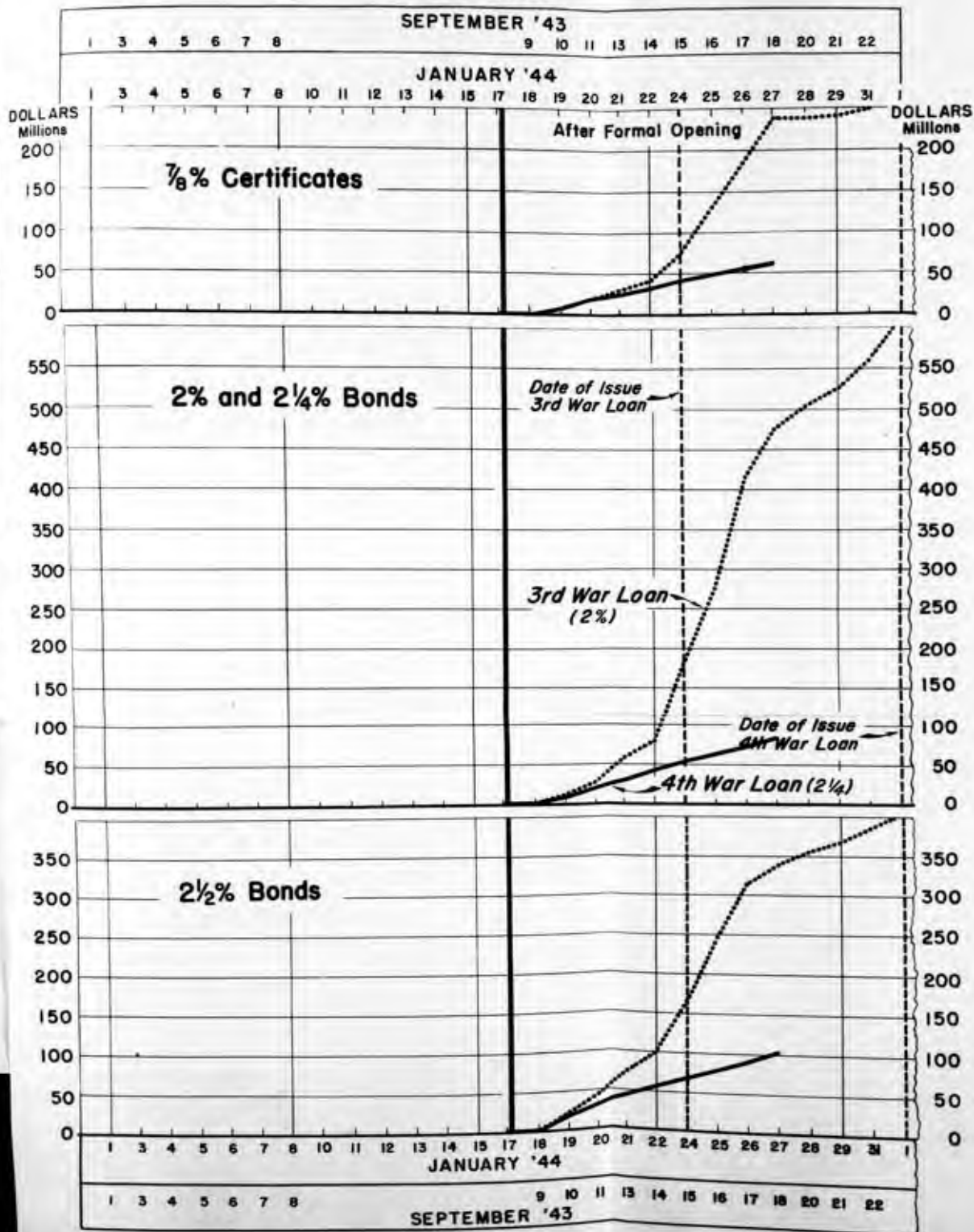
# SALES OF SAVINGS BONDS AND SAVINGS NOTES TO INDIVIDUALS IN THIRD AND FOURTH WAR LOANS

Cumulative



# SALES OF MARKETABLE SECURITIES TO INDIVIDUALS IN THIRD AND FOURTH WAR LOANS

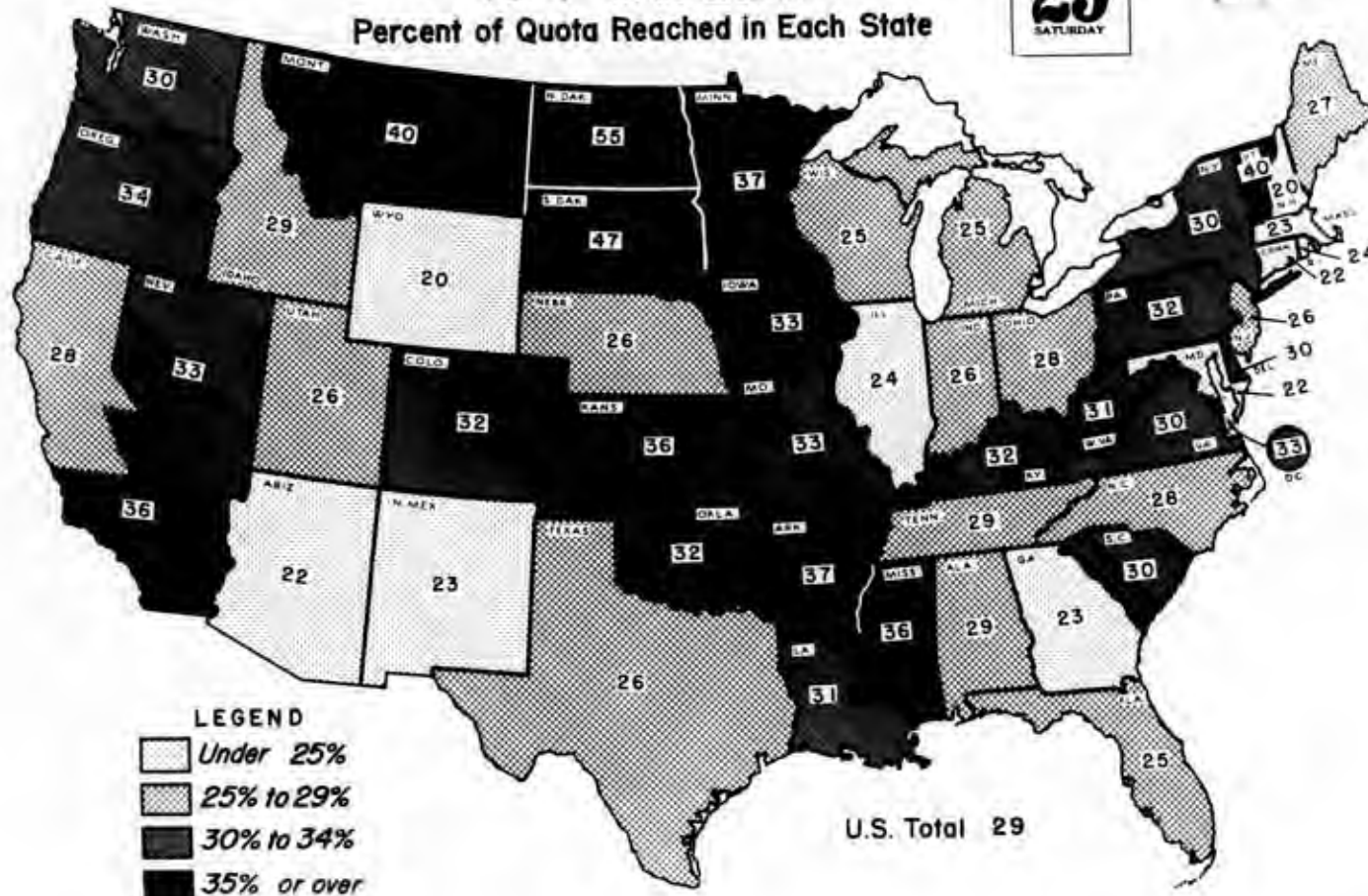
Cumulative



# SUBSCRIPTIONS BY INDIVIDUALS TO 4<sup>TH</sup> WAR LOAN

Percent of Quota Reached in Each State

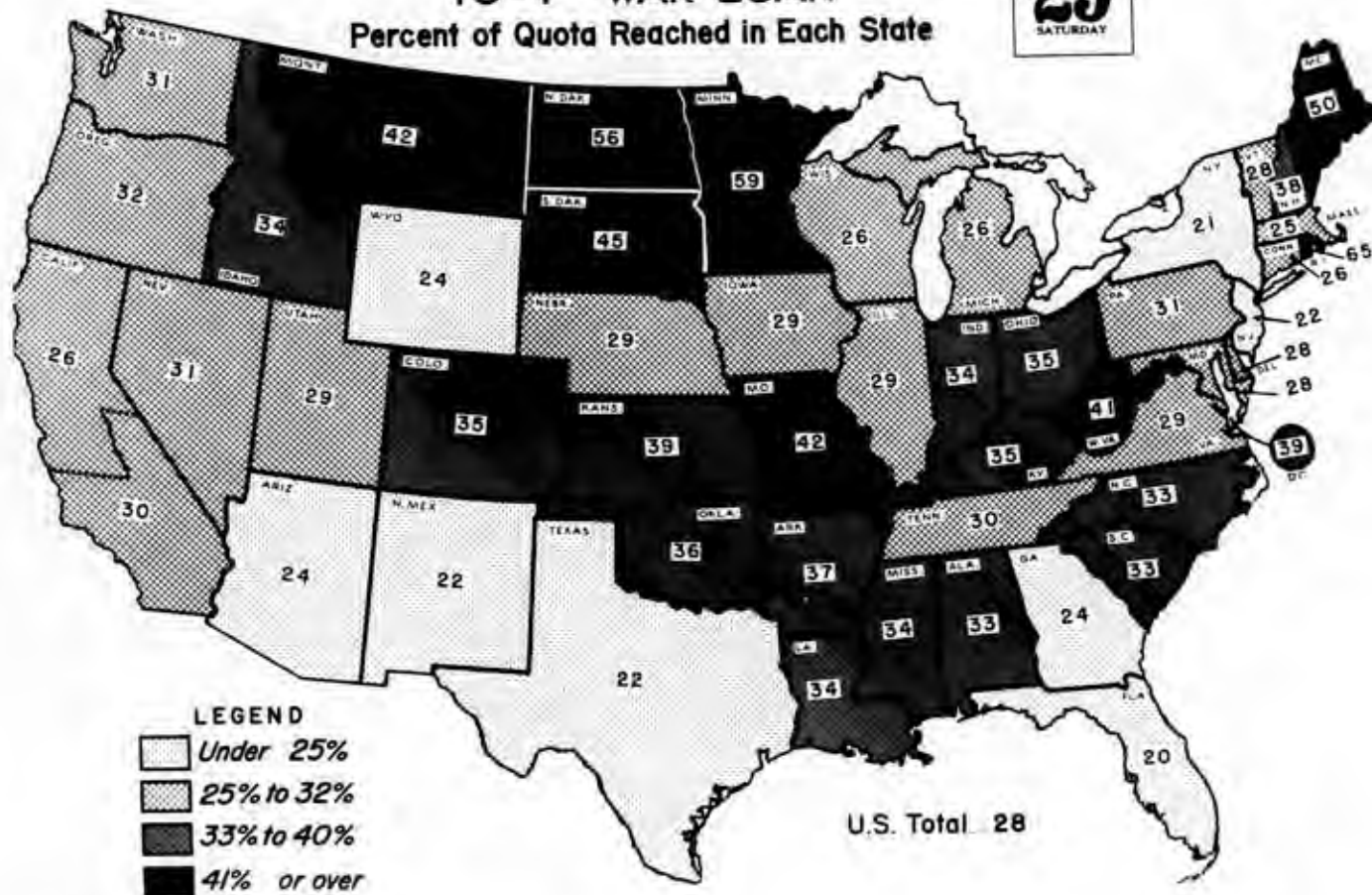
JANUARY  
**29**  
SATURDAY



# TOTAL SUBSCRIPTIONS TO 4<sup>TH</sup> WAR LOAN

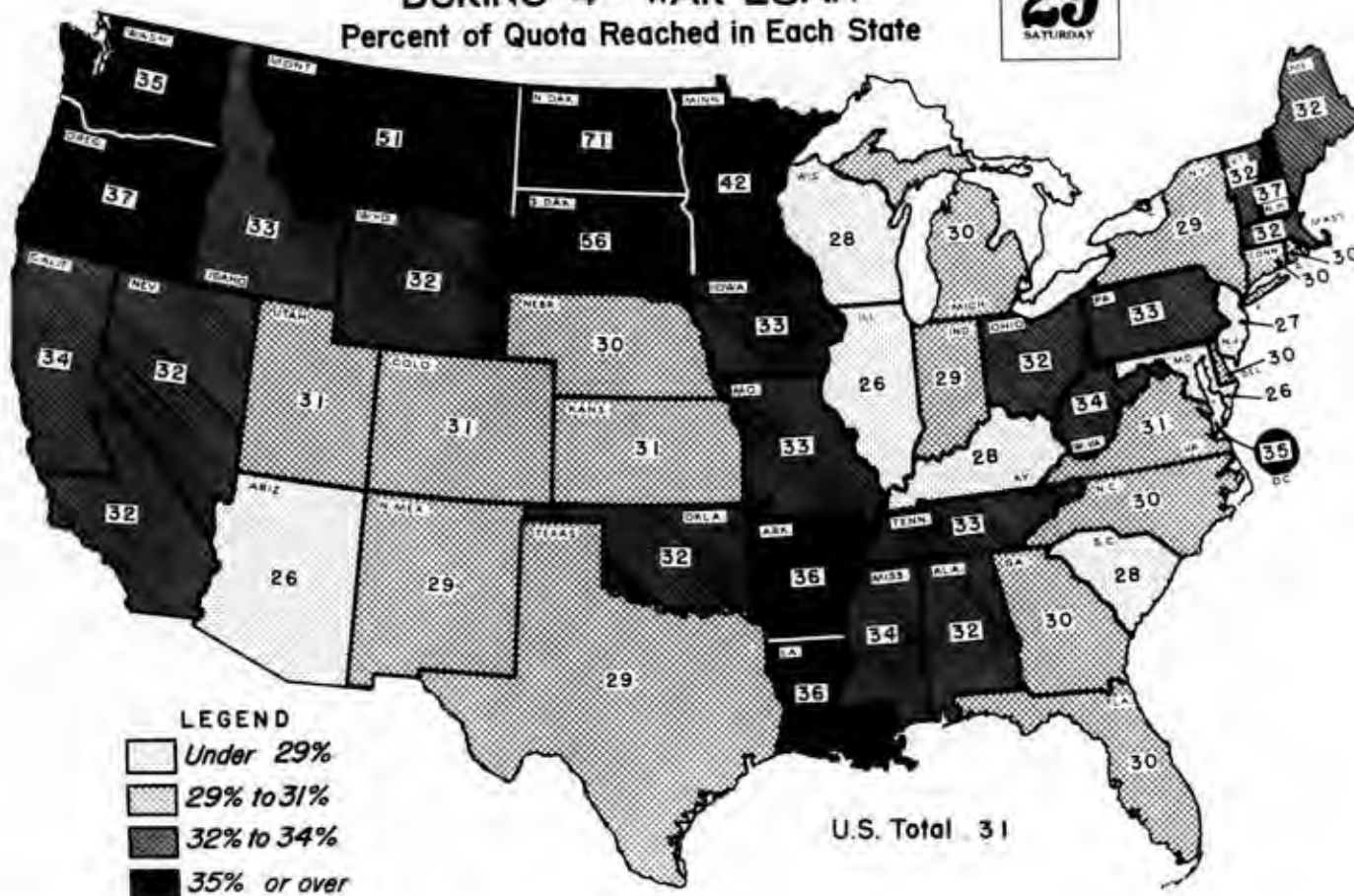
Percent of Quota Reached in Each State

JANUARY  
**29**  
SATURDAY



# SERIES E SALES DURING 4<sup>TH</sup> WAR LOAN Percent of Quota Reached in Each State

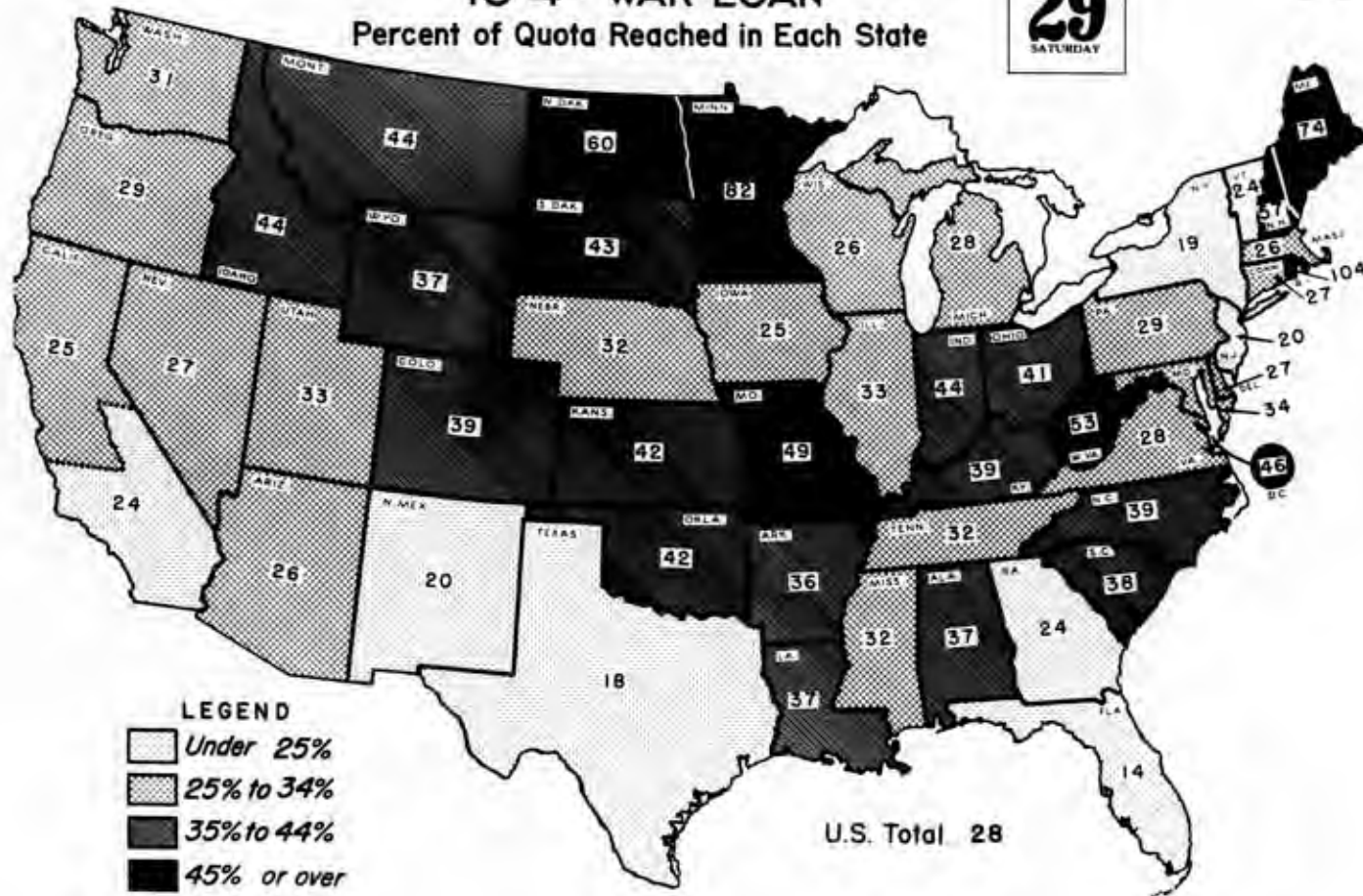
JANUARY  
**29**  
SATURDAY



# CORPORATION SUBSCRIPTIONS TO 4<sup>TH</sup> WAR LOAN

Percent of Quota Reached in Each State

JANUARY  
**29**  
SATURDAY



# TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

43

DATE

TO Secretary Morgenthau

January 29, 1944

FROM Fred Smith

Here is the story on your Fourth War Loan broadcast:

- (1) It had a rating of 44.4, and an estimated audience of 43,290,000. You had 96.4 percent of everyone listening to the radio at that time.
- (2) The Third War Loan kick-off had a rating of 40.2, with an estimated audience of 37,144,800. There are no figures yet as to the percentage of listeners tuned in to this show.
- (3) The only other shows getting four network coverage, are the President's messages. Here is the President's record:

Freedom of the Seas

Rating - 67

Audience - 50,000,000

Declaration of National Emergency, May 27

Rating - 69.8

Audience - 53,000,000

Arsenal of Democracy, December 29, 1940

Rating - 59

Audience - 43,000,000

October 12, 1940

Rating - 31.4

Audience - 21,900,000

Stab in the Back, June 10, 1940

Rating - 57

Audience - 42,000,000

- (4) Bob Hope holds the highest record in the history of broadcasting, as far as single network shows are concerned. His highest rating is 37.6. His estimated audience is between 25 and 30 million.

The manager of Hoopers Survey, who figures this stuff out, says that you can consider yourself established as the second most important voice in America.

44  
4

**TREASURY DEPARTMENT**  
**INTER OFFICE COMMUNICATION**

DATE 1-29-44

TO: THE SECRETARY  
FROM: MR. GAMBLE

Attached is a copy that was sent to the field Friday with the information that it should be set as a type ad to replace one of our Fourth War Loan Advertisements. It was prepared for us by Ted Repplier of the War Advertising Council.

1

THE MAN WHO EYE-WITNESSED JAPANESE BARBARISM  
SPEAKS TO THE AMERICAN PEOPLE

The following statement by Commander Melvyn H. McCoy, USN, one of the survivors of Japanese terrorism now in this country, speaks for itself. Commander McCoy, who escaped from a Japanese prison camp, speaking on behalf of the men still in Japanese hands, has requested that this message be transmitted to the American people:

"Jap brutality is beyond description. I would not wish any more of our boys to have the same experience. I am sure that if those prisoners still in Jap hands could send a message to the United States they would ask that the home front back them up by buying as many War Bonds as they can during the Fourth War Loan Drive.

"And if we can get a message back to them that Americans are supporting the fighting front, I am sure that their spirits would be given a needed lift, despite the brutal treatment.

"I urge all of you -- those with brothers, sons and fathers who are seeing action in the Pacific Theater -- to back them up by buying Bonds so that they would have the necessary supplies to avenge our men who have suffered at the hands of the Japs".

There is no way that we who stay at home can avenge this revolting cruelty. What we can do is pathetically little. If all of us put every cent we own into War Bonds, it would still be only the humblest gesture to the boys who are doing the fighting, the suffering, the dying.

BOX TO LEAD OFF SERIES OF STORIES IN 100 NEWSPAPERS ON  
JAPANESE ATROCITIES.

46

1-29-44

Much has been said since the war began about what we are fighting for.

Anyone who reads this story told by Lt. Col. Dyess will be convinced that whatever we are fighting for, at least it is most clear what we are fighting against.

Here is the most horrible and revolting tale in all history -- and it is true. It is inconceivable that human beings could conjure up the tortures that seem to come so easily to the Japanese. These bloodthirsty creatures are our enemies. The same enemies who attacked Pearl Harbor, as the first step in creating a world to their liking -- and to the liking of their friends, the Nazis.

They are the ones we will have to fight to a complete finish -- and it will be a long, expensive war, for these beasts are determined to save themselves from the extinction they so roundly deserve. Your War Bonds will help get this job done -- and will help your men to know that you are backing them up.

1/29/44

☐ Copy given to Mr. Smith by the Secy

WAR DEPARTMENT  
ARMY SERVICE FORCES  
OFFICE OF THE COMMANDING GENERAL  
WASHINGTON

IN REPLY  
REFER TO SPEX

29 JAN 1944

Mr. Henry Morgenthau, Jr.  
The Secretary of the Treasury  
Washington, D. C.


Dear Mr. Morgenthau:

Many thanks for your letter of January 27, 1944 containing suggestions for the improvement of morale in the foreign theaters. I think there is considerable merit in your suggestions and will be glad to cooperate to the fullest extent. In addition to raising the morale of the troops, the carrying out of your suggestions might also stimulate the purchase of bonds by the troops in our overseas theaters.

In order to pursue this matter further with representatives of your office, I have designated Brigadier General J. W. Byron, Director of Special Services Division, Headquarters, Army Service Forces, to act as my representative in conferences with those to be designated by you. General Byron's office is located at 1034 Connecticut Avenue and his telephone number is REpublic 6700, Extension 77580. General Byron will coordinate this matter with other interested agencies of the Army Service Forces such as The Fiscal Director, Morale Services Division, and The Chief of Chaplains, and will have such representatives from the interested agencies participate in the conferences as may seem desired.

It is suggested, therefore, that your representative or representatives arrange with General Byron to meet with him to initiate action. He will be available at the convenience of your office.

Sincerely,

  
BREHON SOMERVELL  
Lieutenant General  
Commanding



## Expenses of Loans

January 29, 1944

Mr. William Jack, President  
Jack and Heints, Inc.  
Bedford, Ohio

At my press conference I read and commented upon the following report from the United Press which came over the newspaper tickers January 26, 1944, at 3:29 p.m. Quotes - New York. -- William Jack, President and Jack and Heints, Inc., of Bedford, Ohio, charged that the five-man war contract renegotiation board of the Internal Revenue Department was heading the country towards a dictatorship by withdrawing industry's chances of survival through take everything taxes. The renegotiation board is setting up a dictatorship where if you want a job after the war you'll have to go to Uncle Sam, Jack told the Advertising Club at its weekly luncheon. If industry is going to survive, it must be permitted to keep some profits, end quotes.

After receiving your telegram I checked with the local United Press Bureau who just now reports after calling New York that the girl who covered Mr. Jack's speech may have been in error.

I am suggesting to the United Press that they get all pertinent facts. If they have done both of us an injustice, I am asking that they put a correction on their wires.

I am sorry that due to the United Press having apparently misquoted you I found it necessary to publicly ~~to~~ take issue with you.

H.M.Jr.

