

Diary

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April 11, 1944
9:30 a.m.

DISPOSAL OF SURPLUS PROPERTY

Present: Mr. Sullivan
Mr. O'Connell
Mr. McConnell
Mr. Lynch
Mrs. Klotz

H.M.JR: What have you people done to assist me in the last twelve hours?

MR. SULLIVAN: We got together yesterday afternoon for a little while. We met this morning and that was interrupted. I don't think we have gone far enough for any agreement. We have just been discussing the situation.

MR. O'CONNELL: There was a big disagreement in the first place. As I recall it, late yesterday afternoon when we were in here, Bob expressed a view as to the organizational setup, that it ought to exist in the Procurement Division. There was some little difference of opinion as to that. We talked about that last night and again briefly this morning.

As far as I am concerned, I ended up right about where I started, and that was that the most important thing to do is to get a man, or men, who will be responsible for the surplus property disposition setup and not make any definite decisions below that until you get him and let him handle it.

H.M.JR: Let me ask you - in this discussion with McBain, he said there was some doctor, somebody here--

MR. SULLIVAN: Dr. Craig.

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MR. O'CONNELL: Whom does he represent?

MR. SULLIVAN: All of the associations.

H.M.JR: Is there any way of getting hold of him?

MR. SULLIVAN: Frey has already met with him.

H.M.JR: Did you get suggestions?

MR. SULLIVAN: Yes, we have suggested personnel from him.

H.M.JR: But for a top man?

MR. SULLIVAN: Yes, we can ask him about that.

H.M.JR: Supposing you ask him that question today. See if he knows of anybody. The fact that he is in the Armed Services wouldn't make any difference, because I think that I could get him. Ask if he knows any top-ranking merchant, in or out of the Services.

MR. SULLIVAN: All right.

MR. O'CONNELL: Who is Dr. Craig?

MR. SULLIVAN: He is the Executive Secretary of the Association that heads up these merchandising associations.

MR. O'CONNELL: Like heading an organization of purchasing agents.

H.M.JR: Do you think it is a mistake to go to him?

MR. O'CONNELL: Whether or not it is a mistake depends on what kind of a guy he is.

H.M.JR: That is right. It can't do any harm. I want a dozen lines out. I didn't want to put all my

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eggs in one basket, especially if it was a Trade Association man. I was just curious.

MR. SULLIVAN: Olrich called this morning. He is in town. I told him because of this funeral you wouldn't be able to see him.

H.M.JR: I heard last night that he has had a succession of strikes, so I had Houghteling come to my house this morning to find out whether that is true. Someone told me last night that he has a terrific labor record. So let's clear that up first.

MR. SULLIVAN: That is right.

MR. O'CONNELL: So does Montgomery Ward.

H.M.JR: I am not going to Montgomery Ward. So I told Houghteling while he was at it to ask them if they know anybody who has got a good labor record.

MR. McCONNELL: Your thought on the Armed Services, I think, is very good.

H.M.JR: I wouldn't hesitate to say to Byrnes, "O.K., you are being tough - all right, I want this fellow; you get him for me."

MR. SULLIVAN: Sure.

H.M.JR: I agree that the thing is getting a man.

Say, I found a banker in the United States, President of a bank, who is for Roosevelt! Took me two months, but I found one. His name was B.M. Edwards.

MR. O'CONNELL: He is for him?

MR. SULLIVAN: I will say he is.

H.M.JR: Sure, this fellow doesn't necessarily have to be for Roosevelt, but he has to be clean in every way and free from politics. It wouldn't hurt any if

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he was for Roosevelt, but it took me three months to find a national banker who was for Roosevelt. I finally found one.

MR. SULLIVAN: Where does Wiggins stand on that question?

H.M.JR: I don't ask. You are not thinking of him?

MR. SULLIVAN: No, I was thinking of bankers who were for Roosevelt.

H.M.JR: Wiggins has a very successful store. His bank is sort of a side line.

MR. SULLIVAN: I didn't know.

H.M.JR: He has one of these country stores that does an enormous business - a tremendous radius. You ought to hear him. He used to go up to Seventh Avenue and buy dresses. This is the present President of the ABA. He knows New York inside out, and New Yorkese, too. He can talk it. He has this general merchandising store. His bank, I think, has three million deposits, so you can imagine how much money he makes out of the bank.

MR. SULLIVAN: He did pretty well on the side line, though, didn't he?

H.M.JR: Well, you take a store that may do a business within thirty or fifty miles, it is very easy to make twenty-five or fifty thousand dollars a year.

MR. SULLIVAN: Sure.

MR. McCONNELL: Why not go on down through the organization and get them in uniform and keep them in? You overcome your difficulties with Civil Service regulations. You can't lose them. They have got to stay.

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MR. SULLIVAN: What are the difficulties with Civil Service regulations?

MR. McCONNELL: How are you going to pay men enough to do a job like this job? It will take a five, seven, eight thousand dollar man. How is he going to have the qualifications if he is not in uniform?

MR. O'CONNELL: I wouldn't mind getting a man at the top, but I don't think you should even assume the responsibility of staffing an organization with Army men.

H.M.JR: No, he has an idea. I may not be interpreting it right, but I think he has an idea for a staff. There it is; a whole Army organization.

MR. SULLIVAN: My golly, then you are in trouble on the basis of what they have done so far in the Army.

MR. McCONNELL: Whatever improvement they make is that much credit to the Treasury.

H.M.JR: Let me just digress a minute. John, who decides these policies over there? Do they bring it to your attention that we are stockpiling several thousand cars at the request of the Budget? Do they ask you whether they should do it or not?

MR. SULLIVAN: Yes, and we have been resisting that, in so far as we can. You remember, you and I had a conversation in which you said you wanted these cars to go out to the public and not to the Government. We fought, and Budget is just adamant on that.

H.M.JR: I am, too, and the cars are going to be sold. And if Mr. Harold Smith wants to say he is hoarding automobiles, let him go up and say so. If it is necessary to write a letter, I am going to say that I refuse to hoard automobiles. I am going to sell them and sell them to airplane workers, rubber workers - these various key industries they have recently set up

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on the draft. Get a list of about five or six industries - get it from Hershey - which are going to get special treatment - certain rayon. I would say, "I am going to sell these automobiles to this preferred list which Hershey has just set up."

And I am going to say to Harold, "If you want to hoard automobiles, you take the Procurement Division." It won't be done while it is in the Treasury, and I don't mean maybe.

MR. SULLIVAN: You want the letter to him?

H.M.JR: Whatever is necessary. I will not hoard automobiles or anything else.

We will have to set up something so we will have a regular meeting here to decide policy questions.

MR. O'CONNELL: May I say something at this point?

H.M.JR: Why not?

MR. O'CONNELL: I hadn't heard about this particular situation, but it does seem to me that it is important that the relationship between the Bureau of the Budget and the Procurement Division, in terms of who is boss, be a little clearer than it has apparently been.

H.M.JR: I am boss, and if Mr. Harold Smith doesn't like it, let him take it away from me.

MR. O'CONNELL: My point is that you understand it, but who else understands? John Sullivan says he resists the Bureau of the Budget as far as he can. Mack goes over to ask the Bureau of the Budget.

H.M.JR: No more. Why should he go over?

I told Jimmy Byrnes the principal job was not resisting, but fighting those other agencies. You said yesterday you didn't know they had had so much trouble with these agencies, or you would help.

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MR. SULLIVAN: No, I said I didn't at the time. I did afterwards.

H.M.JR: I told Jimmy Byrnes I was going to dump it right in their laps. He said, "O.K."

And when we write this letter I will write a letter to the Director of the Budget and say that I will not order automobiles--and we will send a copy to Jimmy Byrnes.

Believe me, if I am going to have it, I am going to have it with the attitude, if anybody doesn't like it, "O.K., you do it."

MR. O'CONNELL: That is wonderful. You don't need a letter, either. All you need is to have Cliff Mack and the rest of us understand that it is not the Bureau of the Budget's job, that it is our job. And we stop genuflecting to the Bureau of the Budget. That is what I would like to see understood.

H.M.JR : Now, Procurement, eleven o'clock Thursday morning. Let them come over and bring policy questions to me.

MR. SULLIVAN: Right.

H.M.JR: How busy are you (to Lynch)?

MR. LYNCH: I have quite a bit of time available, Mr. Secretary. I manage to keep busy.

H.M.JR: Yes, but are you working nights?

MR. LYNCH: No.

H.M.JR: Are you healthy?

MR. LYNCH: Yes.

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H.M.JR: Why can't he, as secretary to this sort of group, take this thing on, too?

MR. SULLIVAN: O.K.

MR. O'CONNELL: As of yesterday, he is responsible for the Procurement Division.

H.M.JR: Then why can't you work up this agenda?

MR. LYNCH: I will.

MR. SULLIVAN: Certainly.

H.M.JR: I want policy questions brought over here.

MR. LYNCH: For eleven o'clock on Thursday?

H.M.JR: Yes. Is that all right?

MR. SULLIVAN: Sure.

H.M.JR: He is doing the other thing, he might as well do this.

MR. LYNCH: I shall be glad to. I would enjoy it.

H.M.JR: (To Mrs. Klotz) Make a note that he gets four photostats of the study Tickton is making.

This is a very nice position. Anybody who doesn't want me to run Procurement the way I do it (gestures) - "It is yours!"

MR. O'CONNELL: I think it is yours.

H.M.JR: Well, we have made a little progress. You extended them yesterday--

(The Secretary holds a telephone conversation with Mr. Tickton, as follows:)

April 11, 1944
9:48 a.m.

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HMJr: Hello.

Sidney
Tickton: Yes, sir.

HMJr: Tickton.

T: Yes.

HMJr: Those studies that you have been making for me
on Procurement....

T: Yeah.

HMJr:are very good.

T: Thank you.

HMJr: And I wish -- I've got four of them and see that
Mr. Lynch gets copies.

T: Lynch?

HMJr: Lynch.

T: Yep.

HMJr: Assistant General Counsel.

T: Yeah.

HMJr: As well as Mr. McConnell.

T: McConnell. Yes, sir.

HMJr: And you always give them to Mr. Sullivan.

T: Sullivan'll get 'em and Mack.

HMJr: Now, I don't know, but ask them what other --
some other things have been dragging their feet
over there. See?

T: All right.

HMJr: Now, just to show you, as a result of that one
on automobiles where you've made a note that they
are stockpiling them at the request of the

T: Budget.

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HMJr: Also the word in private life is known as "hoarding". See?

T: That's right.

HMJr: Well, I'm going to tell them to sell them.

T: Okay. A good idea.

HMJr: And I'm going to get the list of the most important industries and see that they get a chance -- the workers in those industries, to buy those cars.

T: Yeah. I think that's a swell idea.

HMJr: Now, pick out some other things over there.

T: I think things that have been there the longest.

HMJr: That's right. And make those studies, and if you need any help, get it. You see?

T: Yes.

HMJr: And let Procurement pay for it.

T: Okay. Well, now, is this a long-term project?

HMJr: This is a long-term project.

T: Oh, sh.....

HMJr: Do you want anybody to help you?

T: Well, we'll look into the matter then because I was -- I didn't know up until yesterday whether you were going to make this a long-term project or not.

HMJr: Well, I'm stuck with the damn thing so it's a long-term project.

T: I'm sorry to hear it but we'll do our best.

HMJr: I agree with you.

T: Okay.

HMJr: All right.

T: All right, sir. Bye.

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H.M.JR: He has been doing a man-hour study on me. He says it takes as long for me to decide one thing if I went into it as it would to sell sixteen billion dollars' worth of stuff. It is in the terms of hours I have to put on it. This is Tickton.

Well, O.K., we will meet - find out.

Let's have an agenda and everybody here see if you can't find a - what is it - General Electric that is doing the Voice of America? Let's start a program to go on the air. We will offer to give the fellow stomach ulcers within six months as a reward. And it doesn't make any difference what organization he is with, either, just as long as he is a merchant. And I don't know who is and who isn't. If I get some names, I can find out very quickly through the trade channels.

MR. SULLIVAN: I will get you the list.

H.M.JR: All right, gentlemen.

4/11/44

Secretary Morgenthau

R. E. McConnell

Subject: Surplus Disposal

Herewith is the first assortment of merchants in uniform. I am sure that there are many more that can be located, and I will give them to you in a supplementary memorandum in a few days.

General Albert J. Browning. Formerly president of United Wall Paper. Montgomery Ward. He has been instrumental in setting up Army Post Exchange and Army procurement. I think you know him. He is a top merchant.

Colonel Robert A. Doyle. Formerly president of Orange Crush Company; formerly president of McCreary Stores; formerly with Lord and Taylor. Recently in the office of the Chief of Staff and a close personal friend of General Marshall. He is about 50. According to Lindsay Bradford, President of the Farmers Loan and Trust Company, he is very able, very successful, a high grade executive. He is the kind of man that Bradford would like to make his executive vice-president. He was released from active service on March 11. His address is 318 West Superior Street, Chicago. His earning power is \$75,000 a year. He is attracted by the challenge of a tough job. He could be recalled to duty and reassigned.

Colonel John La Due. Stationed at Governor's Island. Formerly president of John David Stores. Salary about \$50,000.

Private Branson. 38 years old. Salary, \$40,000. Formerly manager of May Company of Los Angeles. One of the exceptionally able young men in merchandising. Probably now peeling potatoes in Army camp in California.

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Major J. W. Hubble. Signal Corps. His address is 1250 Sixth Avenue, New York. Formerly sales manager of the Simmons Company. \$30,000. Would be interested in this sort of a job.

Major Earl Cribban. 40-42 yrs. Formerly treasurer of Marshall Field. Now in Renegotiation Section of the War Department.

In civil life:

Walter Baumhoger. President of United Whelan; formerly Vice-president of Montgomery Ward; about 45 yrs.; \$75,000. Outstanding organizer; driver. He can be challenged by a tough job.

Phil Riley. Director of Retail Research Association. About 58 yrs. Retiring in July. Good organizer. Salary, \$50,000. He was a colonel in the Personnel Division during the last war. He is a top merchandising man, well acquainted with markets.

^a
REM:GDA 4/11/44

April 11, 1944
10:00 a.m.

ITALIAN EXCHANGE

Present: Mr. White
Mr. Currie

H.M.JR: I was just trying to read what you said to Drew Pearson about Pirelli.

Mr. Hull called me up and said he put everybody under oath to see whether they did. I felt like saying, "Why the hell should your office tell them about Pirelli?"

MR. WHITE: I would think he would kind of hide it.

(Secretary reads aloud excerpt from Drew Pearson's comments.)

MR. CURRIE: He didn't mention my name. I listened to him Sunday night. (Laughter)

H.M.JR: Gentlemen, this was terrific, that plus the other one! He did these while Hull was on the air.

MR. WHITE: I am glad he did them, myself. It is the only way to get action out of that Department.

MR. CURRIE: I read one the other day where he did use my name on the Swedish ball-bearing--

H.M.JR: I saw that. I wish he had added my name to it.

MR. CURRIE: There was a terrific response to that one.

MR. WHITE: After two years he comes out with a statement they are going to be tough with the neutral countries, and, of course, they are not going to be very tough. But the only reason that they even approach

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any concern over this matter is because of the public criticism which is coming from very narrow sources. But he is very sensitive to it. It is unfortunate that there has to be government by leaks. It is a new kind of course.

MR. CURRIE: Bill Batt was running all over town on that ball-bearing story. State and he saw me and the Swedish Ambassador.

H.M.JR: Is anything going to happen?

MR. CURRIE: He is worried this time, see? Yes, State is coming along with us now. I went over there the other day prepared to do battle, and they took the wind completely out of my sails. They must have caught this before I arrived, because they agreed to everything, and did me one better. So we drafted the cable and sent it off calling for a complete embargo of all ball-bearings to Germany.

H.M.JR: On the part of the Swedes?

MR. CURRIE: And we are prepared to go alone if the British won't join in with us. The British said they would. We gave them until Wednesday. They didn't want us to mention black-listing, because it was harsh, but use other language.

H.M.JR: Who is doing Economic Warfare over there?

MR. CURRIE: Bill Stone.

H.M.JR: Who is he?

MR. WHITE: A wishy-washy, well-meaning fellow who used to be with the Foreign Policy Association, and whose career depends in large part--or depends--on his good relations with the State Department. He is a well-meaning fellow--a well-meaning liberal--but has no backbone.

MR. CURRIE: I pushed him, and I am pushed in turn by Captain Puleston.

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H.M.JR: Oh, is he over there? He is good, isn't he?

MR. CURRIE: Very good, indeed. He keeps needling Secretary Knox. Then through his conferees he gets things put into Patterson and Stimson. So he is keeping the pot boiling.

H.M.JR: I didn't know he was still over there. He was all right.

MR. CURRIE: He has no use for Riefler. He keeps coming in to me every few days criticizing Riefler.

H.M.JR: Why don't you do something about the chrome ore in Turkey?

MR. CURRIE: That is a difficult one, Mr. Secretary. There is one of these agreements whereby the British were given the play in Turkey or in the President's words, he told the people here that the British were playing the cards in Turkey. So all our Turkish policy has been stringing along behind the British, trying to get them to do things. They are tougher recently, and we have put an embargo on certain things, as you know.

MR. WHITE: I think after Germany gets completely defeated, they will be real tough.

MR. CURRIE: When Steinhardt was back, he kept talking about this Maritsa Bridge into Bulgaria over which all this traffic passes, this railway bridge, and how it should be bombed. I saw the President about it, and he told me to speak to Bill Donovan, which I have. I understand Donovan has taken it up with the Chief of Staff, and I think he has the go-ahead signal to blow it up.

H.M.JR: From the ground, or from the air?

MR. CURRIE: From the ground, if they can find Gary Cooper. (Laughter)

MR. WHITE: You not only have to find Gary Cooper, but Ingrid Bergman.

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H.M.JR: You can bring back Hemingway. He would do it!

MR. CURRIE: It is a very simple thing. It is lightly guarded, and one of the most strategic spots in the world. It was blown up once before, and the Turks were very slow about repairing it. It was out of commission for over a year.

H.M.JR: I should think they could do it from the air.

MR. CURRIE: They could, except half is on Turkish soil.

H.M.JR: Just an accident, then we apologize.

Listen, can't you think up something that isn't quite so unusual - I am being very polite - as selling American shoes to Italy, getting some phoney lira, and then sending those to the Army for good dollars?

MR. CURRIE: Not to the Army, to you.

H.M.JR: That is "worser."

MR. WHITE: Yes, that money doesn't belong to the Army.

MR. CURRIE: That is a special account. You have dubbed it the Army's appropriation. They are paying the troops and giving them the lira. The Army has bought lira, you see. So, in effect, what we are doing--what we are proposing is to convert the lira we are going to get back into dollars.

H.M.JR: I can't. Harry and I spent a lot of time on this, haven't we, Harry?

MR. WHITE: Yes, it does have its aspects that might not quite--I wonder whether it is worth while, because in the other countries you wouldn't have that trouble, in the European countries. You will in Greece; you will in

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Jugoslavia, but supposing you were to take the position that you are selling these for these currencies and refuse to admit for one moment that they are worthless. How much they will be worth will depend entirely on certain circumstances they develop. They may be worth a hundred cents on the dollars; some may be less. But you are getting paid in the local currency, and there is no reason to believe that that local currency won't have use.

MR. CURRIE: Certainly the things we would be putting in there, Mr. Secretary, would be in a different category than relief. There will be rehabilitation type of articles. It is getting some of the factories started, putting in some motors, dynamos, and getting things started; it is that type of thing we ought to be paid for.

H.M.JR: Lauch, you and I agree on most of the important things. At least I compliment myself to that extent.

MR. CURRIE: I think it is true.

H.M.JR: Now, this thing, particularly--it doesn't smell right.

MR. WHITE: Well, to call it a Ponzi scheme is to do the--

MR. CURRIE: It is a matter of bookkeeping in the Government.

H.M.JR: That is what we did.

MR. CURRIE: No, I wouldn't propose a Ponzi scheme to you now, Mr. Secretary.

H.M.JR: You don't think it is smart enough? I have been over it several times, and only the other day White came in and presented the case very well, and I don't think that he is for it today, although he can talk for himself.

MR. WHITE: No, I am a little bit worried. The Secretary's point of view is the way it would strike Congress. And I am inclined to think so, because you might get away with it with a good many people.

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MR. CURRIE: Can we explore another possibility then, Harry, about the immigrants' remittances?

MR. WHITE: Yes. That, I think the Secretary approved.

MR. CURRIE: We will acquire lira; we will sell the stuff for lira. It is a question of whether we can get bailed out of those lira in any way. Whether we should be a preferred credit, or possibly--

H.M.JR: I don't think you explained that.

MR. WHITE: We expect about a hundred million dollars, probably, in the next six or eight months that American-Italians here will want to send to Italy. We are putting those dollars in a special blocked account in the name of the Bank of Italy, but they can't touch it.

Now, Italy ought to pay for the kind of goods which Lauch is talking about. They ought to pay in dollars, but they haven't got dollars - but they will have these dollars. So they would like to be a preferred creditor against those dollars which we expect will accumulate for Italy. If they were there now, they would take them out for this purpose.

H.M.JR: Let me ask you this. When you say "preferred creditor" - these dollars are deposited for transmission to Italy; we will make the transaction as it occurs. In other words, an Italian comes in and wants to send twenty-five dollars to his mother, so he puts down twenty-five dollars - and after all, he doesn't send dollars, he wants to send lira - we will redeem twenty-five dollars worth of your lira. Is that right?

MR. CURRIE: Yes.

MR. WHITE: That twenty-five dollars goes to the credit of the Government of Italy, but it is block credit and they can't use it.

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(The Secretary holds a telephone conversation with Mr. Pehle, as follows:)

April 11, 1944
10:13 a.m.

Operator: Go ahead.

HMJr: Hello.

John Pehle: Hello, Mr. Secretary.

HMJr: Where are you?

P: I'm in my office.

HMJr: Yeah.

P: I thought you'd like to know that all those cables went out last night.

HMJr: Oh, good. Including the one to Spain?

P: Yes, sir. They took out of there the one sentence about Hull personally considering the matter and requesting the Ambassador to take it out. Otherwise, they all went out the way we wrote them.

HMJr: Oh.

P: They may have taken that out because Hull wasn't available and they didn't want to use his name. I don't know.

HMJr: Yeah. I've got to see you because Hull blames you for all these Pearson articles....

P: Yeah.

HMJr:and broadcasts.

P: Well, I think the thing to do -- my own feeling is, the thing to do is for you and I to have a frank talk with Mr. Hull.

HMJr: Well, I've got to sit down and talk to you about it.

P: Yeah. When you can.

HMJr: Yeah.

P: Right.

- 2 -

HMJr: I mean, I -- he called me -- I called him yesterday and was unable to get him, so I'm waiting now until he calls me back.

P: Yeah.

HMJr: See?

P: Well, it got results.

HMJr: Well....

P: So the cables went out. They would not have gone out if there hadn't been a lot of pressure.

HMJr: Well, I agree, but I don't know whether it had to be done on the air. That's a matter of opinion.

P: Yeah. Sure.

HMJr: How did you do up in New York?

P: All right.

HMJr: Good. All right, John.

P: Right.

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H.M.JR: He says all these cables went out last night.

MR. WHITE: They fear now that if they don't go through with these things and hold them out, there will be other leaks and other criticisms. So I wouldn't feel too badly about it as long as everybody in the Treasury is wholly in the clear of calling in Drew Pearson and giving him the information.

H.M.JR: They are.

MR. WHITE: I think so. But this being a democracy, naturally there are people who know about these things.

H.M.JR: Don't they know in an Empire?

MR. WHITE: I think so.

I didn't explain this wholly because I think the answer may meet the requirement. It is my understanding that once Italy accumulates dollars in that fashion, which Italy herself cannot dispose of, can be disposed of only with the approval of the Allied Commission - they will have the final say - that you will then say, "We will send you these goods only on condition you pay dollars." If they don't pay dollars, they don't get goods.

H.M.JR: Pay dollars up to the amount they are accumulated in America.

MR. CURRIE: Yes.

MR. WHITE: I am rather doubtful about that, because they will need all the dollars accumulated--

H.M.JR: No, we only send it if we have the dollars. My suggestion would be, we will send it provided that any dollars accumulated will be transferred to our account.

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MR. CURRIE: We would like to make a little distinction between certain types of goods and other types. The frankly and admittedly relief goods, I don't think we should press for payment; on the rehabilitation type of thing, it is going to be a permanent source of wealth to the Italian economy. For us to do much of that, we have to insist on payment; otherwise we will get criticized by Congress.

H.M.JR: This thing sounds as though it were workable, but you would have to get the permission of the Italian Government.

MR. WHITE: Not the Italian Government, but the Allied Control Commission. They have control of the foreign balances, as it is set up.

H.M.JR: No, I still say the Italian Government, because her dollars are being frozen for the Central Bank of Italy.

MR. WHITE: No, the way the account is set up, it is under the control of the Allied Commission, although it is in the name of the Bank of Italy.

H.M.JR: Just as long as anybody who could possibly subsequently say we raided that account - do you see what I mean? So nobody can say, "Well, they had no right to take that hundred million dollars - that belonged to us."

MR. WHITE: Well, we couldn't give them that because that is not ours to give away. We can stop anyone else from getting it, but we could pay it out only with the Allied Control Mission's approval.

H.M.JR: What I am still getting at is that, after all, we have recognized the King of Italy. Has his Government anything to say about it?

MR. WHITE: Well, the way the Armistice Commission's terms read, the Allied Commission can spend the Government's money.

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H.M.JR: Are you sure? Well, you let the Treasury lawyer look at it and you let your lawyer look at it. But I am going to repeat myself: If anybody in any way feels that he has got some kind of a lien on these dollars, that if he is satisfied so that he can't subsequently come and say to me, the way Franco did for the silver I bought - see what I mean?

MR. CURRIE: Yes.

H.M.JR: In other words, we have a very good case and when Franco sued us for fifteen thousand dollars it was thrown out of court. If that is so, and you present me a little memorandum on this thing, what you use it for, you see, I think the chances are ninety percent I will go along with you.

MR. CURRIE: Good. We would like to do, you see, a job of rehabilitation and try to put that economy on its feet and make it self-sufficing; whereas the Army is a relief type of thing. They are just putting more and more wheat.

H.M.JR: As I understand it, the straight relief, which is the food to go in the people's stomachs every day, you are going to give them; but if you are going to repair a power station or restore a bridge, you want them to pay dollars.

MR. CURRIE: That is right.

MR. WHITE: Or exports which you make available for that purpose.

MR. CURRIE: Yes.

H.M.JR: But the PWA stuff you want them to pay for. The WPA we give them.

MR. CURRIE: We might make a distinction even in our own expenditures, as to what we convert back into dollars and leave in lira.

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H.M.JR: If you do me a little memorandum and get it over here in twenty-four hours, I will give you yes or no.

MR. CURRIE: Fine.

H.M.JR: I am glad you came over. I am sorry you discourage so easily.

MR. CURRIE: When Harry fails me, I don't argue any longer. I think of another one.

April 11, 1944.

Memorandum

TO: Secretary Morgenthau
FROM: Mr. Gaston

Richards of Foreign Funds tells me that the leak to Drew Pearson on the Pirelli matter was brought up at yesterday's meeting of the Proclaimed List Committee by Russell of the State Department. Russell said that the State Department was so greatly concerned about leaks occurring so soon after the meetings that it was possible that they would consider not giving such complete information to the Committee. Representatives of each one of the agencies present denied that the leaks came from his shop and several of them suggested that the State Department look around its own organization before accusing other people. Russell then asked that every agency take great care to avoid leaks of such information.

I learned, however, that Drew Pearson's broadcast of Sunday night is not the first exploitation of the Pirelli case. I. F. Stone has printed two exposures of it in P. M., the first on August 18, 1943, and the second on February 27, 1944. Both stories told Pirelli's history pretty completely and reported that he had been able to keep the names of his companies off both the British and American blacklists. The only thing new in Pearson's broadcast was that the State Department is still blocking the blacklisting of the Pirelli interests, which was apparently based on a leak as to the results of last Thursday's meeting.

MS

April 11, 1944

Ted Gamble.

Secretary Morgenthau.

If I'm not mistaken, didn't we have somebody in New York connected with the W. T. Grant Chain Stores? The reason I'm inquiring is, as you know, I'm looking for somebody to head up the disposal of surplus property in Procurement Division. After you get this memo, will you please telephone me? Thank you. *Finished*

April 11, 1944
10:21 a.m.

HMJr: Is that so?

Ted
Gamble: He was a display man by the name of Hacker.

HMJr: Oh, I thought you had the president.

G: No, we had a fellow by the name of Hacker and he is not big enough. We had from the Penny Company a good man. From the J. C. Penny Company we had the Executive Vice President.

HMJr: Did you? Who was that?

G: A fellow by the name of Hughes.

HMJr: Will you send me over a little memo on that?

G: Yes, sir, I will. He was a good man.

HMJr: Send me over a little memo.

G: All right, sir.

HMJr: See if you can get any other bright ideas.

G: I will do that, sir.

HMJr: I'd appreciate it very much.

G: Fine.

April 11, 1944
11:45 a.m.

HMJr: Hello.

Operator: Mr. Barnes at the White House.

HMJr: All right.

Operator: Go ahead.

HMJr: Hello.

James Barnes: Good morning, Mr. Secretary.

HMJr: Good morning.

B: Jim Barnes.

HMJr: Good morning, Mr. Barnes.

B: I wondered if I could drop over and have about five or ten minutes of your time some time today?

HMJr: You wouldn't mind telling me what it was about?

B: No, absolutely not. I mean, I -- Mayor Kelly-- Ed Kelly of Chicago....

HMJr: Yeah.

B:called me on the phone in regards to this new Bond Drive that you are going to have.

HMJr: Yeah.

B: And in the past the Office of Civilian Defense of Chicago has been the organization that has assisted the Treasury Department in their house-to-house canvass.

HMJr: Yes.

B: The State Director out there, of course, happens to be, as I understand, unfriendly to our Administration and he thinks that that might smack of politics to have that done, but it has never been used politically or anything like that, but to change it now would react.

HMJr: Yeah.

- 2 -

B: And Mayor Kelly would like to have the same set-up used that's been used in the past and use this O.C.D. to help out in the house-to-house canvass.

HMJr: Well, now, look, Mr. Barnes, of course, I'm glad to see you any time, but the thing is I'm going up to see my boy right after lunch.

B: Yeah.

HMJr: And you wouldn't want to have a frank talk with Herbert Gaston, or would you rather wait until I get back?

B: Well, now, either way. It don't make any difference. I'd like to see this accomplished. I mean, if you -- Herbert is okay. I'd be tickled to death -- I'm very fond of Herb personally.

HMJr: Well, supposing you talk with Herbert and then if you don't get anywhere, you, Herbert and I will sit down together.

B: Fine.

HMJr: How's that?

B: Fine.

HMJr: I mean it's not that -- it's just that I am leaving and I'm all tied up.

B: Okay, sir, and I'll be glad to do that.

HMJr: You do that and then if you're not -- if you and Herbert don't get together, I'll come in and arbitrate it.

B: Fine.

HMJr: Incidentally, Mayor Kelly has been fine for us out there. He's played ball 100%.

B: I think so, too, and this other thing would react...

HMJr: Yeah.

B:quite badly if they changed the set-up now.

HMJr: Well, I'm not familiar with it but Herbert can get the dope.

- 3 -

B: Fine.

HMJr: Thank you.

B: Very good.

April 11, 1944
11:48 a.m.

Gordon
Rentschler: Good morning.

HMJr: How are you?

R: I'm all right. It's nice to hear you.

HMJr: Good. Look, Gordon, I wonder if you can do your Government and me a favor.

R: I'd love to do anything I can for you, fellow.

HMJr: Well, we've got Procurement in the Treasury and they've wished on us the disposal of surplus consumer goods.

R: Ah.

HMJr: Anything -- it's anywhere from an automobile or a truck to a horseshoe to a pair of mules.

R: Yes.

HMJr: Also some harness from World War I -- all kinds of merchandise.

R: Yes.

HMJr: Now, what I want to get is, and I flatter myself I know a little bit about men, but I don't know anything about merchandising. And someplace, somewhere in the United States there ought to be some business man or group -- because this is very important to business.

R: Oh, yes, this is a -- that's a very, very important job.

HMJr: Because there'll be billions of dollars.

R: Yes.

HMJr: And we'd like to do it with a minimum of disturbance.

R: Yes.

HMJr: And also getting the maximum for the Government and we don't want to go through what they did the last war.

- 2 -

R: Oh, no.

HMJr: So, someplace, somewhere there ought to be a patriotic merchant who would come down here and help us out.

R: There must be somebody, Henry, that can do that job and it's so important that it ought to be a top fellow.

HMJr: Only a top fellow.

R: Yeah. You let me go to work on that.

HMJr: Now, don't end up, please, by telling me to go to see General Wood.

R: No, no.

HMJr: Because that's been told me again and again.

R: Yes.

HMJr: I did it once for Don Nelson.

R: Yes.

HMJr: And the experience wasn't a very happy one for either Nelson or me.

R: No.

HMJr: I mean....

R: No, I'll tell you, Henry, if -- I think what you -- the fellow that should be found this time is a man that knows what it's all about.

HMJr: Now, I meant, I want to make -- explain that Nelson and I were all right but both Nelson and I had an unhappy experience with General Wood.

R: Yeah. Well, quite naturally. And you ought to get a man younger than that. The man that does this ought to be somebody that's had a lot of experience and is somewhere between forty and fifty years old.

HMJr: That's right.

R: And he ought to be a man -- if I were you, I'd pick somebody that had not been in the limelight before.

- 3 -

HMJr: That suits me.

R: But somebody who really is known in the trade to know his business thoroughly.

HMJr: I don't need a name -- I need brains.

R: No, you don't need a name -- you need a man that really knows what he can do.

HMJr: Now, another thing. If you find such a man and he's in the Armed Services....

R: Yes.

HMJr:I think I could get him detailed to us.

R: Oh, yes.

HMJr: Now, there may be some top-ranking fellow that's just shuffling cards around.

R: Yes. You're right. He may be right in -- he might be in public service right now.

HMJr: And he might be -- you know -- a square peg in a round hole.

R: Yes. Yes. And if he's the kind of man that can do this job, he ought not to be in either Army or Navy.

HMJr: Yes. And my attitude is, I don't want it but they insist that the Treasury do this.

R: Yes, but after all that has been the traditional place to put it, Henry.

HMJr: I know.

R: And probably it's the wise thing to do.

HMJr: Yeah, but it's a....

R: If you leave it as it was before where each one of the Services tried to dispose of it, it won't get done.

HMJr: True.

R: At the beginning of this war, you remember, when they cleaned out the warehouse out at Columbus, Ohio, it was full of 1918 Cadillac automobiles.

HMJr: I didn't know that.

R: Yeah. (Laughs)

HMJr: Well, they -- the Army, the other day, gave me some telephones from World War I....

R: Oh, Lordy!

HMJr:to sell, but they had no radio tubes.

R: Yes.

HMJr: So I think now they're going to manufacture some radio tubes to go with the telephones.

R: Yeah.

HMJr: I mean....

R: That's interesting.

HMJr: What?

R: They know -- and of course, the biggest thing in the last -- mistake of the last time was that this great big inflation got going in 1919....

HMJr: Yeah.

R: ...and the early part of 20, whereas, if a lot of this held-back material had been put out on the market, much of it would have been stopped.

HMJr: Well, you're 100% right and I'd like very much to have you come down here and sort of look this thing over and advise us.

R: I'll do it, Henry.

HMJr: I -- I wish that you'd consider that -- if you could come down and help us get started anyway, you know?

R: Well, I'll be glad to. And I'll -- I'll get at this right away and we'll get the man and then we'll help him get going and get under way.

- 5 -

HMJr: Well, just as you were saying, holding goods....

R: Yeah. I think I know exactly what you want. He's going to be a hard man to find but that's the reason it ought to be done well.

HMJr: Well, let me give you an example. I got a note from the Bureau of the Budget, 'Would we please stockpile three thousand automobiles because the Government might need it in '45?'

R: Yeah.

HMJr: So I said, "To hell with it. I'm going to put those into circulation now."

R: Certainly.

HMJr: See?

R: Certainly. This is the time when the Government will get a big price for them and more than that the user will have a real benefit out of it.

HMJr: That's the thing.

R: And more than that, Henry, the way -- the most important single thing we've got to prevent, a postwar run-up that can only last a few months at the best, is by putting this stuff on the market in orderly fashion and promptly.

HMJr: Yes. Well, now, you think about this because you've got all kinds of connections and then I want to -- I'm going to be in New York tomorrow morning.

R: Tomorrow morning?

HMJr: Yeah.

R: Where are you going to be?

HMJr: St. Regis. I'm going up to see my son tonight.

R: Oh, very good. Well, what time are you going to be free in the morning?

HMJr: Oh, I'm -- nine-thirty or ten.

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R: All right, fine. I'll -- I'll drop in, Henry, and we can talk this over further.

HMJr: Do you want to do it earlier? I mean....

R: No, it doesn't make any difference because I just looked -- I'm free in the morning until -- I can change around the -- be free until eleven o'clock.

HMJr: Well....

R: I can be in there at a quarter of ten.

HMJr: A quarter of ten would be perfect.

R: Yeah. We could have a half an hour and cover everything we want to begin with and to get a preliminary survey of it.

HMJr: A quarter of ten.

R: Yeah. Fine, I'll be there.

HMJr: Thank you so much.

R: How are you? You sound pretty good.

HMJr: I'm all right.

R: Is this the boy from South America?

HMJr: No, this is the older boy. He's mechanized cavalry.

R: Oh, yes.

HMJr: And he's in the Port of Embarkation right now.

R: Oh, I see. Very good. Well, you'll want to have a real visit with him tonight.

HMJr: Yes.

R: Well, I'll see you at a quarter of ten in the morning, Henry.

HMJr: Thank you.

R: It will be awfully nice to see you.

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HMJr: Make it nine-thirty.
R: Nine-thirty. Fine. I'll be there at nine-thirty.
HMJr: Right.
R: Right.
HMJr: Thank you.

April 11, 1944
11:56 a.m.

Lawrence
Houghteling: Lawrence Houghteling.

HMJr: Yes.

H: I got a very good report on the labor relations of Mr. E. L. Uhlrich.

HMJr: You did?

H: Yes. I called up George Larson who is the Secretary of the State Federation of Labor up there and he said that they had -- that there had been a period when Munsingwear had very bad labor relations but that Mr. Uhlrich had been very friendly to labor and established contract -- entered into a contract with the Amalgamated Clothing Workers which was very satisfactory. And he also said that he had sat on various committees for vocational education and so forth with Mr. Uhlrich and that he was a very friendly and enlightened man on that sort of thing. Then I got hold of the Amalgamated man and he said that their relations with Munsingwear were very good.

HMJr: Well, then my information was 100% wrong.

H: Yeah. And he said they had had a lot of trouble there and in 1937 they signed up a contract which was -- went fairly well until Uhlrich -- and then Uhlrich came in as president in 1939 and that now things were going very well.

HMJr: Well, it must have been before he was there.

H: Yeah.

HMJr: Right.

H: Now, I'm going to try and get you some more suggestions, too, if you want me to.

HMJr: I wish you would.

H: Yeah.

HMJr: Thank you.

H: All right.

April 11, 1944
11:58 a.m.

HMJr: Houghteling just called and said that Mr. Uhlich has an excellent record with labor.

John Sullivan: Yes.

HMJr: One of the best.

S: I see.

HMJr: And they were very enthusiastic about him.

S: Yes.

HMJr: So

S: That's a relief.

HMJr: I thought -- now, is he going to be here tomorrow?

S: Yes, sir, he is.

HMJr: Well, why don't I say -- I suppose he's going to go back at five o'clock or something like that, isn't he?

S: He didn't tell me what time. He has a ten o'clock appointment in the morning.

HMJr: Well, why not let's give him three?

S: Three o'clock?

HMJr: Yeah.

S: Very good.

HMJr: You bring him in.

S: Yes, sir.

HMJr: Thank you.

S: Right.

April 11, 1944 43
1:00 p.m.

Operator: Go ahead.

HMJr: Hello. Hello.

Cordell
Hull: Hello, Henry, what's the trouble?

HMJr: What's the trouble?

H: Yeah.

HMJr: There's no trouble.

H: I was sorry I missed you. I've been out here in the other end of the building a good part of the time yesterday and today in conferences on some of these different things.

HMJr: Well, I was anxious to get word to you yesterday about this Drew Pearson broadcast.

H: Yeah.

HMJr: This Rabbi Corff came to see me after he had seen you.

H: Yeah.

HMJr: And he told me that he had told you that it was he that spoke to Pearson.

H: Yep.

HMJr: Now....

H: He said somebody was -- called him and he had no idea why they did or who they were....

HMJr: Yes.

H:showing that somebody else had told them to call him.

HMJr: Yes. Well, I've talked to my boys here and the boys in the War Refugee Board and they've always had instructions from me and I find they've lived up to them, but they had no contact with Pearson.

H: No, the way this Rabbi told me....

- 2 -

HMJr: Yes.

H:he first had a talk with Pehle and then a little later Pehle, I think, told him that this -- State had told him that the State Department had just put the phone down on this, that and so on, and then -- including that cable that was delayed -- and then he said that a little later somebody called him and said, "I understand you know about so and so and I want to get the truth." Now, the idea was that somebody pretty close around Pehle's office had this fellow to call him.

HMJr: No.

H: Because nobody else knew that the Rabbi had this.

HMJr: Well, I think -- I don't know -- from what you said yesterday and evidently from what you've told the Rabbi, somebody has planted some suspicions in your mind about Pehle.

H: Well, I...

HMJr: Now....

H: I do get reports that they -- that he is going a little fast there in certain ways.

HMJr: Well,.....

H: For instance, I've noticed one or two cables going through here where he is criticizing the State Department and asking us to send the cables criticizing ourselves. I don't think that's practical and all he needs is just to have his attention called to it, I think.

HMJr: Well, after all, he's working for you as much as he is for me. I'm only one of three members.

H: I know that, but I don't criticize myself and send any cables.

HMJr: Not if you can help it.

H: Well, I can always help it. At any rate....

HMJr: Well, I've just been trying to get an idea over, if I may.

H: Yeah.

HMJr: And that is, I think for your peace of mind and for Pehle's, also mine, I think you ought to have a talk with Pehle and get it first hand, and not somebody says this about Pehle or something else, but....

H: Well, I thought that Rabbi -- he left me believing that he thought just as I did, that somebody from somewhere close around Pehle had told this Drew Pearson man to call up the Rabbi and that he had this information.

HMJr: Well, I don't -- Well, the Rabbi here, I even had a stenographer present because I wanted to get it straight and I asked him about this thing and what he knew about it and he spoke up and said, "Well, I told Mr. Hull I spoke to Pearson." And he didn't indicate to me in any way that the thing had been instigated by a third party.

H: He didn't tell you how come him to get in contact with Pearson's man?

HMJr: No, he did not.

H: Well, he did tell me, you know.

HMJr: He did?

H: That a fellow called him up and he didn't know who it was and he knew that the Rabbi had this information.

HMJr: Yes.

H: And I couldn't conceive of -- if he told me the truth -- I couldn't conceive of anything happening except somebody around there who had been irritated by a delay in this message that was spoken of....

HMJr: Well, of course, Congressman....

H:going straight to Pearson.

HMJr:Congressman McCormack's secretary knows pretty much all about this and so does Senator Meade's.

H: Yeah.

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HMJr: And I'd like to get over to you if I could that I've impressed on my people a hundred times that if we're going to talk to the press, we talk to the working press and we have a press conference.

H: Well, I've never talked to anybody.....

HMJr: Yes.

H: from the press on any of this.

HMJr: I do the talking over here and I do it at a regular press conference.

H: Yeah.

HMJr: Because I've got no use for these fellows.

H: Yeah.

HMJr: And they have no use for me.

H: Yeah.

HMJr: So it would be -- even if I wanted to it would be the height of stupidity.....

H: Yeah.

HMJr: And -- but I still think because Pehle is such a useful fellow and -- that if you would send for him and....

H: Well, I'd like to have some way -- now, here's what's happening, Henry.

HMJr: Yes.

H: I'm just telling you, no matter who's right about it or who's wrong, what is happening is that a good part of the organization over here, four or five different divisions, including Mrs. What's-her-name, down at the Visa -- the Passport -- what is her name? -- that woman....

HMJr: I know who you mean.

H: Anyhow, they are all getting to feel rather definitely that Mr. Pehle feels that he has authority to get up any kind of a cable....

- 5 -

HMJr: Yes.

H: ...and no matter what he puts in it, it must be rushed right here and rushed right out, without ceremony.

HMJr: Yes.

H: And that it often has something that from their standpoint needs a little attention.

HMJr: Yes.

H: And that there is no conference whatever between Mr. Pehle and anybody over here.

HMJr: No what?

H: No conference of any kind.

HMJr: Conference?

H: Conference.

HMJr: Or confidence?

H: No, "conference".

HMJr: Yes.

H: No contacts.

HMJr: I see.

H: Now if we could -- and so this situation is going to be bad right away no matter what the merits, you understand.

HMJr: Well....

H: And if we can find some way for him to have some person over here to confer with a little about some phases of these messages that he writes and wants sent exactly as they are without changing a word and without knowing a thing about possible complications....

HMJr: Yes.

H: That delays and gets things balled up.

HMJr: Well, of course, when Stettinius was there, you remember you asked Stettinius to do it.

H: Yeah.

HMJr: And Stettinius....

H: Now, Berle is back. How would he do?

HMJr: Berle?

H: Yeah. He's just back.

HMJr: Yeah. He's never shown any sympathy for this sort of thing.

H: It just so happens that that comes under his jurisdiction over here.

HMJr: Well, he's never shown any sympathy, but let's try him.

H: I could give him a good stiff -- I mean a good sincere talk about the situation and tell him that I wanted to keep in touch with and meet the fellow half-way in any conference that ought to be held in the way of teamwork.

HMJr: Well, every time I have contacted you, personally, on any of these things, I have always gotten results.

H: Yes, well, that's what I'm trying to develop up to, but these folks have let several telegrams go that had phrases that were calculated to cause some complication, but they just let them go.