470

50

LET 7000

W1 (FOUR) NL

WUUD NEWYORK NY JAN 27 1944

1944 JAN 28 AM 11 14

HENRY MORGENTHAU JR

SECTRY OF TREASURY WASHN DC

RE YOUR STATEMENT TO PRESS TODAY PLEASE CHECK AP REPORT ON TALK TO  
NY ADV CLUB BY WM S JACK NO STATEMENT WAS MADE THAT RENEGOTIATION  
WAS PART OF INTERNAL REVENUE BOARD. EVIDENTLY WE HAVE BEEN MISQUOTED.  
WE HAVE NO QUARREL WITH PRES ROOSEVELT ARMY OR NAVY OR INTERNAL  
REVENUE BOARD RECHECK YOUR [REDACTED] SOURCE OF INFORMATION AND WIRE IF  
WE ARE [REDACTED] NOT CORRECT

JACK & HEINTZ INC

RE AP

1112A

# TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

51

FROM \_\_\_\_\_

BUREAU \_\_\_\_\_

CHG. APPROPRIATION War Finance

U. S. GOVERNMENT PRINTING OFFICE

10-1732

January 29, 1944

Mr. Jack, President  
Jack and Heintz, Inc.  
Bedford, Ohio

At my press conference I read and commented upon the following report from the United Press which came over the newspaper tickers January 26, 1944, at 3:29 p.m. Quotes - New York. -- William Jack, President and Jack and Heintz, Inc., of Bedford, Ohio, charged that the five-man war contract renegotiation board of the Internal Revenue Department was heading the country towards a dictatorship by withdrawing industry's chances of survival through take everything taxes. The renegotiation board is setting up a dictatorship where if you want a job after the war you'll have to go to Uncle Sam, ~~end quotes~~. Jack told the Advertising Club at its weekly luncheon. ~~Begin Quotes~~. If industry is going to survive, it must be permitted to keep some profits, ~~end quotes~~.

After receiving your telegram I checked with the local United Press Bureau who just now reports after calling New York that the girl who covered Mr. Jack's speech may have been in error.

I am suggesting to the United Press that they get all pertinent facts. If they have done both of us an injustice, I am asking that they put a correction on their wires.

COPY

*to my press conference*  
~~My statement was based on~~

the following report from the United Press wires which came over the newspaper tickers January 26, 1944 at 3:29 p.m. "New York. -- William, Jack, President and Jack and Heintz, Inc., of Bedford, Ohio, charged that the five-man war Contract Renegotiation Board of the Internal Revenue Department was heading the country towards a dictatorship by withdrawing industry's chances of survival through "Take everything" taxes.

The renegotiation board is setting up a dictatorship where if you want a job after the war you'll have to go to Uncle Sam," Jack told the Advertising Club at its weekly luncheon. "If industry is going to survive, it must be permitted to keep some profits."

After receiving your telegram ~~me~~ I checked with the local United Press Bureau who just now reports after calling New York that the girl who covered Mr. Jack's speech may have been in error.

*day*  
 We have suggested to the United Press that they ~~make~~ *don't bother us*  
 x get all the pertinent facts ~~and if they~~ If they have ~~done~~ you  
 and ourselves an injustice, we asked that they ~~print~~  
 put on their wires a correction

25

JAN 29 1944

My dear Mr. President:

In accordance with your request of January 21, 1944, I am enclosing a proposed reply for your signature to the letter of Mr. Charles Engelhard, dated January 20, 1944.

Mr. Engelhard's letter is returned herewith.

Faithfully yours,

(Signed) D. W. BELL

Acting Secretary of the Treasury.

The President,

The White House.

Enclosures.

DFR:mjb  
1/25/44

Dear Mr. Engelhard:

Thank you for your letter of January 20, 1944, suggesting that government bonds should insure adequate tax benefits and also that the proposed institutions for international monetary and financial cooperation should be empowered to hold silver.

In connection with your first suggestion, you may be assured that the Treasury Department is engaged continuously in the study of present and future financing problems and that your views on this matter will be brought to the attention of the officials of that Department.

Your second suggestion has also been referred to the Treasury Department. It will receive careful consideration by the members of the Treasury staff concerned with the subject of international financial and monetary cooperation.

I appreciate your submission of your views on these matters and your continued support of the policies of the Administration.

Very truly yours,

Mr. Charles Engelhard,  
30 Church Street,  
New York 7, New York.

DVRmb  
1/25/44

CHARLES ENGLISHARD  
30 Church Street  
New York 7,

January 20, 1944

My dear Mr. President:

I followed with the greatest admiration, your journey to Cairo and Teheran, and you have created thereby the very foundation for a sound cooperation between the Allied powers.

Your lend-lease operations have assured "victory" for the United Nations, as per the unqualified statement of Mr. Stalin himself.

It is with this fact in mind that the world can review the problems of peace under American leadership, if a peace is to be secured, which is to be lasting, because its fundamentals are equitable and just to both friends and foes alike.

Your own personality has proven to the world beyond peradventure that you seek no purely selfish advantages for the United States, but you wish to prevent the errors of Versailles and you insist upon a lasting peace for both large and small nations alike the world over.

However, the problems of peace will be infinitely more difficult than the problems of war, because during war we and our allies have identical aims and purposes.

When war ceases and peace is in sight, this situation changes instantly, because all nations have different conditions to face, and often conflicting purposes to meet.

To overcome this situation effectively, all nations will have to put their respective economies in order, and it is for the United States under your leadership, Mr. President, to show the way.

After all, we are the only solvent nation in the world, and for many reasons the most unselfish.

Your aim to create two world banks within the United States—one for International Settlements, and one for Reconstruction—will prove inspiring if we wish world economy to succeed, and fortunately, we can start the ball rolling even WITHOUT partners.

At the same time we must be the leader to put our own finances in such a position so that our credit will remain unassailable.

This can best be done if our peace budget will be balanced, with a provision to reduce gradually and automatically, our public debt.

I have not seen a bank statement lately where it is not pointed out that the Government Bonds which the bank owns are of ~~SHORT~~ maturity.

These short term government loans will have to be exchanged into long term loans sooner or later, and to make some attractive to private investors, they should insure adequate tax benefits for those who pledge their possessions as a guarantee of their ~~SECURITY~~.

If this can be accomplished, we will create an economic basis for all the world, without a penny, and at the same time insure to the United States their well-earned financial leadership for the next one hundred years.

I agree with you, Mr. President, and with the orthodox principles of Mr. Morgenthau, that it is safer to make a gift of \$100.— to some friendly nation, as compared with a loan of \$1,000.— on ~~EXPERT~~ security.

All the world is unanimous to-day that the only real security will be gold, in spite of the QUANTITATIVE limitations, and just for this reason we have it within our power to-day to INSURE that silver finds the correct place next to gold, as a basis for credit at the two proposed World Banks, on the well-known principles of the silver purchase acts as they exist now, which means that these banks must always control three times as much gold in value as they hold silver.

Now, if we assume that the world's present gold production is about forty million Troy ounces per annum, with a value of about 1400 millions of dollars, the annual world silver production will probably reach three hundred million Troy ounces, at a value of \$1.00 per Troy ounce, which would mean three hundred million dollars of silver against 1400 million dollars worth of gold, which relatively would constitute a safe margin that silver could never endanger the supreme gold position under ANY circumstances.

If these rules should be accepted, your silver policies, Mr. President, would meet their supreme test in face of every criticism, and even the few billions of dollars would instantly be created for our own economic purposes, as well as for the economic purposes of China, India, South America, Africa, Canada, Mexico, and our own silver States, as well as for the greatest benefit of the rest of the world.

I believe it would be an economic calamity if your great purposes as regards silver, would not find full recognition everywhere NOW, when a broader basis for sound credit will reach the most DIVERSE NATIONS.

Believe me, my dear Mr. President,

Yours most faithfully,

(signed) Charles Englehard

Charles Englehard, President  
of the United States  
and the World Bank,  
Washington, D. C.

copy/mb 2/25/44

Secretary Morgenthau

January 29, 1944

Fred Smith

About six months ago you asked me to be on the lookout for someone who could do some serious research into various ways of supplying medical aid to the people -- in other words the trend towards socialized medicine, Kaiser's hospitalization plan, other industrial plans, state plans, etc. We discussed having a complete first-hand report built to find out what actually is happening.

I am sure that I now have the proper person to do it. Her name is Mrs. Berenice Lowe, who is a good research person, taught at the University of Michigan, and has a lively interest in this particular problem. Her husband is a doctor, and together they made some sort of an investigation of socialized medicine, and I think even went abroad in the process. Her husband is now serving in the Army, and is about to be sent abroad. When he goes, she will be free to put her whole time on a job of this type. She apparently has the right contacts, being fairly close to the Kellogg foundation, and her father-in-law is a very prominent but liberal obstetrician in Battle Creek. She happens to be in Washington for a few days, and I have talked to her about the possibility, and she is very enthusiastic.

I am wondering if you are still interested in this project. If so, I heartily recommend that we do something about it with Mrs. Lowe.

What do you think?

1/29

ORIGINAL TO MR. SMITH TO TALK TO SECRETARY ABOUT IT TOMORROW ON THE PLANE GOING TO BRIDGEPORT FOR THE RADIO BROADCAST OF "WE THE PEOPLE".

## OFFICE OF WAR INFORMATION

WASHINGTON

January 29, 1944

SECURITY ADVISORY BOARD MEMORANDUM No. 1-1944

Subject: Publicity on Radar

1. For security reasons, it has been the policy of the Government to suppress the dissemination of information on radar.
2. Such policy has now been modified, but only to the extent of permitting public use of or reference to, the word "radar", and this only provided that:
  - a. No radar devices or equipment, or component parts thereof are described, photographed, or referred to in any manner.
  - b. No present or future military or naval uses, results, or applications of any radar device or equipment are disclosed, referred to or speculated upon.
  - c. No devices or equipment designed to counteract or nullify the performance of any radar device are disclosed, referred to or speculated upon.
  - d. No military or naval weapon, or item of equipment, is referred to as being equipped, or used in conjunction with, radar.
  - e. No information relative to production, production schedules, or government requirements of radar equipment or component parts thereof, is disclosed in any manner.
3. It will be noted that this modification of policy in no way alters the prohibition against disseminating information on radar.
4. To prevent any harmful disclosure, it is suggested that all proposed public and/or unclassified releases or speeches by Federal employees on this subject, be first submitted to the Security Advisory Board, Office of War Information, for review as to the security considerations involved. This review can normally be completed within three days after its receipt by the Security Advisory Board.
5. It is requested that the heads of all Federal departments and agencies appropriately advise such of their personnel as they deem necessary, particularly their security officers and information people, to carry out this policy in such a manner that its confidential nature remains inviolate.

Approved:

*Elmer Davis*Elmer Davis  
Director*R. P. McCullough*  
R. P. McCullough,  
Rear Admiral, U.S.N., Ret.,  
Chairman, Security Advisory BoardTO: Honorable Henry Morgenthau, Jr.  
Secretary  
Department of the Treasury  
15th St. and Pennsylvania Ave.  
Washington, D. C.

Treasury Department  
Division of Monetary Research

Date ..... 19

To:

From:

*Smith 1/29/44 -*

Russian Technical Experts

- Mr. Chichulin - (Head of Mission)  
Deputy President of the StateBank
- Mr. Zlobin - Chief of Currency Department-  
Peoples Commissariat of Finance
- Mr. Morozov - Chief of Foreign Exchange Section -  
Peoples Commissariat of ForeignTrade
- Mr. Smirnov - Professor at Institute for Foreign  
Trade and advisor to Peoples Com-  
missariat of Foreign Trade
- Mr. Bystrov - Professor at Institute for Foreign  
Trade and Associate Director of  
Institute for Foreign Trade

## TELEGRAM SENT

RA

January 29, 1944

This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (BR)

9 p.m.

AMREP

ALGIERS

320

FOR L'HEUREUX FOR HOFFMAN FROM SECRETARY MORGENTHAU.

State Department's airgram of January 26 describes the action which the President has taken for the immediate rescue and relief of the Jews of Europe and other victims of enemy persecution. It discusses the functions of the newly created War Refugee Board composed of the Secretaries of State, Treasury and War, and requests our diplomatic and consular officers to do everything possible to carry out the policy expressed in the President's Executive Order. Please familiarize yourself thoroughly with this airgram and the text of the Executive Order, and with all aspects of this matter.

As representative of the Treasury, you are requested to do everything possible to assist Ambassador Wilson in this important task. The Treasury Department is determined to do everything in its power to aid the President's War Refugee Board in its efforts to rescue and bring relief to victims of enemy oppression who are in imminent danger of death.

You should keep me informed through Ambassador Wilson of any ways by which the existing facilities and powers of the Treasury Department may be employed to furnish aid to Axis victims to the fullest extent possible.

HULL  
(AAB)

840.48 Refugees/

VD:AMM

SECRET

## PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy - Chungking  
To : Secretary of State - Washington  
DATED: January 29, 1944  
NUMBER: 189

SECRET

Reference is made herein to my 181, January 28.

Pursuant to the request of the Generalissimo that our proposal be submitted to the Minister of Finance, yesterday afternoon General Hearn and I accompanied by Counselor Acheson and Dr. Acheson saw Kung and submitted the Somervell CIRR Proposal, as formulated by Dr. Acheson in consultation with Adler of Treasury, Colonel Gaud (officer of the military Lend-Lease) and Embassy. As formulated the proposal substitutes for twenty to one exchange rate "the present highest authorized conversion standard for foreign exchange transactions (twenty to one plus one hundred percent)" which as reported in my 135 of January 21 has been made effective from January 20 for "certain funds" remitted from abroad. While the new arrangement is intended to apply only to "certain funds" for certain purposes it in effect establishes a new rate by using the old rate with a supplement and I believe and our collaborators agreed that we should endeavor to have Army funds included within its scope in connection with the proposals. In regard to the exchange rate Kung delivered himself an exposition of his position, the Chinese and regarding reserves for currency, et cetera, and then stated that the proposal would be considered and an answer made in reply thereto. .

Rec'd Feb. 7, 1944

SECRET

Upon departing Kung stated to me with an indulgent smile that we would get our money but he didn't like the suggested exchange rate. However, I am unwilling to believe that we have yet made any real progress.

GAUSS

NOT TO BE RE-TRANSMITTEDCOPY NO. 14U.S. SECRET  
BRITISH MOST SECRETOPTEL NO. 33

Information received up to 10 a.m. 29th January, 1944.

1. Naval

The convoy to North Russia escorted by destroyers has reached its destination with loss of 3 ships. On 26th one of H.M. Submarines torpedoed a 2,500 ton ship north of Trondheim.

During air raids on Anzio 26th, a U.S. Destroyer, 2 merchant ships and 3 landing craft were damaged. 1 Infantry Landing Craft (LCI) was mined. Unloading in the Anzio area has proceeded rapidly lately in fine weather.

On 21st/22nd motor launches attacked a convoy of small tankers and 2 schooners north of Rhodes; the schooners were possibly damaged and the convoy turned back. Yesterday an Australian Sunderland sank a U-Boat west of Ireland (R).

2. Military

Italy. To noon 28th. 5th Army. French troops engaged in hard fighting area 1-1/2 miles south Belmonte. 6th Corps. Allied troops continued to enlarge the bridgehead against increased resistance. U.S. troops now reached point about 3 miles south Cisterna and British on railway about 12 miles north Anzio.

3. Air Operations

Western Front. 27th/28th. Berlin. 973 tons HE 647 tons incendiary dropped including 407 4,000 pound bombs. Ground markers hidden by cloud but crews bombed on sky markers which were well concentrated. Impossible to assess results accurately but considerable area of conflagration evident. Ground defences average, searchlights ineffective, few fighters at first but numbers increased later many using rockets.

28th. Constructions Northern France attacked by 31 escorted Liberators and total 50 light and fighter bombers with escort: 110 tons were dropped.

28th-29th. 838 aircraft sent out:- Berlin 690, airfields Germany and occupied territory 52, Hanover 6, sea-mining 74, leaflets 17. Berlin; no final report yet but 48 bombers at present outstanding.

Total of 22 enemy aircraft operated over East Anglia and South East England; 1 was damaged. A Mosquito is missing from interception. A few bombs fell both sides Thames estuary but no serious casualties.

Italy and France. 27th. About 1,500 sorties flown. Preliminary information indicates enemy casualties mainly in Rome, Terni and French Riviera areas 46:6:17, ours 6 bombers, 2 fighters.

Aegean. 27th. Beaufighters intercepted 6 aircraft; 3 JU 52 and 2 Arado 196 destroyed. Remaining Arado probably destroyed.

check?

Mrs Klotz:

Sunday January 30 at 6:30 Robert Patterson called the Secretary at Bridgeport. He said Paul had suggested the call. Patterson had been advised by LaFollette that the only thing that would stop the bad handling of renegotiation on the hill would be for Byrnes to go to congress and let it be known that the bill would be vetoed. Patterson wanted the Sec to call the president and suggest that this be done.

Sec said that since he wasn't there, he didn't think he should mix into the thing from Bridgeport. Sec suggested that Patterson call Byrnes, tell Byrnes to go to the President and make the suggestion.

Sec said he did not object to a veto since the amount of revenue involved was so small. He said he was in accord with Patterson to the extent that he would go along if this would be helpful.

*[Handwritten signature]*

## BRIDGEPORT TRIP

January 30, 1944

Washington to Bridgeport                      269 Miles  
1 hr. 30 min.

Land at Stratford Field - Army  
3 Miles ESE on State Hwy 113

Suite reserved at Stratfield Hotel

New York to Bridgeport                      59 Miles  
1 hr. 30 min.

Rehearsals and Broadcast from  
Central High School Auditorium

## Bad Weather

9 a.m. Leave Washington via Pennsylvania  
Drawing Room A Car 261

1 p.m. Arrive New York  
Motor to Bridgeport

Joe Gaydica will meet you on arrival at Bridgeport or New York.

ROOM RESERVED ST. REGIS HOTEL, N.Y.  
SUNDAY NIGHT BY MR. BOWDING

"WE THE PEOPLE" PROGRAM

Broadcast from Bridgeport, Conn.

1/30/44

## WE THE PEOPLE

-----

MUSIC: FANFARE

TIP: The Gulf Oil Companies and your  
neighborhood Gulf Dealer present  
WE THE PEOPLE!

MUSIC: THEME .. FORTE .. FADES FOR:

BOULTON: Good evening, every one. This is Milo  
Boulton welcoming you to WE THE PEOPLE  
for the Gulf Oil Companies. Tonight  
the Gulf Oil Companies are bringing  
WE THE PEOPLE to you in a special  
broadcast from Bridgeport ..  
hard-hitting Bridgeport, industrial  
capital of Connecticut!

- 2 -

BOULTON:  
(Cont'd)

With the people of Bridgeport tonight  
are the Secretary of the United States  
Treasury - Henry Morgenthau, Jr. -  
and the Commander-in-Chief of the  
United States Fleet and Chief of Naval  
Operations - Admiral Ernest J. King,  
U.S.N.!


MUSIC FULL TO FINI

(REDACTED)

- 3 -

Sec. Morgenthau:

This is Henry Morgenthau, Jr. - The thanks of the Treasury Department go to the Gulf Oil Companies for making this broadcast possible. I want to tell you why we're in Bridgeport tonight. Here, in this typical American city, Americans have done and are doing the job which Hitler thought was impossible. His mistake means his defeat. To the enemy our job looked too big. Our nation looked too soft. As its answer, Bridgeport has delivered a mighty share toward the nation's huge production goals.



(over)

- 4 -

Sec. M. rgenthau:  
(Con't)

And now has come a flash of news that  
will result in even more action on this  
and every other home-front and war-front.  
For now, Bridgeport knows, as the whole  
world knows, that the Japs have  
humiliated, starved, tortured and murdered-  
horribly murdered - hundreds upon hundreds  
of gallant American soldiers.

MUSIC TO FINISH

(over)

Sec. Morgenthau:  
(Cont'd)

When an "E" Flag goes up, (and 32 fly  
over Bridgeport,) it means that the  
plant over which it flies is meeting  
a tough production schedule, and that  
can only happen when labor and  
management know what they are fighting  
for.. and how to fight side by side.  
That's Bridgeport, Connecticut, U.S.A.

- 6 -

VOICE #1: Bridgeport is a city of rolled-up  
sleeves and overalls .. working side  
by side with bandanas and slacks.

VOICE #2: C.I.O. and A. F. of L. - open shop  
and closed shop.

VOICE #3: And most of all - no strikes!

(MUSIC PUNCTUATE)

VOICE #1: Bridgeport is a city alive with people -  
people from the forty-eight states.

VOICE #2: And from France and Poland .. Greece  
and Turkey .. Britain and Russia!

VOICE #3: And most of all - no master race!

(MUSIC PUNCTUATE)

- 7 -

VOICE #1: Bridgeport is a city of soldiers and  
sailors - of Waves and Wacs and  
machinists!

VOICE #2: Catholic, Protestant, Jew - Yankee  
and Immigrant - White and Negro.

VOICE #3: And all of them - Americans.

(MUSIC PUNCTUATE)

VOICE #1: Yes - that's Bridgeport - heartbeat  
of America. Two hundred thousand  
strong. Honest! Fearless! Defiant!  
And, above all, United!

VOICE #2: Labor and management - soldier and  
worker - native born - foreign born.

VOICE #3: United. For one cause - for one purpose -  
for one dream - Victory!

(MUSIC FULL TO FINI)

- 8 -

SEC. MORGENTHAU:

Victory! Bridgeport was heading toward victory as far back as 1939 .. with one plant already working night and day supplying shell-casings to help save London from the Blitz. Civic, labor, and management leaders knew that war was coming our way .. and they began to prepare. One of those leaders was Mayor Jasper McLevy.


MAYOR McLEVY:

Mr. Secretary, we knew ~~two things:~~  
That the Nazis were going to get us  
into the war ~~sooner or later~~ .. and  
that Bridgeport would be called upon  
to play an important part.

- 9 -

MAYOR McLEVY:  
(Cont'd)

We didn't relish the idea that our city might turn in the kind of record it achieved in the First World War. At that time, newly-rich workers spent their time and money buying silk shirts and champagne. There were one hundred strikes in a single war year. That wasn't for us this time. ~~Every if we were going to escape it, we had to act and act fast!~~



- 10 -

**SEC. MORGENTHAU:**

Just what did you do?

**MAYOR McLEVY:**~~The first thing we had to do was to~~~~organize our enthusiasm, our abilities~~~~and our plans.~~ We had to establish

unity of purpose. We organized a

committee under the title, "I Am an

American" and fired our opening gun

on July 4th, 1940, with an "I Am an

American" parade .. eight thousand

people, representing thirty-five

nationalities, marched under one

flag .. the American flag.

- 11 -

MAYOR McLEVY:  
(Cont'd)

This parade marked the start of a great record of cooperation for the war effort - cooperation of labor and management - cooperation that meant War Bond sales.

The "I Am an American" spirit has made itself felt in every phase of Bridgeport's war activity. And, since that day in 1939, we haven't let up on any of the jobs we tackled.

- 12 -

SPRAGUE:

Mr. Secretary, I am an American.

Dr. Charles Sprague. I am what a

lot of people call a Yankee. My family

has lived in these parts since 1628

and I'd like to tell you something.

Only three nights ago in this very

auditorium, 1,000 of Bridgeport's

foreign-born population became American

citizens. ~~Part of the "I Am an~~

~~American" Committee's job is to~~

~~welcome the foreign-born of our~~

~~population and to see that they get to~~

~~become good Americans as fast as possible.~~

- 13 -

SPRAGUE:  
(Cont'd)

We the people of Bridgeport take pride in being Americans .. ~~but we realize that all of our ancestors came to this country from overseas - to start a new life.~~ We were fortunate to have been born here. But because these new citizens chose to come to America to live, to work, and some to fight and die .. maybe they know more about being good Americans than some of us do. Here, Mr. Morgenthau, are some of these people whom we are now proud to call Fellow Americans.

SINGER:

~~My name is Jessie Singer. I was born in Russia. Three nights ago I became an American citizen. I have four children. One boy is overseas in the American Army. One daughter works at a war plant. Believe me, I'm proud to be an American citizen.~~

HORNYAK:

I am John Hornyak from Hungary. I work on airplane engines at the Aluminum Company of America. One of my boys is in the U.S. Cadet Corps. When he is old enough, he will fly the planes I help to make. We Hornyaks would give our lives for America - that's how much we like it.

- 15 -

MELECINSKY:

Ann Melecinsky is my name and I come from Czechoslovakia. I have one girl in the Waves, one boy in the Army, and one boy in the Navy. I work at General Electric. When I was a little girl I lived in Europe. I used to pray, "Please God make me grow big so I can go to America." I put that feeling in my children's hearts and they feel the same. I was happy as a Slovak, but I consider it an honor to be an American.

- 16 -

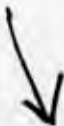
FROZEN:

My name is Ernst Frozen. I come from Hamburg, Germany. I had a home there. I worked in a bank. One day I was arrested. I was put into a concentration camp for three months because I was a Jew. Finally I was given twenty-four *my family's home for 500 years* hours to leave Germany. What does it mean to me to be an American citizen? It means I can work as a machinist. As a free man. It means I can walk the streets of Bridgeport with my head high without any one caring whether I am Jewish or not. I know the value of freedom. That is why I consider it a privilege to be able to live in the United States.

- 17 -

SPRAGUE:

Mr. Morgenthau, these people you have just heard are only a small handful of the new citizens of Bridgeport. ~~More than five thousand~~ have answered to the spirit behind ~~the first "I Am an American" parade~~. These people are truly united - they work for America because they are proud to live in America .. and their sons are ready to die for America.



- 18 -

SEC. MORGENTHAU:

We know they're good Americans,  
Dr. Sprague. Our team needs them -  
every one of them - and will continue  
to need people like them through the  
long and hard struggle that lies  
ahead.

MUSIC:PLAYOFF*(Cue)*SEC. MORGENTHAU:

Mayor McLevy, the spirit of your city  
of Bridgeport not only makes Americans  
but it also makes Americans give  
everything they've got for their  
nation!

- 19 -

MAYOR McLEVY:

Oh, it's spirit, all right, Secretary Morgenthau .. but it takes plenty of good, old-fashioned hard work too.

~~Hard work on the part of the people~~

~~of Bridgeport and their leaders.~~

~~We just happen to be lucky in that~~

~~department.~~ We have some mighty

fine men .. especially among our

industrial and labor leaders. I'd

like to have you meet one of them

here, as WE THE PEOPLE'S next guest.

Mr. Herman Steinkraus, President

of the Bridgeport Brass Company, the

man who has done more than any one else

to get labor and management in Bridgeport

off on the right foot.

- 20 -

STEINKRAUS:

Mr. Secretary, I had an experience in the last war, which was common to many workers and managers here in Bridgeport. During the big push in France we were so short of ammunition we used what we captured from the Germans. I saw my buddies killed for lack of it. When this war broke out, I determined to help our boys get enough and on time. I told our employees about my experience and asked for their suggestions. Then when Donald Nelson proposed that labor and management committees be set up ~~to swap ideas~~ to swap ideas and stimulate production, he didn't have to urge us.

Sec. Morgenthau:

Mr. Steinkraus, this labor and  
management plan is very interesting to  
me, because I have found that wherever  
labor and management get along, production  
is high and Bond sales take care of  
themselves.