HMJr: Cordell, for instance, on this particular matter, Camp Vitell, I got them to give me the history. There was one cable that came from this English Committee, you know? The one....

H: Yeah.

HMJr: That Myron Taylor....

H: Yeah.

HMJr: And that was sent and there was either -- I forget now -- it was either ten or twelve days from the time it was sent until the time it was delivered to the War Refugee Board.

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H: Yes.

HMJr: Now, that's inexcusable.

H: Now, where was that?

HMJr: From London to the State Department until it was delivered. It was either ten or twelve days.

H: I see. (Coughs) Excuse me.

HMJr: The one that Myron Taylor is a member of -- that Board in London, you know?

H: Yeah. Well, now, that's something that Pehle ought to talk out with our men here.

HMJr: Yes.

H: And call attention to these things.

HMJr: The trouble with us -- while Stettinius, before he went, he looked after this himself.

H: Yeah.

HMJr: And he would pass on each telegram himself. Then when he left the thing was sort of left in the air.

H: Well, now, he remarked to me when -- before he left and said, "I must make some further arrangements on this Jewish Refugee correspondence," he said, "because I haven't got time to do much else."

HMJr: No.

H: And he said, "We've got to get some expert who will do this and give me some free-of-play."

HMJr: Yes.

H: At any rate those things will be increasing and I wanted to get Pehle and Berle together after I've talked with Berle.

HMJr: Well, if you will give Berle one of your good liberal talks on.....

- 8 -

H: I'll do my best.

HMJr: Well, if you do your best, it will be all right, and then....

H: Then I'll tell him to get in touch with Pehle.

HMJr: And then if -- and then if Berle doesn't do it, I'd like to -- I'd

H: Any time -- any time, Henry, that Pehle can hand you a -- a typewritten line about a matter and you can call me or have your secretary call me with your name to it, and of course, I'll give it attention.

HMJr: No, if -- if Berle, I don't feel if I

H: That's why Berle -- if he falls down anywhere....

HMJr: I mean if he falls down, then I'd like to talk to you, myself.

H: Why, of course, that's what I mean.

HMJr: Okay?

H: Yeah. All right.

HMJr: Thank you.

H: Good bye.

April 11, 1944
2:11 p.m.

HMJr: Hello.

Operator: Mr. Gamble is still at lunch but he should be back any minute.

HMJr: Well, is his secretary there?

Operator: Yes.

HMJr: Let me dictate.

Operator: Go ahead.

HMJr: Hello.

Vivian
Brumfield: Hello.

HMJr: Who is this?

B: This is Vivian Brumfield, sir.

HMJr: Have you got a pencil?

B: Yes, sir.

HMJr: Well, I'm leaving town at two-thirty and I wanted to get a message to Mr. Gamble.

B: Yes, sir.

HMJr: Remind him that when I make any public appearance for War Bonds like I'm doing on the 14th, I'd like Mr. Smith and Sergeant Paul Dudley to be held responsible for my appearance.

B: Yes, sir.

HMJr: And would Mr. Gamble see that that is -- and all other public appearances that I make for War Bonds, Mr. Smith and Mr. Paul Dudley, when I go on the air it would be Paul Dudley....

B: Yes, sir.

HMJr:should be consulted and matters should be cleared with them.

B: Yes, sir.

- 2 -

HMJr: Which has not been so in this case.

B: Yes, sir.

HMJr: Will you tell him that, please?

B: I certainly will, sir.

HMJr: Thank you very much.

B: You're welcome. Bye.

April 11, 1944

Dear Mr. Duncan:

I regret very much that I will not be able to attend and speak at your Fifty-fifth Annual Convention.

At the present time I am organizing a speaking tour for the Fifth War Loan, and preliminary arrangements make it appear that I may be in another section of the country early in June.

I am fully aware of the excellent work that the bankers of Minnesota are doing in connection with the War Bond drives, and I hope you will let them know, at your Conference, that their assistance is greatly appreciated. Minnesota has a fine record, and to their bankers goes a large part of the credit.

If you should like to have some other official of the Treasury, I am sure that a substitute can be arranged.

Thank you for asking me.

Sincerely,

(Signed) H. Morganthau, Jr.

Mr. Wm. Duncan, Jr., Secretary
Minnesota Bankers Association
925 Rand Tower
Minneapolis 2, Minnesota

FB:EP

(PS)

D
Treasury Department
Office of the Under Secretary

Date: April 7, 1944

To: FRED SMITH

From: D. W. BELL

Will you please draft a
reply for the Secretary's
signature to the attached
invitation dated April 3, 1944,
of the Minnesota Bankers Assn.
I talked to the Secretary and
understand that he does not
want to accept the invitation.

D

H. R. KURTH, PRESIDENT
CITIZENS BANK, HUTCHINSON
WM. DUNCAN, JR., SECRETARY
MINNEAPOLIS - TEL. MAIN 1079



WILBUR F. MCLEAN, VICE PRESIDENT
MINNESOTA NATIONAL BANK, DULUTH
A. P. HECHTMAN, TREASURER
FARMERS STATE BANK, OSSEO

MINNESOTA BANKERS ASSOCIATION

COUNCIL OF ADMINISTRATION

1944
L. D. OLSON, PAST PRESIDENT
P. D. BEAULIEU, AUSTIN STATE BANK
M. G. GRANGAARD, FIRST NATIONAL BANK, MINNEAPOLIS
J. T. PETERSON, STATE BANK OF LE SUEUR
F. A. TIMM, FARMERS & MERCHANTS STATE BANK, BALATON

1945
ALEX. HIGHLAND, EMPIRE NATIONAL BANK & TRUST CO., ST. PAUL
R. M. PETERSON, STATE BANK OF COKATO
H. W. SCHROEDER, PEOPLES NATIONAL BANK, LONG PRAIRIE

1946
GEO. E. BUSCHER, ALEXANDRIA STATE BANK
W. A. PUTMAN, FIRST & AMERICAN NATIONAL BANK, DULUTH
S. J. SCHAFER, FARMERS STATE BANK, WAUBEN

925 RAND TOWER
MINNEAPOLIS-2
April 3, 1944

Henry Morgenthau, Jr.,
Secretary of Treasury
Washington, D. C.

Dear Secretary Morgenthau:

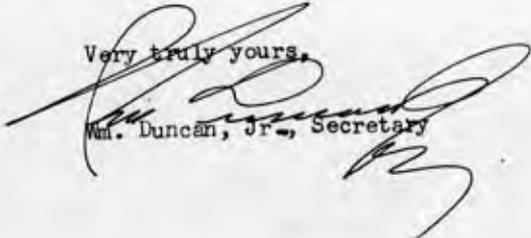
Our Association will hold its 55th Annual Convention at St. Paul, Minnesota on June 13, 14 - 1944.

The bankers of Minnesota, as you know, have played a very prominent part in the successful War Bond drives, and inasmuch as the next drive opens about the same time as our Convention, our Council of Administration would very much like to have you address our Convention either on the morning or afternoon of June 14.

We feel that this section of the country is entitled to your favorable consideration, and we hope that you will give this matter serious thought and write me, within a short time, that you will arrange to come.

Our attendance is always between 1500 and 2000.

Very truly yours,


Wm. Duncan, Jr., Secretary

WD/bb

○ carbon of this letter, together
○ with original letter from Rev. Field
went to Senator Brewster.

April 11, 1944

My dear Mr. Field:

Senator Brewster has passed along to me your letter of March 21.

I should like to explain that I have not suggested that the Government give the liquor people alcohol, if it in any way depletes our supply of needed materials, or if it in any way interferes with the war effort.

As you may know, alcohol is being made from other ingredients than sugar and grain, and it is possible that at some time it will be possible to spare sufficient prepared alcohol to effectively curb the liquor black market. This black market is so extensive that it cannot be policed, and the consensus of experts seems to be that it can be stopped only by eliminating the shortage of finished alcohol. My interest in this arises out of the fact that a shortage of liquor will inevitably be reflected in boot-legging and liquor tax evasion schemes, at a time when the Nation needs every possible tax dollar.

I have two sons in the war, and I can assure you that I want to do nothing to prolong the war -- and that I will do nothing that will prolong the war, nor permit it to be done if it is within my power.

Sincerely,

(Signed) H. Morgenthau, Jr.

Rev. Edwin C. Field
The First Congregational Church
Bridgton, Maine

FS:gr

United States Senate

MEMORANDUM

Kindly return this letter to my office
at the time your reply is ready.

Thank you.

Owen Brewster, U.S.S.

The First Congregational Church

Bridgton, Maine
EDWIN C. FIELD, MINISTER

March 21, 1944.

*T
to say Morgan*

Senator R. Owen Brewster
U.S. Senate Post Office,
Washington, D.C.

Dear Senator Brewster,

I want to express my moral indignation at the suggestion of Secretary Morgenthau that the government give the liquor people alcohol at a time when sugar and grain are at a premium. This expresses the views of my congregation, the rural work committee of the Maine Congregational Christian Conference, and the rural committee of the Maine Council of Churches. I speak as chairman of the last two committees.

We on the home front are heartily sick of Washington Dictatorship and will welcome a return of the government to the people - and to democratic action through its chosen congressional leaders. We are patriotic Americans and want to do nothing to prolong the war. There are, however, limits to our patience. A rationed people and a starving world need food and clothing - not liquor as a substitute.

We do not argue for or against prohibition. We fight for the rights of human beings.

Sincerely,

Edwin C. Field

Thank you for sending the Yearbooks of the U.S.D.A.

4/13/44

Original to Dr. White



DEPARTMENT OF STATE
WASHINGTON

WLT
April 11, 1944

SECRET

Dear Mr. Secretary:

In further reference to our letter of March 13, enclosing copies of letters addressed by the Department and the British Embassy to the Combined Boards, I now enclose copies of the replies which have been received.

Copies of this exchange of correspondence have been forwarded to the Combined Chiefs of Staff for their comments.

Sincerely yours,

For the Secretary of State:

Assistant Secretary

Enclosures:

1. Copy of letter from Combined Food Board, dated April 5, 1944.
2. Copy of letter from Combined Raw Materials Board, dated March 22, 1944.
3. Copy of letter from Combined Shipping Adjustment Board, dated April 7, 1944.

The Honorable
Henry Morgenthau, Jr.,
Secretary of the Treasury.

STORY
BUY
UNITED STATES GOVERNMENT
PRINTING OFFICE
WASHINGTON, D.C.

COPI

COMBINED FOOD BOARD

WASHINGTON

South Agriculture Building
U.S. Secret
British Most Secret

April 5, 1944

Hon. Dean Acheson
Department of State
Washington, D. C.

Mr. R. H. Hadow
British Embassy
Washington, D. C.

Sirs:

1. We have considered your letter of March 10. Before entering into any detail in our reply we think it well to state at once that nothing that has happened since our letter of January 18 has led us to alter in any respect the considered judgment which we then expressed. We regard the contribution made by Argentine supplies of foodstuffs to the United Nations pool as being of vital and increasing importance and consider that any loss of these supplies would gravely affect the war effort.

2. The two questions which you ask us are the following: (a) How long could a cessation of Argentine procurement by the United States and the United Kingdom be continued without affecting the existing level of use or consumption in these two countries? (b) Subsequent to the reduction of existing stockpiles to a safe strategic level, to what extent would use or consumption have to be curtailed in order to continue the cessation of Argentine procurement indefinitely?

These two questions cannot be considered separately for they are intimately connected. What stockpiles a country must have is a matter which is dependent upon the certainty of its continuing supplies, whether from home production or from imports. It is the regular flow of foodstuffs available for the population which must be ensured. If, for instance, the stocks held in any country are not more than sufficient to ensure a regular flow in conjunction with its expected imports, then it cannot safely reduce them. Still less can it afford to do so if for any reason its imports be uncertain or if the demands upon them appear to be increasing rather than diminishing.

Since our letter of January 18 two developments have taken place which bring into light the importance of the above considerations.

Since

since we wrote (a) world demands have, as we show below, increased and (b) so far as the United Kingdom is concerned certain commitments have been entered into with General Eisenhower and in consequence United Kingdom stockpiles are now in general not above a minimum prudent level. No further withdrawals from them can be contemplated without the certainty of immediate replacement. Any reduction for which no replacement could be definitely foreseen would necessarily entail a reduction in existing United Kingdom standards of civilian consumption, an outcome which, as the British member has been instructed, the British Government is not prepared to contemplate. The only alternative, therefore, would be a withdrawal of the above commitment to the Supreme Commander.

3. Relief requirements are now much more clearly established than they were in January and have in part become definite demands. The Combined Food Board has received from the Combined Civil Affairs Committee requirements for civilian relief in Europe for the first six months after liberation and has made provisional recommendations as to availability of supplies. Moreover, since these requirements cover only a period of six months which may begin at any time, since they are stated to be subject to change without notice, and since they are based upon the favourable assumption that there will be no "scorching" by the enemy, we believe they must be regarded as minimum requirements. We are, therefore, considering what additional provision ought to be contemplated for the remainder of the calendar year 1944.

4. Within the estimated six months requirements presented by the Combined Civil Affairs Committee certain specific claims have already been put forward to us requiring the immediate provision of supplies, and new requests of this kind are currently being received by us. The most important of these specific requests is from the Supreme Commander Allied Expeditionary Forces for an assurance of supplies to cover estimated ground stock requirements for a period of 90 days to be available in the United Kingdom. There is also the current Italian civil affairs program which, from April through June, 1944, includes approximately 300,000 tons of wheat and flour in addition to substantial quantities of other foodstuffs. These requirements constitute effective demands of military priority which require (1) a diversion of the current flow of supplies and/or (2) a reduction of existing stocks in order that they may be met and/or (3) an increased reliance upon the more distant sources of supply such as Argentina or Australia in all cases where there remain local exportable surpluses.

To

to meet to the largest extent possible the above request by the Supreme Commander, the Ministry of Food has, as stated above, agreed, subject to certain necessary conditions, to provide him with supplies out of its stocks in excess of the minimum prudent level. If the cessation of Argentine or other imports were to force any further reduction, the commitments made to the Supreme Commander would have immediately to be re-considered.

5. It is obvious from what has been said above that the United Kingdom is not in a position, whether by a reduction in stocks or in consumption, to forego even temporarily any of her expected Argentine supplies. Thus, apart altogether from increased relief requirements, the whole burden of making up to the United Kingdom these supplies, if they were lost, must necessarily fall on producing countries, almost solely, in fact, on the U.S.A. and Canada. It would fall to the United States and Canadian Governments to guarantee the maintenance of the current United Kingdom level of consumption in the event of a cessation of Argentine procurement. However, the food authorities of the United States and Canada are not willing to undertake this responsibility.

We endeavour by a more detailed consideration of the different foodstuffs concerned to give a reasoned answer to this question.

6. Meat. The United Kingdom would require complete replacement of any quantities not obtained from Argentina during the period of any embargo plus an additional six weeks at the minimum to allow for re-diversion of shipping. If the embargo were to last six months, this would involve that approximately 990 million lbs. of meat, of which 700 million lbs. are beef, would have to be moved from North America in addition to current programs to arrive in the United Kingdom at approximately the dates at which Argentine meat would have arrived. By far the greater part of this quantity could be replaced only from the United States. Such a replacement would involve in addition to a very substantial depletion of existing stocks in the United States, a reduction in United States civilian consumption equivalent to 12% of all beef supplies. As, however, inspected beef is the only product which the War Food Administration can purchase for export, the reduction would fall wholly on that and amount to 20% of the total. To insure that the required quantities were physically available, it would be necessary to plan for an even bigger withdrawal from civilian consumption, the estimated percentages being 17% and 27% respectively. There are, furthermore, technical difficulties which greatly aggravate the problem of increasing to the indicated extent the present flow of exports from the United States. Manpower difficulties in the United States make the provision of boned beef very difficult, and similar difficulties make it impossible for the United Kingdom to handle beef that is not boned. Even if adequate cold store

facilities were available, it would not be possible to move the required quantity of meat in and out of store. Thus, there would be the almost certain risk of substantial spoilage during the summer months. For all these reasons the War Food Administration has to state that it could not consider a reduction of civilian consumption of the magnitude required.

Should the embargo be of shorter duration, replacement could, to a large extent, theoretically be made from the United States by depletion of stocks now in commercial hands in the country. Nevertheless, (a) the War Food Administration considers the administrative difficulties in obtaining these commercial stocks to be extreme; (b) such stocks as exist must in large part be regarded as a safeguard against unfavourable future supply prospects; (c) as already stated, the United Kingdom would require a continuing guarantee not limited to the period of the planned embargo. For these reasons, depletion of stocks alone could not be relied upon and immediate arrangements would have to be made for a reduction in the flow of supplies going into civilian consumption.

Cereals. During the next six months the United Kingdom expects to import from Argentina 235,000 tons of wheat. This quantity could be replaced only from Australia and Canada. A change in the source of supply to Australia would involve a very much longer haul and would therefore certainly be opposed by the shipping authorities. On present expectations an increase from Canada of liftings for the United Kingdom of this order could be effected only at the expense of United States import requirements for that country. The United States is now a net importer of wheat on a large scale, and the War Food Administration could not consider foregoing these supplies.

The United Kingdom also expects to import from Argentina 250,000 tons of flour during the next six months. Flour requirements, particularly for relief, are increasing and flour milling capacity available to the United Nations is inadequate. It is, therefore, essential that Argentina be drawn upon if new military relief requirements are to be met. While these requirements might in part be satisfied by additional exports of American flour, this could not be relied upon as an adequate source of supply except for a very short period of time. Moreover, to the extent to which flour is exported from the United States, additional imports of wheat would be required, thus making it necessary for the War Food Administration to look to Argentina as a source of supply.

In regard to corn, the United Kingdom is expecting to import approximately 1,500,000 tons by September, 1944. This quantity is required exclusively for human and industrial purposes which have been reduced to the barest minimum. It is not a large quantity, but stocks in the United Kingdom have practically disappeared, and the utmost efforts are now being made in spite of short supplies in the United States to make available small quantities of U.S.A. corn to the United Kingdom in order to maintain British manufacturing capacity until Argentine new crop supplies become available in June or July. It is certain that Argentina must be drawn on by the United Kingdom at the very first moment that that country is in a position to make new corn available for export.

The United States, however, will also urgently require Argentine corn for animal feed, and the War Food Administration is at present considering a future import of about 1 million tons once the new crop is ready for export. In the absence of imports from Argentina the production of animal protein feeds in the United States would be gravely affected.

Concentrate Feeds. The United Kingdom expects from the Argentine during the next six months approximately 60,000 tons of oilcake and the United States approximately 40,000 tons of tankage. The United Kingdom requires these imports for the purpose of a livestock rehabilitation program which is designed among other things to halt a 15% fall last year in milk production due to an absence of food concentrates. The requirement of the United States for tankage represents 7-1/2% of the country's supplies and the loss of this amount would seriously affect the production of animal protein foods.

Animal Fats. The United Kingdom expects to lift 21,000 tons of tallow from the Argentine in the next six months. The hard oil situation of the United Nations is so stringent that the United Kingdom could not forego Argentine supplies unless the United States and Canada were willing to transfer to the United Kingdom their present allocations of tallow from Australia and New Zealand. If the United States and Canada were to do so, plans now being made for the production of soap in the United States for relief to meet military requirements would have to be curtailed.

Butter. The United Kingdom expects to import during the next six months between two and four thousand tons of butter. While

this is a very small quantity, the maintenance of the butter ration in the United Kingdom is now extremely precarious and the Ministry of Food would view with apprehension even this loss.

Vegetable Oils and Oilseeds. The United Kingdom is expecting to lift during the next six months 228,000 tons of linseed and some quantity of edible oils, and the United States and Canada are expecting to import approximately 50,000 tons of edible oils. The loss of these supplies could for a short time be borne by a reduction in stocks, but both in Canada and the United States the production of linseed this year is expected to be considerably below that for the last year. Within two or three months, therefore, the rate of utilization of linseed would have to be cut if Argentine supplies were not forthcoming. If the United States and Canada were to lose Argentine supplies of edible oils and at the same time had to replace United Kingdom linseed requirements, present programs in the United States, including exports to Russia and supplies for future relief, could not be maintained at their present level. We should also mention that the United States urgently requires Argentine rapeseed which is an indispensable material for marine lubricants.

7. The position, as we see it, then is as follows:

(a) Consumption in the United Kingdom is at a level below which the British Government will not contemplate its falling.

(b) If the Ministry of Food is to fulfill its commitments to the Supreme Commander it cannot contemplate any further reduction in United Kingdom stockpiles.

(c) Provision must be made for heavy relief demands, both during the military period and thereafter. The Combined Food Board has been invested with a serious responsibility in this sphere and the U.S.A. member has recently received specific instructions on this head from the President.

(d) All supplies, including Argentine supplies, available to the United Nations are now being used to the fullest possible extent. All practicable measures to increase production to the utmost have been taken. If, therefore, the Argentine supplies now being used are to be cut off, they can be made good only by a reduction in civilian consumption, and there is no possibility of a reduction sufficient to free the required quantities of supplies except in the United States, and, to a necessarily minor extent, in Canada.

8. Since it is the duty of this Board to further the war effort by planning the most efficient utilization of the United Nations food resources, we are bound to state that the cessation of Argentine procurement would greatly aggravate our present food problems. Not only the satisfaction of essential civilian requirements, but also of current military requirements and the needs of civilian relief in the military and post-military phases would be endangered. It is not for us to say whether the consequent disadvantages to the war effort would be compensated by adequate military and political advantages. In view, however, of their special interest in this matter, we are sending a copy of this letter to the Combined Chiefs of Staff.

Very truly yours,

(signed) Lee Marshall
For Member, U.S.A.

" R. H. Brand
Member, U.K.

" George R. Paterson
For Member, Canada

COMBINED RAW MATERIALS BOARD
SOCIAL SECURITY BUILDING
WASHINGTON, D. C.

March 23, 1944

MEMORANDUM
The Hon. Dean Acheson
Assistant Secretary
U.S. Department of State

Mr. R. H. Eadow
Counselor
British Embassy

Sirs:

We have, as requested by your letter of March 10th, re-examined the extent of the United Nations' dependence on imports of raw materials from Argentina. The situation with regard to hides and leather (by far the most important of the Argentinian raw materials) remains extremely tight and has not improved since the beginning of the year. No important changes have occurred with respect to the other commodities which are obtained from Argentina and which were mentioned in our letter of January 17th.

In the cases of hides and leather the answers to your specific questions are as follows:

1. Since all sources of supply for hides and leather are already being fully exploited, there are no alternative sources which could replace the Argentinian output. Stocks in the United States, United Kingdom and Canada are minimum working inventories only. Hence cessation of Argentinian procurement would affect the level of consumption almost immediately. The input of hides into tanneries would fall at once, and the consumption of leather would have to be curtailed a month or two later as tannery in-process stocks were depleted.

2. As stated in our letter of January 17th, the Argentinian supplies represent about 16% of the quantities of cattle hides expected to be available to the United States, United Kingdom and Canada. If leather, currently not being purchased from the Argentine because of exchange difficulties, is included, cessation

of

If all Argentine supplies would curtail over-all consumption in the three countries by some 20%. In evaluating this figure, the following points should be kept in mind:

Argentina supplies far more than 20% of the total supply of heavy hides required for sole leather. Interruption in the supply of such hides would particularly affect military programs.

Military requirements have first call on the leather available. The impact of reduced hide supplies will therefore fall chiefly on civilians, particularly on civilians in the United States and Canada since the shoe ration in the United Kingdom is already down to approximately one pair per person per year.

The Chairman of the War Production Board has recently been instructed by the President that relief and rehabilitation requirements should be treated as of equal importance with the maintenance of the basic civilian economy of the other United, and associated, Nations. Although precise figures are not yet available, preliminary studies make it quite clear that (after allowing for the use of substitute materials) the requirements of leather for relief will be heavy, and advance provision for these needs, if it is to be made at all, will itself involve some curtailment in civilian consumption.

The position regarding quebracho, bones, gluestock and casein, is substantially unchanged since our letter of January 17th, and we would have little to add. It should, however, be noted that the cessation of quebracho imports for more than six months could reduce leather production in the United States by as much as 50%, regardless of the available supplies of the hides. But present stocks are comfortable (of the order of nine months in the United States) and should the immediate shipment of port stocks in Argentina be arranged, this would raise United States reserves to fifteen months. There would then be no problem.

In the case of mica, on which you requested a special report, there is an overall United Nations deficiency of the strategic grades, particularly fair stained and better. The use of mica is strictly confined to essential military purposes, and it figures vitally in all electrical apparatus used in military equipment and aircraft. The deficit in supplies has already made necessary a wide use of substitute materials and inferior grades of mica. Argentina, however, is expected to provide only a small percentage, perhaps 5%, of the better grades of mica which will be available in 1944. The loss of this source would aggravate the deficiency in that proportion.

Very truly yours,

F. M. RAYON
U. S. Deputy Member

CHARLES HAMBRO
U. K. Member

COMBINED SHIPPING ADJUSTMENT BOARD
WASHINGTON

April 7, 1944

Honorable Dean Acheson
Assistant Secretary
U.S. Department of State

A. H. Hadow, Esq.
The British Embassy

Sirs:

We are writing in reply to your letter of March 10, to the Combined Shipping Adjustment Board in which you raise certain further questions about the possibility of foregoing supplies now obtained by the United Nations from the Argentine. In general, it must be said that the situation as set forth in our letter of January 13, 1944, on this subject remains substantially unchanged. Since that date military demands upon shipping have increased very substantially. This development has strengthened the conclusion stated in our previous letter that the diversion of shipping to less convenient sources of supply will have a direct effect on the availability of shipping for military operations and that such a diversion could not be undertaken by the shipping authorities without prior reference to the Combined Chiefs of Staff.

With reference to the questions mentioned in your letter of March 10, which you have referred to the War Food Administration, the willingness of the food authorities to permit a reduction of stocks in the U.S. and the U.K. may be affected in two respects by the prospective shipping situation. Their decision may depend, first, on the rapidity with which tonnage could be rediverted back to present channels after a suspension of trade with the Argentine and, second, on the certainty with which the shipping authorities could undertake to provide enough shipping to enable stocks to be restored to present levels.

On the first of these points, it must be emphasized that a rapid diversion of tonnage from nearer to more remote sources would be highly wasteful of shipping resources and a rapid rediversion would be physically impossible. If a suspension of trade with the Argentine should be decided upon, the shipping authorities would require not less than two months' warning in order to minimize the shipping cost. Once such a diversion has been accomplished it would be physically impossible to resume the lifting of cargo in substantial amounts from the date with less than two months' warning, and present schedules of liftings could not be achieved until three months after arrangements had been made. In reaching a decision on this matter account should be taken of the relatively inflexible nature of

shipping

schedules so far as major changes are concerned.

As to the second of the two points referred to above, the diversion of tonnage now employed in the U.S. and the U.K. to longer hauls would not, in itself, change the rate of shipping (even though it would reduce the rate of importation). However, either the provision of extra shipping tonnage or the allocation of additional tonnage needed to maintain the rate of importation during the period of the diversion would constitute a net increase in shipping requirements. On the basis of our present knowledge of military and civilian requirements for the balance of the year, there is no prospect that such an added burden can be accepted. Accordingly, we could not give any assurance that tonnage would be available to rebuild stocks.

With reference to the question contained in your letter concerning the capacity of the North American ports to handle large additional supplies of meat, it is difficult to give an answer without knowing what additional quantities the supply authorities could make available and at what period of the year this could be done. The ports have in the recent winter months during the period of peak availability in the U.S. handled a large program for the U.K. consisting of supplies both for the British Ministry of Food and for the U.S. Army. During the coming summer months this combined program will be considerably reduced, but against this must be set the fact that loading from cars, as has been possible during the winter, will be a much more difficult operation in the warm weather.

We shall be glad to comment further on any specific proposals which may grow out of the reply you receive from the Combined Food Board.

Very truly yours,

/s/ G. Conway

/s/ W. O. Hart

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE April 11, 1944

TO Secretary Morgenthau

FROM Mr. White *HW*

This is a comparative statement of the earnings and expenses of the Stabilization Fund for the months of February and March, 1944.

<u>Earnings</u>	<u>February</u>	<u>March</u>
Interest earned on investments	\$ 18,812.76	\$ 20,110.20
Profits on handling charges on gold	418,005.23	332,986.90
Profits on other gold and exchange transactions	---	5,000,000.00*
Miscellaneous profits	7.23	51.47
Total	<u>\$436,825.22</u>	<u>\$5,353,148.57</u>
 <u>Expenses</u>		
Salaries	\$ 26,742.25	\$ 28,502.68
Travel	78.65	501.31
Subsistence	750.00	2,825.75
Telephone and Telegraph	1,702.92	5,358.24
Stationery	311.11	127.48
All other	1,749.75	187,713.38**
Total	<u>\$ 31,334.68</u>	<u>\$ 225,028.84</u>
 Net earnings	 \$405,490.54	 \$5,128,119.73

* This sum of \$5 million was transferred to profits as of March 31, 1944, from the accumulated returns of \$15,770,087.97 held in the account "Reserve for Expenses and Contingencies" and representing gross realized receipts on the sale of Middle East and Indian currencies derived from gold sales.

** Includes \$186,641.91, cost of moving gold from Fort Knox to New York.

This report was completed from figures supplied by Mr. O'Daniel.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE April 11, 1944

TO Secretary Morgenthau

FROM Mr. White *HW*Subject: Status of Stabilization and Gold Agreements on
March 31, 1944.1. Stabilization Agreements in Operation

<u>Country</u>	<u>Dated</u>	<u>Expires</u>	<u>Amount</u>		<u>Collateral</u>
			<u>Commitment</u>	<u>Outstanding</u>	
Brazil ^{1/}	7/15/37	7/15/47	\$100,000,000	None	None Gold
Ecuador	3/1/42	6/30/44	5,000,000	None	None required
Iceland	5/1/42	6/30/44	2,000,000	None	None required

2. Stabilization Agreement Concluded but
not yet Effective

Mexico	11/1/41	6/30/45	\$ 40,000,000	None	None required
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3. Gold Sale Agreement

<u>Country</u>	<u>Dated</u>	<u>Expires</u>	<u>Commitment</u>	<u>Outstanding</u>	<u>Payment due</u>
Cuba	7/6/42	6/30/45	\$ 5,000,000	None	Within 120 days from each sale

4. British Coin Purchase Agreement

<u>Country</u>	<u>Dated</u>	<u>Expires</u>	<u>Commitment</u>	<u>Purchases</u>
Liberia	9/26/42	6/30/44	\$ 2,000,000	\$668,800

^{1/} The agreement as amended also provides for sale to Brazil of up to \$300,000,000 in gold, of which \$181,085,894 has been sold.



TREASURY DEPARTMENT
PROCUREMENT DIVISION
WASHINGTON 25



OFFICE OF THE DIRECTOR

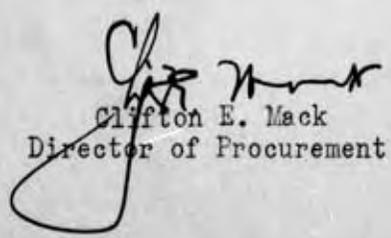
April 11, 1944

MEMORANDUM TO THE SECRETARY:

There is submitted herewith the weekly report of Lend-Lease purchases.

The Procurement Division has just completed the purchase of the largest individual insulator order ever placed in this country involving 187,550 suspension insulators and accessories, for use in the newly developed high-tension transmission lines in various industrial centers in remote and inaccessible regions of the Soviet Union, involving ~~five~~ fifteen contracts and a total of \$1,906,000. This requirement will take the total industrial capacity of the insulator industry for a period of eight months.

A total saving of \$289,821 was accomplished through negotiation over and above the original prices quoted.


Clifton E. Mack
Director of Procurement

Attachment

LEND-LEASE
 TREASURY DEPARTMENT, PROCUREMENT DIVISION
 STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
 DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS
 AS OF APRIL 5, 1944
 (In Millions of Dollars)

	<u>Total</u>	<u>U. K.</u>	<u>Russia</u>	<u>China</u>	<u>Administrative Expenses</u>	<u>Miscellaneous & Undistributed</u>
Allocations	\$4719.0 (4698.4)	\$2290.9 (2290.7)	\$1877.3 (1877.3)	\$133.9 (113.9)	\$12.6 (12.6)	\$404.3 (403.9)
Purchase Authoriza- tions (Requisitions)	\$3697.9 (3639.2)	\$1883.1 (1873.6)	\$1460.0 (1443.2)	\$66.6 (45.1)	- -	\$288.2 (277.3)
Requisitions Cleared for Purchase	\$3598.3 (3563.4)	\$1858.5 (1848.1)	\$1425.8 (1407.8)	\$44.9 (44.9)	- -	\$269.1 (262.6)
Obligations (Purchases)	\$3459.7 (3435.4)	\$1822.3 (1816.1)	\$1389.7 (1377.6)	\$44.4 (44.4)	\$11.0 (10.6)	\$192.3 (186.7)
Deliveries to Foreign Governments at U. S. Ports*	\$1906.1 (1855.7)	\$1219.5 (1211.4)	\$630.9 (589.2)	\$22.0 (22.0)	- -	\$33.7 (33.1)

*Deliveries to foreign governments at U. S. Ports do not include the tonnage that is either in storage, "in-transit" storage, or in the port area for which actual receipts have not been received from the foreign governments.

Note: Figures in parentheses are those shown on report of March 29, 1944.

April 11, 1944

Hon. J. W. Pehle, Executive Director
War Refugee Board
Executive Office of the President
Washington 25, D. C.

Dear Mr. Pehle:

I beg to inform you that we just received the following cable from Mr. Albert Romano, a Bulgarian Jewish leader in Istanbul:

"Please contact organization Bulgarians in America inciting them to address in their names radiocall to Bulgaria in the interest Bulgarian people absolutely necessary abolish or at least soften laws orders against Jews stop consider this action great importance for fate Bulgarian Jewry stop please inform by cable steps undertaken."

May I submit that this suggestion be complied with, as Mr. Romano seems to consider it of great importance.

Sincerely yours,

Dr. A. Leon Rubowitzki, Head
Rescue Department

ALK:bg

AIRMAIL NEWS

79

Sent by Secret Courier

EMERGENCY CIRCULAR AIRMAIL

April 11, 1944

11 a.m.

For the personal and confidential attention of the Ambassadors at Costa Rica, Honduras, El Salvador, Haiti, Peru, Nicaragua and Venezuela.

Refer our previous communications regarding War Refugee Board. Reference is made to Department's 1161 of April 7.

Minister Harrisen at Bern has informed us that the Swiss Foreign Interests Division has advised him informally that the Spanish government had been requested by the Germans to inquire into the bona fides of certain Latin American passports, held by internees in enemy-controlled territory and that the Latin American governments have denied responsibility as well as any claim of the persons holding such passports. Please approach appropriate officials of the government to which you are accredited and inquire whether it has received any such inquiries through the government of Spain or otherwise from the Germans with respect to the validity of passports held by such internees and if such inquiry has been made, please ascertain the nature of the response, if any.

In view of the perilous situation in which these internees find themselves, the conclusion has been reached that perhaps the only way of safeguarding the lives of these unfortunate victims of Nazi persecution is forthwith to initiate through proper channels negotiations for an exchange of nationals for which these people will be eligible. In contemplating such exchange negotiations it is not expected that the government to which you are accredited will physically admit any such persons into its territory even on a temporary or tentative basis. This Government is prepared to take full responsibility for all arrangements necessary to route these persons to places elsewhere.

Proceeding on this basis, please approach the government to which you are accredited with the request that it give its approval to the Government of the United States approaching the German government through appropriate channels with a view to initiating such negotiations. Please also advise appropriate officials of the Paraguayan government that similar requests are being made of other Latin American countries, it being the hope of this Government that it will be put in a position to initiate exchange discussions on a hemispheric basis. Please also advise such officials that in any exchange negotiations that may be entered into, it is of course understood that unqualified citizens of the United States and of the Latin American countries will be considered by this Government as being in a category entitled to priority over others.

Please also request the government to which you are accredited, on humanitarian grounds, affirmatively to approach the German government through the protecting power with a demand that the lives of all

persons.....

-2- Circular, April 11, 11 a.m.

persons holding passports issued in its name or claiming its citizenship on the basis of consular documents be safeguarded and that they be given all rights, privileges and immunities accorded to civilian internees of enemy nationality to whom the Geneva Convention regarding the treatment of prisoners of war is currently applied by analogy.

In view of the imminent danger in which the persons concerned find themselves, you are requested to act with the greatest possible dispatch.

Finally, we communicate to you, for communication to the government to which you are accredited, the substance of a cable which the Department has sent to our Minister at Bern as follows: QUOTE Although the motives of the Germans in according better treatment to Jews of Polish origin holding passports and other documents issued in the names of Latin American countries are not too clear, it would appear that they include (1) some hope that they might be considered exchange material against Germans in the Western Hemisphere and (2) some fear that their ill-treatment might afford the Latin American countries a pretext for further limiting the freedom and economic activities of Germans resident in such countries.

The measure reported in your 1958 of March 30 may be an indication that Germany is beginning to doubt whether such Jews are considered exchange material and whether their treatment would affect the treatment of Germans in Latin America. This Government regards it as essential that these doubts be promptly and effectively dispelled.

Accordingly, please request the good offices of the Swiss Government in informing the Germans that this Government is undertaking discussions with Latin American countries for a further exchange of Germans in the Western Hemisphere for persons in German-controlled territory and that in this connection, the United States mandates that all persons in Vittel and elsewhere holding passports and other documents issued in the names of Latin American countries will be eligible for such exchange.

Simultaneously, please request the appropriate Swiss authorities to advise the Germans that in the meantime this Government expects that these persons will be accorded the same rights, privileges and immunities that the German government expects will be accorded to Germans in the Western Hemisphere. You may add that a considerable number of German civilians interned by various Latin American countries have been placed by such countries in the custody of the United States and are presently in such custody within continental United States.

For your information, the substance of this message is being communicated to our Missions in the Latin American countries concerned. We are also making inquiry of such Latin American countries with respect to the authenticity of the information informally conveyed to you by the Swiss Foreign Interests Division which you referred to in your 1954 of March 31 UNQUOTE.

SPECIAL.....

23- Circular, April 11, 11 a.m.

SPECIAL INSTRUCTIONS TO THE AMBASSADOR.

You are instructed to memorize the contents of this airgram, burn the document and discuss the matter orally with the government to which you are accredited. Such report as you submit to the Department on this subject should be by secret courier.

HULL
(JCH)

Sent to Costa Rica, Ecuador, El Salvador, Haiti, Peru, Nicaragua and Venezuela.

WEB:GLWYK
4/10/44

ARA

VE

SWP

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Lisbon
DATED: April 11, 1944
NUMBER: 1012

CONFIDENTIAL

From the War Refugee Board to Norweb.

Please deliver the following message to Joseph Schwartz,
242 Rua Aures, Lisbon, from M.A. Leavitt of the American
Jewish Joint Distribution Committee:

"We remitted Swiss franc equivalent \$300,000 to
Saly Mayer. This remittance covers regular Swiss
budget through April. Hopeful we can continue monthly
remittance three hundred thousand dollars of which
half applicable Swiss budget and half applicable
program France for children adults under special
license. View occupation Island of Rab by Germans
we recalled remittance \$25,000 from British Foreign
Office."

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Stockholm
TO: Secretary of State, Washington
DATED: April 11, 1944
NUMBER: 1235

CONFIDENTIAL

Reference is made herein to the Legation's 1209, April 8.

It was today stated by Hellsted, Foreign Office official in charge of foreign interests, who has been handling the case of 113 central European refugees in Finland from the beginning, that the Swedish Government still feels that the refugees in question are in no danger of deportation from Finland and that if Germans should take control of Finnish Government by means of coup d'etat the 113 refugees, whose case has been exaggerated into a minor political issue, would be in far less danger from the Gestapo than large number of Social Democrat Swedes, Germans and others.

It is the position of the Swedish Government that since the Finnish Government has given assurance that refugees will not be deported or turned over to the Gestapo, it would be in effect, under existing conditions, discrediting the Finnish Government to permit entry of these refugees.

However, the Swedish Government is prepared to re-examine the case if the United States Government believes the refugees are in danger and in such event it would be helpful if the United States Government would advise whether it is prepared to guarantee: (A) maintenance of refugees if they are admitted into Sweden from Finland; and (B) their removal from Sweden after the war has terminated.

JOHNSON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Stockholm
TO: Secretary of State, Washington
DATED: April 11, 1944
NUMBER: 1236

SECRET

On numerous occasions various Foreign Office officials have been informally pressed to have a prominent Minister of Government make public statement for use in connection with publicity program, since receipt of Department's 502, March 24. Today advice was received from Engod, head of Juridical Department of Foreign Office, that the Foreign Minister and Minister of Justice had informed him that the Swedish Government is of the opinion that such public statement would not serve to increase Sweden's effective accomplishments in succoring refugees and that in fact a counter productive effect would be the result of such a statement. It was also stated by the Ministers referred to that the attitude of Sweden towards persecutions and continuing efforts of Swedish representative throughout Europe to evacuate Jews are to the German Government well known. In conclusion the Minister stated that the Swedish Government wholeheartedly desires to do everything within its power to give refuge to persecuted peoples and it has been found that by doing work quietly the most effective results have been accomplished.

JOHNSON

CABLE TO MINISTER HARRISON, BERN

Reference is made to your 2173 of April 7.

Following the Department's of April 10, you are requested urgently to approach the Swiss government at once asking that they take all necessary action to obtain the immediate return to Vittel by the Germans of the 238 persons reported in your 2173 to have been evacuated to some prison. Please report promptly the result of your approach.

April 11, 1944

12:30 p.m.

BAK:ia
LS:Lesser als 4/11/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Bern
TO: The Secretary of State, Washington
DATE: April 11, 1944
NUMBER: 2236

SECRET

With reference to the request of the Inter-Governmental Committee for Refugees for children which section one of my number 1825 dated March 24 mentioned, the Political Department advised me that unfortunately they have just been informed that Laval's decision was negative in spite of the efforts of Minister Stucki. They were not able to give me any reasons for such refusal because no explanation was given.

The Inter-Governmental Committee will be advised by the Political Department and the Governments of Britain and the United States will be informed by the Inter-Governmental Committee. The Political Department in doing so will recommend that steps taken to reply, in the very interest of the continuation of the contributions of Switzerland in trying to alleviate the sufferings engendered by war, shall be strictly preserved from any publicity both in England and in America.

HARRISON

DGR:MPL
4/20/44

April 11, 1944

MEMORANDUM

To: Mr. Stettinius

From: J. W. Pehle

Reference is made to my memorandum of February 15th and subsequent conversations between officers of the Board and representatives of the State Department relative to the travel of Eri T. Jabotinsky who desires to go to Turkey as representative of the Emergency Committee to Save the Jewish People of Europe.

As you know, the War Refugee Board is desirous of using the services of any private agency which can assist it in rescuing Jews of Europe who are in danger of imminent death. Mr. Jabotinsky has had considerable experience in this field and our information is to the effect that he has been very successful. Accordingly, the War Refugee Board would like to see his travel to Turkey facilitated and believes that he should arrive there as soon as possible.

You, of course, appreciate the fact that recent military developments in the Balkans have made the Board's problem even more pressing than it was. In fact, the situation appears to be so critical that days and even hours are of importance. If anything is to be accomplished in this area, it must be done immediately and must be done by operations from and through Turkey. It is my understanding that Mr. Jabotinsky could obtain boat passage at this time with little or no difficulty. However, it is felt that if he is to be successful in his mission, he should immediately proceed to Turkey, and, of course, should travel by air. In connection with his travel, I wish to call your attention to the fact that Mr. Jabotinsky has recently received a Turkish visa which would seem to be some indication that the Turkish Government would view his activities with approval and desires that he be permitted to come to Turkey.

As stated in my memorandum of February 15, 1944, Mr. Jabotinsky is a Palestinian citizen and before leaving on his journey desires some assurance from your Department that he will be able to return to this country when his mission is completed.

In view

- 2 -

In view of the pressing nature of the work which Mr. Jabotinsky is to do if he goes to Turkey, the War Refugee Board would appreciate the State Department's using its good offices to obtain air priority for Mr. Jabotinsky at the earliest possible date, and advising whether Mr. Jabotinsky will be allowed to re-enter the United States when his mission is completed.

JHMann:db
4/11/44

RCC-70

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

Ankara

Dated April 11, 1944

Rec'd 11:10 a.m., 12th.

Secretary of State

Washington

644, April 11, 11 p.m.

FOR THE WAR REFUGEE BOARD

Ankara's 33.

The Russian Ambassador informed me yesterday the Russian Government is granting safe conduct for the SS TARI.

STEINHARDT

JT

TELEGRAM SENT

April 11, 1944

VMT

This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (SC-00)

SC-00

DEPARTMENT OF STATE
DIVISION OF

APR 13 1944

COMMUNICATIONS
AND RECORDS

AMEMBASSY

LONDON

2866

FROM THE SECRETARY OF THE TREASURY FOR CASADAY.

1. You will no doubt have noted the messages to the Chancellor of the Exchequer dated April 8 and April 10 and the message from the Chancellor of the Exchequer dated April 9, 1944.

2. When Opie returned, he brought a number of suggestions for changes in the draft of the proposed Joint Statement which grew out of the discussions of the U. K. experts with the Dominions. Some of these we accepted as suggested or in modified form. A summary of the Dominion suggestions and our views follows:

Article I Purposes and Policies. Revise the form and incorporate the preamble in this Article in order to make clear that all provisions are of equal authority. This suggestion was substantially accepted.

Article III Subscriptions. Append a table of quotas compiled on the basis of general principles rather than by application of a published formula. This suggestion was not accepted as extended discussion would be necessary to get countries to agree to an assigned quota to be published in

-2- #2866, April 11, 11 p.m., to London

-2-

the Joint Statement.

Double quotas of less than \$200 million and adjust upward those between \$200 million and \$400 million.

Not accepted.

Provide that quotas may be revised from time to time. Accepted in modified form.

Article IV Transactions. Limiting provision of 25 percent in twelve month period should begin after Fund's holdings of local currency have reached the quota. Not accepted.