- 22 -

STEINKRAUS:

Yes, I know that and another thing,

Mr. Secretary, with labor and management working together, there haven't been any work stoppages in Bridgeport since the war, though our industrial population has tripled since 1939. ~~Management~~

~~to be fair, and our union leaders~~

~~are first class~~ honest and

~~responsible~~ interested in

~~winning the~~ We've got real team

work between labor, management and our local town officials. Our company heads don't consider whether a man is a union or a non-union man. He is simply a General Electric, a Gulf Oil, a Bullard, or Bridgeport Brass employee.

- 23 -

STEINKRAUS:  
(Cont'd)

As a matter of fact, organized and unorganized labor is divided up here just about half and half. But the results are what count. And I hope you'll pardon my pride, Mr. Secretary, when I tell you that our company is one of the few, I think it is four, companies in America to win the Army-Navy "E" five times.

Sec. Morgenthau:

Congratulations, Mr. Steinkraus:

( MUSIC CURTAIN )

- 25 -

MONTAGE OF  
VOICES:

Machine guns! - Cartridges! - Rifles! -

Radar! Bazookas - Quinine! Airplanes!

Flying suits! Sulfanilimide! - (FADE)

Instrument panels - machine tools -

anti-aircraft guns - lifeboats -

cylinder heads - pressure gauges --

*Cue*

SEC. MORGENTHAU:

All kinds of things .. being made by  
all kinds of people. Not only here

in Bridgeport, but all over the country.

Men and women and children .. working ..  
fighting for America. Out in Oregon,


I saw grandmothers working in a  
shipyard ...

- 26 -

MRS. HULTON:

I'm a grandmother, my name is Elizabeth Hulton, Mr. Morgenthau. I first went to work for Remington Arms back in 1894. This is my third war making bullets for American soldiers.

  
MRS. 

 I was only eighteen during the Spanish-American War .. and used to go to work in a Gibson girl dress. There's been a lot of changes in both bullets and dresses since that time .. but we're still fighting for the same things ..

- 27 -

SEC. MORGENTHAU:

Those things are always worth fighting  
for, Mrs. Hulton ...

LOIS MADDEN:

This is my .. First War, Mr. Morgenthau.  
My name is Lois Madden .. and I ice-skate,  
roller skate, and row a boat to help win  
the war.

SEC. MORGENTHAU:

How does ice-skating help in war  
production, Lois?

- 28 -

LOIS MADDEN:

Well, I'm in the Research Laboratory of Remington Arms. I have to retrieve wads fired from shot guns. When they're fired over frozen lakes, I skate after them. When the lake isn't frozen, I row. I bring them back to scientists who study them. Believe me, the only pills to cure the Germans and Japs are American bullets - and the larger doses, the better!

SEC. MORGENTHAU:

Right you are, Lois. Now here is  
16-year-old Tony ~~also~~ <sup>I.L.O.</sup> Tony, where  
do you work?

- 29 -

TONY:

At Bridgeport Brass. I work there in the morning, go to school in the afternoon, and do my homework at night. I can only play on Saturday afternoons.

SEC. MORGENTHAU:

Your mother must be very proud of you, Tony.

TONY:

She says I learn things quick.

SEC. MORGENTHAU:

You're pretty grown up for 16. Do you have a girl?

TONY:

Well .. yeah, I got one on the string.

SEC. MORGENTHAU:

Just one?

TONY:

One's enough, Mr. Morgenthau.

- 30 -

SEC. MORGENTHAU:

You have learned early. Now, next at WE THE PEOPLE'S microphone is Mrs. Maxine Richeson. What's your war job, Mrs. Richeson?

RICHESON:

It's quite different from the job I had in the last war. I was in the famous Ziegfeld Follies of 1918, with Will Rogers and Eddie Cantor. In this war, I'm in the factory of Manning, Maxwell, and Moore. ~~I test airplane instruments. I experimented and found a way to speed up the test. My boss was certainly surprised that an ex-Follies girl could do anything but dance.~~

- 31 -

RICHESON:  
(Cont'd)

~~At first my husband laughed at the  
thought of me in a factory. But he~~

~~ate his words:~~ I'm thrilled to be a

part of Bridgeport's production army.

As P. T. Barnum, Bridgeport's most  
famous citizen would say - it's

"The greatest show on earth!"

SEC. MORGENTHAU:

It certainly is. Now here is a

Bridgeport father who has a very  
personal score to settle with the Axis.

He is Mr. Ray Space.

- 32 -

SPACE:

My second oldest boy, Arthur, was 18 when he went right into the Army Air Corps and became a gunner. In January, 1941, he was sent to the Philippines. Then came December 7th. Three days after Christmas, I got a telegram. The Japs had killed my boy Arthur when they bombed Nichols Field. Arthur was the first Bridgeport boy to be killed in this war. Then his brother, Douglas, went into the Air Corps, too. I thank God that I am strong enough to work in a war plant - the Aluminum Company of America, and that every pound of our aluminum goes right into the war.

- 33 -

SPACE:  
(Cont'd)

Some of it may be in the very plane  
my boy, Douglas, will fly in. He will  
be an aerial gunner, like Arthur was.  
Our family is buying Bonds, and doing  
all we can, like other Bridgeport  
families, to avenge the death of our  
boys. Here is Arthur's citation,  
Mr. Morgenthau. Maybe you would  
like to read part of it.

(MUSIC SNEAK)



- 34 -

SEC. MORGENTHAU:

"He was a soldier, and he knew a soldier's duty. We who pay him honor, and revere his memory, in solemn prayer rededicate ourselves to a complete fulfillment of the task for which he so gallantly placed his life upon the altar of man's freedom."

(MUSIC TO FINISH)

(SOFT SEGUE)

- 35 -

SEC. MORGENTHAU:

An American boy is killed in the Philippines. Increased production in his home town shouts our nation's anger. A reply, the force of which has already been felt by the Japanese. An answer measured in tons of fighting equipment. Cities like Bridgeport contribute much of the force .. but it is a long way from here to the firing-line .. and it is vitally important that these people who make the weapons of war know just how they are being used .. how effective they are.

(over) ↓

- 36 -

Sec. Morgenthau:  
(Con't)

Here, to tell the story is my friend  
Colonel Tom Campbell of Hardin,  
Montana, now of the Air Service Command  
whom I last saw in Algiers. Colonel  
Campbell.

CAMPBELL:

Thank you, Mr. Secretary, I have just  
returned from an eleven months' tour  
of many of our fighting fronts. My  
job was to report to General Frank ~~on~~  
the maintenance and salvage of all  
Air Force equipment. In Algiers,  
General Eisenhower directed me to make  
a report on all Army equipment.

- 37 -

SEC. MORGENTHAU:

I know the war workers of Bridgeport would like to hear your conclusions, Colonel.

CAMPBELL:

The equipment our war-workers make is the best in the world, Mr. Secretary. For example, our two and a half ton six by six truck. Six by six means that it has power in each of its six wheels. It can go almost anywhere. Our boys get a great kick out of the Bazooka and the hand grenade they fire off the end of the Springfield rifle.

- 38 -

SEC. MORGENTHAU

Yes, I know, for on my own trip to Italy I saw both of them in action when I was at the Front with General Clark.

CAMPBELL:

Yes - the Germans call the Bazooka the "French 75 a man can hold in his hands and shoot." And I've seen a fellow fire a grenade off his Springfield and hit a German machine-gun nest at 900 feet. ~~But the most startling~~

~~equipment I saw were the detection~~

~~devices. A fighter pilot in England~~

~~told me that, thanks to them,~~

~~night fighting had now been made almost~~

~~as certain as fighting by day.~~

Sec. Morgenthau:

Colonel Campbell, in Sicily one of our

Generals took me to a factory where

enemy equipment was being overhauled

for our own use. Later, in Cairo, I

saw American truck engines which had

seen hard fighting service being overhauled

by native help.

~~Tell me, just how expensive is our~~

~~rehabilitation~~ program.

- 41 -

CAMPBELL:

Mr. Secretary, thousands of engines are being sent back to the United States for repair. Everything - even small lengths of cable are salvaged. I saw planes that returned from the raid on the Rumanian oil fields with holes in their wings as big as a man. But every salvageable part was used. To show you to what lengths our men go to salvage equipment, let me tell you about one soldier. A P-38 had crashed in then German-held territory in Africa - near the little French Town of Torquez. Before the town was retaken, the Germans mined the path leading up to the P-38.

- 42 -

CAMPBELL:  
(Cont'd)

When this American soldier approached the plane to salvage it, he was killed by a mine. I reached Torquez the next day, and was asked to officiate at his funeral - one American among hundreds of Frenchmen. They gave that American soldier a military funeral with all possible honors, for as they told me, he died in an effort to help make our American equipment last for all the Allies as long as possible.

SEC. MORGENTHAU:

Thank you, Colonel Campbell.

MUSIC

(over)

- 43 -

SEC. MORGENTHAU:  
(Cont'd)

Here tonight, we have met the people  
of Bridgeport. People united in thought -  
action - and spirit. They have  
translated that unity into the tools  
of war - by working in harmony - by  
living in harmony - by pooling their  
skills and their money for one purpose -  
to "Back the Attack".

Leaders of management .. like Mr.  
Steinkraus, whom we met earlier .. work  
closely with leaders of labor like the  
two men here with us now.

- 44 -

ED O'BRIEN:

My name is O'Brien .. Ed O'Brien .. and I inspect shell-casings over at Bridgeport Brass. But I've got another job .. I'm serving as head of the Bridgeport CIO. There's something I'd like to get off my chest here tonight: It makes me a little sick to pick up newspapers and read stories about how management is supposed to be fighting labor .. and labor is supposed to be fighting management .. and nobody can get along. Well, we're here to prove they can get along .. we're doing it here in Bridgeport .. and we're going to keep on doing it!

- 45 -

ED O'BRIEN:  
(Cont'd)

And I know I can also speak for  
Peter Benard, Chief of the A. F. of L.  
here in Bridgeport. Pete has five  
children - one son with the Air Force  
in England - and five grandchildren.  
Right Pete?

BENARD:

Right you are, Ed. In our city, our  
unions don't believe in fighting with  
each other - or with unorganized labor,  
either. We're both working for the  
fellow that's working for a living.  
I speak for the unions as well as  
management when I say that our  
responsibility as Americans has united  
us to win the war and keep the peace.

Sec. Morgenthau:

Thank you, Ed. O'Brien and Pete Benard. Labor, management and the armed forces, fighting side by side will win the war. The Bridgeport spirit of cooperation - as between labor and management. . coupled with the American fighting forces under their brilliant and forceful leaders. WE THE PEOPLE now presents Admiral Ernest J. King, USN Commander-in-Chief of the United States Fleet, and Chief of Naval Operations, speaking from his Flagship, the U.S.S. Dauntless.

Come in Admiral King.

SWITCH TO WASHINGTON, D.C.

- 47 -

KING:

What we accomplish during this year of attack will directly affect the length of the war, and the price in American lives to be paid for final victory. The more than 14,000 ships and 27,000 planes which now comprise our Naval forces that are required to operate in many oceans, against determined and resourceful enemies. Most of the men who man them have recently come from civilian life, but the job that they are doing today is magnificent. They have given up many privileges. They know that discipline and unquestioned obedience are necessary in military operations.

- 48 -

KING:  
(Cont'd)

Men who have seen action know best the importance of these principles. To some people at home the war may seem remote. It may be both easy and pleasant to dwell on the progress, and the victories of the past year, and to think that the war is almost won. So often our memories are short: Even now it may be difficult for some to remember how quickly the enemy overran the Philippines, and most of the islands of the Central and South Pacific in the early months of the war. Now we are faced with the task of dispossessing him from these areas which he so quickly gained and which we need before our attack on his homeland can be accentuated.

- 49 -

KING:  
(Cont'd)

We have started this uphill march; we have already put the enemy on the defensive. As we progress, his lines of communications will be shortened; the thoroughness of his preparations for defense will improve, which will increase the difficulty of attaining victory. There can be little wonder that the fighting man looks with somewhat incredulous eyes upon these citizens at home who think the war is won. Is it won when there is a Jap sniper in the next tree, and when that Jap is still over 2,000 miles from Tokyo?

- 50 -

KING:  
(Cont'd)

Our fighting men want this war over.

They want to come home, but not until

a victory is gained. To speed that day,

the men of the Navy, Marine Corps,

and Coast Guard invest over twenty

million dollars a month in the United

States War Bonds, so that they are

among the greatest boosters for the

War Loan Drive. This year, as never

before, we need our full fighting

strength. A vast landing craft

construction program has begun. It will

cost more than five billion dollars.

One out of every four dollars the

Navy will expend during the next eleven

months will go into that program.

- 51 -

KING:  
(Cont'd)

Upon its completion depends to  
a great measure the success of the  
forthcoming operation. War Bonds  
will provide the means to build these  
landing craft. To every American  
citizen and wage earner, I make the  
appeal to buy War Bonds. Let your  
dollars fight for victory and for  
freedom for America - buy War Bonds.

(SWITCH TO BRIDGEPORT, CONN.)

THANK YOU, ADMIRAL KING.

SEC. MORGENTHAU:

(CURTAIN)

(NEXT CUE NOT SET)

- 52 -

**SEC. MORGENTHAU:**

Now here is a war worker from Bridgeport who knows the real costs of war.

**WORKER:**

I had a son on Bataan. You know what's happened to our boys there. I don't have to tell you. Not every war worker is going through what I have gone through these last 48 hours. But they are working hard - just as hard as I am. We want this war over. And the only way to do it is to put everything we have got into it.

- 53 -

SEC. MORGENTHAU:

"Everything we've got". Every nickel we can possibly save. Is that too much to ask when we hear from the lips of Americans such things as these:

VOICE:

We were made to sit in the boiling sun all day without cover. ~~We had very little cover. The sun was very hot and the ground was very hard.~~  
~~intense~~ Many of us went crazy .. several died. Three Filipino and three American soldiers were buried while still alive.

- 54 -

VOICE #2:

One American officer was beheaded. And two others were shot after they had dangled for two days in the broiling sun with their arms tied behind them.

~~Bodies of American and Filipino soldiers who had been killed in the last hours of Battle on Bataan were crushed and smashed by Japanese trucks which ran over them deliberately.~~

VOICE:

The sick, the starving and the wounded were ~~compelled to march mile after mile for days without food or water. They~~ ~~were~~ herded into enclosures which reeked of the stench of the living and the dead - men who died from starvation, thirst and

(MUSIC TO <sup>disease.</sup> FINISH)

(over)

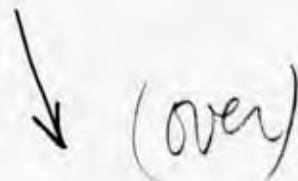
- 55 -

Sec. Morgenthau:News like that makes our blood boil!

But, the flash of our immediate anger

blinds us to an important fact; Thatthis latest outrage of the Japmonsters is not so unusual after all;that it is but part of a provenpattern of Axis atrocities; a schemeforged in the hell-fires of hatred -a program of bestial cruelty -deliberate, ever-increasing in theintensity of its horror! Yes, thisis but the newest link in the chainsof evidence which will anchor in hellthe souls of Japanese and German leaders

for centuries to come.



- 56 -

Sec. Morgenthau:Remember the Rape of LidiceRemember the fifty thousand Russianshanged by the Germans at Gomel.Remember Crackov - and Smolensk wherethe populations were tortured andmurdered.

↓

Tomorrow, and for as many "Tomorrows"  
as there shall be in this war, we shall  
continue to hear of further murderous  
crimes committed by the Axis.

↓

Sec. Morgenthau:

And that is why we must limit those "Tomorrows." - end them, once and for all, with quick and complete victory. The Japanese and the Germans nope, by their frightfulness, to scare us into quitting.

Well, our answer to that is the job being done day in and day out by Mr. and Mrs. America.

You people, Yes - The people of cities like Bridgeport, Connecticut, U.S.A!

- 57 -

BOULTON:

WE THE PEOPLE SPEAK!

THEME

(APPLAUSE)

BOULTON:

This is Milo Boulton again saying  
thank you to the people of Bridgeport,  
Connecticut, and to the Secretary of  
the Treasury, Henry Morgenthau, Jr.,  
for being with us on WE THE PEOPLE  
tonight. The Gulf Oil Companies and  
your neighborhood Good Gulf Dealer  
have been proud to have made this  
special broadcast of WE THE PEOPLE  
possible. Next Sunday the Gulf Oil  
Companies will bring you another  
program of WE THE PEOPLE; with

- 58 -

BOULTON:  
(Cont'd)

Oscar Bradley and his orchestra and  
another grand group of Americans  
bringing you the kind of experiences  
you hear only when WE THE PEOPLE speak.

(THEME UP)

(APPLAUSE)

BOULTON:

Music for WE THE PEOPLE has been under  
the direction of Oscar Bradley. Now  
this is Milo Boulton saying good night  
for WE THE PEOPLE and the Gulf Oil  
Companies.

BOULTON: (On cue) This is the Columbia Broadcasting System.

(Translation)

THE SECRETARY OF STATE FOR TREASURY AND COMMERCE

Ciudad Trujillo, D.S.D.,  
Republica Dominicana,  
January 30, 1944.

Excellency:

I have been pleased to receive your kind communication of November 22, 1943, together with which I received the preliminary draft, prepared by the Treasury Department of the United States, of a proposal for the establishment of a Bank of the United Nations, dedicated to the provision of long-term international credits for reconstruction and development.

This tentative project is proving to be of great interest to the personnel, including myself, of the Department of which I have charge.

In my memorandum of April 4, 1943, sent in answer to that which you addressed me on March 4 of that year, respecting the plan for the establishment of a Monetary Stabilization Fund of the United and Associated Nations, I allowed myself to make certain observations on the idea of creating an organism destined to the supply of long-term capital and on the nature and treatment of some of the principal problems which, in my opinion, it will be necessary to solve in order to assure the recovery and growth of international commerce in the post-war period.

The tentative proposal which is now submitted for our consideration, dealing with the creation of the Bank of Reconstruction and Development, clearly answers, in substance, some of the questions which we had raised in our considerations of the topic.

I am pleased to say that, in principle, the proposal is considered by the staff of this Department to be adequate to produce the results which it is desired to attain by the undertaking.

Its details, nonetheless, are being made the object of appropriate study, to the extent that that may prove necessary, by a group recently created by the Chief Executive for the consideration of questions of this class at the present time.

I take this opportunity to greet Your Excellency with every consideration.

/s/ J. Furcy Pichardo,  
J. FURCY PICHARDO,  
Secretario de Estado del Tesoro y  
Comercio.

NTN:imc:2/19/44

NOT TO BE RE-TRANSMITTEDCOPY NO. 12MINION MOST SECRETU.S. SECRETOFFICE No. 34

Information received up to 10 a.m., 30th January, 1944.

1. NAVAL

One of H.M. Cruisers was sunk by a glider bomb off ANZIO yesterday (5.25<sup>th</sup> completed August, 1943) early 29th. One of H.M. Canadian Fleet Mine-sweepers was badly damaged in collision with merchant ship south of NOVA SCOTIA but is proceeding to port.

2. MILITARY

ITALY. To noon 29th. 5 Army. South of BELMONTE French Algerian Division repulsed 3 heavy counter attacks, capturing more than 100 prisoners; they have occupied 2 further hill features and their advance continues. In the CASILIFORT area British troops have captured MONTE ROFONDO and some high ground east of it; they also have taken over 100 prisoners.

RUSSIA. West of MAYU range our troops have repulsed further Japanese counter-attacks. They have also fought some successful patrol actions west of FALAM in the CHIN HILLS. KYAUKCHAY, 10 miles northeast of MINTHAMI in the CHINDWIN was occupied by our troops on 25th. In HUKAYNG Valley Chinese troops have repulsed 5 counter attacks killing about 230 enemy.

3. AIR OPERATIONS

WESTERN FRONT. 28th/29th. BERLIN. 1,009 tons H.M. and 793 tons incendiaries dropped including 360 4,000 lb. bombs. Main attack started 3: 10 a.m. Mosquitoes over at 9:45 p.m. saw no fires from previous raid. Fairly thick cloud, some ground markers visible, but most crews bombed on sky flares. Large fires developed quickly with smoke to great height. Several explosions reported. Ground defences heavier than previous night. Fighters active, chiefly over BERLIN. 3 enemy aircraft claimed destroyed. 47 aircraft missing, including 44 from BERLIN and 6 crashed.

29th. 303 Fortresses and Liberators, more than 90 percent of force sent out, bombed FRANKFURT dropping 1,672 tons with good results.

102 medium and light bombers dropped 127 tons on the constructions in Northern France and total of 14 Typhoons attacked AMEN Railway Centre and airfield near RESE. Days casualties reported: Enemy, 109, 20, 42. Ours, 44 Fortresses, 5 Liberators and 20 fighters missing.

29th/30th. Aircraft despatched - Constructions Northern France 10, AMEN 12, Lea 24, Lea 11, Intruders 11. 45 enemy aircraft flew over south east and AMEN and EAST WGLIA, 15 penetrating to Greater London area. 3 were destroyed by fighters and claimed by A/A. Main attack appeared directed on London Dock area. 7 incidents and fires occurred in East London and Estuary areas. Casualties reported - 34 killed of which 26 in London area and 113 seriously wounded.

FRANCE. 27th. Total of 164 Fortresses and Liberators attacked 3 airfields in MARSEILLE and MONTPELLIER areas dropping 423 tons. Casualties reported, enemy 21, 3, 5. Ours - 3 bombers and 2 fighters missing.

ITALY. 28th. Total of 251 aircraft including 101 bombers attacked objectives near ROME and in battle areas.

Group being checked.

Regraded Unclassified

January 31, 1944  
2:48 p.m.

Robert  
Patterson: Hello.

HMJr: Hello.

P: Henry?

HMJr: Talking.

P: On the same matter we discussed last evening.....

HMJr: Yes.

P: ....I tried hard to get Jimmy Byrnes last evening  
and then again today.

HMJr: Yeah.

P: I haven't been able to contact him.

HMJr: For heaven's sakes.

P: I told them it was important and so on but --  
called twice but I haven't had any answer. I --  
I can call him again but I thought maybe if you  
stirred him it might -- I suppose he's pretty  
busy on something else most likely.

HMJr: I don't think I'd have as much influence as you  
would.

P: (Laughs) Well, let's not hide behind one another.

HMJr: I know.

P: I'll -- I'll call him and press him on it but the  
point has not come to the President's notice yet  
I take it.

HMJr: Uh huh. Well....

P: The Senators are calling me from time to time --  
Senator LaFollette and Senator McKellar and the  
friends we have up there on this measure.

HMJr: Yeah.

P: Bob LaFollette is very discouraged. He said we --  
unless something....

HMJr: Yeah.

P: ....strong can be told to Doughton, the House Conferees are kind of romping around there. He says he doesn't see a chance of saving much out of the wreck. They seem bound to write in the worst features of the two Acts -- wherever there's a conflict they take the one against the Government and most favorable to the contractor.

HMJr: Well....

P: They're calling them -- some of them from the Senate version and some from the House version. That gets a -- to be a pretty heavy load when you load it all up.

HMJr: Yeah. Well, I'll take -- I don't care -- I'll make a try at Byrnes. I'll see if I can get him and....

P: I think we ought to have a talk with him if we could.

HMJr: Yeah.

P: I don't think we need everybody present. The two of us could do it and I think that he ought then to, perhaps we ought to suggest that he speak to the Chief.

HMJr: Yeah.

P: And get his views -- the Chief said in the message that the law must be -- must be continued.

HMJr: Yeah.

P: And he didn't mean just in form but he meant in reality.

HMJr: Well....

P: He said, "Which will prevent exorbitant profits and insure fair prices." Now these measures that are being undertaken there -- it's rather hard to explain their character in detail to a man who hasn't followed them, but they can take the word of the war agencies....

HMJr: Yeah.

P: ....who have to administer the law that the Act now being considered and seems to be gaining headway in the Conference, will not be a measure that will assure fair prices for the Government and prevent exorbitant profits.

HMJr: Yeah. Well, I'll have a go at him and I'll see what I can do but I don't think I'll have much luck if you haven't but I'll try it.

P: Well, he -- I think he's probably been engaged on something else. I think he knows what I want to talk to him about.

HMJr: I see.

P: Because I've been giving it to him on the phone.

HMJr: Yeah.

P: But I think probably this is more than a matter -- this is more than a phone discussion.

HMJr: Okay.

P: Thank you, Henry.

# TREASURY DEPARTMENT

129

## INTER OFFICE COMMUNICATION

DATE  
January 31, 1944

TO Secretary Morgenthau  
FROM Randolph Paul

Judge Patterson will be getting in touch with you as soon as you return, urging that you and he ask Byrnes (whom he has not yet been able to reach on the telephone) to have the President authorize him to tell Barkley that the bill may be vetoed if the renegotiation situation is not cleared satisfactorily. I agree that something should be done here, but I hope the matter will not be handled in such a way as to give an assurance of no veto if the renegotiation situation is cleared.

In other words, I think the door should be kept open for a veto on the tax front alone.

R.E.P.

January 31, 1944  
2:52 p.m.

Randolph  
Paul:

Did you get my little memo to....

HMJr:

I've got it in front of me and he's been unable to reach Byrnes.

P:

Well, everybody else has, McKellar, LaFollette -- they've all been calling him and he doesn't seem to want to talk to anybody.

HMJr:

Well, I guess it's disagreeable and so he doesn't want to -- I -- I told Bob I'd have a whack at it.

P:

Well, the only thing that I wanted to get clear to you I -- I think since I talked with Patterson last night -- well, I talked with him this morning, but everything I hear is that the renegotiation thing is going from bad to worse.

HMJr:

Yes.

P:

They are now meeting in what they call "Super Executive Session." That means that they're excluding even their own clerk and, of course, they're excluding us fellows.

HMJr:

Yeah.

P:

And I -- I don't want to get myself in the box that -- that if they fix up renegotiation we'll be very pleased with everything else. That's the only thing I'm afraid of.

HMJr:

Well, I think what you're asking for is the impossible. I don't see how you can go and say you're going to veto this thing unless they fix it up, and then they fix it up and then you're going to say, "Well, we're not satisfied," and you want him to veto it anyway. You better....

P:

Of course, I don't believe they will fix it up.

HMJr:

Yeah, well, I don't think you can have your cake and eat it, too.

P:

Well, there's a good deal in that.

HMJr:

You'd better make up your mind.

P:

What do you think about it?

- 2 -

HMJr: Well, of course, I would have liked to sit down and had a talk with you fellows. You remember we said we were going to talk, you and Gaston....

P: Yeah.

HMJr: ....and Sullivan.

P: Well, I have talked with Gaston and several others and, in fact, I just went over the whole picture with Rosenman at lunch.

HMJr: Yeah.

P: He's going to call you and ask you about Dorothy Thompson for a director.

HMJr: Yeah.

P: I....

HMJr: Well, her name was considered. I mean, she's....