Notice should not be given until a report is presented to a member with suitable time for reply. Accepted.

Article VIII Management. Provide for a Council of Directors representing members and a Board of Management, chosen on basis of personal and technical qualifications, to whom operations would be delegated. Not accepted.

Publish at short intervals a statement of the Fund's position and operations. Accepted.

Article X Obligations of Members. Not buy or sell gold at a price beyond agreed parity by a prescribed margin. Accepted.

-3- #2866, April 11, 11 p.m., to London

-3-

Copies of the suggested amendments are going forward by air.

3. In the discussions with the technical delegation of the Soviet Union, they made a number of suggestions on the Joint Statement some of which were accepted as suggested or in modified form. The suggestions follow:

Article III, Gold subscriptions should be uniform for all countries 15 percent of quota regardless of gold holdings, but countries occupied by enemy should contribute one-half of the prescribed amount. We could not accept the suggestion but agreed to one-fourth reduction in the gold subscription for occupied countries.

Each of the four major allied countries should have 10 percent of the aggregate quotas. We agreed that quota of USSR should be at least 10 percent of the aggregate.

Gold holdings of the Fund should be kept in four major allied countries. We agreed that USSR would be a gold depository.

Article IV Transactions, that no partial payment in gold be made for exchange purchased from the Fund and that newly-mined domestic gold be exempt from provision requiring part of increase in gold holdings be used for repurchase of local currency. Not accepted.

-4- #2866, April 11, 11 p.m., to London

-4-

Article V, Par Values of Currencies. Countries engaged in state trading to be excepted from requirement that changes in exchange rates required consultation or approval of the Fund, because such changes in exchange rates do not affect international trade relations. Not accepted, but slight change in wording in section 2 of this Article was made.

Article VIII, Management. Each of the four major allied countries to be represented on Executive Committee. Agreed.

The Soviet experts also made a number of suggestions on matters not included in the Joint Statement.

4. On the basis of the suggestions made up to now we have revised the previous draft of the proposed Joint Statement. Copies are going forward by air.

HULL
(EGC)

FMA:EGC:ess
4/11/44

NOT TO BE RE-TRANSMITTEDCOPY NO. 1SECRETOPTEL No. 117

Information received up to 10 A.M. 11th April 1944.

1. NAVAL

On the 9th, aircraft from a U.S. escort carrier with U.S. Destroyers sank a U-boat North West of MADIRA; 41 prisoners were taken.

2. MILITARY

Burma Our troops have inflicted heavy casualties on the Japanese in the East of KALADEN.

3. AIR OPERATIONS

Western Front 9th/10th. LILLE. 1045 tons H.E. dropped. Some cloud, bombing on markers which were well concentrated. One particularly large explosion. Slight heavy A/A, no searchlights. VILLENEUVE ST. GEORGE. 983 tons dropped. Excellent visibility bright moonlight objective clearly seen. Good bombing concentration; moderate A/A and a few fighters met.

10th. 644 heavy 302 medium, 66 light, and 56 fighter bombers supported by fighters attacked objectives in FRANCE and the LOW COUNTRIES dropping following tonnages:

Aircraft Factories	774
Airfields	717
Coastal Defences	222
Railways	42
Military Constructions	31

Results generally good. Enemy casualties 15:1:3 in the air and 38:0:15 on the ground. Ours 3 heavy bombers, 2 light bombers and 5 fighters missing.

10th/11th. 880 aircraft despatched: Railway objectives at TERGNIEN, WARG, JUMECYR, LAON and GHENT. Total 782 (19 missing). NORTH WEST GERMANY 38, Intruders 30, Sea-mining 8, Leaflets 22.

APLZ 8th. 47 Baltimores and 178 fighters attacked objectives in CENTRAL ITALY and in the ROME/GAETA area.

100V20WA 0000010001

Regraded Unclassified

April 12, 1944.

Memorandum

TO: Secretary Morgenthau
FROM: Mr. Gaston

Jim Barnes came in to see me yesterday as a result of his call to you. He said that Mayor Kelly had called him up to complain that our State Manager was planning to take the house to house canvass in the Fifth War Loan drive out of the hands of the Office of Civilian Defense, of which the Mayor is head. Barnes wanted me to assure him that this would not be done so that he could report back to Kelly. I told him I would have to talk to Gamble first.

Ted called up Renslow Sherer, the former Executive Manager who has just been made Chairman in place of Harold Swift. Sherer said his office had been discussing with Roy, Assistant to the Mayor, a plan for using the O.C.D. workers as individuals and integrating them with other volunteers. Gamble instructed Sherer to see the Mayor personally and to arrange a plan satisfactory to Kelly.

I reported this to Barnes, who was satisfied.

WJG

April 12, 1944

To Members of the
Outdoor Advertising Association
of America, Inc.

Gentlemen:

The Fifth War Loan -- by far the largest and most difficult so far -- will be launched by the Treasury Department on June 12, and will run through July 8.

The goal is \$16,000,000,000, of which \$6,000,000,000 is to come from sales to individuals. To achieve this goal we must increase our sales to individuals by \$700,000,000 over the amount subscribed by individuals during the Fourth War Loan.

Direct war costs since January 1 have exceeded \$25,000,000,000, and the critical phase of the war is still ahead of us. Since this drive is aimed at the individuals, and since the necessary participation by the individual depends upon his understanding of the urgency of our request, it is vitally important that we inform him of our aims through channels that will reach him most effectively.

We therefore urge an even greater effort on your part to arouse every single American citizen in your community to his responsibility and patriotic duty in this stupendous financial undertaking.

Sincerely,

(Signed) H. Morgenthau, Jr.

" F.S. "

Clear with Smith

~~SECRET~~ LETTERS FOR SECRETARY'S APPROVAL

(LETTER A)

FS

MRB

Letters drafted by
Mr. Houghteling

(This ltr, if approved, would go to
Mr. Green and Mr. Murray)

April 12, 1944

My dear Mr. Murray:

I feel sure that you will be interested in the enclosed chart showing the aggregate sale of Series E War Bonds in each of the four War Loan Drives conducted by the Treasury Department since November, 1942. This chart shows both the dollar volume of E Bond sales and the number of individual E Bonds issued by the Treasury during the Drives. There is also enclosed a table breaking down these total sales into the various denominations.

I am sending you this information because it shows so clearly the steadily increasing support of individual American citizens to the Treasury's program of financing as much as possible of the cost of the war out of the current earnings of the American people. When we adopted a goal of three billion dollars of E Bonds for the Fourth War Loan Drive, many experts told us that it was impossible. We are therefore very proud of the fact that our sale of E Bonds during the Drive actually brought \$3,167,000,000 into the Treasury. In view of the fact that the total aggregate payroll of this nation amounts to approximately nine billion dollars a month, this sales record is truly remarkable.

Both in the purchase of War Bonds through the Payroll Savings Plan and the purchase of extra Bonds during the War Loan Drives, the Treasury finds that the most impressive records are very generally attributable to the help of Organized Labor. In the last Drive, we set plant quotas for many thousands of industrial plants; and in the great majority of cases the plants having contracts with labor unions either met or exceeded their quotas. This is a record of which every union member may well be proud.

I therefore want to thank you and the members of the Congress of Industrial Organizations for your

- 2 -

cooperation and to urge you to continue it and intensify it during the crucial months which are ahead of us.

Yours sincerely,

(Signed) H. Morganthau, Jr.

Mr. Philip Murray,
President,
Congress of Industrial Organizations,
718 Jackson Place, N. W.,
Washington, D. C.

JLH:hah

April 12, 1944

My dear Mr. Green:

I feel sure that you will be interested in the enclosed chart showing the aggregate sale of Series E War Bonds in each of the four War Loan drives conducted by the Treasury Department since November, 1942. This chart shows both the dollar volume of E Bond sales and the number of individual E Bonds issued by the Treasury during the drives. There is also enclosed a table breaking down these total sales into the various denominations.

I am sending you this information because it shows so clearly the steadily increasing support of individual American citizens to the Treasury's program of financing as much as possible of the cost of the war out of the current earnings of the American people. When we adopted a goal of three billion dollars of E Bonds for the Fourth War Loan Drive, many experts told us that it was impossible. We are therefore very proud of the fact that our sale of E Bonds during the drive actually brought \$3,187,000,000 into the Treasury. In view of the fact that the total aggregate payroll of this nation amounts to approximately nine billion dollars a month, this sales record is truly remarkable.

In the regular purchase of War Bonds through the Payroll Savings Plan, and in the purchase of War Bonds during War Loan drives, organized labor has been tremendously helpful. In the last drive we set plant quotas for many thousands of industrial plants, and it is a matter of record that the best records were set by those plants where the management and organized labor cooperated most closely. The great majority of plants having contracts with labor unions, met or exceeded their quotas. This is a record of which every union member may well be proud.

- 2 -

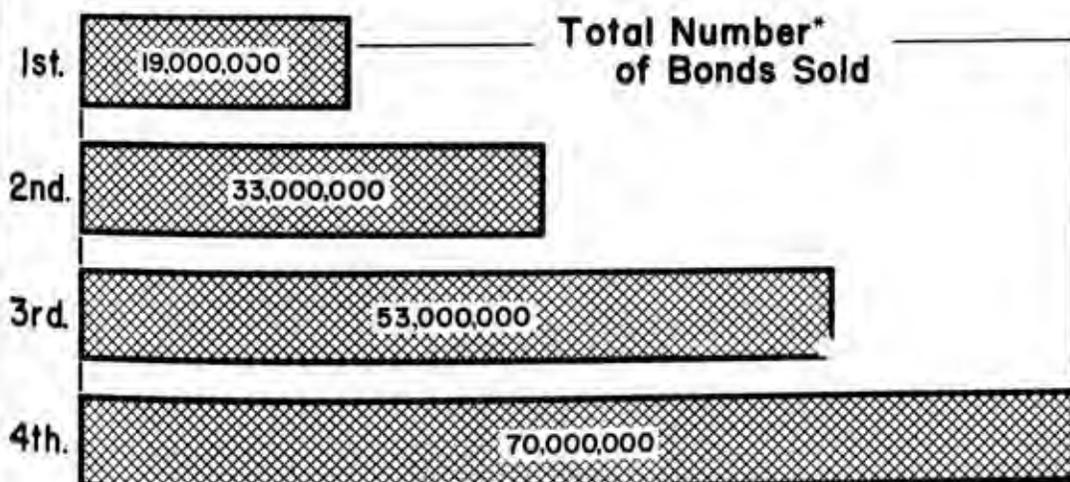
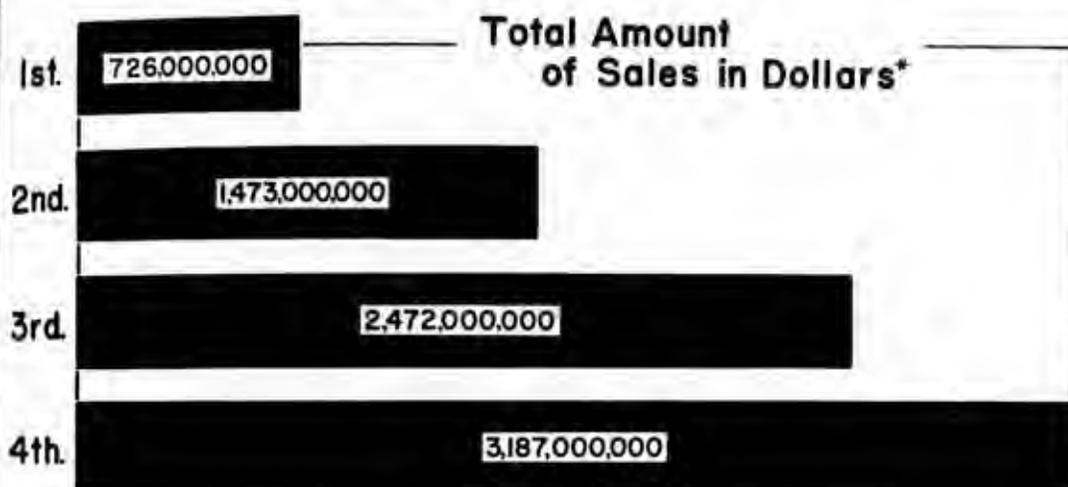
I therefore want to thank you and the members of the American Federation of Labor for your cooperation and to urge you to continue it and intensify it during the crucial months which are ahead of us.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. William Green, President
American Federation of Labor
901 Massachusetts Avenue, N.W.
Washington, D. C.

Series E War Bond Sales in the Four War Loans



* Rounded to the nearest million.

F-316-A-1

Comparison of Sales of Series E Savings Bonds
by Denomination in the First Four War Loans

	Denomination					
	Total-all denominations	\$25	\$50	\$100	\$500	\$1,000
A. Sales at issue price, in millions of dollars						
First War Loan	\$ 726	\$265	\$ 99	\$157	\$ 89	\$116
Second War Loan	1,473	426	171	314	225	338
Third War Loan	2,472	653	291	617	388	522
Fourth War Loan	3,187	892	388	733	447	726
B. Number of Units sold, in thousands						
First War Loan	19,247	14,136	2,630	2,088	238	155
Second War Loan	32,515	22,710	4,568	4,189	599	450
Third War Loan	52,577	34,848	7,766	8,232	1,035	696
Fourth War Loan	69,856	47,563	10,355	9,777	1,193	968

Office of the Secretary of the Treasury,
Division of Research and Statistics.

March 9, 1944

April 12, 1944

MEMORANDUM FOR SECRETARY MORGENTHAU
From: Assistant Secretary Sullivan

J K S

Mr. Richard Field, General Counsel of the Office of Price Administration, has given me a report on Munsingwear and Mr. Olrich. He advised me that the OPA knows of nothing against Olrich personally which in any way could embarrass the Treasury if Olrich were to be given a responsible position in this Department.

He reported that the OPA believes there was a violation of a "couple of regulations" but added that the OPA now has the Vice President of Munsingwear, a Mr. Wilson, as a consultant. Field added that one of the regulations violated was a badly phrased, ambiguous regulation and OPA was convinced that the violation was unintentional. Mr. Field reported that the other violation was apparently an honest difference of opinion between Munsingwear and OPA as to the meaning of the regulation. Field could not assure me that no litigation would arise out of this violation but he did state that neither violation discredited the Munsingwear Company.

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE April 12, 1944

TO: Secretary Morgenthau

FROM: Ted R. Gamble



The man I spoke to you about is Mr. Al Hughes, Executive Vice President, J. C. Penney Company. He is considered one of the foremost merchandisers of the country.

Despite the fact that the Penney Company operates in all sections of the country in competition with independents, as well as other chain store organizations, their practices, as well as their leaders, are praised by merchants universally. I don't know whether he is available or not but he is the caliber of man you are looking for and incidently he is a good Democrat.



TREASURY DEPARTMENT

WASHINGTON

April 12, 1944

WAR FINANCE DIVISION
UNITED STATES DEPARTMENT OF THE TREASURY

MEMORANDUM

To: The Secretary of the Treasury

From: James L. Houghteling

I am advised from Chicago that one of the ablest merchandising experts who has worked in the Chicago district in recent years has been Frank M. Folsom, who is now vice president of R.C.A., Victor Division, at Camden, New Jersey. Mr. Folsom is a man fifty years old and began his merchandising career as an apprentice buyer in Portland, Oregon, in 1910. In 1933 he became vice president in charge of merchandising, and a director, of Montgomery Ward & Co., Chicago. After six years with that company he quit, reputedly because he was unable to get along with its dictatorial and reactionary president, Sewell Avery. He thereupon became executive vice president of the Goldblatt Stores, Chicago, one of the most aggressive merchandising organizations in the city. Two years later he came to Washington as Assistant Chief in charge of Procurement, Office of Procurement and Material, Navy Department, a position which he held until very recently.

I do not know Mr. Folsom personally, but the man who recommends him to me, Richard J. Finnegan, the new publisher of the Chicago Times, is in an excellent position to judge of his standing in the merchandising world, and speaks of him as "a man of big abilities."

James L. Houghteling

FOR DEFENSE



TO:

107

Miss Klotz

This may interest
22 Sect.

[Signature]

4/12/44

MR. LUXFORD

Argentina Bars Publication of Allied Blacklist

Public No Longer Will Be
Told About Firms That
Do Business With Hitler

*By Wireless to the Herald Tribune
Copyright, 1944, New York Tribune Inc.*

MONTEVIDEO, Uruguay, April 11.—The Argentine Ministry of the Interior, through the police and the Press and Information Office, has banned further publication of the American and British blacklists, heretofore issued regularly in Argentina to discourage trading with Axis or pro-Axis companies.

The ministry's action last week prevents the Argentine public from knowing the names of blacklisted firms, thereby constituting a significant setback to the pro-Allied cause and an important achievement for Axis firms, which have been exerting persistent pressure on the government to bar

publication of the Anglo-American blacklists.

The United States-proclaimed list contained the names of 1,400 persons and about 1,000 companies doing business in Argentina. It was issued at Buenos Aires shortly after the United States entered the war, and contributed considerably to drying up Axis firms and Argentine companies doing business with them.

The profits realized by these blacklisted companies were used to finance Axis espionage and to pay for strategic materials smuggled to the Axis. Therefore, nationals of Allied countries residing in Argentina and a large part of the Argentine public whose sympathies were pro-Allied refrained from dealing with firms named to add new names of firms discovered to be dealing with Axis or pro-Axis companies.

The revisions of the original blacklist heretofore were published by the majority of the Argentine newspapers as soon as they were issued by the American and British Embassies in Buenos Aires. This henceforth will not be permitted, and companies suspected of aiding the Allies' enemies will not be exposed to the public.

The Allied blacklists are published in virtually all neutral countries, and Argentina is believed to be the first country to prohibit their publication. This aid to the Axis already has been noted of by the British and American governments, which clearly are committed to Secretary of State Cordell Hull's recent statement that the Allies will not permit neutrals to aid the Axis.

Argentina's latest action against the Allies stems from General Luis C. Pénninger, Minister of the Interior, who told reporters during a recent off-the-record interview that he considered the Anglo-American blacklists an interference with Argentina's "sovereignty."

CABLE TO AMBASSADOR WILSON AND ACKERMANN, ALGIERS, FROM WAR REFUGEE BOARD

This is WRB Cable No. 4

Reference your cables Nos. 1124 of March 15, 1062 of April 1, 876 of March 17 and your letter of March 21.

We concur with view expressed in FEA cable of March 30 for Beckelman re desirability of removing all stateless nationals from Spain as quickly as possible. However, we feel that you are in better position than we to determine advisability of pressing further on pro 1933 groups rejected. We note that French have made some concessions as a result of representations made, and you may not deem it desirable to press the matter further.

* * * *

April 12, 1944

11:00 a.m.

MJM:bbk - 4/11/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, Algiers
DATED: April 12, 1944
NUMBER: 1086

CONFIDENTIAL

This is WRB cable to Algiers no. 3.

Please refer to your 1035 and 1036 of March 29, 1944.

The Board concurs in your decision to send James J. Saxon to Italy to investigate the refugee situation. While there it is suggested that he make a thorough analysis of the pertinent aspects of the situation in so far as they affect the refugee problem in Italy itself, the problem created by reason of the Balkan situation, and other ramifications of the refugee problem, as for example the Corsican situation. We have read with great interest your various communications on this subject and feel that the matters concerning these areas which were discussed by you should be thoroughly investigated and reported upon. Upon the completion of Saxon's mission to Italy it is suggested that a detailed report be forwarded to this office by the most expeditious manner possible. At the time of receiving such report we will make whatever further arrangements are necessary.

Refer also to our no. 726 dated March 16, to Madrid repeated to Algiers for your information, and the reply of Ambassador Hayes thereto, numbered 974 of March 20, 1944, in which the Ambassador questioned the desirability of a full time WRB representative in Spain. It is our understanding that this reply was repeated to Algiers and if you have not already seen it it is requested that it be made available to you. In the light of the Ambassador's reply, the designation of Saxon as War Refugee Board representative in Spain is being held in abeyance for the time being, affording him ample opportunity to complete his mission in Italy.

-2-

Your designation as War Refugee Board Representative for French Africa is hereby amended to constitute you the Special representative of the War Refugee Board for the Mediterranean Area. The purpose of this amendment is to enable you to deal with refugee problems affecting North Africa and Italy including those which also may necessitate action in connection with Corsica, Sardinia, Yugoslavia and similar areas. Pending definite word with respect to the designation of Saxon for Spain, he is also designated as this Board's representative to assist you in these matters, particularly as they relate to his mission described above.

HULL

TELEGRAM SENT

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

April 12, 1944

9:00 p.m.

AMREP,

ALGIERS.
1092

FROM WAR REFUGEE BOARD. WFB no. 4.

Reference your cables nos. 1124 of March 15, 1062 of April 1, 876 of March 17 and your letter of March 21.

We concur with view expressed in FEA cable of March 30 for Beckelman re desirability of removing all stateless nationals from Spain as quickly as possible. However, we feel that you are in better position than we to determine advisability of pressing further on pre 1933 groups rejected. We note that French have made some concessions as a result of representations made, and you may not deem it desirable to press the matter further.

HULL
(GLW)

WRB:GLW:KG
4/12/44

WE
Cleared over phone with
Mr. Bonbright
Mr. Culbertson

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Representative, Algiers
TO: The Secretary of State, Washington
DATE: April 12, 1944
NUMBER: 1227

CONFIDENTIAL

The following message is from Ackerman, War Refugee Representative Number 12, for the War Refugee Board.

I have discussed with Hirschmann who is now on his way to Washington, the Balkan problem. My number 11 is referred to.

CHAPIN

DCR:MPL
4/14/44

CABLE TO TANGIER

From War Refugee Board to Childs

Reference our number 38 of March 30, 1944, containing message to Renee Reichman from Rabbi Kalmanowitz and Stephen Klein of Vaad Hahatzala. Please advise Renee Reichman to submit to you names of all persons to whom food parcels are to be sent. In order to insure delivery of packages to persons for whom they are intended, the names submitted to you by Mrs. Reichman should be sent to the American Legation at Lisbon for checking against the list presently held by Dr. Joseph Schwartz, 242 Rua Aurea, Lisbon.

* * * * *

April 12, 1944

3:40 P.M.

FH:lab 4/12/44

PARAPHRASE OF TELEGRAM SENT

TO: American Legation, Lisbon
FROM: Secretary of State, Washington
DATE: April 12, 1944
NO.: 1013

SECRET

Kar Refugee Board sends the following for the attention of Minister Norweb.

Your telegram of March 11, 1944 No. 779 is referred to herewith.

The Swedish press carries reports that there has been an intensification of pressure by the Nazis on Hungary to strengthen the anti-Jewish policy and to deport Polish and other Jews who have escaped to Hungary.

In view of the German military's reported operations in Hungary, we request that you again approach the channels to the Government of Hungary that are available to you and state again the position taken by this Government and make it clearly understood that in spite of the current pressure by the Nazis any action on the part of the Hungarian Government to inflict new and further persecutions or to continue existing persecutions designed against foreign or native Jews or the deportation to Germany itself or any territory controlled by Germany of foreign or native Jews will be considered by this Government with the greatest disfavor and will be taken into account at the end of the war. You should also again approach the Rumanian Government through the channels that are available to you and inform them regarding the foregoing message to the Hungarian Government, explaining the circumstances that the approach is based upon. You should clearly intimate that in spite of any actions taken by the Nazis to ~~intimate that in spite of any actions taken by the Nazis to~~ intensify the deportation or other persecution of foreign or native Jews, which may result in military defeats of the Nazis or from other causes, the foregoing ~~now~~ will also be taken by this Government with respect to the Government of Rumania.