P: I would have thought she might be fairly good on it.

HMJr: No. No. No. They -- she's too emotional.

P: Well, of course, I was hoping we could get Pehle. I'd rather have him.

HMJr: Yeah.

P: Well, anyway, on this other, I don't know just how to -- how to handle it.

HMJr: Well, I think the best way to handle is to let me call up the Great Mr. Byrnes and see if I can get him and say I think he'd better get some of these people together. He's had this meeting. Now, I'll see what I can do.

P: Well, we can't -- haven't got time to get anybody together. They're in session now and it will all be over the dam by five o'clock or so.

HMJr: Well, I'll call him up and see what I can do. I may not have any better luck. I'll let you know what happens.

P: All right.

January 31, 1944<sup>132</sup>  
2:57 p.m.

Operator: There you are.

John  
Pehle: Hello.

HMJr: John.

P: Yes, sir.

HMJr: I know that you want to see me but this is going to be a one-way conversation.

P: All right.

HMJr: On the thought I will see the President sometime, I hope, tomorrow....

P: Right.

HMJr: ....I'd like to have a little history of the various things that he has done on these various Committees that he has appointed to do something, you see? Like -- oh, what's the name of this -- I know -- various Committees to do something on the Jewish Refugee matter, going back a couple of years. That ought to be in the papers, you see?

P: Uh huh.

HMJr: What's this former head of the Steel Company who was in on it?

P: Former head of the Steel Company? I don't know.

HMJr: U. S. Steel. Who was President of U. S. Steel?

P: Don't remember.

HMJr: Well, anyway, he headed the thing and he's been to Rome a couple of times.

P: Oh, Myron Taylor. Sure. Yes.

HMJr: Sure. Myron Taylor and then the President of the University of -- Johns-Hopkins has been on it.

P: Uh huh.

Operator: Mr. Morgenthau.

- 2 -

HMJr: Yes.

Operator: Here's Justice Byrnes.

HMJr: Thank you.

134  
January 31, 1944  
2:58 p.m.

Operator: Go ahead.

HMJr: Hello. Henry talking.

James  
Byrnes: Yes, Henry.

HMJr: Good afternoon, Bob Patterson has been calling me and he said he had tried to get you but couldn't and so as a last resort he has gotten me, whatever that's worth, and it's in regard to this -- the conference on the Tax Bill.

B: Yes.

HMJr: And both he and Paul informed me that they are now in Super Executive Session and the thing is going from "worse" to "worse" as far as renegotiation of contract is -- and I don't know whether you have been kept posted or not.

B: Yes, up to Saturday's....

HMJr: Yeah.

B: ....conference, but not today.

HMJr: Well, I just gathered that, without going into....

B: The last I heard of it, they were putting this fellow Disney who is....

HMJr: Yeah.

B: ....insisting on the Court Review and two or three other things.

HMJr: Well, one of the things was that the renegotiations should come before taxes instead of after and, anyway, I'm taking Patterson's word, who follows it. Of course, what they want is that if you could get the authority from the President to say that if they don't straighten it out, that he would veto it. Now the only catch is this: Paul says that, well, supposing the President tells them that and they do straighten it out but they -- then it's still a lousy tax bill and the Treasury wants to have him veto it. I said, "Well, you can't have your cake and eat it, too, Randolph."

B: No.

HMJr: What?

B: What is your view? You didn't have any idea of asking him to veto it without this -- without considering this renegotiation thing did you?

HMJr: Well, I think....

B: I mean, if -- just what Randolph says, suppose they fixed it satisfactorily, the renegotiation, you would not on the rest of it?

HMJr: Well, I wouldn't want to go on -- I would hesitate....

B: To do it?

HMJr: ....but the thing that my boys tell me -- that they have put in so many special privileges in there. You see? Loop holes and special considerations for this and that. But it gets down to the fact that if -- if the President would authorize you to say, "You fix up the renegotiation so it's decent," and then they do it....

B: Then you'd have to go on -- you'd have to stand by it.

HMJr: That's right.

B: That's why it would be good if -- if he was to -- it would be good if your fellows would make up their minds whether the defects are serious enough to ask you to make a recommendation on the other end, because he'd be in a bad fix otherwise, just as you stated.

HMJr: Well, I'm -- I'm giving you all I know which is what I think I should do.

B: Yes.

HMJr: Well, but....

B: You haven't made up your own mind yet?

HMJr: Well, this is the way I feel and I haven't listened to all the arguments but let's say that the bill turns out two or two and a half billion of revenue....

B: Yes.

HMJr: ....and here we've been asking for ten and a half....

B: Yes.

HMJr: ....and the President vetoes even that small amount, I don't think that's too good.

B: No. I had not -- I had not really thought that Randolph and those boys would be urging it because it looked to me like you'd -- we -- it would be better to take what we get....

HMJr: Yeah. Well, they....

B: ....and then ask for more.

HMJr: Well, they are kind of urging it. Now....

B: Well, don't....

HMJr: ....what -- what....

B: ....you sort of think it would be best to -- it wouldn't prevent your asking more if you took what you got. Would it?

HMJr: You mean....

B: If you got two and a half billion....

HMJr: Yeah.

B: ....just what you said just now -- if you veto that then we'd -- you'd just say we're turning down two and a half billion. We ought to take that....

HMJr: Yeah.

B: ....and then write a letter demanding that they give you additional revenue.

HMJr: Yeah.

B: If that's your views.

HMJr: Well, I -- well, that's -- I mean I haven't crossed that bridge yet, but I wanted to let you know how I....

B: All right.

HMJr: ....was feeling, but....

B: You don't want to say some things that would bind the Treasury not to ask for a veto?

HMJr: Well, I don't unless you feel that if the President is going to send a threat up there that he has to know where he stands opposite the Treasury.

B: Yes, he would have to.

HMJr: Well, how -- have we -- according to the boys we haven't got very much time.

B: I don't -- I don't like that sort of business myself.

HMJr: I'm not crazy about it but....

B: Oh, I -- those -- you know Bob is -- Bob is a very positive fellow.

HMJr: Yeah.

B: He -- he may want -- may want everything and sometimes in life you've got to make concessions.

HMJr: Yeah.

B: The Court Review -- the last thing is the worst. They -- I wouldn't go haywire just on that Court Review, would you?

HMJr: No. No.

B: It's the other thing.

HMJr: Do you want a meeting with the boys?

B: I don't believe it would be any good. You say they're going to have the ax -- I'll tell you what I'd rather do. Bob is the fellow that telephoned me this morning.

HMJr: Yeah.

B: Wanted to talk to me and I telephoned him back and he'd gone into conference.

- 5 -

HMJr: Yeah.

B: I think I'll ring him -- ring him back and see what he wants and let him tell me the situation and then I'll let you know.

HMJr: Will you do that?

B: Right.

HMJr: Thank you.

B: If I can get him and see -- find out what's up.

HMJr: Because this....

B: I'll ring you back then.

HMJr: I thank you.

B: Bye.

January 31, 1944  
3:03 p.m.

Operator: There you are.

HMJr: John.

John  
Pehle: Yes, sir.

HMJr: What I want is -- you can get Miss Diamond to help you, or somebody....

P: Yes.

HMJr: ....go back a couple of years and let's just see what the President has done and who he has used. You see?

P: All right.

HMJr: The Bermuda Conference and the whole business.

P: Uh huh.

HMJr: I'd like to have that in the morning and then I, also, would like to have things which are now underway.

P: Yep.

HMJr: You see?

P: Uh huh.

HMJr: Because I'm going to try to make one more stab to get you and let him -- to appoint you.

P: Uh huh.

HMJr: Now, sometime between now and the time I go to bed I will see you. I can't tell when it is.

P: Right.

HMJr: It's nothing that needs a split-second decision is it?

P: No, sir.

HMJr: Well, you get started on this and before I go to sleep tonight, I will see you.

P: Right.

January 31, 1944  
3:15 p.m.

TAX BILL

Present: Mr. Gaston  
Mr. Paul  
Mr. White  
Mr. Smith  
Mr. Sullivan  
Mrs. Klotz

H.M.JR: I have this thing here. The meeting is entitled, "You Can't Have Your Cake and Eat It Too." Somebody can tell Mr. Bell this. You can, Paul.

MR. PAUL: Did you get Byrnes?

H.M.JR: Yes. Let me finish. Mr. Patterson wants me to go all out to ask Byrnes to ask the President to authorize Byrnes to tell the Congress he will veto this bill because he doesn't like the renegotiation part.

Mr. Paul wrote me a note saying if they fix it up so the renegotiation is all right, and the tax is all right, don't go overboard so we can again say to the President, "We still want it vetoed." Is that exaggerating?

MR. PAUL: No, that is a very bad dilemma.

H.M.JR: You say, "I agree that something should be done here, but I hope the matter will not be handled in such a way as to give an assurance of no veto if the renegotiation situation is cleared."

"In other words, I think the door should be kept open for a veto on the tax front alone."

Well, I got Byrnes immediately. I had no trouble getting him. I told him that Patterson wanted me to do this thing, but you have raised this question.

- 2 -

MR. GASTON: It is a very proper question to raise, because you can't demand that they change the renegotiation and then veto it, anyway.

(Mrs. Klotz entered the conference.)

H.M.JR: He came back and said, "Where do you stand?"

So I said, "Well, quite frankly, I haven't yet crossed that bridge." I mean, I was playing fair with the position that you (Paul) have. I said, "I am a little bit inclined to feel that if they do fix up the renegotiation, it does put us in a rather unfortunate light; after trying for ten and a half we say we don't want two and a half, even though Paul and his people tell me there are a lot of escape clauses in there for special pleading of business. I said, "It is a very difficult position that I find myself in."

"Well," he said, "I, of course, don't like to threaten on behalf of the President; and I think, the way I feel, if they do fix this thing up, we ought to let it go through and then ask for some more."

So I said, "Well, it would be perfectly proper for you to press me for an answer, which you haven't, but I will try to give you an answer."

He said, "I was up to date until Saturday. LaFollette called me this morning. I tried to call him, and couldn't. Now I will put in a call for LaFollette. As soon as I get him, I will call you back."

Now, I haven't called Patterson back yet. Oh, yes, I did say--I was just as fair as I knew how to be--"Do you want to see anybody?"

He said, "I don't think there is any sense in my seeing anybody."

MR. PAUL: He said that? I don't think there is any time, anyway.

- 3 -

H.M.JR: So I said, "I believe time is short."

He said, "I will try to find out from LaFollette where the thing stands."

Now, this is Morgenthau speaking, not over the radio. I said, "I don't think LaFollette is the very best person to advise us on the tax bill, because I have been at this thing a number of years. When a thing gets tough, Bob has never played it straight across the table on the tax bill. He has always done something funny." Is that right, John?

MR. SULLIVAN: Well, you always were a bit uneasy about him.

MR. PAUL: I don't think he has.

Since when did you get this extension on your cigarette?

MR. SULLIVAN: I am surprised; I have been smoking this for ~~thirty~~-five seconds and I haven't had any remarks.

MR. SMITH: Not a radio artist; that's the trouble.

MR. SULLIVAN: I was given this in New York.

MR. WHITE: It becomes your name.

MR. SULLIVAN: It is one of these things with a filler. I have smoked five cigarettes on this filler. It was white when I came in.

MR. GASTON: It is a wonderful demonstration.

MR. SULLIVAN: I am going to use this faithfully until Wednesday afternoon and then put it in the drawer and forget it.

- 4 -

MRS. KLOTZ: He smokes a lot.

H.M.JR: That is enough. I remember--

MR. SULLIVAN: I smoke less than a pack a day.

H.M.JR: Well, here is the point: I would just like to state my position, and anybody can argue with me. I will have to stop at a quarter of four. I think I ought to call Patterson back. This is just me, but without talking to anybody I would like to tell you how I feel. I am open to suggestions. I certainly played fair, didn't I?

MR. PAUL: Yes. Of course, I don't think that it would do much good to do what Patterson wants done. I think the situation in the Conference Committee is such that they are just about going to do what they want to do. They have made every concession they will ever make to us, and they are hell-bent on getting those renegotiation amendments the way they want to. I don't think it will do much good. If we have to compromise, I am a little afraid to do that, because--

H.M.JR: Look, though, you can't say to a fellow, "Straighten this thing out, or else." Then he straightens it out, and you can't come back to him and say, "Straighten it out all over again, or else."

MR. GASTON: Not unless you are a Nazi.

MR. PAUL: I told Patterson. Patterson's desires are completely fulfilled if the bill is vetoed, because he is satisfied with the present law.

H.M.JR: But I have to answer him. Which is more important, to get the renegotiation fixed up and then let the bill go through, or not put up another fight on the renegotiation and then say to the President, "It is no good, anyway"?

MR. SULLIVAN: I would be for fixing up renegotiation if you can. I agree with Randolph, that time is awfully short, and I doubt how effective any kind of threat is going to be.

- 5 -

I think in ordinary times you would very seriously consider a veto. I think there is something else in the cards right now, in this year of 1944, that you want to consider, however good, or however bad the bill is. If, after the Congress has been battling with it for five months and it has received all the publicity this bill has, then to veto it is a demonstration of administrative futility which isn't going to help at all in November. We all know about the relief provisions; we know how unconscionable many of them are, but there aren't one hundred and fifty people in the country who know it.

H.M.JR: I personally feel this way--this is where I think I differ from Paul, that if the President should veto the two billion plus of revenue that is there, I think he puts himself in a very weak position.

MR. SULLIVAN: So do I. I haven't discussed this.

MR. PAUL: He could veto it with a message which said that he would immediately sign the joint resolution with the excise provision and the same corporate ratings. And that is all there are. They have the bill all worked out. For instance, excises are all decided on, increased excises. So he could say in his message, "If you gentlemen pass these excises in the form of joint resolutions," which they could do the next day, "I will sign it." Then it wouldn't have all the other things in it. It depends very much on what is in on renegotiation. I think that if the thing goes through the way the renegotiation is now heading, he will have to veto it.

H.M.JR: We don't know yet.

MR. PAUL: Of course, we are trying to prevent those things by threatening a veto, but I don't think they will make enough changes, whatever the President does, to make the bill satisfactory from the standpoint of veto. I think the President is going to be in the situation whatever he does of having to consider very seriously a veto, because of the bad tax, and also the renegotiation.

H.M.JR: But Patterson said he would call me up yesterday because you urged him to.

MR. PAUL: I urged him to call you, yes. I told him yesterday that I didn't want to get myself in this position. I made the point to him that I made to you.

- 6 -

H.M.JR: He didn't pass on that.

MR. PAUL: I wanted him to call you because he is the principal one concerned with renegotiation.

H.M.JR: Herbert, how do you feel?

MR. GASTON: Well, I think the presumption is in favor of signing the bill. I would hate to have it come to the situation where he has to veto the tax bill, after all this struggle and work, and so forth. I think it would have a bad effect, but we certainly would be foreclosed - we certainly could not veto if we made an outright demand that they change these renegotiation provisions, or it would be vetoed; then he would have to sign it if the renegotiation provisions were changed.

H.M.JR: But the immediate thing before us - excuse me - is Patterson's wish that the President send a message up that he will veto it unless the renegotiation clauses are satisfactory - acceptable. Do you think he should do that?

MR. PAUL: That is the immediate question.

MR. GASTON: Yes. No, I don't think he should do that. I don't think he should. I think he should leave his position open, because I think we have got, so far, practically under the threat of veto, as far as we have, and I don't think there is any good in keeping on threatening. I doubt if it would have any effect.

H.M.JR: On the renegotiation?

MR. GASTON: Yes.

MR. PAUL: If it doesn't have any effect, that leaves us free, because they haven't fixed up the renegotiation.

H.M.JR: That is skating on too thin ice.

MR. PAUL: It is pretty thin ice.

MR. SULLIVAN: What do you think the chances are that such a threat would produce?

- 7 -

MR. PAUL: I don't think anything will produce that. I think they are hell bent on that.

H.M.JR: Harry, have you an opinion?

MR. WHITE: I am afraid mine differs a little. I think the bill should be vetoed. I think the President could gain stature by vetoing. The assumption is it would be accompanied by proper declaration as to why it is being vetoed. Randolph's suggestion seems to be a good one, that he would pass it if such-and-such were the case. It seems to me that I don't quite see the trouble that would follow, except it would be a slap at Congress. This is a lousy Congress and deserves to be slapped. I can't quite see how that will affect the election, except beneficially.

MR. PAUL: That is the same view I had.

MR. GASTON: He is expressing John's view.

MR. WHITE: Excuse me. If it is the same view, fine; which would lead to the other conclusion that Patterson certainly ought not to make that qualification, in any case.

MR. PAUL: That is the view of Vinson. I mean, he doesn't know about this particular proposition, but he wants to veto ex-renegotiation.

He thinks it should be vetoed on the tax front, alone. Sam Rosenman - I just talked with Sam Rosenman and told him about some of the tax bill end of it, and about the renegotiation. He said he thought the President would be delighted to veto this bill. That is the way he put it.

MR. WHITE: I think the Congress would immediately have to revamp something which the President could sign, and that would be a victory for the President. Surely, Congressmen will be bitter about it, but I don't see that they are doing anything to help the Administration.

- 8 -

MR. PAUL: Patterson says they can't possibly pass the bill over his veto, except by fixing up the renegotiation. McKellar says he has plenty of votes.

H.M. JR: Fred, have you some opinion?

MR. SMITH: The only opinion I have, for what it is worth, is that, assuming that the public is going to know that this threat has been made, if the threat is made now, it will be a threat having to do with renegotiation, which is all right, and which has all of the people behind it. I mean, it is a good political thing to be fighting for. He is on the right side of that.

If he waits and then vetoes the bill, the renegotiation end of the bill is not so closely identified in the minds of the average person, as the tax end. So he will be in a position of vetoing a tax bill after you have said that we need ten and a half billion dollars; you have said we need fourteen billion dollars in War Bonds, so if we can't have that, you are not going to take anything.

I think if a veto, or a veto threat has to be made public, it would be better to make it public on the basis of the renegotiation, rather than on the basis of the tax bill.

MR. PAUL: You would later.

MR. SMITH: But they won't get that. When he vetoes the bill, he vetoes the tax bill. When he threatens, he threatens the renegotiation end of the tax bill, and all the publicity will be about renegotiation instead of taxes.

MR. WHITE: The veto isn't because it is two and a half billion dollars; it is because it is two and a half billion got in the wrong way.

MR. SMITH: That is too hard to sell on the other end of the line.

- 9 -

MR. GASTON: I don't understand that this threat of a veto is going to be a public matter.

MR. PAUL: It couldn't be made public.

MR. SMITH: I don't know - wouldn't it become public? Wouldn't Congress make it public?

MR. PAUL: That is the last thing they would do if they are going to yield to it.

H.M.JR: Mrs. Roosevelt is so interested in West Virginia - the miners. What is the name of that place down there where they started this thing for the miners, and everything?

(The Secretary asks Mr. Shaeffer for copy of the President's Arthurdale, West Virginia, speech)

H.M.JR: Do you know that place? Mrs. Roosevelt has taken such an interest in it.

~~It~~ It is a tax speech attacking Pat Harrison, and everything else, on taxes.

MR. SULLIVAN: Wasn't that undistributed profits?

H.M.JR: It is the only time he ever has done something like that.

MR. SULLIVAN: He did it late, then; the boat had sailed.

H.M.JR: That is the point, because he always comes back and says, "I don't want to influence Congress," and this and that. But he did it that time.

MR. SULLIVAN: That was very costly. That was before I was here, but I heard an awful lot about it.

H.M.JR: And then, somehow or other, out at Burning Tree he heard I had nothing to do with it.

- 10 -

After two years he came and told me he was wrong. But I couldn't tell him it was the President's own idea. For two years he wouldn't talk to me.

Let me do this: I have to stop now - let me call up Bob Patterson and say I called Byrnes. I got Byrnes, Byrnes is going to call LaFollette and call me back, and that I have raised this question--

MR. PAUL: I raised it with Patterson.

H.M.JR: I don't know what the answer is. My own feeling is, I feel the way I felt after I talked to him yesterday. Smith has put it in better language, that I think, from the standpoint of the public, I think he is on much better ground not to do any threatening on the renegotiation than he is on the taxes.

MR. PAUL: He can't. He hasn't got that choice.

H.M.JR: Well, he can threaten once.

MR. SMITH: He can threaten now on the basis of renegotiation.

MR. PAUL: This thing is going to be done by five-thirty today.

MR. SMITH: The less trouble he gets into, for my dough, the better. If this can all be done without publicity, that is fine. For once I am in agreement with Byrnes, that if you can threaten them and if it does fix your renegotiation at all, you have made a profit. Then let the bill go through and go after some more taxes. I don't think you ought to veto the tax bill. You are losing money all the time.

H.M.JR: It is awfully hard to say veto the tax bill, because you don't know how many bad features it has in it until you see it.

- 11 -

MR. PAUL: I know practically everything about it now. I didn't know they had been taking them out in the last couple of days.

H.M.JR: Do you know now?

MR. PAUL: Yes.

H.M.JR: Is it very terrible? Are there many escapes?

MR. PAUL: There are quite a number. Two or three of the worst have been taken out in the last couple of days - the railroad one and the Alvord-gang one.

MR. WHITE: I thought those were still in, Randolph.

MR. PAUL: No, they got scared.

MR. WHITE: Then the--

MR. PAUL: Social Security is out of that. That bill has about half a billion of revenue, now.

MR. GASTON: I think it is rather pointless to talk about the Social Security, to deduct that from the yield of the bill, because that is going to be deducted anyway. If this bill is vetoed, they will immediately slap through a resolution stopping that one percent increase in Social Security. That is lost, anyway.

MR. PAUL: Yes, but that makes it less than the two billion, three bill.

MR. GASTON: Yes, but that part is gone, anyway.

H.M.JR: You are deducting that?

MR. PAUL: The bill is two billion three. Now take off a billion, four that comes out on account of the Social Security freeze; that leaves nine hundred million.

- 12 -

H.M.JR: You mean on the assumption it would have gone up if you hadn't frozen it?

MR. PAUL: Yes, it is an existing law, and this bill knocks it out.

So then that leaves nine hundred million. Now, I will take off three or four hundred million from that on account of relief provisions and I would say a rough approximation is now, with some of these other things out, that the bill produces half a billion dollars and no more.

H.M.JR: Well, I don't have to tell you how lousy I think the bill is, or how badly I feel about it. But it is no longer a question of how I feel about it, but a question of how the President feels about it, and I am willing to get a hat pool up here--

MR. PAUL: Hat pool?

H.M.JR: Yes, everybody put in twenty-five cents for whether he will veto or whether he won't, see? I don't take money. Anybody who wants to get down - I will put down veto, and I will put down the names and a quarter, see?

MR. WHITE: Will each win a nickle? That is all there will be to divide.

MR. SMITH: Doesn't the winner get a hat?

MRS. KLOTZ: It is in the hat.

MR. PAUL: I was so excited I dropped my money.

MR. SMITH: I don't think it will be vetoed. I say he will sign it.

H.M.JR: If it becomes a law, that will be the same as signing.

-13 -

MR. GASTON: The question is veto or not veto.

(The Secretary makes a list of the names)

H.M.JR: You (Smith) are for not veto.

MR. SULLIVAN: And Sullivan.

MR. WHITE: And White.

MRS. KLOTZ: And Klotz.

MR. GASTON: I don't think he will veto it.

MR. PAUL: I will get on the veto side.

MR. WHITE: He is betting four to one.

H.M.JR: I am non-veto.

MR. GASTON: This is not a matter of advice, this is a matter of guessing as to what he is going to do.

MR. SULLIVAN: Of course, if renegotiation is too bad, Randolph will win a dollar and a quarter here.

MR. GASTON: Even assuming he will not veto the bill.

MR. PAUL: Make it a dollar.

H.M.JR: You see how these fellows multiply so rapidly.

MR. PAUL: Who is the stockholder?

MR. WHITE: Let Mrs. Klotz hold it.

H.M.JR: This is the way from now on, there is no more talking. I don't want to hear your reasons. This is the way to settle these arguments

- 14 -

MR. GASTON: But I still don't like the idea of his telling Congress that he is going to sign the bill if they make some changes.

MR. WHITE: I am glad to see that display of confidence in your Chief Commander.

(The Secretary holds a telephone conversation with Judge Patterson, as follows:)

January 31, 1944  
3:44 p.m.

HMJr: Hello. Hello. Hello.

Operator: He's coming on.

HMJr: Hello.

Robert  
Patterson: Hello.

HMJr: Bob?

P: Yep.

HMJr: I got the Chief -- not the Chief -- the Justice.  
And he said he was going to call up LaFollette  
and call me back.

P: Yep.

HMJr: And get posted.

P: Yep.

HMJr: Now, I said, "Would you like to have us -- some of  
us get together?" And he said it was no use.

P: Yep.

HMJr: But he is disinclined to make a threat. I thought  
I'd like you to know that.

P: Yes. He is?

HMJr: Yeah.

P: Well, that's too bad.

HMJr: And....

P: I don't think you'll get anywhere without it.

HMJr: Well, and -- of course, the other thing is -- the  
way some of the people in the Treasury feel that  
if he does make a threat and then they fix it up  
and then the revenue end is no good, then where  
are we?

P: Well....

- 2 -

HMJr: I mean, Paul said he told you that's the way he felt.

P: Yes, he did; although I understood from him that your attitude was that just on the tax end, while you didn't like it at all, you were not inclined to advise a veto of that alone. If the renegotiation thing also was sour, then you would.

HMJr: No, I haven't -- Paul has been pressing me for an answer and I haven't given him one yet.

P: Well, all right.

HMJr: All right.

P: But he's going to talk to LaFollette, is he?

HMJr: Yeah, and call me, and after he calls me I'll call you.

P: Thank you.

HMJr: I thank you.

P: Bye.

- 15 -

MR. PAUL: I didn't tell him that. I told him I didn't know about you.

January 31, 1944  
3:56 p.m.

HMJr: Hello.

Operator: Secretary Stimson.

HMJr: Right.

Secretary Stimson: Yes.

HMJr: Henry talking.

S: Yes.

HMJr: I think you....

S: I got your message about tomorrow's meeting.

HMJr: Yes.

S: I'm a little worried. I thought we were going to have just a talk between you and me....

HMJr: That suits me.

S: ....of a personal character.

HMJr: That suits me.

S: I don't want -- I don't think we ought to get into a position of holding what would be virtually meetings of that body without having Cordell.

HMJr: Well, I didn't have that in mind. I was just trying to -- Cordell....

S: We'll have a row I know.

HMJr: No. No. No. -- No. You've got me wrong on this. I wanted to give you some of the background that Cordell already knows, but I'd just as leave do it alone. If it's....

S: I have no....

HMJr: I say it was purely -- no, this is nothing -- this is stuff that has been going on for months and -- but I don't want to press it, but I wasn't going to say anything that Cordell doesn't already know.

S: Uh....

HMJr: But whatever suits you, suits me.

S: Well, I think I'd a little rather do it the other way. I'm a little -- I don't want to get into the thing too far anyhow myself. I've got to go awfully slow.

HMJr: Yes.

S: And it seems to me that we would inevitably get into -- if we had two or three other people besides ourselves there -- we'd get into a situation which Cordell would hear of and it would make him feel that we were going ahead without him.

HMJr: Well, anyway that you want it.

S: Well, come over yourself and we'll talk it over.

HMJr: That's all right.

S: If that's all right.

HMJr: Surely.

S: Yes, all right. One o'clock?

HMJr: One o'clock.

S: All right.

January 31, 1944  
4:15 p.m.

BELGIAN CURRENCY

Present: Mr. White  
Mr. Luxford

MR. WHITE: We thought it might be something you wanted to mention to the President, so we thought we should give you a little more time.

H.M.JR: What is it all about, anyway?

MR. WHITE: We have the approval of the State Department, and the British are going to announce it simultaneously with the United States. The meat is in the last paragraph. "In view of the foregoing facts and considerations, the United States Government formally declares that it does not and will not recognize the transference of title to the looted gold which the Axis at any time holds or has disposed of in world markets. It further declares that it will be the policy of the United States Treasury not to buy any gold presently located outside of the territorial limits of the United States from any country which has not broken relations with the Axis, or from any country which after the date of this announcement acquires gold from any country which has not broken relations with the Axis--"

H.M.JR: That is O.K. Give it to me. The trouble with you is, you make it look as though it is something very difficult. If you just came in and said, "Look, boss, this is something you should have agreed to a long time ago"--what the hell? (Signs document entitled "Declaration on Gold Purchases, copy attached.)

MR. WHITE: It has a few preliminary paragraphs in the way of propaganda.

MR. LUXFORD: If we can get you to initial this press release--

- 2 -

H.M.JR: Don't scare me so.

MR. LUXFORD: It quotes the declaration and states the British are taking similar action.

MR. WHITE: It is identical with the exception of the first and last sentences.

H.M.JR: O.K.

MR. WHITE: And as far as you are concerned, we can at any time from now on tell the British to issue it simultaneously when we give them a few more days

(The Secretary initials Press Release, copy attached.)

MR. WHITE: All right. This is a different matter, but unfortunately we can wait no longer, and that is the question of the terms under which the Belgian, the Dutch, and other countries turn over their currency to us. You remember, you decided that you wanted it turned over without any conditions and have the adjustment postponed for a later time. That is the position we wanted. After a great deal of argument pro and con, the State Department strongly objected. They want to say that we agree to pay the soldiers. We have compromised on this statement, this sentence, and we think we can get State to go along. If we do--

H.M.JR: What is the sentence?

MR. WHITE: "The Secretary will cause dollars to be deposited to the Credit of Belgium equivalent at the official rate of exchange which may be fixed in connection with military operations to that portion of pay employed for local"--that is Belgium--"expenditures by personnel of American forces in Belgium." That is, you will put up dollars here for such expenditures as our soldiers spend out of their pay in Belgium.

H.M.JR: You make it too complicated. What is it all about? (Refers to State Department draft of agreement, copy attached.)

- 3 -

MR. WHITE: They are turning over a lot of Belgian money to us, the Belgium Government; in place of our allied military currency, they are going to supply the currency. We have agreed on that. We said it is all right if they turn them over to us without any strings or conditions. The State Department thinks the Belgians would be willing to accept it. But the State Department wants us to say that we will pay them in dollars.

H.M.JR: Whom?

MR. WHITE: Belgium in dollars for that amount of Belgian currency which they turn over to us which we give as pay to our soldiers.

MR. LUXFORD: In other words, we pay for our troops in dollars which we make available to the Belgium Government.

H.M.JR: I won't agree.

MR. LUXFORD: We have added one item to it.

MR. WHITE: This is the item we have added. The position you took is the one we have taken up to now.

H.M.JR: At least I am consistent. It is wonderful, isn't it?

MR. LUXFORD: It has been the Treasury's position to date.

MR. WHITE: They say first that such deposits shall be made at such times and in such manner as may be mutually satisfactory to the Secretary and Belgium.

H.M.JR: Listen, the President of the United States wouldn't let me put on a "Republique Francaise" because he doesn't know what Government it will be. Now, how the hell do I know what kind of government this is going to be?

MR. WHITE: In Belgium?

- 4 -

H.M.JR: Yes. I am going to wait until the President sets the pattern for France.

MR. WHITE: It will have to go to the President.

MR. LUXFORD: This is going up on a false issue, too, Mr. Secretary. It will not go up on the question of settlement. Rather the War Department, and State, particularly Acheson, keep waving the flag that we don't want mercenaries, that they are when we make the Belgium Government pay for it.

H.M.JR: Another reason is, we go in there and pay our troops in Belgian currency or invasion currency, and when we sit around the peace table and they put in all their claims, then the thing is settled. I won't pay them in dollars.

MR. WHITE: That was our position.

H.M.JR: Who is it in the State Department?

MR. WHITE: Dunn and Acheson.

MR. LUXFORD: They carried it with Hull.

H.M.JR: To hell with both of them.

MR. WHITE: It means that you will have to take it up before the President. It has reached that stage.

H.M.JR: Well, let them take it over to the President.

MR. WHITE: We have to settle the agreement with the Belgians.

H.M.JR: I won't go. I will play Hull's game. Let him take it up with the President. I won't go along.

MR. WHITE: Let me give you one statement--the lawyers have added this: "The payment of dollars to Belgium"--as provided for in paragraph two, which we have just read--"shall be without prejudice to any ultimate settlement

- 5 -

concerning the Belgian franc costs in respect to which dollars were so paid." We are saying that the later adjustment may modify that.

H.M.JR: No. You can tell Mr. Acheson I won't go along and let Mr. Hull go to the President.

MR. LUXFORD: Everything will be stacked against you, then.

H.M.JR: That is all right.

MR. WHITE: With the exception that there is no need to make any decision now. We had won the Army over at first. They agreed with us. Then the State Department, I think, has won them over.

H.M.JR: Let the President over-rule me.

MR. WHITE: But I have the Belgians agreeing to what we had wanted, but now they may not.

MR. LUXFORD: You can take a stronger position if you want to, and that is, that since there is no obligation to pay under international law, this is just a gratuity to pay it at this time. Wait until Congress decides.

MR. WHITE: That is the strong decision.

H.M.JR: I don't want to decide anything in advance of Congress.

MR. LUXFORD: That is your real position.

MR. WHITE: But the Belgians say that we do decide that because we do buy the sterling with which we pay our troops. And why should they make a distinction?

MR. LUXFORD: We were in England by their permission, but we are not going into Belgium by Belgium's permission.

H.M.JR: They are a captive of Germany. How do we know--

- 6 -

MR. WHITE: It is a question of the Government. The same thing is true of Holland and Norway.

H.M.JR: Sure. Norway--my God, don't make it Norway; make it Belgium.

MR. WHITE: We will have to treat the three countries alike.

H.M.JR: Listen, you were invited in here to do one thing!

MR. WHITE: Yes, but I am afraid you are getting away tomorrow.

H.M.JR: No, I am not.

MR. WHITE: You remember, you asked Crowley to have a joint letter to Hull to take up the two matters on the French thing, the question of French balance of payments, and so forth?

H.M.JR: What has happened?

MR. WHITE: They want to know whether or not this letter is satisfactory to you. This is just a draft. (Hands the Secretary proposed draft.)

H.M.JR: It is all right with me.

MR. WHITE: O.K.

H.M.JR: Do you want me to sign it?

MR. WHITE: No, that isn't the final draft.

H.M.JR: It just doesn't make sense. It is just like dishing out so many dollars.

MR. LUXFORD: The only thing is, they won't meet you on the merits. They will claim that we are making our troops mercenary.

- 7 -

MR. WHITE: I think the strength of the position lies simply in the fact that the Secretary wants Congress to make final terms of adjustment.

H.M.JR: How are we paying them in China? We are not paying them in dollars.

MR. WHITE: In China we are buying dollars.

H.M.JR: At five cents.

MR. LUXFORD: That is worse, much worse.

MR. WHITE: We are paying in dollars everywhere.

H.M.JR: I don't like it. Mr. Hull would say that he likes it. Let him take it up with the President.

MR. LUXFORD: After all, you have to sign this agreement, not Hull.

11

## TREASURY DEPARTMENT

## DECLARATION ON GOLD PURCHASES

On January 5, 1943 the United States and certain others of the United Nations issued a warning to all concerned, and in particular to persons in neutral countries, that they intend to do their utmost to defeat the methods of dispossession practiced by the governments with which they are at war against the countries and peoples who have been so wantonly assaulted and despoiled. Furthermore, it has been announced many times that one of the purposes of the financial and property controls of the United States Government is to prevent the liquidation in the United States of assets looted by the Axis through duress and conquest.

One of the particular methods of dispossession practiced by the Axis powers has been the illegal seizure of large amounts of gold belonging to the nations they have occupied and plundered. The Axis powers have purported to sell such looted gold to various countries which continue to maintain diplomatic and commercial relations with the Axis, such gold thereby providing an important source of foreign exchange to the Axis and enabling the Axis to obtain much-needed imports from these countries.

The United States Treasury has already taken measures designed to protect the assets of the invaded countries and to prevent the Axis from disposing of looted currencies, securities, and other looted assets on the world market.

Similarly, the United States Government cannot in any way condone the policy of systematic plundering adopted by the Axis or participate in any way directly or indirectly in the unlawful disposition of looted gold.

In view of the foregoing facts and considerations, the United States Government formally declares that it does not and will not recognize the transference of title to the looted gold which the Axis at any time holds or has disposed of in world markets. It further declares that it will be the policy of the United States Treasury not to buy any gold presently located outside of the territorial limits of the United States from any country which has not broken relations with the Axis, or from any country which after the date of this announcement acquires gold from any country which has not broken relations with the Axis, unless and until the United States Treasury is fully satisfied that such gold is not gold which was acquired directly or indirectly from the Axis powers or is not gold which any such country has been or is enabled to release as a result of the acquisition of gold directly or indirectly from the Axis powers.

*Wm. H. Woodburn, Jr.*  
SECRETARY OF THE TREASURY

1944.

**TREASURY DEPARTMENT  
Washington****FOR IMMEDIATE RELEASE****Press Service  
No.**

**The Secretary of the Treasury today issued the following Declaration:**

On January 5, 1943 the United States and certain others of the United Nations issued a warning to all concerned, and in particular to persons in neutral countries, that they intend to do their utmost to defeat the methods of dispossession practiced by the governments with which they are at war against the countries and peoples who have been so wantonly assaulted and despoiled. Furthermore, it has been announced many times that one of the purposes of the financial and property controls of the United States Government is to prevent the liquidation in the United States of assets looted by the Axis through duress and conquest.

One of the particular methods of dispossession practiced by the Axis powers has been the illegal seizure of large amounts of gold belonging to the nations they have occupied and plundered. The Axis powers have purported to sell such looted gold to various countries which continue to maintain diplomatic and commercial relations with the Axis, such gold thereby providing an important source of foreign exchange to the Axis and enabling the Axis to obtain much-needed imports from these countries.

The United States Treasury has already taken measures designed to protect the assets of the invaded countries and to prevent the Axis from disposing of looted currencies, securities, and

- 2 -

other looted assets on the world market. Similarly, the United States Government cannot in any way condone the policy of systematic plundering adopted by the Axis or participate in any way directly or indirectly in the unlawful disposition of looted gold.

In view of the foregoing facts and considerations, the United States Government formally declares that it does not and will not recognize the transference of title to the looted gold which the Axis at any time holds or has disposed of in world markets. It further declares that it will be the policy of the United States Treasury not to buy any gold presently located outside of the territorial limits of the United States from any country which has not broken relations with the Axis, or from any country which after the date of this announcement acquires gold from any country which has not broken relations with the Axis, unless and until the United States Treasury is fully satisfied that such gold is not gold which was acquired directly or indirectly from the Axis powers or is not gold which any such country has been or is enabled to release as a result of the acquisition of gold directly or indirectly from the Axis powers.

It is understood that a similar Declaration is being issued simultaneously by the United Kingdom Treasury.

1/28/44

#3  
Treasury Department  
Division of Monetary Research 170

O Date 2-1-44 19

To: Miss Dickinson

From: Mr. Taylor - 217

This is the draft agreement drawn  
up in accordance with the views expressed  
by the State Department.

For your files.

MEMORANDUM

The undersigned approve the submission of the attached draft of agreement to the Government of Belgium to the end that arrangements may be completed as soon as possible for the obtaining of local currency for use by our Armed Forces. When the time is appropriate, similar agreements may be submitted to other governments-in-exile.

\_\_\_\_\_  
SECRETARY OF STATE

~~Ad~~  
\_\_\_\_\_  
SECRETARY OF THE TREASURY

\_\_\_\_\_  
SECRETARY OF WAR

\_\_\_\_\_  
SECRETARY OF THE NAVY

Agreement between the Secretary of the Treasury  
and the Minister of Finance of the  
Government of Belgium in Exile

172

AGREEMENT made the \_\_\_\_\_ day of \_\_\_\_\_, 1944, at the City of Washington, District of Columbia, between the Secretary of the Treasury of the United States of America (hereinafter called the Secretary), and the Minister of Finance of the Kingdom of Belgium for and on behalf of the Kingdom of Belgium (hereinafter called Belgium).

WHEREAS, it is anticipated that United States armed forces will participate in future military operations for the purpose of liberating Belgium; and

WHEREAS, Belgium desires that in the event of any such operations, the Belgian franc be used to the maximum extent feasible to fulfill the currency needs of the United States armed forces;

NOW, THEREFORE, in order to further such objectives and in consideration of the premises and the mutual covenants herein contained, it is agreed as follows:

1. Belgium will make available to the Commanding General of the United States Army in the Theater of Operations, upon the request of the Secretary, Belgian franc notes or Belgian franc credits in such amounts, of such type, at such times and at such places as may be necessary for use of American forces in Belgium and Belgian territorial waters. Belgium will act promptly upon any such request and will reserve any question concerning any such request for determination or negotiation as provided in paragraph (3) hereof. Belgium hereby undertakes to have on hand at all times sufficient Belgian franc notes to meet any requests for such notes.

2. The Secretary will cause dollars to be deposited to the credit of Belgium equivalent, at the official rate of exchange which may be fixed in connection with the military operations, to that portion of pay employed for local, i.e., Belgian expenditure by personnel of American forces in Belgium. Such deposits shall be made at such times and in such manner as may be mutually satisfactory to the Secretary and Belgium.

3. Any determination or negotiation concerning settlement of all or any part of the Belgian franc costs arising out of operations or activities in Belgium involving participation by American forces, including adjustments, if any, between the American and Belgian Governments, will be deferred to a time or times mutually satisfactory to such governments. The payment of dollars to Belgium, as provided in paragraph (2) hereof, shall be without prejudice to any ultimate settlement concerning the Belgian franc costs in respect to which dollars were so paid.

4. Records and accounts will be carefully maintained which will reflect all transactions effected hereunder and all uses which are made of the franc notes and credits furnished hereunder. Such records and accounts shall be made available for inspection at reasonable times, to such liaison officer or officers as may be mutually agreed upon by Belgium, on the one hand, and the Secretary and the Commanding General of the United States Army in the Theater of Operations, on the other hand.

5. Belgian franc notes and credits furnished hereunder will be used to the maximum extent feasible for carrying out the objectives of this Agreement. If, however, the Secretary should deem that circumstances or conditions so require, he may cause currency or credits of a different nature to be used to the extent so deemed necessary. Settlement for such different currency or credits will also be deferred as provided in paragraph (3) hereof.

6. The provisions of this Agreement shall not apply to Belgian franc notes and credits which may be used to finance the exportation of goods and materials from Belgium, except such exportations as are directly incident to military operations.

7. The Secretary and the Minister of Finance of the Kingdom of Belgium agree that they or their representatives shall consult with each other from time to time concerning problems of mutual interest which may arise in connection with this Agreement.

8. This Agreement shall come into operation and effect as between the parties hereto immediately upon the signature hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate.

\_\_\_\_\_  
SECRETARY OF THE TREASURY OF THE UNITED STATES

KINGDOM OF BELGIUM

BY \_\_\_\_\_

\_\_\_\_\_  
MINISTER OF FINANCE

Treasury Department  
Division of Monetary Research

#4  
174

O Date.....2-1-44.....19

To: Miss Dickinson

From: Mr. Taylor - 217

This is the latest draft agreement  
as the Treasury would like to see it pre-  
vail.

For your files.

Agreement between the Secretary of the Treasury  
and the Minister of Finance of the  
Government of Belgium in Exile

175

AGREEMENT made the \_\_\_\_\_ day of \_\_\_\_\_, 1944, at the City of Washington, District of Columbia, between the Secretary of the Treasury of the United States of America (hereinafter called the Secretary), and the Minister of Finance of the Kingdom of Belgium for and on behalf of the Kingdom of Belgium (hereinafter called Belgium).

WHEREAS, it is anticipated that United States armed forces will participate in future military operations for the purpose of liberating Belgium; and

WHEREAS, Belgium desires that in the event of any such operations, the Belgian franc be used to the maximum extent feasible to fulfill the currency needs of the United States armed forces;

NOW, THEREFORE, in order to further such objectives and in consideration of the premises and the mutual covenants herein contained, it is agreed as follows:

1. Belgium will make available to the Commanding General of the United States Army in the Theater of Operations, upon the request of the Secretary, Belgian franc notes or Belgian franc credits in such amounts, of such type, at such times and at such places as may be necessary for use of American forces in Belgium and Belgian territorial waters. Belgium will act promptly upon any such request and will reserve any question concerning any such request for determination or negotiation as provided in paragraph (2) hereof. Belgium hereby undertakes to have on hand at all times sufficient Belgian franc notes to meet any requests for such notes.

2. Any determination or negotiation concerning settlement of all or any part of the Belgian franc costs arising out of operations or activities in Belgium involving participation by American forces, including adjustments, if any, between the American and Belgian Governments, will be deferred to a time or times mutually satisfactory to such governments.

3. Records and accounts will be carefully maintained which will reflect all transactions effected hereunder and all uses which are made of the franc notes and credits furnished hereunder. Such records and accounts shall be made available for inspection at reasonable times, to such liaison officer or officers as may be mutually agreed upon by Belgium, on the one hand, and the Secretary and the Commanding General of the United States Army in the Theater of Operations, on the other hand.

- 2 -

4. Belgian franc notes and credits furnished hereunder will be used to the maximum extent feasible for carrying out the objectives of this Agreement. If, however, the Secretary should deem that circumstances or conditions so require, he may cause currency or credits of a different nature to be used to the extent so deemed necessary. Settlement for such different currency or credits will also be deferred as provided in paragraph (2) hereof.

5. The provisions of this Agreement shall not apply to Belgian franc notes and credits which may be used to finance the exportation of goods and materials from Belgium, except such exportations as are directly incident to military operations.

6. The Secretary and the Minister of Finance of the Kingdom of Belgium agree that they or their representatives shall consult with each other from time to time concerning problems of mutual interest which may arise in connection with this Agreement.

7. This Agreement shall come into operation and effect as between the parties hereto immediately upon the signature hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate.

\_\_\_\_\_  
SECRETARY OF THE TREASURY OF THE UNITED STATES

KINGDOM OF BELGIUM

BY \_\_\_\_\_

\_\_\_\_\_  
MINISTER OF FINANCE

C  
O  
P  
Y

My dear Secretary Hall:

There are two questions of major importance on the relationship between the United States and the French Committee of National Liberation which we think ought to be discussed by yourself and ourselves.

First, there is the question of possible use of the gold and dollar assets of Metropolitan France for the furnishing of supplies to Metropolitan France upon its liberation.

Second, there is the question of how payment is to be made by the French Committee of National Liberation for civilian supplies furnished by us to French North and West Africa under the Modus Vivendi Agreement of September 25, 1943, in light of the possible scarcity of gold and dollar assets available to the Committee.

We suggest that a meeting be called at an early date to discuss these problems, those in attendance to include us three together with appropriate members of our staffs.

Sincerely yours,

Henry Morgenthau, Jr.  
Secretary of the Treasury

The Honorable

The Secretary of State

Leo T. Crowley  
Administrator  
Foreign Economic Administration

Attachment

January 31, 1944  
4:40 p.m.

HMJr: Hello.

Operator: Admiral Chalker.

HMJr: Hello.

Operator: Here you are.

HMJr: Admiral Chalker.

Admiral Chalker: Yes, sir.

HMJr: Morgenthau speaking.

C: Oh, yes, sir. Good afternoon, Mr. Secretary.

HMJr: Good afternoon. I was delighted to receive your letter and get the progress report on Tollaksen.

C: That sounded very encouraging I thought.

HMJr: I thought it sounded fine. And I gather that at a not-too-distant date he's going to be given an opportunity to go to sea again.

C: That is correct, yes, sir. I talked with Admiral Donohue this morning about it.

HMJr: Oh, did you?

C: And he is -- they're finding a place for him now so that he will be going to sea and will get his orders very shortly.

HMJr: Fine. Well, that's certainly reconstructing a life, isn't it?

C: It is indeed. I think that's really quite remarkable because they had practically given him up.

HMJr: Yeah. I understand this Doctor Silbermann whom we sent him to is going to make that as a contribution and not render any bill.

C: Oh, is that so? That is certainly very nice of him.

- 2 -

HMJr: Yeah.

C: Very nice, indeed.

HMJr: Yeah. And if you have any more cases like it, why, he might be willing to take some more. I don't know. I haven't communicated with him, but I just offer that as a....

C: Well, that was certainly something that Tollaksen should be very appreciative of, I think.

HMJr: Yeah.

C: From all accounts he's a new man.

HMJr: Well, that's fine. Well, I appreciate the fact that you were willing to give Tollaksen a chance.

C: Well, we were very glad to do that, of course.

HMJr: And after he's been to sea awhile, will you give me another report?

C: Yes, I'll do that.

HMJr: Thank you so much.

C: I'll be very glad to.

HMJr: Thank you, Admiral. Bye.

C: Bye.

January 31, 1944  
4:45 p.m.

DEFERMENTS

Present: Mr. Gaston  
Mr. Thompson  
Mr. Wilson

MR. THOMPSON: I have three tough cases. I will take the tough first this time!

H.M.JR: All right.

MR. THOMPSON: Harold Mager was given a ninety-day deferment and Gamble has asked if we will get an extension on that. He says he definitely needs him.

MR. GASTON: He is thirty-five years old, has one child, and is a pre-Pearl Harbor father.

H.M.JR: Have you people O.K.'d it?

MR. THOMPSON: We just got it.

MR. GASTON: I just got it. My judgment is yes. I think he is well entitled to it - as much so as a good many others to whom we have granted it.

MR. THOMPSON: Ted said he would like me to ask you to defer him.

MR. GASTON: I wouldn't have felt the same way three months ago, but they have now got him in that job that is essential, and it is very hard to get a man that can write and has some idea of administration policy, and so forth.

H.M.JR: What do you (Wilson) think?

- 2 -

MR. WILSON: I first thought it wouldn't be granted because I remembered when we brought it in before you were reluctant to give him even three months, but on the basis of other pre-Pearl Harbor fathers we have approved - some lower grades - I think, as a pre-Pearl Harbor father, you might go along. They are giving them all six months, now. If the Review Committee approves, we get six months. We get sixty days from the draft board. If the Review Committee approves, then the local board will go along with the six months - will extend it.

H.M.JR: When did you boost him up to that salary?

MR. THOMPSON: He has been getting that for a year or more.

MR. GASTON: If he were twenty-eight or twenty-nine I would say no, but he is thirty-five. I don't think he is material for a combat soldier.

MR. WILSON: No, he looks older than that. He doesn't look like a youngster.

H.M.JR: All right.

(The Secretary signs the deferment application of Harold Mager)

MR. THOMPSON: This man the Committee votes unanimously against him. Dan Bell feels he should be deferred.

H.M.JR: Robert C. Rath.

MR. THOMPSON: He is only twenty-seven and he is not in a job you can't replace. It would be a little difficult to replace him, but I don't think it is a strong enough case, in view of his age.

H.M.JR: No.

(The Secretary turned down the deferment application of Robert C. Rath)

- 3 -

MR. THOMPSON: This is Mr. Schmidt that Guy Helvering had down in his office. He brought him in with him. He asked for a deferment six or eight months ago, which was approved. Hannegan found him useful, but we can't see it.

Mr. Sullivan thinks he ought to stay there to break in a new Commissioner, but the Committee feels it isn't a good case.

MR. GASTON: How old is he?

MR. THOMPSON: Thirty-one. He is valuable there, but he is not a man they couldn't replace.

MR. WILSON: Mr. Hannegan was about to transfer him out when Mr. Hannegan left. He was to be taken out of that job, so I felt he could be replaced.

H.M.JR: I am not going to go against you fellows.

(The Secretary turned down the deferment application of Frank S. Schmidt)

(Mr. Thompson hands the Secretary a list of the remaining names, attached)

MR. THOMPSON: Those first five men are Eddie Bartelt Accountants. They are on what they term the critical list and they defer them regularly. These are his top men, who are pretty scarce now.

MR. WILSON: Haven't any deferments in there.

H.M.JR: O.K.

(The Secretary signed deferment applications of Harold R. Gearhart, Boyd A. Evans, Austin M. Nisonger, Hampton A. Rabon, Jr., and John H. Atkins)

H.M.JR: Sgroi, Foreman of Shipping Room!

- 4 -

MR. THOMPSON: Alvin Hall asked that this be arranged. This man is in the Forbes plant in Boston on the Allied Military currency.

MR. GASTON: He is in there and supposed to represent the Bureau on safety precautions.

H.M.JR: He is twenty-seven years old.

MR. THOMPSON: Hall said he hadn't anybody to replace him.

H.M.JR: I can't help it. I am not going to do it. Do you want to argue, Herbert?

(The Secretary turned down the deferment application of Joseph M. Sgroi)

MR. GASTON: No, I think not. I was doubtful about the case.

~~MR.~~ H.M.JR: Those Internal Revenue ones look all right.

(The Secretary signed deferment applications of Paul L. Davis, L. Leon Hearn, Arthur G. Erickson, Francis A. Reddy, Jr., Emanuel Weitzner, and Joseph A. Spann)

H.M.JR: Procurement Division, Inspector, thirty-seven. That looks all right.

(The Secretary signed the deferment application of Earl C. Harsha)

H.M.JR: Public Debt - that looks all right.

(The Secretary signed the deferment application of Wallace G. Perry)

That is not too bad.

MR. THOMPSON: We will just have a few straggling ones from now on.

- 5 -

H.M.JR: How is Charlie Bell?