RECT

this telegram must be paraphrased before being communicated to anyone other than a Government Agency. (ER)

April 12, 1944

4 p.m.

AMLEGATION,

CANHERRA

40

FOR THE MINISTER FROM THE WAR REFUGEE BOARD

Reference your airgram A-6 February 24, 1944.

A principal means of assisting in the rescue of victims of enemy oppression and persecution is to offer the neutral nations contiguous to enemy-controlled territory effective and concrete guarantees that such refugees will not in large numbers remain after the war. By this means such neutrals may be induced to receive at this crucial time increased numbers of refugees. Thus, the Governments of the United States, United Kingdom, Soviet Union, Luxembourg, Yugoslavia, Norway, Greece, Belgium, Poland, Czechoslovakia, and The Netherlands and the French Committee have already agreed in principle that each of them will receive after the war its nationals who have fled to asylums in other countries and to assure such conditions in enemy countries as will permit the return thereto of all persons who have fled therefrom to refuge elsewhere. Obviously, however, it is probable that a number of refugees will not as a practical matter be able or willing for a variety of reasons to return to their former homes. Just how large this number will be is uncertain, but the neutral countries above referred to are aware of this probability and for this reason hesitate freely to admit refugees seeking asylum.

In an effort partially at least to solve this problem the Department has authorized American consular officers in Switzerland to issue up to 4,000 visas to refugee children of any nationality and regardless of stateless status arriving in Switzerland from France during the first six months of 1944. The Department has further stated its intention, within the limits of the quota law, to replace such visas as they expire until at least six months after the war. Similar provision is about to be made for the issuance of an additional 1,000 visas to refugee children escaping from France to Spain.

You are requested to advise appropriate officials of the Australian government of the foregoing and to inquire whether the Australian government will take action parallel to our own. In this connection, you may wish to advise such officials that the War Refugee Board is gratified by the recent increase to an aggregate of 300, the number of refugee children that it has been announced Australia will receive.

In this connection, however, it is of interest that it was authoritatively reported here in December 1938 that the Australian government announced that it would receive 15,000 European refugees over a three

year period.

- 2 - #40, April 12, 4p.m., to Canberra.

year period. It is our understanding that approximately only 6500 refugees were received pursuant to that program. Accordingly, you are requested to inquire as to the present status of such program, and if the same is still operative, to approach appropriate officials of the Australian government with the suggestion that that fact be made known to Switzerland, Spain and Turkey as an inducement to them to receive additional refugees. If you are informed that the program is no longer in operation, please approach appropriate officials of the Australian government in an effort to secure its revival.

The War Refugee Board has been approached in connection with a program to colonize European Jews in Northwestern Australia known as the Kimberley Project. We are advised that on March 31, 1943, E. J. Holloway, Australian Minister for Social Services and Health wrote with respect to this project: QUOTE The West Australian government had agreed and the Federal Government were giving favorable consideration to the project when the war put all projects, other than war, on one side. UNQUOTE The project appears also, from letters made available to the War Refugee Board, to have had the support as recently as a year ago of the Anglican Archbishop of Perth, the Presbyterian Moderator General, the Methodist President General, Roman Catholic Archbishop of Melbourne, and the Australasian Council of Trade Unions. Please make appropriate inquiries to determine whether anything is being done at the present time to further or to ascertain the feasibility of this project. On October 28, 1943, the War Refugee Board is informed, Prime Minister Curtin wrote concerning it: QUOTE The whole question of immigration into Australia, particularly having regard to the conditions that will exist at the conclusion of hostilities is one that requires to be fully explored from all aspects. Plans are at present in progress to set up a Committee to study the various phases of the general problem and, until recommendations are made by that body, the Government is not in a position to formulate a definite policy. UNQUOTE. Please ascertain and advise the Department whether such a Committee has been constituted and, if so, whether it has made any study of the Kimberley project and its practicability.

The War Refugee Board is of the view that the mere knowledge that a concrete proposal such as the Kimberley project is receiving serious study by an Australian governmental committee on immigration matters might be some aid in further opening neutral borders to refugees from enemy-controlled territories and thus in saving the lives of many. It is with this thought in mind therefore that we suggest you make the inquiry above indicated. You may make this view of the War Refugee Board known in appropriate quarters if the occasion should arise and you deem it advisable to do so. Consideration is being given to the advisability of discussing the Kimberley project and other refugee problems with Prime Minister Curtin during his forthcoming visit to the United States. Please keep the Department advised.

You have

- 3 - #40, April 12, 4 P.M., to Canberra.

You have requested clarification of work contemplated by the War Refugee Board and clarification of its connection with IGC and UNRRA.

UNRRA and IGC are both international in character, while the War Refugee Board is an organization of the United States set up to carry out the policies of the United States Government. The War Refugee Board has been created for speedy action and is dedicated to measures to secure withdrawal of victims of oppression from enemy or enemy-occupied territory and where that is not possible, to measures to alleviate their condition. The War Refugee Board is prepared to render every assistance to both UNRRA and IGC in any projects they have undertaken or will undertake with the view to bring about the speedy rescue of victims of enemy oppression.

At the moment Sir Herbert Emmerson and Patrick M. Malin are in the United States to discuss relationships.

HULL
(GLW)

BC

VD

S/CR

WRB:GLW:EG
4/8/44 -

TELEGRAM SENT

119

CM

This telegram must be paraphrased before being communicated to anyone other than a Government agency. (S000)

April 12, 1944

9 p.m.

AMEMBASSY

MADRID

1008

In an endeavor to cause the Spanish and Portuguese Governments to give refuge to additional refugee children from France, the following special instructions relating to the issuance of visas to refugee children are issued pursuant to Section 58.55(a)(16) of the Regulations of November 19, 1941 as amended regarding aliens entering the United States:

Consular officers in Spain and Portugal are authorized to issue during the present quota year in the aggregate up to one thousand immigration visas to refugee children from France who shall have arrived in Spain and Portugal on or after January 1, 1944 and before July 1, 1944. This latter date may be extended by specific instruction from the Department. The visas are to be issued to the children without regard to the question of availability of means of transportation to the United States and without regard to religious, nationality or stateless status. The children covered by this instruction shall be under sixteen years of age at the time of the issuance of the visas, and are, of course, subject to the statutory immigration requirements of Section 3 of the Act of February 5, 1917, except that they may be considered to meet the public charge requirements in view of the fact that the Attorney General has found that satisfactory arrangements have been made for their support. In connection with the determination of questions under Section 58.47 of the Regulations of November 19, 1941, as amended, regarding aliens entering the United States, the existence of the relationships described in Section 58.48 thereof shall not be considered. Replace visas may be issued during the same quota year to those children who are still qualified therefor under this instruction and who are still under sixteen years of age at the date of the issuance of such replace visas. Subject to the quota laws it is the Department's intention to assign numbers from next year's quota to cover visas issued pursuant to this instruction under this year's quota. The foregoing further assumes no pertinent adverse change in present quota laws. Cases of children who have passed their sixteenth birthday in the interim desiring to obtain new or replace visas should be reported to the Department for further instructions. Children under 14 years of age need not be registered and fingerprinted.

The Embassy at Madrid will be the supervisory and control office for the assignment of quota numbers to offices in Spain and Portugal. For this purpose the following inclusive nonpreference quota numbers are allotted to Madrid:

_____ to _____ German
_____ to _____ Polish
_____ to _____ Belgian
_____ to _____ Netherland

541

_____ to _____ Czechoslovak and
_____ to _____ French quotas.

The visas may be issued at the rate of one-third of each allotment per month. Consolidated quota reports should be submitted by telegraph by Madrid at the end of each month returning any unused numbers and giving name of child, quota number, date and place of issuance. If additional quota numbers of the countries mentioned or of any other country are desired, they should be requested by telegraph. Submit by telegraph before June 1st estimate of quota numbers needed for fiscal year 1944-1945. Inform consular officers in Spain and Portugal. Advise the appropriate Spanish and Portuguese authorities regarding this instruction and state that it is the earnest hope of this Government that the Spanish and Portuguese Governments will promptly take such action, direct and indirect as will facilitate and expedite the movement of children from France. You may also inform the Spanish and Portuguese Governments that the War Refugee Board will undertake to arrange for any financing that may be necessary to provide maintenance for refugees from enemy oppression arriving in Spain and Portugal.

Report Spanish and Portuguese reaction and keep Department advised regarding developments in this matter which may be of interest. Repeated to LEGATION at Lisbon.

HULL
(EBC)

Code Room - Please repeat the foregoing telegram to our LEGATION AT Lisbon 1017 with the following opening. Sentence - "The following was sent to Madrid as Department's No. 1008 of April 12"

WE
WRB:GLW:OMH
4/11/44

VD S/CR
Cleared over phone
with Mr. Culbertson

WAR REFUGEE BOARD
Executive Office of the President
Washington

FOR RELEASE MORNING NEWSPAPERS
April 12, 1944

RELEASE NO. 8

John W. Pehle, Executive Director of the War Refugee Board, today announced the appointment of Iver C. Olsen as the Board's special representative in Stockholm, Sweden, assigned as special attache to the Legation on War Refugee matters.

The new appointee was named by the Board to develop programs and implement measures for the rescue, maintenance and relief of Jews and other persecuted minorities in Europe. Ira Hirschmann of New York City, who was designated in February as the Board's representative in Turkey is due in Washington this month for "urgent consultation" with the Board.

Mr. Olsen, a native of Norway, has been a financial attache of the Treasury's Division of Monetary Research since October, 1943. Prior to that time he was special assistant to the director of Foreign Funds Control.

A resident of Gilford, New Hampshire, he received his education at Boston University; the School of Foreign Service, Georgetown University; and Crawford's Diplomatic School of Washington. He is the author of numerous articles on banking, investments and economic problems.

-oOo-

TELEGRAM SENT

GIH

PLAIN

April 12, 1944

AMLEGATION

STOCKHOLM
648, twelfth
FOR OLSEN FROM WAR REFUGEE BOARD.

Name of sender of message referred to in Legation 1164, April 5, is Stolz (repeat Stolz) and not (repeat not) Sloty. This may explain why receiver did not know identity of sender. Please advise which messages have been delivered. This is WRB Cable No. 1.

In order to avoid confusion in connection with its cables to representatives in the field, the Board, commencing with this cable, intends to number its cables to each representative consecutively. In replying to Board cables kindly refer to the WRB designation. You should also consecutively number all cables to the Board.

HULL
(BLW)

WRB:GLW:KG
4/12/44

CABLE TO JOHNSON AND OLSON, STOCKHOLM

In your No. 480 of February 13th, with respect to Swedish treatment of refugee problems, you said, inter alia, that the Swedish Government had refused to appeal to Germany to permit refugee children to come to Sweden on the grounds that it was clear that Germany would turn down such an appeal if made. A report has now been received from London expressing the opinion that present circumstances make it appear worthwhile at this time to encourage the Swedes to approach the German Government and request the release of up to 20,000 refugee children of all nationalities.

The fear of the Swedish Government that such an appeal would jeopardize the possibility of refugees escaping unnoticed should now be obviated since the mass evacuation of Danes which was then being undertaken has now been completed. The War Refugee Board will undertake to make arrangements intended to meet the conditions discussed in your telegram No. 1610 of May 19, 1943 relating to this suggestion, and you are requested to approach the Swedes on this basis.

Please advise the Department of all developments.

* * * * *

THIS IS WRB STOCKHOLM CABLE NO. 2

April 12, 1944

11:00 a.m.

EFRains:ms 4/11/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Bern
TO: The Secretary of State, Washington
DATE: April 12, 1944
NUMBER: 2268

SECRET

When Mr. Tittman and the British Ambassador at Vatican City urged the Cardinal Secretary of State to do so, he on April 1 informed them that instructions had already been given by him to the representatives of the Holy See in Hungary and also in Rumania that for the Relief of the Jews in those countries they should do everything possible. The Cardinal Secretary of State added that regarding the actual situation of the Jews in Hungary the Vatican had so far received no report.

HARRISON

DCR:MPL
4/14/44

CABLE TO ANKARA

Please deliver the following message to Ambassador Steinhardt, Ankara, from J. W. Pehle, War Refugee Board.

QUOTE Re your 544. Suggest sovereigns be placed in bank safe deposit box pending discussions with Hirschmann and issuance of further instructions. UNQUOTE

This is WRB Cable to Ankara No. 21.

April 12, 1944

11:00 A.M.†

PARAPHRASE OF TELEGRAM RECEIVED

126

FROM: American Embassy, Ankara
TO: Secretary of State, Washington
DATED: April 12, 1944
NUMBERS: 657

CONFIDENTIAL

The following message from the Ambassador is Ankara's No. 34 for the attention of Pehle, WRB.

I wish to make the following points in view of the erroneous impression the Board seems to have, as reflected in the second paragraph of Department's telegram of April 5, No. 298, WRB's no. 18, regarding the Turkish Government's attitude in connection with the charter of the SS TARI.

1. The problem of moving refugees to Palestine from the Balkans depends primarily on the availability of one or more passenger vessels, as the Board is aware. Not one passenger vessel of even small tonnage has thus far been made available by the British or American Governments in spite of many cables from Hirschmann and myself emphasizing this factor. The Board has not met the Turkish Government's basic condition that if one of its only six available passenger vessels, the TARI, is lost while being used by the Board it shall be replaced by a similar passenger vessel. In its cable under reference the Board, in spite of intimations in its previous cables that this condition would be met, suddenly disposes of the matter with the comment that in view of the present military necessities the United States is not in a position to guarantee the replacement of the SS TARI with a passenger vessel. We wish to know whether this means that the Board has not been successful in its attempts to obtain a passenger vessel either for the purpose of moving refugees on its own account or to replace in case of loss any passenger vessel made available by the Government of Turkey.

2. Furthermore, I am not able to subscribe to the statement made by the Board that no vessel has been made available by the Government of Turkey up to the present time. The Government of Turkey has made the SS TARI available for the projected voyage and subject to the Board's guaranteeing her replacement by a passenger vessel in the event of loss and further subject to the grant of safe conduct by the Germans, it is prepared to sail as specified at the outset of the negotiations. Inasmuch as it now appears that the Board has not been able to obtain from either the British or the United States Governments a 4,000 ton passenger vessel, they should be able to comprehend the Turkish Government's unwillingness to run the risk of losing one of its only six available passenger ships in undertaking the movement of refugees at the Board's request.

3. The Board while asserting unjustly that the Government of Turkey has not made vessels available up to the present time has failed to answer my inquiry as to the name in which the charter is to be taken and has failed to place at my disposal the necessary funds. Moreover no reply has been made by the Board to my inquiry as to whether it wishes the charter signed at a continuing expense of five thousand Turkish Pounds per day prior to receipt of German safe conduct.

My astonishment at the statement made by the Board that it is not able to understand why this most urgent matter is being further delayed by the Turkish Government will be understood in view of the foregoing. No such statement could have been made by anyone who had read my detailed cables as to what was required of us before the sailing of the TARI.

4. As regards the observation that the Government of Turkey must be aware of the fact that the United States is not in a position to guarantee the TARI's replacement with a passenger ship, I cannot understand why the Government of Turkey should be aware of any such fact especially in light of incessant U. S. propaganda emphasizing the construction by the United States of over a million and a half tons of shipping in a month. Might I suggest in this connection that the Board bring to the attention of the appropriate authorities in the United States that the risk of having to replace this vessel is a nominal one as it will make the projected voyage under the auspices of the International Red Cross with proper markings and lights and under safe conduct from the German and Russian Governments.

If the Board at any time had informed Hirschmann and myself that the Government of the United States would not give a ship for ship guarantee but would only guarantee replacement with a cargo ship, negotiations for the TARI would not have been undertaken or would have been abandoned long since and we would have sought the SS VATAN. If the Government of Turkey should be able to make the VATAN available at this late date in place of the TARI upon payments by the Board of expenses already incurred in preparing the TARI for the voyage, it should be born in mind by the Board that not more than about seven hundred passengers will be carried by the VATAN as against fifteen hundred by the TARI and a very considerable delay would result in converting the VATAN from a cargo ship to carry even this number of passengers.

5. The Board is urged not to stimulate or countenance at this time, any publicity in the United States with respect to the movement of refugees which is unfavorable to the Government of Turkey. The Foreign Minister of Turkey at the present time is one of the shrewdest diplomats of our time. He intimated

during my last talk with him that if he were subjected to any further pressure on the subject of refugees he would be compelled to consider granting to British and United States correspondents in Ankara a press conference and giving them the following information: The Government of Turkey had placed at the Board's disposal one of its six available passenger vessels for a voyage to Constanza for the purpose of evacuating Jewish refugees on the reasonable condition that the American Government would replace her with a similar passenger vessel in the event of her loss, and he had also offered to keep the vessel in operation for the same purpose after the initial voyage if a passenger vessel for use by the Turkish merchant marine in here place were furnished by the American Government. Moreover, an increase in the transit of refugees by rail from the Balkans to the Syrian frontier to the limit of the carrying capacity of its single-track railroad and over-burdened rolling stock had been ordered by the Government of Turkey. The Government of Turkey, while doing everything within its power to increase legal movement of refugees from the Balkans to Palestine by rail and sea, had allowed the entry and transit of a considerable number of Jewish refugees who had arrived in Istanbul illegally without Palestine entry certificates or Turk visas. An offer had been made by the Government of Turkey to operate a shuttle service between Palestine and Istanbul for an unlimited number of these refugees without Visas or other documents by placing Turk crews and the Turk flag on any vessels large or small made available to the Government of Turkey for that purpose by the American Government. Although the foregoing active steps had been taken by the Government of Turkey to aid in the evacuation of refugees from the Balkans, The British and American Governments had thus far taken no steps in so far as he was aware to assist in the evacuation of refugees to Palestine from the Balkans other than to demand that such steps be taken by others. Although they were aware of the acute shortage of Turk rolling stock, neither the British nor the Americans had offered, thus far, to make available to the Turk Government locomotives or railroad cars for the movement of refugees across Turkey. He was curious to know why the British and American Governments should assume that poor Turkey should have vessels available to remove refugees when they are not available for this purpose to rich America. The remark was then made by the Minister that he was tired of the moisy protestations of the two richest countries on earth, which own or control practically all the shipping in the world, who stated that they wished to rescue refugees from the Balkans and were insisting that the Government of Turkey dedicate 15 per cent of its passenger fleet to the movement of refugees while unable or unwilling themselves to furnish a four thousand ton

passenger

- 4 -

passenger ship and while posing as the saviours of the refugees before the rest of the world.

There is little doubt in my mind that the intensity of the feelings of the Minister in the refugee matter reflects his bitterness at the pressure to which the British have subjected him to enter the war while refusing to supply Turkey with the war materials needed.

I would suggest, in view of the present position with respect to the charter of the TARI as outlined above, that all the cables on this subject exchanged between the Board, Hirschmann and myself be reviewed by you and that you then direct in so far as lies within your power that the necessary action be taken immediately to permit the signing of the TARI charter. Among other things this will involve advising me as to the name in which the charter is to be taken, the transmission to Ankara of the necessary funds, information as to whether the charter is, or is not, to be signed prior to the receipt of the German safe conduct and especially, information as to whether replacement by passenger vessel may be guaranteed or whether the Board wishes me to try to persuade the authorities of Turkey to substitute the VATAN for the TARI which would entail a very considerable delay as was stated above.

STEINHARDT

PARAPHRASE OF TELEGRAM SENT

TO: American Embassy, Ankara
FROM: Secretary of State, Washington
DATE: April 12, 1944
NO: 321

CONFIDENTIAL

War Refugee sends the following for the
Ambassador:

It is suggested that the sovereigns be placed in bank
safe deposit box pending discussions with Hirschmann and
the issuance of further instructions.

Foregoing is WRB No. 21 and refers to your telegram
of March 27, 1944 No. 544.

PARAPHRASE OF TELEGRAM SENT

TO: American Legation, Stockholm
FROM: Secretary of State, Washington
DATE: April 12, 1944
NO.: 654

CONFIDENTIAL

The following is WRB No. 2 from War Refugee Board for the Minister.

We refer to your telegram of February 13, 1944, No. 480.

You stated, inter alia, with reference to the Swedish treatment of problems affecting refugees that the Swedish Government's refusal to approach the Government of Germany with an appeal that refugee children be allowed to come to Sweden was based on the belief that the Germans would refuse the request if it were made. The report of January 20 from London expressing the opinion that it seems to be worth while to encourage the Government of Sweden to make an approach to German authorities and request that up to 20,000 refugee children of all nationalities be released has been noted by us.

When concern was expressed by the Swedish Government that the possibility of refugees escaping unnoticed might be jeopardized by an approach to the German Government on this matter, mass evacuation of Danes was in progress, which evacuation has now been finished. Since the conditions outlined in your telegram of May 19, 1943, No. 1610 will be met by arrangements which the War Refugee Board will undertake to make with reference to the suggestion, such alarm should now be obviated. We request you to approach the Government of Sweden on the basis outlined above.

It is requested that all developments in this matter be brought to the attention of the Department.

April 17, 1944 132

○ TO: Mrs. Klotz
FROM: J. W. PEHLE

This is the cable that State Department wanted to be sure the Secretary saw. We are taking care of the matter.

JWP

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Ankara
TO: Secretary of State, Washington
DATED: April 12, 1944
NUMBER: 657

CONFIDENTIAL

The following message from the Ambassador is Ankara's No. 34 for the attention of Penle, WRB.

I wish to make the following points in view of the erroneous impression the Board seems to have, as reflected in the second paragraph of Department's telegram of April 5, no. 298, WRB's no. 18, regarding the Turkish Government's attitude in connection with the charter of the SS TARI.

1. The problem of moving refugees to Palestine from the Balkans depends primarily on the availability of one or more passenger vessels, as the Board is aware. Not one passenger vessel of even small tonnage has thus far been made available by the British or American Governments in spite of many cables from Hirschmann and myself emphasizing this factor. The Board has not met the Turkish Government's basic condition that if one of its only six available passenger vessels, the TARI, is lost while being used by the Board it shall be replaced by a similar passenger vessel. In its cable under reference the Board, in spite of intimations in its previous cables that this condition would be met, suddenly disposes of the matter with the comment that in view of the present military necessities the United States is not in a position to guarantee the replacement of the SS TARI with a passenger vessel. We wish to know whether this means that the Board has not been successful in its attempts to obtain a passenger vessel either for the purpose of moving refugees on its own account or to replace in case of loss any passenger vessel made available by the Government of Turkey.

2. Furthermore, I am not able to subscribe to the statement made by the Board that no vessel has been made available by the Government of Turkey up to the present time. The

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Government of Turkey has made the SS TARI available for the projected voyage and subject to the Board's guaranteeing her replacement by a passenger vessel in the event of loss and further subject to the grant of safe conduct by the Germans, it is prepared to sail as specified at the outset of the negotiations. Inasmuch as it now appears that the Board has not been able to obtain from either the British or the United States Governments a 4,000 ton passenger vessel, they should be able to comprehend the Turkish Government's unwillingness to run the risk of losing one of its only six available passenger ships in undertaking the movement of refugees at the Board's request.