MR. THOMPSON: He is better today. He has been out since last Wednesday and it looked like a nervous breakdown, but his doctor says he is getting better. I told him he had better go away for awhile. He has been checked up. He is home now, but he has been planning to get out of town for a few days. It may take longer.

H.M.JR: What happened?

MR. THOMPSON: He is just kind of tired out. He had the flu three weeks ago, and then he got asthma and couldn't sleep at night. That is what put him down.

DEFERMENTS

185

Name	Title	Age	No. of child
<b>OFFICE OF ACCOUNTS:</b>			
Gearhart, Harold R.	Sr. Member, Technical Planning	37	2
Evans, Boyd A.	Executive Accountant	34	1
Hsenger, Austin M.	Principal Accountant	33	1
Rabon, Hampton A. Jr.	Associate Member, Technical Planning & Advisory Staff	32	2
Atkins, John H.	Sr. Accountant	32	2
<b>ENGRAVING AND PRINTING:</b>			
Sgroi, Joseph M. <i>W. N. Thompson</i>	Foreman of Shipping Room (Representing E&P at Forbes Lithograph Mfg. Plant in Mass.)	28	2
<b>INTERNAL REVENUE:</b>			
Davis, Paul L.	Cashier	36	1
Hearn, L. Leon	Chief, Income Tax Division	35	3
Tekson, Arthur G.	Agent	34	1
Reddy, Francis A. Jr.	Agent	37	3
Weitner, Emanuel	Conference-Reviewer	35	2
Spann, Joseph A.	Special Agent	36	1
<b>PROCUREMENT DIVISION:</b>			
Harsha, Earl G.	Inspector	37	2
<b>PUBLIC DEBT:</b>			
Ferry, Wallace G.	Chief Accountant & Auditor	33	3

Deferments for the above 14 employees are recommended by the Agency Committee.

(Signed) Herbert H. Gaston

(SIGNED) W. N. THOMPSON

APPROVED: JAN 31 1944

[ *with exception of Sgroi*  
(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

*P/J. Z. Hilem*

January 31, 1944  
5:05 p.m.

# JEWISH EVACUATION

Present: Mr. Pehle

H.M.JR: John, I am not seeing the President tomorrow morning. In the first place, did you see where Sulzberger put this story on the front page of the Times, Sunday? (Secretary hands clipping entitled "Board is Negotiating to Save Refugees from Nazis" to Mr. Pehle)

Now, what I want to get from you is this - right at this moment I am very tired - is this something that will keep until tomorrow morning, or do you want to settle it tonight?

MR. PEHLE: I want to mention one thing. It will just take a second. When I talked to Stettinius - he is very friendly and very helpful again - he said, "How are things coming on the Executive Director?"

H.M.JR: When was this?

MR. PEHLE: This morning. He said he had a feeling the President was just going to appoint somebody without consulting.

H.M.JR: Without consulting?

MR. PEHLE: Yes, on his own. And Stettinius mentioned Frank Graham. He said he didn't know whether Frank Graham had enough drive.

H.M.JR: Who said this? Are you quoting Stettinius or the President?

MR. PEHLE: Just Stettinius to me. Then he said,

- 2 -

"How about a guy like O. Max Gardner?"

I said, "I know nothing about him."

He said that he is able and has a lot of drive.

I said, "Would he be sympathetic?" And he said, "I think so."

H.M.JR: No.

MR. PEHLE: I just wanted to mention that, because it may come up. Everything else will wait.

H.M.JR: It will?

Now, Mr. Stimson doesn't want to see anybody but me, tomorrow. He is afraid that Mr. Hull might hear about it and think we were moving without him. Stimson says he doesn't want to get into it too much, himself, anyway.

Now, what happened is this, which is contrary - I don't want you to repeat this outside of this room, see? Miss Tully called Mrs. Klotz and said, "Tell Mr. Morgenthau that I have tried all day long to get hold of Frank Graham for the President. I have desperately tried to find him. We have been unable to locate him, and the President is going to see Frank Graham, and we are trying now to get him for tomorrow."

But she said, "I have tried all day long to locate him. We are trying to get him for tomorrow."

So that looks as though the President was playing ball.

MR. PEHLE: That sounds very hopeful.

H.M.JR: Now, would you tell that to Stettinius or not? I think the less talking we do, the better.

- 3 -

MR. PEHLE: I agree.

H.M.JR: It has gotten to be a regular whispering gallery around here. About five people called Rosenman up on this subject when I saw him about the matter.

MR. PEHLE: Stettinius did seem very helpful. For instance, he said, "On February 10 Hull is going away for three weeks and I will be Acting Secretary."

H.M.JR: On February 10?

MR. PEHLE: And he said on March 15 - about March 15 - he, Stettinius, is going to London for several weeks; and over there he might be able to be very helpful.

H.M.JR: I don't see any sense in telling Stettinius.

January 31, 1944

At twenty minutes to seven tonight Bob Patterson called up to say that he had just gotten word from the Hill that the Committee had reversed itself and he was well satisfied and very happy over the way things have come out in regard to renegotiation. Now, I can enjoy my supper. He was to let Mr. Paul know.

January 31, 1944

Dear Governor Broughton:

I appreciate very much the thoughtfulness that prompted your letter of January 27th.

I, of course, regret that this incident should have taken place. I am advised that the young man in question started this tour despite the fact that he was not too well and that the strenuous routine that had been arranged for him contributed to this unfortunate appearance. I mention this only out of consideration for the willing services of hundreds of folks from the entertainment world who have contributed much to creating an awareness of our campaign. These circumstances are, of course, no excuse for such behavior and recognizing the seriousness of this our War Finance Division people here have this day had this young man withdrawn from the tour.

I can happily say to you that in some three hundred odd appearances that stage, screen, and radio personalities have made for us that this is the only bad report to reach us. As I am sure you know, we try to employ in these big drives about every useful force. I am personally convinced that if we did not put into play the willing and able services of the bankers, the merchants, the professional people, the regular organized groups, the Motion Picture Industry, the newspapers, the radio, as well as many others, we could not be successful in selling the millions of bonds necessary to raise the funds to finance the war.

We sold in the 3rd War Loan Drive over 53 million individual securities. We expect to sell in the current drive approximately 60 million bonds. This is almost as many bonds as there were individual subscriptions in all five Liberty Loan Drives in World War I. We have tried to see this program as one that had a need and a place for everyone.

- 2 -

I remember well what you had to say at Winston-Salem and I know that you have been friendly and helpful throughout our whole campaign.

We at the Treasury are appreciative of your continued good interest.

Sincerely,

(Signed) H. Morgenthau, Jr.

The Honorable J. Melville Broughton,  
Governor of North Carolina,  
Raleigh, North Carolina.

TRG:DPT



STATE OF NORTH CAROLINA  
GOVERNOR'S OFFICE  
RALEIGH

J. MEYER BROUGHTON  
GOVERNOR

January 27, 1944

Personal and Confidential

Honorable Henry Morganthau  
Secretary of the Treasury  
Washington, D. C.

My dear Mr. Morganthau:-

In a war bond rally at the Memorial Auditorium here in Raleigh on Tuesday night, January 25th, attended by several thousands of people, one of the movie stars assigned to this territory and participating in this program was Lon Chaney, Jr. I was personally present at this rally.

Mr. Chaney was under the influence of intoxicants and his manner was irritating and in some respects insulting to the audience. The effect of his appearance was very bad and his participation was not a helpful contribution to the meeting.

Frequently the appearance of these stars is helpful in war bond rallies, though I think that this phase of the matter has been somewhat overdone. At any rate, I feel it a duty to transmit this information to you, not with any thought of causing any injury or embarrassment to Mr. Chaney, but to the end that some greater discrimination may be made both with respect to selection of these stars and with respect to their demeanor in connection with such appearances.

This letter is sent to you as a confidential communication and for your information in connection with this phase of the campaign.

With much respect, I am

Sincerely yours

*J. Meyer Broughton*  
Governor of North Carolina

JMB:h

## TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

CONFIDENTIAL

DATE Jan. 31, 1944

TO Secretary Morgenthau

FROM Mr. Haas

Subject: The Business Situation,  
Week ending January 29, 1944.Summary

Industrial production: Aggregate industrial production declined more than seasonally in December, and the FRB adjusted index of production receded to 245 from 247 in the previous month. The principal factors in the decline, which was the largest since our entry into the war, were a 6 percent drop in steel output and a reduction in the output of small arms ammunition. For the year 1943 the FRB index averaged 239 as compared to 199 in 1942 and only 109 in 1939.

Stock market: Stock prices have been moving in a narrow range since the early part of January, and trading volume last week shrank to a daily average of less than 700,000 shares. Publication of the U. S. Steel earnings report showing that the company failed to cover the common dividend in the fourth quarter prompted some mid-week selling of industrial stocks. However, at the close on Saturday stock prices were down less than 1 percent from week-earlier levels.

Commodity prices: Commodity prices edged higher last week, with the BLS index of 28 basic commodities advancing 0.1 percent to a new high. Cotton and rosin prices, which are the only ones in the index not subject to price ceilings, showed noticeable increases.

Food program: Support prices for more than 30 farm products were announced last week, but they are contingent upon action by Congress to provide for the support price program. Although most of the indicated support prices were in line with those prevailing in 1943, price floors for a few important "war crops" were raised. Some of the support prices would be above the OPA ceilings, thus indicating a continued use of subsidies.

Retail trade: Following a decline in seasonally-adjusted sales in December and a slow start in the first week in 1944, department store sales have again risen above year-earlier levels. The increase over 1943 figures widened to 14 percent in the week ended January 22 from 4 percent in the previous week.

- - -

- 2 -

### Industrial output declined moderately in December

Due chiefly to a drop in steel operations and a cutback in the production of small arms ammunition, aggregate industrial output decreased moderately in December, and the FRB adjusted index of production declined to 245 from 247 in November. (See Chart 1, upper section.) With results for the full year now available on a preliminary basis, it is interesting to note that the FRB index in 1943 averaged 239, as compared with 199 in 1942 and only 109 in 1939. Although industrial production normally shows a seasonal decline in December, last month's drop of 4 points in the FRB unadjusted index exceeded the usual seasonal proportions, and was the largest month-to-month decline since our entry into the war.

Steel output dropped 6 percent in December, largely as a result of the CIO United Steel Workers strike and the partial observance of the Christmas holiday for the first time since 1940. While the decline in steel output was due primarily to temporary factors, some easing in the demand for steel ingots appears to have developed. Thus the Iron Age recently estimated excess steel stocks at 3.5 to 4 million tons. Cuts continue to be made in the projected steel plant expansion program. In addition to previous curtailments, it was announced early last week that the WPB had recommended that work be terminated on 7 steel expansion projects estimated to cost nearly \$97 millions.

In addition to the drop in steel output, activity in the chemical industry in December fell off as a result of the cutback in small arms ammunition output, while cotton consumption showed a further decline to a figure 13 percent below that of the previous year. On the other hand, soft coal production rose substantially to the highest point since last March, while the important machinery and transportation equipment industries, including shipbuilding and aircraft, maintained output virtually unchanged from the previous month's record peak.

### Wide gains in war industries feature 1943 production

Despite the moderate recession in December, the FRB index of production in the closing month of 1943 stood 10 percent higher than a year earlier. The largest relative gain last year in the major components of the index occurred in processed fuels, due chiefly to the great increase in the output of aviation gasoline. (Refer to Chart 1, lower section.) The transportation equipment, rubber, machinery and crude fuels components also rose faster than the index as a whole. Although not shown on the chart due to unavailability of December figures,

- 3 -

the smelting and fabricating of nonferrous metals also exceeded the rise in the composite index during the past year. On the other hand, metal mining showed one of the widest declines due to the sharp decrease in gold mining operations.

Further gains in aircraft, shipbuilding  
and signal equipment forecast

Following last year's output of nearly 86,000 planes, WPE Chairman Nelson last week predicted that about 100,000 planes would be produced in 1944, with the tonnage, including spares and parts, rising 65 percent above 1943 levels. Ship output during the current year is slated for a 20 percent rise, although the cargo ship program will not be much larger than in 1943 when over 19 million deadweight tons of merchant ships were built. Signal and electronic equipment output is expected to increase 35 percent during the current year, and the aggregate output of aircraft, ships, and signal and electronic equipment will account for more than 60 percent of the entire 1944 munitions program.

While the peak in some important phases of the war program has been passed, and supplies of most critical materials are now adequate, difficult problems still remain to be overcome in connection with the output of aircraft, coal, anti-friction bearings, alcohol, tires, rubber, gasoline, wood pulp, leather, lumber, landing vessels and other items.

Stock prices move in narrow range

After a show of strength in the first few days of the month, industrial stock prices have since moved within a narrow range and have been unable to close above the level attained on January 5. Utility stock prices have strengthened very slightly, but railroad stocks have shown greater improvement, partially as a result of the settlement of labor troubles and the return of the railroads to private management.

Financial commentators have been expecting the Fourth War Loan Drive to dampen stock market activities, and thus far these expectations seem to have been borne out, as trading volume has not risen above the one million share mark since January 5 and daily average trading last week shrank to less than 700,000 shares. (See Chart 2.) At the close on Saturday the Dow-Jones average of 65 stocks was about 1 percent lower than a week earlier. Industrial stock prices in London

showed little change last week, although the London market during the month of January as a whole has been a trifle firmer than New York.

#### U. S. Steel Corporation's earnings decline

Moderate weakness in industrial stock prices developed last Wednesday following publication of U. S. Steel Corporation's earnings report for 1943, which revealed a slump in earnings in the last quarter of the year. After reserves for estimated additional costs caused by the war, earnings in the last quarter of the year fell somewhat below the common stock dividend for the period. The decrease in earnings was attributed to increased costs for labor and other operating expenses as well as to shifts in the kinds and quantities of products sold under Government allocation and price ceilings.

The adverse effect of the U. S. Steel report on market sentiment, however, was somewhat offset later in the week by the Bethlehem Steel Corporation report, which showed a gain in earnings in the fourth quarter of 1943 and coverage of the common dividend by a substantial margin. A much larger proportion of Bethlehem Steel's facilities is devoted to shipbuilding, and as a consequence earnings for 1943 were noticeably better than those for United States Steel.

Steel company earnings are of particular interest at present as union demands for wage increases at plants of the U. S. Steel Corporation and 4 other large steel companies reached the WLB last week. Preliminary negotiations between the companies and the CIO United Steel Workers failed to produce an agreement on the worker's demands for a wage increase of 17 cents per hour.

#### Commodity prices edge higher

Commodity prices edged higher last week. Featured by a rise in cotton prices, the BLS index of 28 basic commodities advanced 0.1 percent to a new peak. (See Chart 3.) Rosin prices, after declining during November and December, have risen in recent weeks and now stand at a war-time high. The rise in the wool top price last week has little significance since the price is nominal. Steer prices were down moderately. Since maximum prices have now been extended to 26 of the 28 commodities in the basic commodity index, (only cotton and rosin prices are free from ceilings), few prices in the index show any change.

- 5 -

Hog prices for weights not subject to the Government support program firmed last week as marketing conditions became more stable. Marketing control plans instituted at many of the important markets appear to have helped relieve the congested conditions of recent weeks. Furthermore, the temporary extension of the Government support program to include good and choice butcher hogs of heavier weights, 300 to 330 pounds, tended to improve marketing conditions. The support program now covers 200 to 330 pound hogs.

Corn marketings have picked up in the past few weeks, although they are still far from adequate to meet the demand. Commercial stocks of corn in the week ended January 22 were 17 percent above those of the previous week, and were 65 percent below stocks in the corresponding week in 1943.

The BLS all-commodity index in the week ended January 22 was unchanged at 103.0 percent of the 1926 average. While the index is now only 1.3 percent above the level of a year ago, it is 37.3 percent above the pre-war level of August 1939.

#### Support price program announced

Support prices for more than 30 farm products in the 1944 food production program were announced last week by War Food Administrator Jones. The proposals, however, are contingent upon "action by Congress making provision for carrying out the support price program and will not be effective unless such provision is made." The CCC, which furnishes the funds for the floors under farm prices, is scheduled to expire February 17 unless Congress extends its life. Failure of Congress to act upon the CCC-subsidy question earlier has been cited as causing a delay in the issuing of the 1944 food support prices. The necessity of informing farmers of the support prices in order for them to make plans for their crops this year has probably prompted the price support announcement before Congress has settled the CCC-subsidy question.

Most of the support prices announced are in line with those prevailing in 1943. The support prices of a few important "war" crops, however, were increased, including the prices for soybeans, flaxseed, peanuts, sugar beets, sugar cane, and sweet potatoes. Moreover, the loan value of some crops such as wheat, corn, cotton, tobacco, and rice, will probably be higher due to the advances in the parity price of these items. The loans, however, will continue to be based on 85 to 90 percent of parity, the same as in 1943. Hogs are the only item for which the support price will be lower, with the support level being set at \$12.50 per hundredweight for 200-240 pound weights,

- 6 -

starting October 1, as compared with the existing support price of \$13.75. Support levels for dried fruits, vegetables for processing, and certain fruits for canning will be announced later.

Since the support prices of some commodities are above the OPA ceilings, the continued use of subsidies is indicated, unless ceilings are raised. The commodities which would appear to involve subsidies include vegetable oil crops, vegetables for processing, sugar, dry beans, cheddar cheese, some fruits for processing, some fruit juices, and peanut butter. These items, for the most part, are already subsidized.

Among the devices which will be used to carry out the support program will be loans, Government purchases, and direct payments to farmers. No figures were released on the cost of the support program, but it has been estimated that it would cost between \$450 and \$700 millions, as compared with around \$350 millions in 1943.

#### Decrease in canned vegetable production indicated

Vegetable canners now plan a substantial decrease in production this year, because of uncertainty over subsidies and price ceilings, according to a survey released last week by the American Institute of Food Distribution. This decrease contrasts sharply with the 1944 food goals, which call for the maximizing of canned vegetable production. A comparison of the crop acreage for which canners intend to contract and the preliminary 1944 acreage goals is shown below:

	Percent change 1944 acreage of 1943	
	Canners' plans	Food goals
Peas	-8	+5
Corn	0	+4
String beans	-8	+16
Tomatoes	-2	0

Delay in announcing plans for subsidies and food and raw material ceilings was given as the reason for the indicated decrease in canned vegetable production. Canners normally begin contracting acreage early in January and have arrangements with farmers largely completed by the end of February. Growers usually decide during the winter on how their land will be planted.

- 7 -

Meanwhile, last week Brigadier General Carl Hardigg of the Quartermaster Corps told wholesale grocers that the armed forces' requirements for canned fruits and vegetables this year will be sharply higher than they were in 1943. Not only will canned food consumption be higher as larger numbers of troops move overseas, but reserve stocks of foodstuffs must be held at much higher levels for troops abroad than for those at home. Moreover, as the war shifts to the Pacific there will be even greater need for canned goods.

Confidential preliminary WFA estimates for noncivilian requirements of canned vegetables for the year beginning July 1, 1944 total 66 million cases, as compared with 53 million cases allocated to noncivilian claimants from the 1943-44 pack. Moreover, it was estimated that production this year should be increased 12 percent over that of 1943 in order to meet total requirements of all consumers of canned vegetables.

#### Heavy wheat disappearance causes concern

Concern has been expressed over the rapid disappearance of our wheat supplies, and the Milling Industry Advisory Committee recently urged the WFA to stop the sale of domestic wheat for feed purposes. While no overall shortage may occur this year, it is felt that the continued drain on the nation's wheat supplies for feed use may cause dislocation of the supplies and hinder flour mills from operating at the high levels necessary to meet war requirements.

The CCC has sold more than 220 million bushels of wheat for feed during the period from July 1, 1943 to January 15, 1944 and its stocks are now reduced to only 88 million bushels. To replenish its stocks the CCC has been buying wheat, purchasing almost 53 million bushels in this country and over 65 millions from Canada in the past six and one-half months. In recognition of the depletion of wheat supplies, the CCC has decided to allocate its stocks of feed wheat to buyers on a nation-wide basis during 1944. Allocations will be based on a certain percentage of 1943 sales, with the percentage to be determined by the supplies available. Moreover, a few weeks ago the CCC curtailed sales sharply in some sections of the country, although increasing them slightly in others, in order to obtain a more equitable distribution of the diminishing wheat stocks.

Despite heavy demands for wheat, supplies are sufficient to safely meet all the estimated allotments for various purposes during 1944, the Department of Agriculture indicated last week.

The carryover of wheat, however, will be reduced from 618 million bushels on July 1, 1943 to an amount estimated at 267 million bushels on the same date this year. While dry weather during the past several months has been unfavorable for the winter wheat crop, the wheat situation could become serious only if this country experienced a devastating drought, according to the Department. A poor crop, of course, may necessitate adjustments in the amount of wheat going for feed, alcohol production, and war relief. However, the extremely large world supply, particularly in Canada and the Argentine, is an encouraging factor.

### Alcohol situation tight

Hopes of a temporary resumption of whisky production were dissipated last week by the announcement of WPB Chairman Nelson that military and civilian requirements for alcohol in 1944 will demand full usage of all alcohol facilities, including those formerly devoted to beverage alcohol. This announcement followed the consideration of a complete report on the industrial alcohol situation by the full board of the WPB.

The increased demand from synthetic rubber plants is largely responsible for the tightness in alcohol supplies. Out of total estimated requirements this year of 632 million gallons, the synthetic rubber program alone is expected to take 328 million gallons. This is equal to approximately three-fourths of the entire production in 1943, in which year the synthetic rubber program used only 127 million gallons.

Although alcohol production in 1944 is expected to increase considerably, further dipping into stocks will be needed to meet requirements. Government stocks, after reaching a peak of 138 million gallons last July, declined to approximately 80 millions at the end of 1943. The minimum necessary "working inventory" is regarded as about 30 million gallons.

Steps which are being taken to insure sufficient alcohol to meet the heavy war requirements include:

1. Attempting to secure sufficient raw materials for the alcohol plants.
2. Expediting the completion of new grain alcohol plants which are now under construction.
3. Having the British resume production of alcohol in place of present lend-lease industrial alcohol commitments to Britain.
4. Attempting to secure imports of alcohol from the Caribbean if it proves impracticable to obtain proper amounts of blackstrap molasses.

- 9 -

5. Tightening the allocations of alcohol.

6. Preparing against the contingency of grain shortages in this country in 1945 by developing projects to produce alcohol from non-grain materials, or projects to produce, from other sources, certain products now requiring alcohol.

Retail sales rose less than seasonally in December

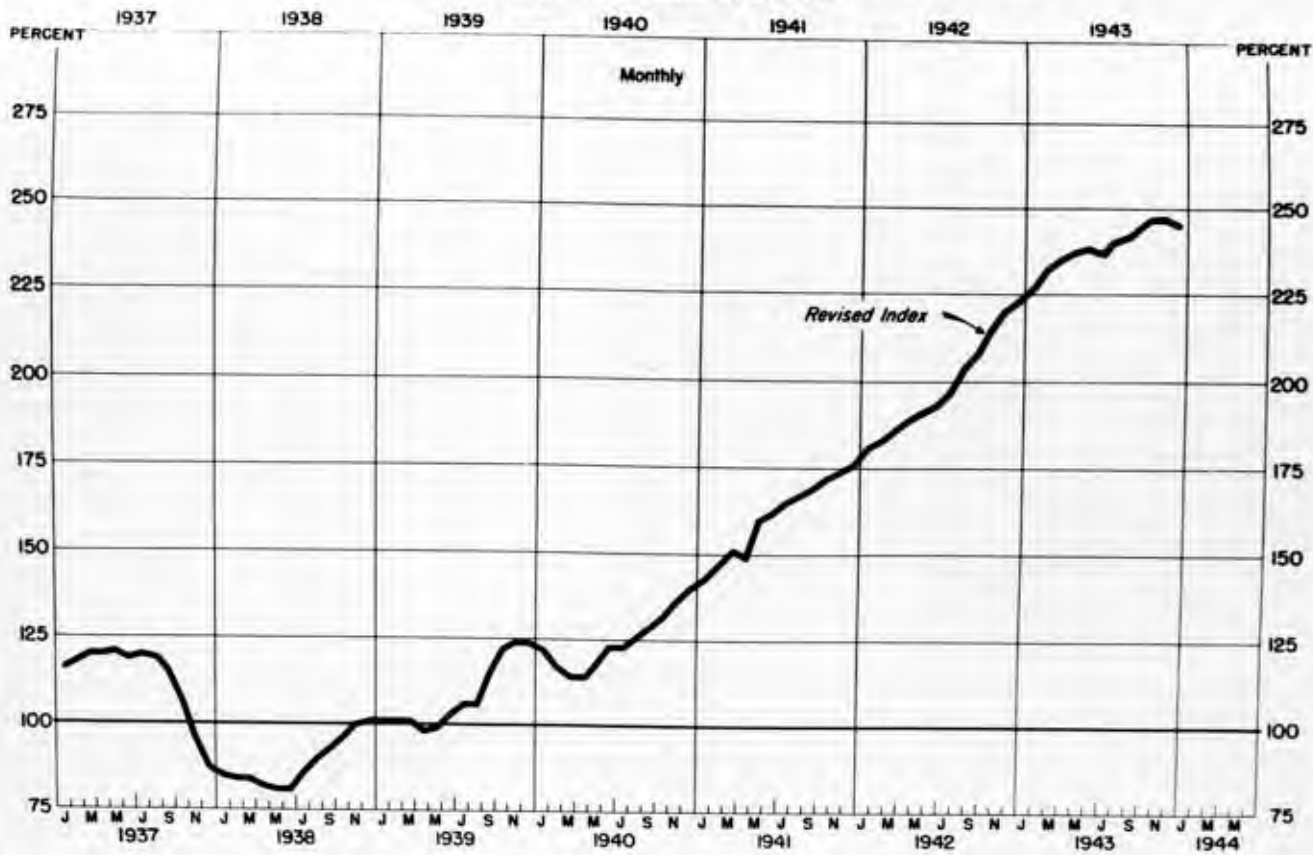
Receipt of additional figures covering retail sales for December confirm earlier indications of a less than seasonal rise in sales during the month. Along with a drop of 15 percent in seasonally-adjusted department store sales in December, adjusted variety store sales declined 12 percent, while adjusted rural sales of general merchandise dropped 27 percent. (See Chart 4.)

Sales of Montgomery Ward & Company and Sears, Roebuck Company in December dropped 20 percent and 8 percent, respectively, under the previous year's levels. These leading mail order houses continue to be particularly hard hit by merchandise shortages. Their spring and summer catalogues now being mailed out are said to show further substantial shrinkage due to the disappearance of many items. Among the articles missing from the Sears, Roebuck catalogue are ammunition, anti-freeze solution, cast iron cooking ware, cigars, cream separators, electric lamps and fixtures, feed grinders, golf clubs, harmonicas, ice cream freezers, phonographs, pins and safety razors.

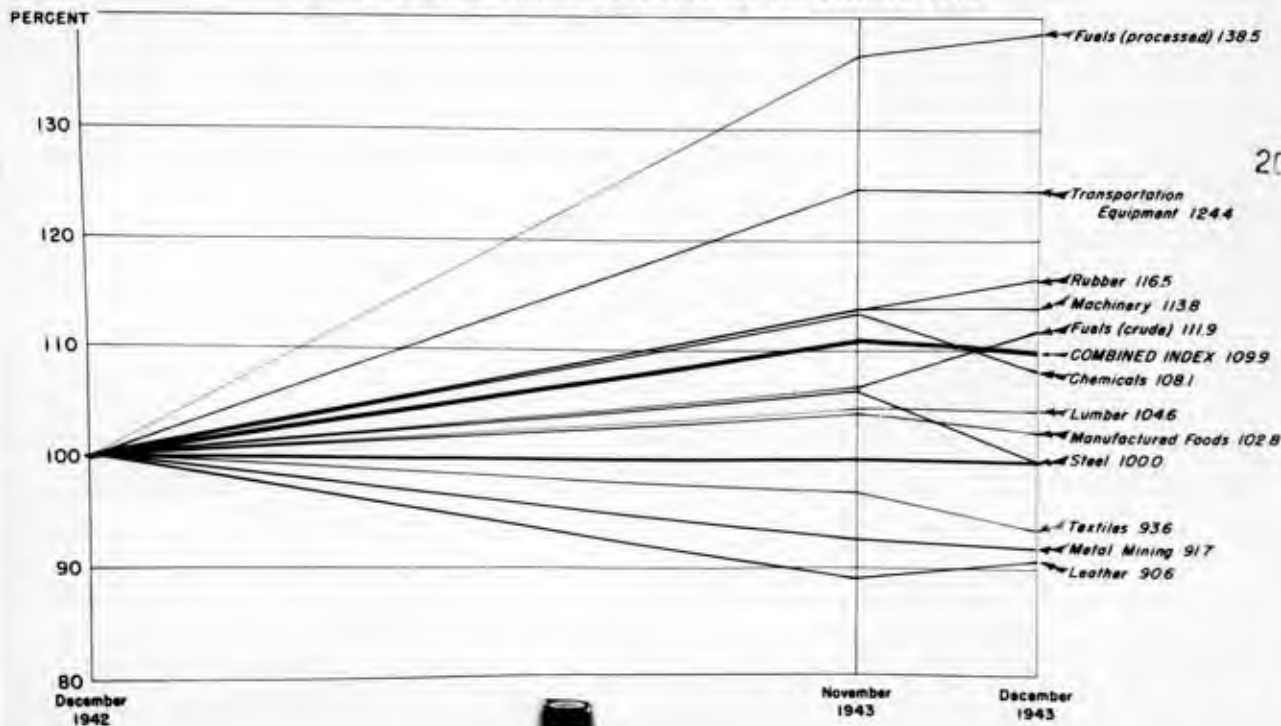
January department store sales show gains

After falling below year-earlier levels in the first week of 1944, department store sales in the weeks ended January 15 and January 22 rose 4 percent and 14 percent above the corresponding periods last year. (See Chart 5.) In view of depleted stocks and goods shortages, these sales are somewhat better than some trade observers had expected. Department store sales figures for the past week are not yet available, but Dun and Bradstreet estimate that nationwide retail sales last week ranged from 4 to 7 percent above the 1943 levels. Fewer than usual clearance sales, due to goods shortages, and slowness in sales of seasonal items due to mild weather, were said to be factors in preventing larger sales gains.

F.R.B. INDEX OF INDUSTRIAL PRODUCTION, REVISED  
1935-'39=100, Seasonally Adjusted

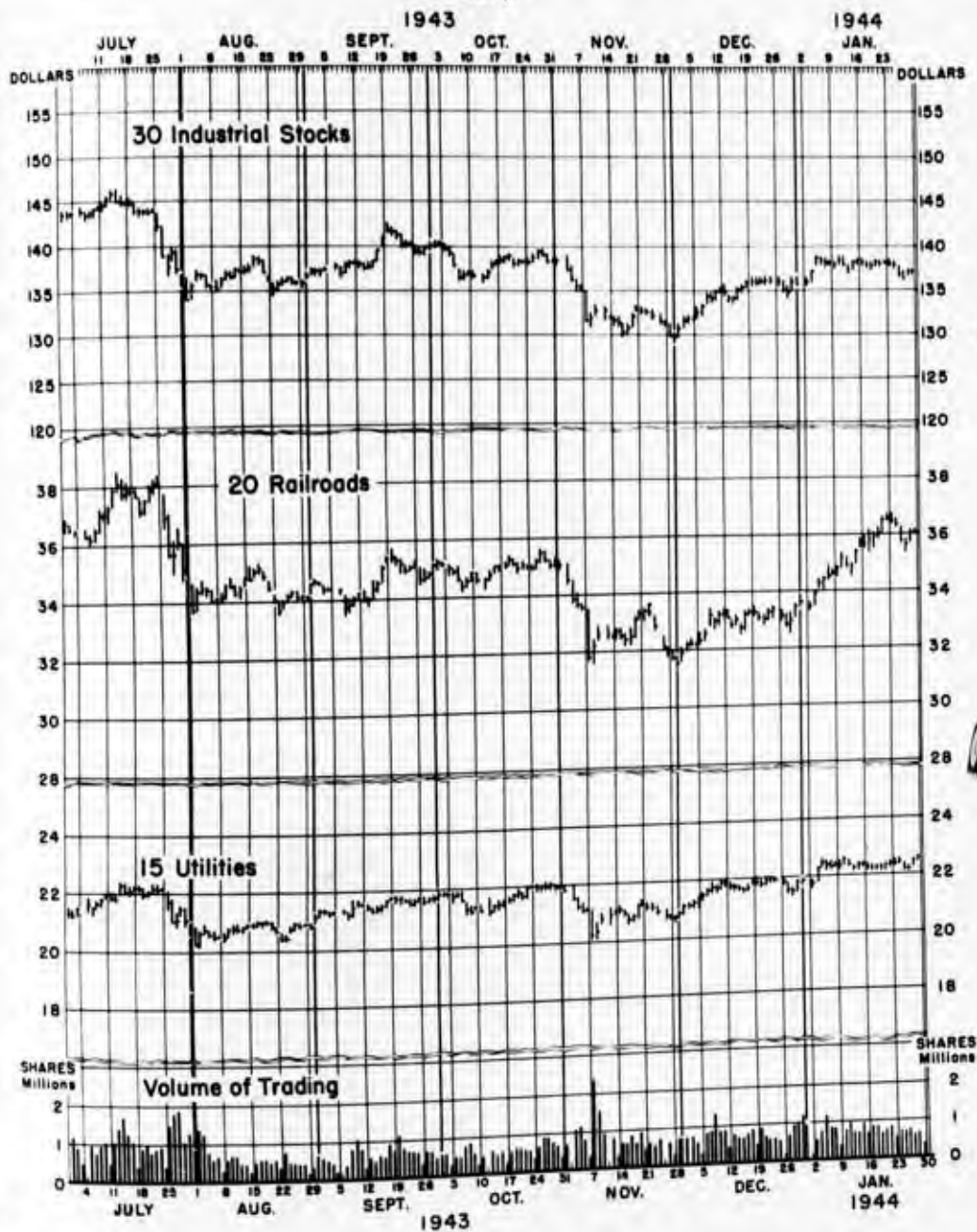


**Selected Components**  
December 1943 and November 1943 compared with December 1942

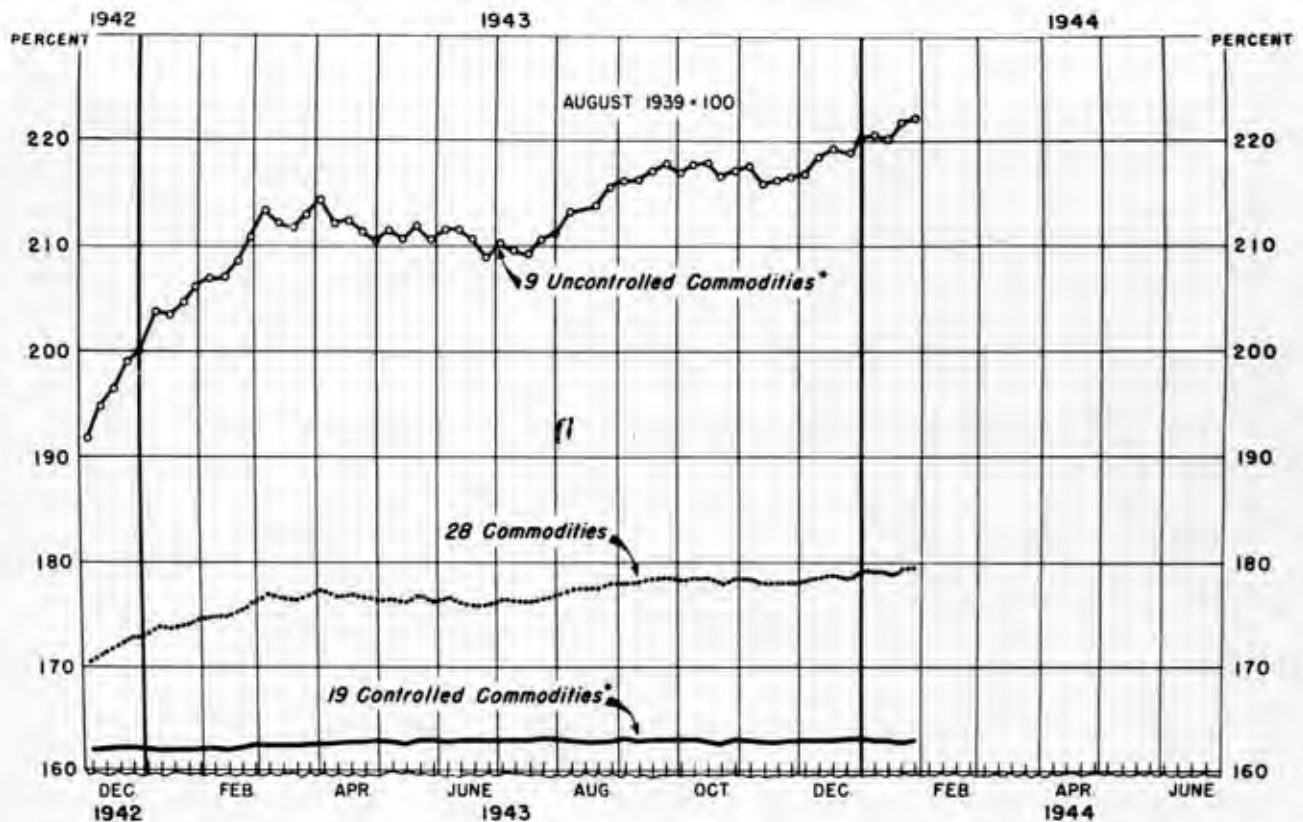


## STOCK PRICES, DOW-JONES AVERAGES

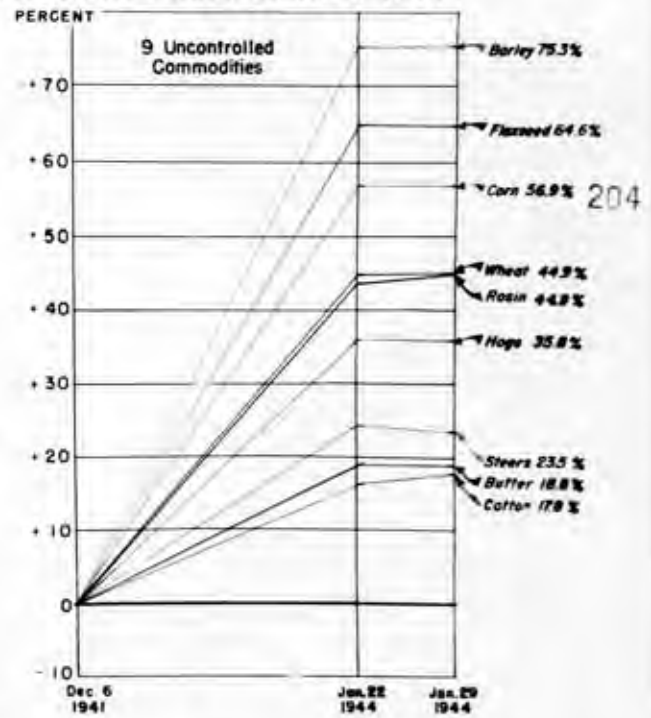
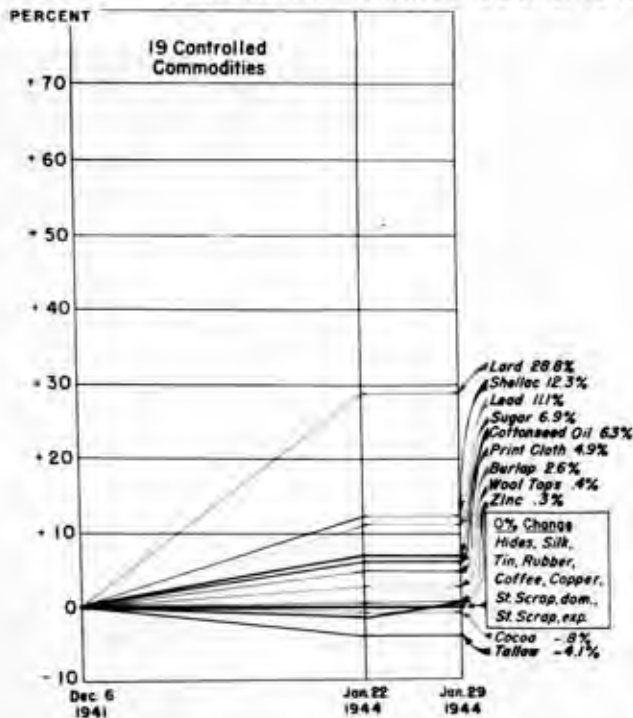
Daily



# MOVEMENT OF BASIC COMMODITY PRICES



## PERCENTAGE CHANGE DEC. 6, 1942 TO JAN. 22 AND JAN. 29, 1944



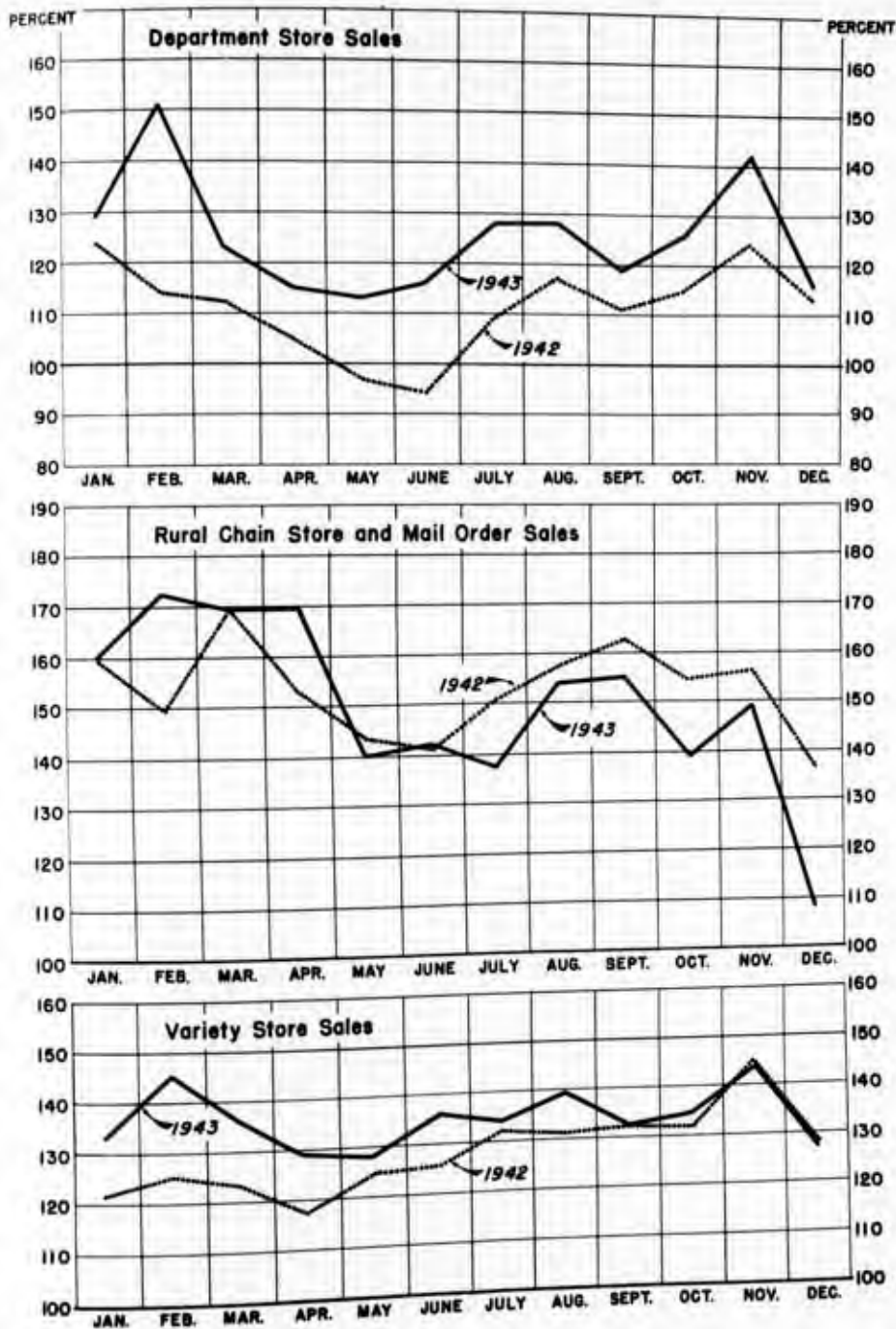
\*20 Controlled & Uncontrolled previous to June 26, 1942

# RETAIL TRADE

## Urban and Rural Sales of General Merchandise

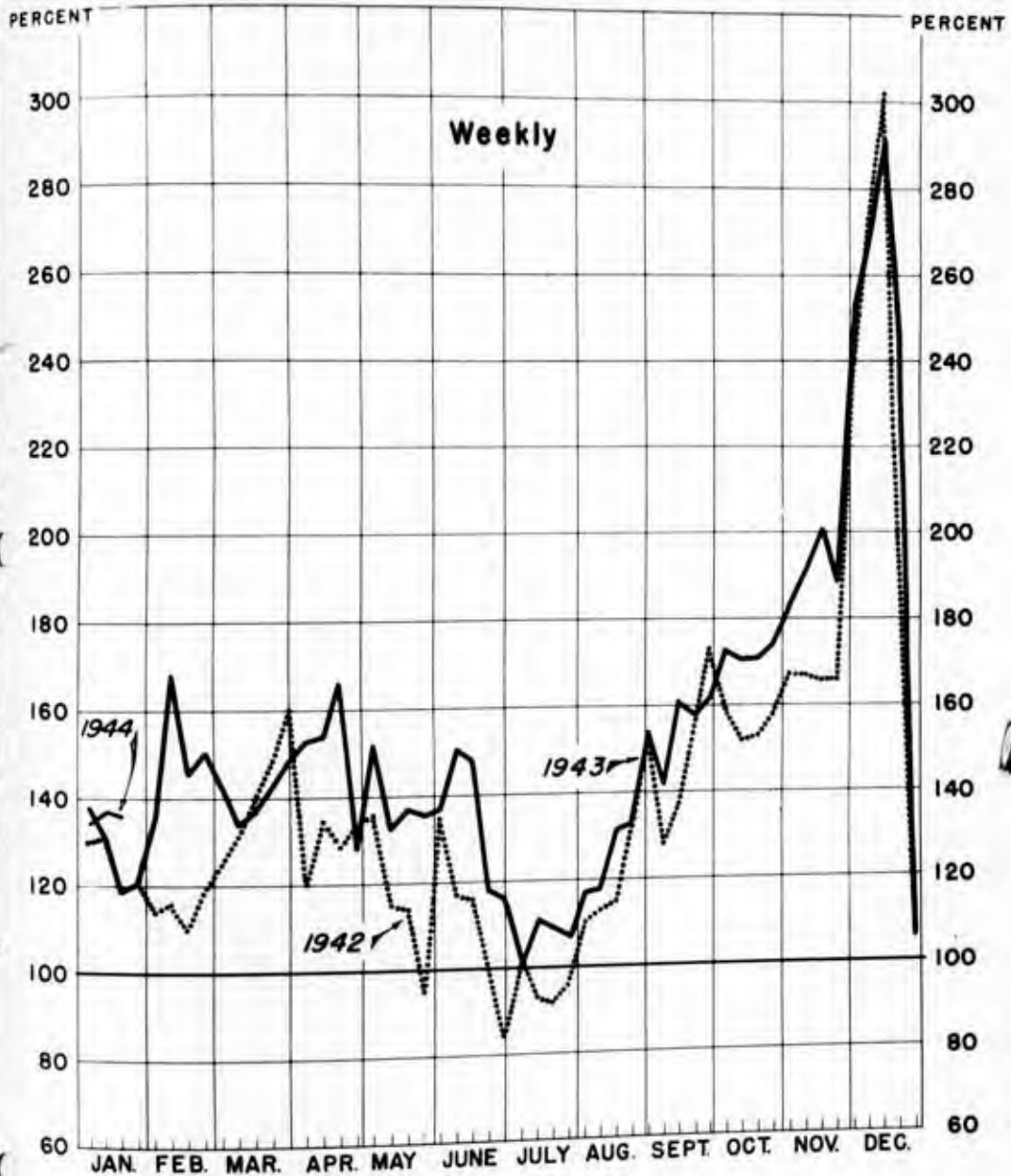
1929 = 100, ADJUSTED

Chart 4 205



**DEPARTMENT STORE SALES**

1935-'39 = 100, Unadjusted



# TREASURY DEPARTMENT

207

## INTER OFFICE COMMUNICATION

DATE JAN 31 1944

TO Secretary Morgenthau

FROM Mr. Haas

Subject: Unemployment situations arising from war contract cancellations

This memorandum is submitted in response to your request for information on recent reports of unemployment in certain cities, and on what relief measures, if any, are being taken.

### Summary statement

Information we have obtained from the War Manpower Commission, the Department of Labor, the War Production Board and the Census Bureau indicates that while cutbacks in war plants have, at times, caused some workers to be left temporarily without jobs, the continued over-all shortage of labor has resulted in their being re-absorbed without much delay. Total unemployment has been reduced to slightly under one million persons, which appears to be about the practical minimum. Relief measures have consisted almost entirely of plans for helping workers find new jobs as quickly as possible.

In the over-all picture there is a continued shortage of labor. If present budget estimates are realized, an additional 900,000 persons must be added to non-agricultural employment between January 1 and July 1 this year (chiefly to meet requirements for the armed services), according to confidential WMC estimates.

It is recognized, however, that the civilian employment situation is beginning to change. Employment in the munitions industries has apparently reached its peak, and the WMC expects no further increase in total munitions employment between now and July 1. Employment has thus become more vulnerable to changes in military scheduling.

### Unemployment to date has been of minor importance

The consensus of the agencies which we contacted is that undue importance has been attached to isolated cases where people have been thrown out of work by contract cancellations. This emphasis may have been due, not so much to the importance of the unemployment which has already occurred, as to the feeling that it may mark the beginning of a downward trend in employment.

- 2 -

As an example, the January report of the CIO on "The Economic Outlook" contains the following list of steel plants affected by cutbacks:

Jessup Steel Company--

250 out of 300 employees in armor plate laid off.

Follansbee Steel Corporation--

Cut production 75% in December, with 700 men affected.

Judson Steel Corporation--

Closed in December, with 315 men laid off.

Empire Sheet and Tinplate Company--

125 men out; 100 more to go this month; plant now on two shifts of only 24 hours per week each.

Mystic Iron Works--

Closed permanently; 200 workers out.

Jones & Laughlin (McKeesport)--

800 men laid off.

Carnegie Steel's Pencoyd Plant--

500 men laid off.

It will be noted that these are all small plants, and the CIO report mentions that "the large companies are still relatively unaffected." However, concern is felt over the steel outlook. Quoting from the report: "The union believes that steel production will be reduced at the rate of 1 to 2 percent a month starting January 1944. By late spring, the industry would then be down to some 90 percent of 1943 capacity, unless there is an increase in steel manufacture for needed civilian supplies."

The War Manpower Commission reports some easing of the labor stringency between December 1 and January 1, which has enabled certain shifts to be made in the classification of labor market areas. (See Table 1.) Of the three cities which you mentioned in asking for this information, Bridgeport, Connecticut, has been removed from Group I and placed in Group II. (Six other cities were removed from Group I, but 5 were added, leaving a net decline of 2.) Newcastle, Pennsylvania, was kept in Group III. Marietta, Ohio, is not listed, but the nearby city of Parkersburg, West Virginia, was kept in Group III.

The realignment of cities has been due in part to shifts in war orders, but the slight easing in labor shortages shown by the revision in classifications doubtless also reflects temporarily a greater availability of workers in January from agriculture and from retail trade.

General labor shortage continues

The War Manpower Commission, in its December report on "The Labor Market", anticipated that about 150,000 workers would shortly be released from war jobs, but that the demand for new workers would be even greater. Quoting from this report:

"Within the next 90 days about 150,000 workers will be released from war jobs, due to several cutbacks in the war program; some workers have already been released at many Midwest and Rocky Mountain points. Not only will these workers be absorbed in almost every instance by other war industries, but key industries still need 500,000 workers within the next few weeks. About 70,000 more workers are needed in coal mining, 60,000 in lumbering, 20,000 in meat packing, 30,000 in radar, and thousands more in foundries, smelters, forges, ball bearing plants, shipyards, synthetic rubber plants, and aviation gasoline plants....

Critical shortages in logging and saw-mill products make it imperative that workers be recruited immediately for these industries. In most instances off-seasonal farm workers are the only available source of supply. There is an urgent need for more than 20,000 workers for logging operations throughout the United States and for a large number of additional workers in saw-mills. With the exception of a few of the Plains States, every State in the Union has a major logging and saw-mill operation which is desperately in need of manpower."

Commissioner McNutt recently said that 900,000 new workers would be needed by July to fill assembly line vacancies caused by military inductions.

Estimated manpower requirements

Tentative and confidential WMC estimates of manpower requirements for July 1944, in comparison with July 1943 and January 1944 are shown in Table 2, by types of employment.

It will be noted that no further increase in munitions employment is expected. Production shifts between different types of munitions, however, will continue to cause displacements in employment. For example, aircraft, landing craft, communications and electronic equipment, and ship repair are scheduled to increase, while production of such components as ammunition, small arms, anti-aircraft artillery and tanks are scheduled to decline.