3. The Board while asserting unjustly that the Government of Turkey has not made vessels available up to the present time has failed to answer my inquiry as to the name in which the charter is to be taken and has failed to place at my disposal the necessary funds. Moreover no reply has been made by the Board to my inquiry as to whether it wishes the charter signed at a continuing expense of five thousand Turkish pounds per day prior to receipt of German safe conduct.

My astonishment at the statement made by the Board that it is not able to understand why this most urgent matter is being further delayed by the Turkish Government will be understood in view of the foregoing. No such statement could have been made by anyone who had read my detailed cables as to what was required of us before the sailing of the TARI.

4. As regards the observation that the Government of Turkey must be aware of the fact that the United States is not in a position to guarantee the TARI's replacement with a passenger ship, I cannot understand why the Government of Turkey should be aware of any such fact especially in light of incessant U. S. propaganda emphasizing the construction by the United States of over a million and a half tons of shipping in a month. Might I suggest in this connection that the Board bring to the attention of the appropriate authorities in the United States that the risk of having to replace this vessel is a nominal one as it will make the projected voyage under the auspices of the International Red Cross with proper markings and lights and under safe conduct from the German and Russian Governments.

If the Board at any time had informed Hirschmann and myself that the Government of the United States would not give a ship for ship guarantee but would only guarantee replacement with a cargo ship, negotiations for the TARI would not have been undertaken or would have been abandoned long since and we would have sought the SS VATAN. If the Government of Turkey should be able to make the VATAN available at this late date in place of the TARI upon payments by the Board of expenses already incurred in preparing the TARI for the voyage, it should be born in mind by the Board that not more than about seven hundred passengers will be carried by the VATAN as against fifteen hundred by the TARI and a very considerable delay would result in converting the VATAN from a cargo ship to carry even this number of passengers.

5. The Board is urged not to stimulate or countenance at this time, any publicity in the United States with respect to the movement of refugees which is unfavorable to the Government of Turkey. The Foreign Minister of Turkey at the present time is one of the shrewdest diplomats of our time. He intimated during my last talk with him that if he were subjected to any further pressure on the subject of refugees he would be compelled to consider granting to British and United States correspondents in Ankara a press conference and giving them the following information: The Government of Turkey had placed at the Board's disposal one of its six available passenger vessels for a voyage to Constanza for the purpose of evacuating Jewish refugees on the reasonable condition that the American Government would replace her with a similar passenger vessel in the event of her loss, and he had also offered to keep the vessel in operation for the same purpose after the initial voyage if a passenger vessel for use by the Turkish merchant marine in her place were furnished by the American Government. Moreover, an increase in the transit of refugees by rail from the Balkans to the Syrian frontier to the limit of the carrying capacity of its single-track railroad and over-burdened rolling stock had been ordered by the Government of Turkey. The Government of Turkey, while doing everything within its power to increase legal movement of refugees from the Balkans to Palestine by rail and sea, had allowed the entry and transit of a considerable number of Jewish refugees who had arrived in Istanbul illegally without Palestine entry certificates or Turk visas. An offer had been made by the Government of Turkey to operate a shuttle service between Palestine and Istanbul for an unlimited number of these refugees without Visas or other

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documents by placing Turk crews and the Turk flag on any vessels large or small made available to the Government of Turkey for that purpose by the American Government. Although the foregoing active steps had been taken by the Government of Turkey to aid in the evacuation of refugees from the Balkans, the British and American Governments had thus far taken no steps in so far as he was aware to assist in the evacuation of refugees to Palestine from the Balkans other than to demand that such steps be taken by others. Although they were aware of the acute shortage of Turk rolling stock, neither the British nor the Americans had offered, thus far, to make available to the Turk Government locomotives or railroad cars for the movement of refugees across Turkey. He was curious to know why the British and American Governments should assume that poor Turkey should have vessels available to remove refugees when they are not available for this purpose to rich America. The remark was then made by the Minister that he was tired of the noisy protestations of the two richest countries on earth, which own or control practically all the shipping in the world, who stated that they wished to rescue refugees from the Balkans and were insisting that the Government of Turkey dedicate 16 per cent of its passenger fleet to the movement of refugees while unable or unwilling themselves to furnish a four thousand ton passenger ship and while posing as the saviours of the refugees before the rest of the world.

There is little doubt in my mind that the intensity of the feelings of the Minister in the refugee matter reflects his bitterness at the pressure to which the British have subjected him to enter the war while refusing to supply Turkey with the war materials needed.

I would suggest, in view of the present position with respect to the charter of the TARI as outlined above, that all the cables on this subject exchanged between the Board, Hirschmann and myself be reviewed by you and that you then direct in so far as lies within your power that the necessary action be taken immediately to permit the signing of the TARI charter. Among other things this will involve advising me as to the name in which the charter is to be taken, the transmission to Ankara of the necessary funds, information as to whether

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the charter is, or is not, to be signed prior to the receipt of the German safe conduct and especially, information as to whether replacement by passenger vessel may be guaranteed or whether the Board wishes me to try to persuade the authorities of Turkey to substitute the VATAN for the TARI which would entail a very considerable delay as was stated above.

STEINHARDT

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PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London
TO: Secretary of State, Washington
DATED: April 12, 1944
NUMBER: 2990

SECRET

THE AMBASSADOR TRANSMITS THE FOLLOWING MESSAGE FOR THE PERSONAL AND MOST SECRET ATTENTION OF SECRETARY MORGENTHAU.

I had a long talk with Sir John Anderson today and I am certain that he is doing everything in his power to help you. Publication as you know under the British Parliamentary system may force debate. Before questions are taken up on the floor of the House it is necessary to have the Government's position defined and agreed to in Cabinet. This matter has been scheduled for Cabinet consideration for Friday of this week by Anderson.

Because both Keynes and Anderson supported the general program I came to the conclusion that there must be a strong opposition. I learned after careful inquiry that a majority of the directors of the Bank of England are opposed to the program and that their spokesman in the Cabinet is Lord Beaverbrook. It is argued by this opposition that if the plan is adopted financial control will leave London and sterling exchange will be replaced by dollar exchange. Right Wing Conservative such as Amery (Secretary of State for India), who represents British Imperial thinking in the Cabinet, are disturbed by this argument.

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The Prime Minister, who has never felt that he had a real grasp of financial questions, postpones decision on them because of this opposition.

It is my understanding that Lord Catto, the new Governor of the Bank of England, is personally friendly to the program. In regard to Montague Norman this was not true.

I feel confident that we can work out a solution of the problem that will be satisfactory to you and I shall have to ask you to protect me by keeping this information completely to yourself.

WINANT

copy:gsa
4/14/44

SECRETOPTEL No. 118

Information received up to 10 a.m., 12th April, 1944.

1. NAVAL

4 Motor Torpedo Boats intercepted enemy convoy off Dutch Coast on 10th/11th. One escorting E/R Boat left on fire and another damaged. One of H.M. Submarines off Southern Norway 7th torpedoed 5,000 ton ship and subsequently heard heavy explosion. On 9th a U.S. Destroyer bombarded German coastal positions ANZIO area. One of H.M. Submarines in MALACCA STRAIT sank 3,000 ton ship carrying H.T. on 28th March and 200 ton ship by gun fire on 1st. On 10th, aircraft from a U.S. Escort Carrier and Destroyers sank a U-boat north of MADEIRA after 23 hours chase.

2. MILITARY

RUSSIA. Russians now report that yesterday German relieving force linked up with German troops surrounded west of SKALA. In CRINFA Russians have recaptured DEHANKOI and KERCH and advanced about 20 miles beyond latter. On Lower DNIESTER they have reached points 10 miles north and south of TIRASPOL, while in ROMANIA they have again crossed SERETH and PASCANI.

3. AIR OPERATIONS

WESTERN FRONT. 10th/11th. Total 3754 tons dropped on railway communications FRANCE and BELGIUM as follows:

AULNOYE - 745 tons H.E., some cloud, bombing on markers. Results difficult to estimate.

LAON - 756 tons H.E., good visibility, visual identification possible. Bombing appeared good.

TERGNIER - 644 tons H.E. No cloud, some haze. Bombing accurate on markers. Results unobserved.

TOURS - 779 tons H.E. and 156 incendiary. Objectives clearly seen and bombs well placed. Large fires, opposition negligible.

11th. 917 U.S. heavy bombers sent to GERMANY. Objectives and tonnages as follows:

Aircraft factories at	OECHERSLEBEN	308
	BERNBURG	238
	SORAU	254
	COTTBUS	35
Towns of	STETTIN	257
	ROSTOCK	317
	and POLITE	107

Good bombing results reported all cases. German casualties reported by 80 accompanying fighters 51, 4, 24 in the air and 65, 6, 63 on the ground. Ours 52 Fortresses, 12 Liberators, 10 fighters missing. Escorted Marauders dropped 278 tons on CHARLEROI railway centre. Medium light and fighter bombers dropped 78 tons on military constructions Northern France, 31 Thunderbolts (1 missing) effectively bombed GAEL airfield and Spitfires destroyed 5 P.W. 190 on the ground at JUVIN-COURT. Escorted Mosquitoes and Beaufighters attacked an escorted U-boat on the surface off ST. NAZAIRE scoring hits with cannon fire on the U-boat, an escort vessel and an A/A ship. In these operations and in subsequent air-sea rescue operations JU 88 casualties 7, 2, 3. Ours 4 Mosquitoes lost and 1 crashed in United Kingdom.

11th/12th. Aircraft despatched:

AACHEN	350 (9 missing)
HANOVER	36
DUISBURG, OSNABRUCK and airfields	13
Sea mining	43
Intruders	44
Leaflets	13

Preliminary reports indicate successful attack AACHEN. About 12 German aircraft, probably Intruders, operated overland north and south of the WASH. 3 airfields were machine-gunned and a Spitfire and Mosquito on interception are missing.

YUGOSLAVIA. On 8th/9th 3 Liberators and 14 Wellingtons laid sea-mines in the DANUBE.

RECEIVED

MAY 10 1945

OFFICE

April 13, 1944
9:30 a.m.

DISPOSAL OF SURPLUS PROPERTY

Present: Mr. Gaston
Mr. Smith
Mr. White
Mr. O'Connell
Mrs. Klotz

H.M.JR: Listen, don't you say anything to a fellow! I hear your name went up yesterday. I hadn't told you, had I, that I sent it over to the White House?

MR. O'CONNELL: Yes, you did.

H.M.JR: Did I tell you? I thought I had kept that a secret.

MR. O'CONNELL: I have been the ~~nummest~~ nummest man in the world ever since. I didn't even tell my wife what you told me.

MR. SMITH: Got secrets from himself!

H.M.JR: I thought it was a surprise.

MR. O'CONNELL: I was very happy. It was a great surprise to me how surprised and pleased I really was. I thought I was blase, but I was never as excited as I was all day yesterday.

H.M.JR: Aren't you going to throw a party?

MR. O'CONNELL: I am still numb. I took my wife out last night and dissipated a little bit as the first order of business.

H.M.JR: What I want to ask you people is this: About a quarter of five this morning I pretty well made

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up my mind that I was going to take Procurement out of the hands of John Sullivan, but I wanted to discuss it. I didn't want to be too abrupt. Let me give you the reasons why, see. The final stroke was the stupidity of Sullivan sending me this memorandum. Today we are having a meeting at eleven o'clock. He must think that after all these years as an executive I must be a jackass.

Now, I asked for an agenda for the eleven o'clock meeting this morning, and I get this (indicating memorandum entitled "Policy Questions to be Considered in Connection with Surplus Property Disposal by the Procurement Division Treasury Department," attached).

"Many policies which will guide the activities of the Treasury Procurement Division are in the process of being, and will be, determined by Mr. Clayton's Surplus War Property Board. For example, this Board is at present working out policies with respect to commodity classifications, inventory records, types of property to be handled by each disposal agency, kinds of report forms to use, types of reports to be made to the Administrator, responsibility for storage, handling, packing, and shipping, warranties, reconditioning of property, and packaging.

"Unquestionably, policies established by Mr. Clayton's Board will effect the answers to many of the questions presented below. However, the following list does represent the important questions in connection with which policy determination is important."

In other words, he gives me twenty questions which never should have been passed on by me. He says, in effect, "As long as you have asked for it, I will give it to you, but Mr. Clayton will pass on it, anyway." It is a piece of impertinence and stupidity to think he can get away with a thing like that.

Now, I don't want to go off half-cocked, but he has had since last May to get this thing in shape. He hasn't got anybody. I went over to see Jimmy Byrnes and asked him whether he would take this thing off my hands. Byrnes refused to and said I have to have it; it is too important for the President. Nobody else can have it; it has too much contact with the public. He said, "You have to do it; I wouldn't even suggest to the President that anybody else should do it." So we are stuck with it. I can't lick it with John Sullivan, because

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he goes at it in the darndest way I ever saw. He is fussing around with the stuff instead of trying to get somebody to run the show. When I suggest somebody--I have this man coming-- he says, "I will put him under Cliff Mack."

MR. GASTON: Who is this?

H.M.JR: Let's say it is Mr. X.

MR. GASTON: Somebody comparable to this Minneapolis man?

H.M.JR: Yes, he was talking about the Minneapolis man. He said, "If we get him, we will put him under Cliff Mack." After all of these conversations, it hasn't yet penetrated to John.

Now, as I say, I am stuck with it; the Treasury is stuck with it. I mean, should I bat myself against John trying to make John see--and John is a very stubborn fellow--or should I simply say very quietly, "John, until I get somebody, I am going to take it over and I am going to Mr. Clayton's Board myself; I am going to run this show until I find somebody. Then when somebody comes in, he gets it, and gets it directly from me."

If Sullivan wants to resign, I can't help it. I wanted to talk to you. You are my friends. You can talk back at me, and with me, and discuss it.

MR. GASTON: Can I see this (indicating memorandum from Mr. Sullivan)?

MR. SMITH: That is the trouble; John just isn't fitted to do that kind of job. It isn't his fault. Somebody ought to be making an analysis of the seventeen different ways that you have open to distribute goods. That is the first thing that has to be done, other than your personnel.

H.M.JR: Personnel comes first.

MR. SMITH: Even so, you can start making an analysis just the same.

H.M.JR: Supposedly that is being made by a Dartmouth professor.

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MR. SMITH: Yes, but it isn't. I mean, they are working on nuts and bolts as near as anybody can figure, on how to wrap things up and how to store them.

H.M.JR: The truest thing you said is--and it is my fault--"This is not John's field." He isn't the man to supervise this sort of thing.

MR. WHITE: Mr. Secretary, it seems to me there are two separate problems. One is how best to run the task, and who to get. That is a problem you will have, irrespective of any decision you will have regardless of John, because John is going to leave in a couple of months. That problem, I presume--

H.M.JR: Do you mind if I interrupt you? The thing is, he is only going to leave if he thinks he can win. He hasn't made up his mind yet. He is watching to see what Roosevelt is going to do. He goes up to see Senator George and asks him what he thinks the tide is. Does he think it is running with or against Roosevelt? If he thinks it is in his favor, he will run with Roosevelt. If he thinks he can't get in on Roosevelt's coattails, he is not going to run. Am I right?

MR. WHITE: I didn't know there was any doubt about his going.

MR. O'CONNELL: I would assume that was the imponderable, that he wouldn't run unless he thought he could win. I would assume whether he could win, or anybody else in that part of the country--

MR. WHITE: When does he make his mind up on that?

MRS. KLOTZ: June 5.

MR. WHITE: He will know definitely one way or the other.

MR. O'CONNELL: He will have to decide prior--

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H.M.JR: The primaries--

MR. WHITE: That is six weeks.

MR. O'CONNELL: I rather thought he was pretty much inclined to believe he would run, didn't you, Herbert?

MR. GASTON: I think so.

MR. O'CONNELL: That uncertainty may not be resolved in his mind even then, June 5.

MR. WHITE: That takes away the basis. I didn't know there was any doubt about his going; and, therefore, I was going to argue in favor of an easier transition that wouldn't leave any strains.

H.M.JR: I am for that. I don't want to hurt the man's chances of becoming Senator.

MR. WHITE: It is not only that; I mean, I think if he were going, certainly the thing could be handled possibly in a way that would present the least points of friction for yourself as well as for him during his stay here and be fair to him, because I gather that there is no untoward act of his which has led you to make up your mind. I don't understand what you said this morning. There is no reason why I should be able to on first reading, but I take your judgment for it that it is a poor agenda.

H.M.JR: No. Am I right or wrong?

MR. GASTON: Well, I don't fully get the feeling that you do about it. He has some genuine points that have to be considered in setting up our organization over here. I don't much understand that reference to Clayton, because I don't think--

H.M.JR: He is saying in so many words, "You have asked for the agenda. O.K., but I, John Sullivan, as representative over on the Board--we are going to settle that. But you have asked for it. O.K., you can have something to play with." It is so stupid. He can't get away with a thing like that with me.

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MRS. KLOTZ: Do you think that was his intention?

H.M.JR: Sure.

MRS. KLOTZ: I don't know.

MR. GASTON: I didn't get that feeling.

H.M.JR: John Sullivan isn't stupid. But, anyway, that is neither here nor there. I am stuck with Procurement, and I have to move. I have to get people. They haven't carried out a single order. For example, they have seven thousand automobiles. The Bureau of the Budget says to stockpile a lot of them and give the rest to the Government, and they are doing it, instead of putting them in the hands of people who are producing munitions of war. Why should the Government have the use--stockpile six or seven thousand automobiles. Let them get along with less automobiles and give them to somebody important.

MR. WHITE: Supposing John were ill, what would you do right now? I am asking that, because I don't understand why you can't go ahead and survey the field, just do it--

MR. GASTON: Let's establish a realistic basis. The chances are John is going to run for the Senate in June. Now, he can't give a positive decision as to whether he is or isn't, but the business of the Treasury is, of course, of first importance, so we have to assume that he is going to leave in June, and we have to act on that basis. My own feeling was much as yours, Harry, that we have to set up an organization which will be responsible ultimately directly to the Secretary. There has to be somebody who can run the organization, not Cliff Mack.

The question is, I should think, what is the best way to evolve that kind of an organization?

MR. WHITE: Yes, I should think the first task is-- there are two--one for the Secretary to pay more attention. There is no longer an alternative, I gather, now.

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H.M.JR: Byrnes put me in the position, and I kidded him about it, that if I didn't take this I would be disloyal to the President, that this is the most important thing in contact with the public and contact with business. And by not doing it, I am letting the President down.

I said, "Well, that is wonderful, Jimmy, and you are smart as hell."

He said, "Well, you tell me who else could do it. I wouldn't give it to Jesse Jones, because I know the President wouldn't. If I tell you that Jones can't have it because we don't trust him--" in so many words what he said was that Jones thinks too much of Jones and too little of the President. He said, "You tell me, Henry, who there is in town I can give it to."

What could I answer? He is so smart he knew I couldn't answer.

MR. WHITE: If that alternative is out, then I think there are two tasks which you have. One is the unpleasant one of digging in yourself and getting familiar for this reason, that even when you get a new man you cannot in a thing like this, no matter who the new man is, let him have so much control and authority that would result from your lack of acquaintance with the situation. You have to know more about it than you do, more about the details, when a new man comes in. Even if you find him good, he will take away the details.

The second task that you have is to find the proper personnel. Now, I don't see that either task, Mr. Secretary, involves any unpleasantness or any break with Sullivan. I think that Herbert has a good point there, that even if the chances were fifty-fifty that John Sullivan is going to leave, you can't afford to take the chance, and you have to go on the assumption that he is leaving.

H.M.JR: Can't take the chance of what?

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MR. WHITE: Being left at the last minute.

MR. GASTON: You can't set up an organization with John Sullivan as the key man, because you have to assume that he is going to leave.

H.M.JR: But let me put the problem as of today. I decided I have to give it to you all, because this is important, and it is more important to spend an hour now than patch up John Sullivan later on.

I have come to the decision, the experience I have been through is that no business concern is going to give you the top-ranking officials. So the place to go is the Army, which is lousy with them, and get people from the Army detailed over here.

Now, Byrnes told me that anything that I wanted, he would help me. He made a very peculiar remark, as a matter of fact; he said, "My job is finished, practically. Do you have anything over in the Treasury interesting for me to do?"

I said, "What do you mean?"

He said, "I mean it. Do you have anything over there that is interesting?"

I said, "Don't kid me." He said, "Anything that you want - have any trouble on this job" - so my attitude is going to be to Clayton and Byrnes, "I don't want it; I am going to do it this way and you have to give me this or that, or I will throw it back to you," see?

Therefore, I already have, through Bob McConnell, in one day, a half dozen top-flight fellows who are not doing anything particular over there. One fellow - the Manager for the May Department Store in Los Angeles, thirty-eight years old, a private peeling potatoes in the Army. He got forty thousand dollars a year. He is actually peeling potatoes. We have located him; he

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is thirty-eight years old. I can get him out of the Army. And he has given me a list of half a dozen fellows. So I am going to go to the Army and get these people. I cannot get them out of civilian life. The reason I am doing this this morning is, I have got to see these people. McConnell impressed it on me. "Mr. Morgenthau, you have to interview them." And I have to tell these people, as between Procurement and myself there is no other person.

MR. WHITE: Have to tell these people in the Army?

H.M.JR: No, no, let's say - there is a General Browning, for instance, who has set up the PX stores.

MR. SMITH: Whale of a job on that.

H.M.JR: Right now he is doing nothing. You know about him?

MR. O'CONNELL: I know him fairly well.

H.M.JR: Is he good?

MR. O'CONNELL: Very good.

MR. SMITH: He set up the PX's and that is one thing that is running like a charm in the Army.

H.M.JR: Let's say it is General Browning; I have to send for General Browning and look at him. Bob McConnell got all these people in one day. I have to say to General Browning, "If you come over here you are going to work with me." I can't say, "General Browning, go down the hall and see John L. Sullivan and he will tell you what it is about," and then have John tell him he is going to work under Cliff Mack. I have got to cross the bridge today, to say to John, "Unless this thing is set up, I am going to do this thing myself."

Do you get the point, Harry?

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MR. WHITE: I get the point. I am afraid I am not in agreement, in that I don't think those are the alternatives.

H.M.JR: General Browning isn't going to come over here and have a man who knows nothing about this thing, direct him.

MR. WHITE: I think that you could, in talking to General Browning in the preliminary stages, when you are merely telling him what the job may be and in trying to get a slant on him - whether you would like him - I think that that discussion could very appropriately be with Sullivan present, and you avoid all that for the first time, and you can go into details and assume the authority in due time at a later stage. Otherwise, Mr. Secretary, what you are confronted with is a distressful situation which I think you should undertake only if it is absolutely essential, and I am not convinced it is essential.

I think you can carry out everything you want and get such men as are available, get across whatever you want, working with John and assuming that this is a transition period.

H.M.JR: But he blocks me on everything.

MR. SMITH: You have to bear in mind that he has made up his mind pretty solidly, and he has made a couple of speeches, and he will start out in telling General Browning what the policies are and what the job is.