- 4 -

Civilian non-agricultural employment in total is expected to increase 100,000 between January and July. In addition, the armed forces will require 800,000 more persons (plus an indefinite and unestimated number needed to replace casualties) to reach the scheduled net strength of 11,300,000. Thus the over-all labor force requirements will tend to absorb any local labor surpluses, since an additional 900,000 or more, not now a part of the labor force, must be drawn into the labor force by next July.

Unemployment in January is estimated at 800,000, which appears close to a practical minimum. This consists largely of those in the process of changing jobs, of persons who are ill, and of the less desirable workers.

The WMC manpower estimates are contingent, of course, on the budget estimates of expenditures. Previous estimates have been revised downward because the projected expenditures were not realized. With munitions employment now apparently at its peak and levelling out, the volume of employment has become more vulnerable to changes in the military program, particularly if a more favorable turn in the war situation should cause a downward revision in manpower requirements for the armed forces.

#### Measures for unemployment relief

In view of the continuing manpower shortage for the country as a whole, measures for relieving local unemployment consist of helping workers to find new jobs as quickly as possible. The War Manpower Commission, through the U. S. Employment Service, has endeavored to arrange pooled interviews between groups of workers who have been laid off, or are about to be laid off, and manufacturers in need of workers. In addition, notices of job openings are transmitted to local U. S. Employment Service offices for the information of applicants.

The immediate placement of discharged workers has been hindered, according to information from the War Manpower Commission, by the fact that cancellations and cutbacks have frequently been put into effect without the WMC and the USES being apprised of the fact. However, an inter-agency committee has recently been set up, comprising representatives of all interested agencies, which should enable a more effective coordination of the WMC placement service with the production cutbacks.

- 5 -

The War Production Board has traced a general policy which has the effect of helping the employment situation, by ordering new contracts to be let wherever possible in areas of less stringent labor supply conditions.

Despite these various measures, any curtailment of production will inevitably result in some hardship to workers, due to requirements for re-training, moving to a different locality, accepting a lower-grade job, etc. High-paid war workers will doubtless be reluctant, for example, to accept available jobs at lower wages in civilian industries.

#### Housing program restricted

Housing activities, or other make-work projects, have not been carried out to offset employment dislocations, due to the more urgent need for workers for other purposes and to the existing restrictions on construction activities. As revised by the War Production Board on November 1, 1943, all farm construction costing over \$1,000 and all other construction over \$200, unless specifically exempted, must be approved. Following a sharp decline last year, the WPB has estimated that total construction this year, including military and civilian projects, will drop 49 percent below the 1943 total. In addition to other restrictive factors, the lumber situation is extremely tight, and recently the WPB ordered the continuance of restrictions on new construction until the course of the war becomes clearer.

No plans are being made, so far as we could learn, for taking care of unemployment that is likely to follow any major cutback in war production. Mr. Donald H. Davenport, Chief of the Employment and Occupational Outlook Branch, Bureau of Labor Statistics, said that nothing was being done to provide public works projects to take care of pools of unemployment, even for unemployment that may follow the collapse of Germany. He seemed to feel that this was a weak spot, and remarked that there is no one agency watching the situation in this respect. He pointed out that this sort of planning should be undertaken immediately.

Table 1

Labor market areas 1/ classified according to labor supply

		December 1, 1943	January 1, 1944
Group:			
I	Areas of acute labor shortage	69	67
II	Areas of labor stringency, and those anticipating a labor shortage within six months	124	119
III	Areas in which a slight labor surplus will remain after six months	102	112
IV	Areas in which a substantial labor surplus will remain after six months	<u>63</u>	<u>60</u>
Total, classified areas		358	358

Source: War Manpower Commission.

1/ These include all labor market areas which contain a city of 25,000 or more, or in which special labor supply problems exist.

Table 2  
Manpower requirements

CONFIDENTIAL 213

	Actual July 1943	Estimated Jan. July 1944 1944	
(In millions)			
Civilian non-agricultural employment:			
Munitions industries.....	9.6	9.8	9.8
Federal war agencies.....	1.6	1.5	1.5
Transportation, fuel, utilities.....	4.4	4.4	4.5
Construction.....	1.2	.8	.7
Food industries.....	1.4	1.3	1.5
Textiles, clothing, leather.....	2.7	2.6	2.7
Other manufacturing and mining.....	3.1	3.0	3.0
Trade, service, self-employed, etc....	18.2	17.8	17.6
Total civilian non-agricultural employment.....	42.2	41.2	41.3
Armed forces, net strength.....	9.3	10.5	11.3
Total non-agricultural employment...	51.5	51.7	52.6
Agriculture <u>1</u> /.....	12.1	8.7	12.1
Unemployment <u>2</u> /.....	1.2	.8	1.0
Total labor force.....	64.8	61.2	65.7

Source: War Manpower Commission.

1/ Decline in January 1944 is seasonal. July 1944 figure held unchanged from 1943 pending determination of agricultural program.

2/ Increase of 200,000 from January to July 1944 is entirely seasonal, due to school youth who become available for work.



EMBASSY  
CANADIAN LEGATION  
WASHINGTON

January 31, 1944.

Dear Dr. White:

I enclose a copy of a memorandum on  
Canada's U.S. dollar position at the end of  
December 1943.

I regret that this is a little later  
than usual. The delay was caused by my absence  
in Canada during the past week.

Yours sincerely,

A.F.W. Plumptre

Dr. White, Esq.,  
Treasury Department,  
Washington, D.C.

# CANADA'S U.S. DOLLAR EXCHANGE POSITION IN DECEMBER, 1943

(Millions of U.S. \$)

## 1. Spot Position

	Total	Position excl. net proceeds from security sales
Aggregate of gold, U.S. Treasury Bills and U.S. balances at November 30, 1943	718	620
Aggregate of gold, U.S. Treasury Bills and U.S. balances at December 31, 1943	<u>649</u>	<u>541</u>
Decrease during month	<u>-69</u>	<u>-79</u>

## 2. Important Factors in Total Position Change

	Increasing Position	Decreasing Position
Payment for Canpay imports		100
War Supplies Ltd. receipts	28	
Deposits to U. S. Gov. accounts	11	
Sales of Mint gold to FTCB	11	
Newfoundland net receipts	2	
International Nickel Dividend#		8
Other net current deficit		28
Sales of Canadian securities	9	
Sales and redemptions of U.S. and foreign securities	3	
Maturities of Canadian securities		2
Other net capital surplus	<u>3</u>	
	<u>67</u>	<u>136</u>
		<u>67</u>
		<u>-69</u>

Net Decrease in Position, as above

#This is the fifth quarterly dividend incl. in 1943 figures

## 3. Reconciliation with November Forecast for Fourth Quarter

	Actual	Forecast	Difference (excess of actual surplus over forecast)
	(\$'000,000)		
Net Surplus	<u>68</u>	<u>55</u>	<u>13</u>
Payment for Canpay imports	-100	-115	15
War Supplies Ltd. receipts	98	100	-2
Net receipts on Newfoundland a/c	8	6	2
British reimbursements	6	10	-4
Other net current deficit#	-1	-6	5
Net proceeds from security tran- sactions	44	46	-2
Other net capital surplus	<u>13</u>	<u>14</u>	<u>-1</u>
	<u>68</u>	<u>55</u>	<u>13</u>

incl. Export-Import Bank loans to Aluminum Co.  
as current items.

Jan 13, 1944

JAN 31 1944

Dear Dr. Berlowitz:

I have received your letter of January 23, 1944, concerning the new War Refugee Board. Your interest in this matter is greatly appreciated.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Dr. Wolf Berlowitz,  
586 Oliver Street,  
North Tonawanda, N. Y.

FHodel:hd 1/31/44

WOLF BERLOWITZ, M. D.  
~~460 Hudson Avenue~~  
NORTH TONAWANDA, N. Y.  
TONAWANDA 255

~~11~~ 3  
586 Oliver Street

1.23.1944.

Mr. Morgenthau  
Secretary of Treasury  
Washington, D.C.

Dear Mr. Morgenthau:

I just read in the newspapers that you have been appointed a Member of the War Refugee Board and I am taking the liberty of making a suggestion concerning the aims of that board. The leaders over there know that they have forfeited their life because of the various crimes they committed. The same is true of many members of the Gestapo. They therefore will not mind committing even more crimes. But, if the Gestapo- not only the leaders- will ~~now~~ learn that for every innocent person killed from now on, a member of their own family will be killed, ~~also~~ too, there is at least a little hope that the danger for the life of their family might prevent some new bloodshed.

I know very well that no government could take such steps officially, but according to the newspapers the assistance even of the underground movement should be used.

The way of carrying out the death sentence of these family members would be by means of the underground movement, even after the war is over. That institution is a German invention, called *Fehme*, in former times. The way would be the same. Petljura was killed afterwards in France and the French Court did not pass a sentence on the young fellow who led to an vengeance for the killing of his parents and so many other innocent victims.

t.c.

Maybe that the knowledge of the fate which would await their relatives will have some influence on the ruthless murderers.

As there are still relatives of mine in Germany, I should be very much obliged for keeping my name in the dark.

I have the honor to be

yours very truly,

*J. Berouk*

10 1 PM 25 JAN 1944  
OFFICE  
SECRETARY OF TREASURY

JAN 31 1944

Dear Mr. Joy:

I have received your letter of January 24, 1944, concerning the President's new War Refugee Board and the interest of your Committee in the problem of rescuing and bringing relief to the victims of enemy persecution.

Your Committee is to be congratulated for the splendid work it has done in this field and your offer of service to the new Board is greatly appreciated.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. Charles R. Joy,  
Acting Executive Director,  
Unitarian Service Committee,  
25 Beacon Street,  
Boston 8, Mass.

FHodel:hd 1/31/44

JAN 31 1944

Dear Mr. Rickman:

I have received your letter of January 26, 1944, notifying me of the resolution recently adopted by your Congregation with respect to the President's recent action in creating the War Refugee Board.

I appreciate having this resolution called to my attention. I am certain that the War Refugee Board will do everything in its power to rescue the victims of enemy oppression who are in imminent danger of death.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. Henry E. Rickman,  
Secretary,  
Congregation Berith Shalom,  
167 Third Street,  
Troy, N. Y.

FHodel:hd 1/31/44

Congregation Berith Sholom

167 Third Street  
Troy, New York

*[Handwritten mark]*

January 26, 1944

The Honorable Henry Morgenthau  
Secretary of the Treasury  
Washington, D. C.

My dear Mr. Secretary:

The members of Congregation Berith Sholom of Troy, New York, at their 77th Annual Meeting, held on January 23rd, adopted the following resolution which they have requested that I respectfully transmit to you:

"We wish to commend the action of our President in setting up a War Refugee Board, and we hope that it will energetically and successfully pursue its task of rescuing from Nazi extermination as many as possible of the persecuted minorities of Europe.

Respectfully yours

*Henry E. Ruckman*

Secretary

HER:MB

*[Stamp]*

JAN 31 1944

Dear Mrs. Welt:

I sincerely appreciate your letter of January 27, 1944, concerning my appointment to the President's new War Refugee Board.

The support and help of organizations such as yours will be of great value to the Board in the important but difficult task it faces in effectively carrying out the policy of our government to rescue the victims of enemy persecution.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mrs. Joseph M. Welt,  
President,  
National Council of Jewish  
Women,  
1819 Broadway,  
New York, N. Y.

FHodel:hd 1/31/44

# BOARD OF DIRECTORS

MR. S. AARONSON, Abbeville, Conn.  
 F. BRUNENBERGER, Chicago Heights, Ill.  
 ANTHONY BRUNER, Brooklyn, N. Y.  
 MISS BEIN, Minneapolis, Minn.  
 MISS S. BORN, Nashville, Tenn.  
 MISS E. KESLACE, Staten Island, N. Y.  
 MISS E. KESLACE, Jersey City, N. J.  
 MISS E. KESLACE, New York, N. Y.  
 MISS K. FERGUSON, Los Angeles, Calif.  
 MISS F. F. FERGUSON, Tacoma, Wash.  
 MISS J. J. FERGUSON, New York, N. Y.  
 MISS E. GLOOVEN, Detroit, Mich.  
 MISS E. GLOOVEN, West Hempstead, N. Y.  
 MISS E. L. GOLDMAN, San Francisco, Calif.  
 MISS H. GROSS, Cleveland, Ohio

MISS BEATRICE R. HANF, New York, N. Y.  
 MISS JESSE HEITMAN, Little Rock, Ark.  
 MISS CHARLES HYMAN, Minneapolis, Minn.  
 MISS BEN F. JACOB, St. Louis, Mo.  
 MISS S. W. JACOB, Montreal, P.Q., Can.  
 MISS KARL J. KAUFMAN, Pittsburgh, Penna.  
 MISS JACOB LOEB LANGSDORF, Philadelphia, Pa.  
 MISS GERSON B. LEVI, Chicago, Ill.  
 MISS HERMAN B. LEVINE, West Englewood, N. J.  
 MISS SAM LEVY, Denver, Colo.  
 MISS OSCAR S. MAXX, Mount Carmel, Ill.  
 MISS ALBERT J. MAY, New York, N. Y.  
 MISS MARION L. MAYERS, San Francisco, Calif.  
 MISS EDGAR MENDES, Cincinnati, Ohio  
 MISS LOUIS A. MILKMAN, Scranton, Penna.

\*MISS LOUIS MORGENTHAU, West Hartford, Conn.  
 MISS MAX H. NATHAN, Houston, Texas  
 MISS HARRY M. RUMER, Charleston, S. C.  
 \*\*MISS MARIAN SCHUMAN, Chicago, Ill.  
 MISS DAVID M. SMALL, Brighton, Mass.  
 MISS SIMON E. SOMMER, Baltimore, Md.  
 MISS THROODER SCHNEIDER, Slingerland, N. Y.  
 MISS BENJAMIN SPITZER, Brooklyn, N. Y.  
 MISS ALICE STONE, Philadelphia, Penna.  
 MISS FLORIAN A. STRAUSS, Montgomery, Ala.  
 MISS JOSEPH M. WEISS, Detroit, Mich.  
 MISS JOSEPH WOHL, New York, N. Y.  
 MISS JULIUS WOHL, New York, N. Y.

\*Member Executive Council  
 \*\*President, National Council of Jewish Women

CONTEMPORARY JEWISH AFFAIRS • INTERNATIONAL RELATIONS AND PEACE • SERVICE TO FOREIGN BORN • SOCIAL LEGISLATION • SOCIAL WELFARE



## NATIONAL COUNCIL OF JEWISH WOMEN

INCORPORATED

1819 BROADWAY  
 NEW YORK

TELEPHONE • CIRCLE 6-3175

CABLE ADDRESS • COUNJEW • N. Y.

January 27, 1944

FLORA R. ROTHBERG  
 Executive Director

Honorable Henry Morgenthau  
 Secretary of Treasury  
 Washington, D. C.

My dear Secretary Morgenthau:

With sincere respect and lively confidence in your power to carry out the difficult task assigned to you, the National Council of Jewish Women wishes to congratulate you on your appointment by President Roosevelt to the War Refugee Board, recently established by his Executive Order. Our profound anxiety for the fate of the Jews and other persecuted minorities of Europe makes all the more intense our relief at this action of the President and all the greater our gratitude to you and the other members of the Board.

As a national organization concerned for more than forty years with immigrant aid and service to the foreign born, and as the oldest organized group of Jewish women in this country, the Council is profoundly aware of the necessity for immediate action, if the victims of Nazi persecution are to be saved from annihilation. Also, the Council earnestly desires to give to our Government what support and help it can in the program of refugee rescue and resettlement.

Our long established Service to the Foreign Born is well organized and trained, with representatives in 215 Sections throughout the country. The National office maintains a staff of professional workers, equipped with technical knowledge, who have worked for many years with various governmental departments in meeting immigrants, issuing affidavits, and in other problems of immigration. Council Sections, especially in areas of large foreign born population, have highly effective programs in naturalization and Americanization.

The location of the American relatives of refugees and the reuniting of war separated families is one of our important services. The National Council of Jewish Women has the great advantage of having members in remote villages, as well as in the large cities in all parts of the country.

In common with other organizations seriously concerned with this most tragic problem, the Council is hopeful that immediate assistance will be given the doomed minorities.

SEVENTEENTH TRIENNIAL CONVENTION—CHICAGO, ILL.—NOVEMBER 1943

MISS MAURICE L. GOLDMAN, President  
 San Francisco, Calif.  
 MISS JOSEPH M. WEISS, First Vice-President  
 Detroit, Mich.  
 MISS OSCAR S. MAXX, Second Vice-President  
 Mount Carmel, Ill.  
 MISS BENJAMIN SPITZER, Third Vice-President  
 Brooklyn, N. Y.

Founder  
 MISS HANNAH G. SOLOMON  
 (1852-1942)

MISS JACOB LOEB LANGSDORF, Treasurer  
 Philadelphia, Penna.  
 MISS EDGAR MENDES, Recording Secretary  
 Cincinnati, Ohio  
 MISS ALICE STONE, Financial Secretary  
 Philadelphia, Penna.  
 MISS KARL J. KAUFMAN, Chairman of the Executive Council  
 Pittsburgh, Penna.

Honorable Henry Morgenthau

(2)

January 27, 1944

Europe, now that our President has established a War Refugee Board and appointed as its directors men of high distinction and exceptional ability. We trust you may be wholly successful in fulfilling the purposes of the Board, thus bringing honor to our country as a nation and as an international power.

Cordially yours,

*Willard G. Holt*

Mrs. Joseph M. Holt  
National President

MJW:PKM

TREASURY DEPARTMENT  
INTER OFFICE COMMUNICATION

DATE  
January 31, 1944

TO Mrs. Klotz  
FROM J. W. Pehle

These are the statements appearing in the Jewish press which I mentioned to you.

C O P Y

Jewish Morning Journal  
January 21, 1944

U. S. GOVERNMENT WILL AID THE CAMPAIGN OF THE JEWISH WORLD  
JEWISH CONGRESS TO RESCUE JEWS

(Special telegram to the Jewish Morning Journal)

Washington, Thursday. -- Your correspondent learned today that the American government made a very important step towards rescuing the Jews of Europe. Through the Treasury Department an agreement was concluded with the Jewish leaders of New York, representing the American Jewish Conference and the Jewish World Congress according to which the Jewish World Congress is recognized as the agency through which the campaign to rescue Jews will be conducted.

The details of this agreement have not been revealed as yet. It was assured, however, that it is pretty extensive and provides possibilities for carrying on concrete work, which means the rescue of hundreds and thousands of Jewish lives.

It seems as though the government will allot for this purpose a very large sum of money.

-----

The Jewish Morning Journal contacted yesterday both the Jewish World Congress and the American Jewish Conference but obtained no more than a confirmation as to the truth of this report and that Rabbi Irving Miller has reported on it Wednesday evening to the Administrative Committee of the Jewish Congress.

It was also intimated that any day the matter will be published in greater detail.

Transl.

hr/hw - 1/21/44

C O P Y

227

The Day  
Sunday - January 23, 1944

STATEMENT OF JEWISH WORLD CONGRESS ON CAMPAIGN  
TO RESCUE JEWS

On Friday, January 21st, a news item from Washington in the Jewish press reported that the Treasury Department has concluded an agreement with representatives of the American Jewish Conference and the Jewish World Congress according to which "the Jewish World Congress is recognized as the agency to carry on the activity of rescuing Jews from the European Gehena." In connection with this the Executive Committee of the Jewish World Congress has the following explanation:

For quite some time the Executive Committee of the Jewish World Congress and the Rescue Committee of the American Jewish Conference have been conducting negotiations in Washington in the name of American Jewry for rescue activity of Jews in Europe on a larger scale. Similar efforts are being made by the British section of the Jewish World Congress in London. Plans submitted in both Washington and London have been well received. There is ground for hope that the rescue activity will soon expand considerably.

At the same time the Executive Committee of the Jewish World Congress must state that no official agreement of any sort has been concluded until now, and that negotiations have not been conducted in the sense that the Jewish World Congress should become the sole agency for carrying on the rescue activity of European Jews. No one of the Executive Committee of the World Jewish Congress has issued such a statement.

Transl.  
hr/hw - 1/24/44

EOC-144

This telegram must be  
paraphrased before being  
communicated to anyone  
other than a Governmental  
agency. (BR)

London

Dated January 31, 1944

Rec'd 6:40 p.m.

Secretary of State,

Washington.

US URGENT

882, January 31, 10 p.m.

DEPARTMENT OF STATE  
DIVISION OF

FEB 1 1944

COMMUNICATIONS  
AND RECORDS

FOR THE SECRETARY OF THE TREASURY FROM CASADAY

Department's 749, January 29.

I have discussed with the Ambassador the message  
under reference. He tells me he has already taken up  
the President's action with the Intergovernmental Com-  
mittee for refugees. He has suggested that the British  
form a governmental committee of Ministers similar to  
that established in the United States.

The Ambassador wants to help in every way he can.  
He asks me to thank you for your message.

WINANT

JRL

Port-au-Prince, Haiti, January 31, 1944.

No. 2521

Subject: Report on Extent to which Haitian Government  
Can Cooperate in Aid to Refugees from Nazi  
Persecution.

CONFIDENTIAL

The Honorable  
The Secretary of State,  
Washington, D. C.

Sir:

I have the honor to acknowledge receipt of the Department's circular airgram of January 26, 7:00 p.m., directing me to enlist the aid of the Government to which I am accredited for assistance to Jews and other Nazi victims, and asking certain specific questions.

I read an abridged statement of this in the French language to President Lescot. The latter informed me that he proposed to make certain collections for the War Fund. At the moment of conversation, the President had in mind a donation of \$10,000 from the State Lottery, the profits from the sale of tickets to see the film of his journey to the United States, and possibly a special stamp surcharge on letters leaving the country. It was his idea that these collections could be delivered to a fund (I gathered, the U. S. War Fund), from which it would be possible to make payments to refugees. The manner and tempo of the implementation of the foregoing admirable intention remains to be seen.

As regards the placing of refugees in Haiti, there would be no point in sending any here who are not capable of earning their livelihood and probably the only way that they could do so would be to have a little capital of their own or else have sufficient commercial aptitude to enlist the assistance of others to obtain a little money for such purposes. Even so, however, the prospects seem precarious. In view of the low cost and abundance of labor and the existence of

cc: Chauncey, Abrahamson, Akzin, Bernstein, Cohn, DuBois, Friedman, Gaston, Hodel, Laughlin, Lesser, Luxford, Mann, McCormack, Paul, Pollak, Rains, Standish, Stewart, H. D. White, Fehle, Files

- 2 -

a considerable number of unemployed in the towns, the location of refugees without those means would be most unfortunate. Further, the Haitian budget is so limited that it would be unfair to charge it with sums for refugee support, apart from what President Lescot may be able to raise by outside means.

There are no restrictions upon entry of Jews into this country as such. A few have established themselves here and some have made a success in business.

Respectfully yours,

J. C. White

File: 711.

JCW:MAK

To the Department in original  
and hectograph.

P. S. There are over one hundred Jews in Haiti being supported by the Joint Jewish Relief Committee in the United States.

(Translation)

Republic of Colombia

Ministry of Finance

y  
Public CreditSection No.:  
Office of the  
Minister

Bogota,

January 31, 1944

The Secretary of Treasury  
of the United States,  
WASHINGTON.

Excellency:

This Ministry received in due course the preliminary proposal for a Bank of the United Nations for Reconstruction and Development. This proposal, which was prepared by technical experts of the American Government, was, through Your Excellency's consideration, sent to the Ministry in the letter of November 22 of the past year.

The aforesaid proposal is being made the object of careful study on the part of Colombian financial bodies and I hope to be able in the course of a few weeks to communicate to Your Excellency the observations derived from that study.

Very respectfully yours,

/s/ Carlos Lleras Restrepo

CARLOS LLERAS RESTREPO  
Ministro de Hacienda

NTN:imc:2/9/44

REF ID: A6-164611111111

U.S. SECRET  
SALIENT MOSCOW SECRET

COPY TO

Grand No. 35

Information received at, to 10 a.m. 1st January, 1942.

1. NAVAL

U-boats operating against a Convoy to RUSSIA sank one H.M. Destroyer yesterday morning off BEAR ISLAND. Two of H.M. Destroyers attacked and probably sank one U-boat and a Norwegian Destroyer probably probably damaged another. Early this morning E-boats attacked a Coastal Convoy off BEAR HEAD. One of H.M. Trainers was damaged and taken in tow and two small ships were probably sunk.

Two of H.M. ships, a Cruiser and an anti-aircraft ship have arrived NAPLES with the Commanding Officer and other officers and 496 ratings from the Cruiser sunk off ANZIO on 29th. A U.S. Rescue Craft was sunk and a Merchant ship set on fire during an air attack on shipping off the ANZIO beaches.

2. MILITARY

Italy To noon 30th. North of CASINO and West of ANZIO. French Troops after a day of fluctuating fighting, won the hills and consolidated their gains. U.S. Troops forced strong enemy positions and passed some tanks across the river. West of CASTELFORTE British troops met strong enemy opposition. 6th Corps. British and U.S. Forces continued to push steadily forward. A counter-attack was repulsed in the U.S. sector.

Russia Russians have captured SIVSKIE and BOLNOE IZHLIO, 25 miles South-South West of TOSNO, they have also made progress along the Coast east of OSMOLSKAYA, North West and South West of VOLOSNOVO, West and South-east of NOVODON and North-east and West of NOVODOLNICKI. In KIEV sector Germans claim to have gained ground East of SHSPELOVKA on 29th and to have surrounded strong Russian forces near VILNIA. They report continued Russian progress between BILIAIA ISKADOV and Sanna and admit some penetrations.

3. AIR OPERATIONS

Eastern Front 30th. 699 Fortresses and Liberators attacked Nazis ICK through cloud dropping 1,447 tons, 104 tons were dropped on KASOVKA. Gunbattles reported, enemy bombers and 302 supporting Fighters 91:34:50. Our 20 bombers and 4 fighters missing. 13 Typhoons over PARIS were scored 12:1:17 in the air (all F 100) and 2:0:2 on the ground without loss. Escorted Typhoon bombers destroyed a 12,000 ton ship and several barges at port in HOLLAND.

30th/31st. Aircraft dispatched: BERLIN 540 (33 missing, two crashed in U.K.), BRUNSWICK, ALSHAFELD and DUREN 28, Sea-mining 12, Leaflets 27, Intruders 8. At BERLIN bombing was on sky-markers through complete cloud but it is believed well concentrated. Mosquitoes later reported good fires with smoke rising above clouds. Ground defences moderate and decreasing, searchlights ineffective, fighters not exceptionally active over BERLIN but very busy on return journey, 21 lost destroyed.

Italy 30th/31st. 28th Allied Fighter over ANZIO with 1000 bombs scored 4:54:17 to 10:00 of 13.