General Browning will have to do on this what he did with the PX's. He came to New York on the PX's and got about fifty top merchandising men and had a series of fifty or so meetings. He was the head man. He just used these fellows; he didn't bring them in. With their help he set this thing up in a very short time and did a very beautiful job.

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But General Browning would have to have a free hand from the standpoint of getting the thing set up.

MR. WHITE: That is aside from the point. I don't think the Secretary would have any trouble getting anybody in the Army to take this job on; they would jump at it. It is a big and important job. It is a public job. They don't have to make any terms whatsoever. They will take it.

The second thing--

H.M.JR: If it is their own decision, they won't. McConnell says there isn't an executive of any business that will take this thing on because of the impact on stockholders. This will have to be forced on them. It is the dirtiest job in Washington.

MR. WHITE: I am afraid I don't agree with you.

MR. SMITH: You don't realize how complicated it is.

MR. O'CONNELL: That is right.

MR. SMITH: Just for example--

H.M.JR: Excuse me?

MR. O'CONNELL: Even if he is in the Army, I don't think this fellow will jump at it.

MR. WHITE: I certainly wouldn't take anybody who didn't want it. And moreover, I think further, I am wondering whether - men in the Army may be good as administrators, but I am wondering whether, for your own protection, you don't need the added - I wouldn't say this about any other part of the Treasury activities, but in this particular task - whether you don't need the additional support that comes from having a well-known, well-thought-of person in public life or in business life.

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MR. SMITH: Browning is a businessman. He is not a regular Army man.

H.M.JR: Browning is former President of United Wallpaper, and formerly with Montgomery Ward. He has all the background.

MR. WHITE: And I also thing that the most important thing - I would stress as the most important thing - is a man who is extremely honest, and by being honest, I don't mean a man who won't steal, but a man who is extremely honest in the sense of having--

MR. GASTON: Having a governmental point of view.

MR. WHITE: Unless you have that, he is going to be drawn a dozen ways.

MR. O'CONNELL: It is almost impossible to get that combination.

H.M.JR: Just a second; we are getting off the track.

Supposing I sent for John Sullivan and said to him, "Look, John, I am stuck with this thing; I want to handle this thing myself."

I told you I don't want to do anything to hurt John L. Sullivan publicly - "But, John, I have got to handle this thing myself. So will you please tell me how I can do this thing and not hurt you in the mind of the public?"

Simply tell him I want to handle this thing myself - and how can I do it?

MR. GASTON: There is another phase of it.

H.M.JR: That is the problem. Let John tell me how I can do it so it won't in any way hurt him in the mind of the public.

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MR. GASTON: You don't have to take Procurement away from John. These people are going to be put in charge of disposal of surplus. You are probably not going to ask them to bother with the Procurement function.

H.M.JR: But it is the surplus which John wants, for some reason. That is the thing he has made his speeches on.

MR. SMITH: I will tell you the reason for that, because his State up there is full of small businesses and he has taken a stand that small business will get this surplus. It is an awfully good political thing for him.

MR. O'CONNELL: But he has had the advantage of that. You can't get much more in the next six weeks.

MR. GASTON: If he would continue on the Procurement end, he could be on the Governing Board. They would have to have cooperation.

MR. O'CONNELL: If John were going to stay here, it would be a difficult situation. He has worked fairly closely with Will Clayton and he is the Treasury Member of the Board, and with the background of the Secretary's feeling in this, if you were to divorce John from this operation for any other reason than he is going to be leaving, I think John--

H.M.JR: I think you ought to put it up directly to John.

MR. WHITE: Except I wouldn't say I wanted to handle this alone. I would say, "I want to handle this." I wouldn't stress the alone part. I think you ought to make John feel that he is helping you to handle it. He is helping you in the transitional phase.

H.M.JR: Now, look, Harry; I don't have to tell you, of all people, that we are at war. John Sullivan

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has muffed one of the most important jobs in Washington. He wasn't man enough to come and tell me, "Mr. Morgenthau, I can't handle this; I don't know how to handle it."

MRS. KLOTZ: He may have thought he was.

H.M.JR: But he has just muffed this thing, and nobody is entitled to more than one chance. Now, I am willing, in order not to hurt his chances, to say to him very quietly - I am exhausted now, already - "John, how can I do this thing so, publicly, in the mind of the public, I won't hurt you?"

MR. WHITE: I am not so much concerned about hurting John's chances. I think this won't affect it that way. But I think you would wish, as we all would, to have this whole episode leave no rough corners - no unpleasantness.

H.M.JR: If possible; but I have to do it, Harry, and I can't be too soft-hearted around here. John threatened to quit on me, inexcusably, and he didn't quit. This is the second time he has threatened me, now. I will be very quiet with him, and all the rest of the thing, but this thing - I am stuck with it, and the Treasury is stuck with it. The thing has got to go forward.

MR. WHITE: Well, I think the less emphasis that is put upon the fact that he may have mishandled it, and the more emphasis that is put upon the fact that you are merely preparing for a contingency--

H.M.JR: I agree. He asked me point-blank if I thought he mishandled it. I told him yes. That is a matter of two or three weeks ago, and I haven't raised the point again.

McConnell doesn't enjoy doing this. He said, "God, I don't like to cross up John Sullivan, but you asked me to do it and I have done it."

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MR. O'CONNELL: He did quite a job, too.

H.M.JR: I'll say he did. Lynch tried his best to get Sullivan to give me a decent agenda today, and couldn't.

MR. O'CONNELL: I saw the agenda you got yesterday and Tom was upset about it. It wasn't the sort of thing he thought you wanted, of course.

H.M.JR: I am going to send for John and put it up to him - "How can I proceed from this point?" I am going to take over myself and interest myself in this thing and do it in a way that, as far as New Hampshire is concerned, and the rest of it, that they won't know anything about it.

MR. WHITE: What is important to John, will communicate itself to John's attitude, and will intrude itself here - and he has some claims on that score - I mean, it isn't as though there is any overt thing in which he has failed or on which you can call him; he has been in charge, and from his point of view, he has done a good job, and it is a crucial period in his career; and from his point of view, again, he has played along.

I think that has to be taken into consideration. I suppose no man sees himself as he really is. He thinks he has done a good job, I gather.

MR. O'CONNELL: I am sure he does.

H.M.JR: Anyway, thank you, and I will send for him in a few minutes and have a talk with him.

4/13/44

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Mr. Lynch's suggested agenda for 11 am
meeting

AGENDA NO. 1

SURPLUS WAR PROPERTY DISPOSAL

Thursday, April 13, 11 a.m.

I. Form of organization for disposal functions.

Mr. Sullivan recommends a separation between procurement and disposal operations except for common use of administrative services such as auditing, personnel office, etc. Thus, there would be a separate chain of command as to disposal policy and supervision, and separate operational responsibility at all levels. The disposal officers would have free access to all information and experience of the procurement side, such as catalogue services, pricing experience, market information, etc.

II. List of important policy questions for determination.

Mr. Sullivan submits the attached list of important policy questions to be considered in connection with surplus property disposal. He suggests that the questions calling for earlier consideration are those numbered 2-6, 8-12, 17 and 19. He advises that a statement of recommended action will be available for the meeting.

4/13/44

Mr. Sullivan's suggested agenda for
11 am meeting today

POLICY QUESTIONS TO BE CONSIDERED IN CONNECTION WITH SURPLUSPROPERTY DISPOSAL BY THE PROCUREMENT DIVISIONTREASURY DEPARTMENT

Many policies which will guide the activities of the Treasury Procurement Division are in the process of being, and will be, determined by Mr. Clayton's Surplus War Property Board. For example, this Board is at present working out policies with respect to commodity classifications, inventory records, types of property to be handled by each disposal agency, kinds of report forms to use, types of reports to be made to the Administrator, responsibility for storage, handling, packing, and shipping, warranties, reconditioning of property, and packaging.

Unquestionably, policies established by Mr. Clayton's Board will affect the answers to many of the questions presented below. However, the following list does represent the important questions in connection with which policy determination is important:

1. What form of organization is required for the task at hand?
2. What outside sources of assistance shall be used, such as trade associations, WPB Industry Advisory Committees, individual business men, etc?
3. Whether to sell to established concerns only or to sell also to new concerns?
4. Whether to deal with so-called speculators, or not?
5. How to determine whether disposal activity in connection with specific lots will be supervised from Washington or left to the regions for action?
6. Whether to sell to manufacturers only, wholesalers only, or retailers only, or to a combination of two or three of these groups?
7. Whether to attempt to control the sales and advertising activities of purchasers in any respect?
8. Whether to offer merchandise for sale at a fixed price or whether to sell by negotiation with individual prospective buyers, by competitive bidding, or by auction?

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9. Whether to lease or exchange goods in any circumstances?
10. How wide a geographical area to attempt to cover in offering merchandise to prospective buyers?
11. Whether to offer credit service?
12. Whether to provide facilities for the display of merchandise?
13. Whether to sell to export or domestic buyers, or both?
14. Whether to sell surplus merchandise as quickly as possible or to space out offerings, bearing in mind that disruption of business in the various markets should be minimized?
15. Whether to issue lists of merchandise offerings when the merchandise is declared to us or to consolidate lists, with a view to issuing them at some regular interval such as weekly, semi-monthly or monthly?
16. How to insure the participation of small business in the disposal operation.
17. Under what conditions, if any, surplus property should be scrapped?
18. What the size of lots offered for sale should be and what their composition should be?
19. What advertising media to use?
20. How to insure that adequate descriptions of surplus merchandise are available in the shortest possible time?

April 13, 1944
9:31 a.m.

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Operator: Go ahead.

HMJr: Captain.

Captain
Harper: Good morning, sir.

HMJr: How are you?

H: Fine, sir.

HMJr: Captain, I'm -- wanted to know the name of the doctor who treated my leg. You remember when I came out there and had those X-ray treatments?

H: Oh, had the X-ray therapy?

HMJr: Yeah.

H: Doctor O'Donnell -- no, let's see -- it was either Doctor O'Donnell or Doctor Johnson.

HMJr: I think....

H: Not Doctor Behrn. He gave the X-ray.

HMJr: Well, what I have in mind is this. Governor Lehman will be back here in a day or two and you know he had this bad leg overseas.

H: Yes.

HMJr: And I was suggesting that they might try to make arrangements for him to go out there and he wanted to know the name of the doctor.

H: Fine. Well, I would say Doctor O'Donnell.

HMJr: Doctor O'Donnell? What is he, a Commander?

H: A Lieutenant Commander.

HMJr: O'Donnell?

H: O'Donnell.

HMJr: Well....

H: He's an Orthopedist.

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HMJr: Yeah, that's what they wanted to know....

H: Yes.

HMJr:who it was. I forget -- they have this very famous one up in New York now looking after him.

H: Yes.

HMJr: I can't think of....

H: Mr. Secretary, if you want to refer him just to me and then I'll -- I'll see that he gets to Doctor O'Donnell.

HMJr: All right. Well, now, I would do it or he can make his -- he can make his arrangements through the White House, or I will for him.

H: Well, you can, and....

HMJr: What?

H:contact -- if you want to contact me when he comes, I'll be glad to....

HMJr: All right.

H:take him right in hand.

HMJr: Do you want -- do you want me to make -- do I have to make the arrangements through Admiral McIntire? Better -- is he here or is he away?

H: No, he's away.

HMJr: Oh.

H: No, I mean, I'll go right ahead with it because I know he'd want me to.

HMJr: Right. Well, I'll tell him to contact you and it's Lieutenant Commander O'Donnell -- is that right?

H: Yes. He will actually handle the case.

HMJr: Right.

H: And I'll see that he gets....

HMJr: O'Donnell?
H: Yes, sir.
HMJr: Thank you.
H: I'll take care of it.
HMJr: Thank you.
H: Yes, sir.
HMJr: Bye.

April 13, 1944
10:32 a.m.

HMJr: Henry talking. Hello, Will.

William Clayton: Yeah.

HMJr: Now, I don't know whether you've heard the results of my talk with Jimmy Byrnes?

C: No, I haven't.

HMJr: Well, he just kidded me and he wouldn't have any part of it.

C: (Laughs)

HMJr: He said the Treasury is the best run organization in Washington and that's where it belongs and he just says he wouldn't even consider letting it go anywhere else.

C: I see.

HMJr: So I guess I'm stuck with the damn thing.

C: I guess you are. (Laughs)

HMJr: Well....

C: I guess we have to call that finis, don't we? And the chapter is closed.

HMJr: Well, I'm -- I'm afraid so, but I'm going to be very cantankerous.

C: Are you? (Laughs) Don't be that.

HMJr: Well, I mean -- he told me this -- I told him some of our troubles, opposite Nelson's organization and O.P.A. See?

C: Yeah.

HMJr: And he said, "Now, anything like that that you've got any troubles with," he said, "let me know." He said, "I've got time." He said, "I'd like to get in on that."

C: Yeah.

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HMJr: So, believe me, he's going to.

C: (Laughs) That's right. Put him to work.

HMJr: Yeah. Now, another thing. I -- he told me that he's gotten a couple of Army fellows to help you.

C: Yes.

HMJr: And I'm getting together a list of top-merchandising fellows who are in the Army.

C: Uh huh.

HMJr: And I'm getting it -- their reputations from civil life, you see?

C: Yeah.

HMJr: Then I'm going to go after you and Byrnes to get those fellows -- help me get those fellows.

C: Yes.

HMJr: I mean there's a -- for instance, a man like this General Browning.

C: Yes.

HMJr: I don't know whether you know about him.

C: No, I -- I -- I've heard of him but I don't know much about him.

HMJr: Well, as long as Jimmy has told me he'd help me, I'm going to get a few names together -- I'm going -- because these business fellows just won't come across.

C: They won't. It's -- but if they're in the Army and in a uniform, you can get the Army to detail them....

HMJr: That's right.

C:to you.

HMJr: Yeah.

C: You see, that's the quickest way. We got two of them over here.

HMJr: Yeah.

C: And they just detailed them to us and they came immediately.

HMJr: Well, that -- Byrnes told me that and he said he helped you get them.

C: Yes.

HMJr: Is that right?

C: Well, he helped me get a man named Pope who is a -- Colonel Pope, but he's not in the Army.

HMJr: Yeah.

C: That's the only man he's helped me get.

HMJr: Yeah.

C: And he was -- he's -- he's the man -- he's the man that we're going to use as our representative with the Army.

HMJr: Yeah.

C: And he -- he got him for me.

HMJr: Yeah.

C: And he was a find, too. I mean, he's a -- we like him very much and I think he's going to do a swell job for us.

HMJr: Good.

C: These two fellows that I got out of the Army, why, I got myself.

HMJr: Yeah.

C: But he can -- Henry, he can help you very much in that way because, of course, all he has to do is call up General Marshall or General Somervell and tell them to do it and they'll do it.

HMJr: Yeah. Now....

C: And, I mean, what you want is a reasonable thing because those fellows -- they -- the Army has just simply screened the country....

HMJr: Yes.

C:and taken the cream, you see?

HMJr: That's right.

C: And they've just got oodles of them.

HMJr: Yes.

C: And they're well organized and they can afford, now -- in fact, they've got to do it. They've got to turn loose some of these good men to us.

HMJr: That's right. Now, let me ask you this. How often does that Board of yours meet?

C: It meets every week, but we had to call off the meeting today.

HMJr: Yeah.

C: It has met four times.

HMJr: Yes.

C: And pretty soon, now, with these preliminary things out of the way, I want to suggest to the Board that they just meet every two weeks.

HMJr: Yes.

C: But they've been meeting every week.

HMJr: Do you go into a lot of details?

C: No, we don't. We just go into -- just go into big policy questions and that's all we've done up until now.

HMJr: Yes.

C: We've put in most of our time up 'till now, Henry, in talking about pricing policies on what we call "contract termination goods". That's goods that really are not surplus in the sense that they meet the definition of surplus given in the Executive Order.

HMJr: Yes.

C: But they are surplus just the same and the Contract -- Joint Contract Termination Board is delegating to us all of their authority in that field and -- because it competes with the -- with the real surpluses, so that we are fixing the policies on pricing those goods and that's what the Board has put in the last three meetings on.

HMJr: Well, that doesn't affect Treasury Procurement.

C: No, no, it doesn't except that indirectly you -- you had a -- you had a member -- a representative on the Committee that we appointed to study and report on and they reported at the last meeting -- it affects you indirectly in that whatever policies are adopted there, of course, should mesh in with the policies that are adopted for surplus disposal.

HMJr: Well, now, let me -- let me just give you a -- for instance, I don't know, some time several months ago, the Army gave us seven thousand brand new passenger cars. See?

C: Yes. Yes.

HMJr: Oh, you know about it?

C: Yes.

HMJr: Well, what they did was this: I've issued orders which have not been carried out, that I want to get this stuff into consumption.

C: Uh huh.

HMJr: And they set aside -- I don't know -- several thousand -- the Bureau of the Budget says that the Government needs itself, you see?

C: Yeah.

HMJr: Then the Bureau of the Budget comes along and says they need two or three thousand more -- I don't know, my figures may not be right, but several thousand more and we should stockpile them against 1945.

C: That's right. I know about that.

HMJr: Now, what I'd like to do is to tell the Bureau of the Budget to go to -- jump in the ocean.

C: (Laughs)

HMJr: And take this list that General Hershey got out the other day....

C: Yeah.

HMJr:as to which were strategic industries, you see?

C: Yes.

HMJr: As published in the New York Times.

C: Yes.

HMJr: And simply say that the people that work in those industries can have priority on these automobiles.

C: Yeah.

HMJr: Over everybody -- over the Government itself.

C: Yeah.

HMJr: See?

C: Yes.

HMJr: And so that the people that work there can go to work.

C: Yes.

HMJr: Now, what's the matter with that?

C: I don't see anything wrong with it, Henry. Now, let me tell you this.

HMJr: Yes.

C: The Bureau of the Budget put that matter up to us.

HMJr: Yes.

C: And they said they enclosed a lot of papers which they didn't enclose and I just got them yesterday. In the meantime, I wrote to John Sullivan or John Loeb -- I've forgotten which. I think it was John Sullivan.

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- HMJr: Yes.
- C: And sent him a copy of the memorandum from the Bureau of the Budget and asked him to give me the Treasury's side of the matter, because I don't -- the Budget just put up their side to it.
- HMJr: Oh, now....
- C: And I haven't heard yet on that.
- HMJr: Well, on that kind of thing you want to get in on it.
- C: Well, he's -- he's put it up to me and said that there was a difference between the Budget and the Treasury on the policy question as to whether this -- these automobiles should be held over for 1945 and he'd like for me to rule on it. And, as I say, I just asked the -- hadn't heard a word from the Treasury about it, so I just asked John Sullivan to let me know what he had to say about it.
- HMJr: Good.
- C: And I haven't heard yet and I -- I tell you, frankly, I -- as I see it now....
- HMJr: Yes.
- C:I certainly side with your point of view. I just don't think it makes any sense to hold these automobiles until 1945.
- HMJr: Well, I don't -- not only that, I don't want -- I don't want the Government themselves to have them.
- C: Yeah. Well, I -- I think -- that makes sense to me, too. I'd much rather see them go to the workers in these highly strategic and priority industries than to have the Government, itself, get them.
- HMJr: And besides that, we then get cash for it which goes into the general treasury.
- C: Right. And the Government has probably got too many automobiles anyway. They can do on a few less.
- HMJr: Of course, they have.

C: Yes.

HMJr: And this living off our own fat -- I'm all against it.

C: I'm -- I just am for you 100% on that and I think that we'll -- I'll check up on this thing, Henry, to make sure there's no delay whatever on it.

HMJr: Well, I will see that before sunset you get the Treasury's side and we will state it very powerfully.

C: Okay. Fine.

HMJr: And until I get this man and get this thing started I'm going to tend to this myself.

C: Okay. Fine.

HMJr: I mean....

C: If I can help you at any time, call on me.

HMJr: I will.

C: All right.

HMJr: Thank you.

C: Bye.

April 18, 1944
11:00 a.m.

DISPOSAL OF SURPLUS PROPERTY

Present: Mr. O'Connell
Mr. Lynch
Mr. McConnell
Mr. Tickton
Mr. Sullivan
Mr. Mack
Mr. Frey

H.M.JR: Clayton says he will help me.

MR. McCONNELL: I have about twenty more here.

H.M.JR: After this meeting I have to talk to Sullivan a minute, but between now and twelve I will talk to you.

MR. McCONNELL: All right.

(Mr. Sullivan, Mr. Mack, and Mr. Frey, enter the conference)

H.M.JR: Good morning, gentlemen.

I am going to do what I think is more important first. The agenda really wasn't what I wanted. I just got through talking to Will Clayton, to tell him that Mr. Byrnes wants us to continue with this thing, so we will have to do the best we can.

Now, I asked Mr. Clayton how he felt, particularly about these three thousand-odd automobiles going to the Budget, and I told him that as far as I was concerned, I thought it was ridiculous to let the Government have them, and that we ought to give them to the people - to this list of super-strategic workers - it is in the New York Times - it is one that General Hershey gave out.

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MR. SULLIVAN: Last Monday.

MR. LYNCH: Preferred manpower list.

H.M.JR: I think it is 42-A. I am not sure, but it is here, anyway - I got it.

So he said he had sent this thing over to us. He had a memorandum from the Budget and he understood there was a difference of opinion between the Treasury and the Budget on this thing. Is there?

MR. MACK: Yes. They propose that these cars shall be held until June 30 of 1945 - or rather, to take care of requirements until June 30, 1945.

H.M.JR: What is our position?

MR. MACK: I think that these cars should be applied against orders which we already have from tax-supported organizations; that is, States, cities and towns; and we have indicated orders will take care of all of them, also from States, cities and towns.

H.M.JR: If you don't mind, I disagree with you entirely. I think that these automobiles that we have should go to this super list. Why they should go to the U.S. Government, or why they should go to State organizations, is beyond me. They all have too many automobiles, anyway. I told that to Will Clayton and he said, "I will support you a hundred percent; send it over to me."

Now, I want whatever automobiles that we have left to be sold to these workers, see?

MR. SULLIVAN: We have thirty-one hundred automobiles.

H.M.JR: I would like the memorandum to go and, if necessary, I will sign it myself, to Will Clayton, saying that this is the Treasury position.

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And I want all this business of the Government feeding off its own fat, I want that all to stop. If we have got something which will help produce any one of these super special things - heavy artillery, rubber, high-test gasoline - any of these things that are on this list - those people have to go to work. I say, let's help them. At least we can make that contribution to the war effort - instead of giving them to ourselves, or the States, or the rest.

I take it that you agree with me.

MR. FREY: Yes, sir.

H.M. JR: Clayton says he will support me one hundred percent. If I can here, by this decision, help a man or woman go to work, or anything else they want, and give it to them, why I would go to sleep happy, wouldn't I? I would feel I had made some kind of contribution to the war. Let the Government workers - they have too many automobiles, anyway.

MR. MACK: Is it your thought that these cars should go to dealers and be subject to OPA rationing, or should we try to restrict them to this particular group you refer to?

MR. SULLIVAN: You will have to restrict them. You have over a million people in that particular group, and you only have thirty-one hundred cars.

H.M. JR: I would restrict them to this list I just handed Mr. Sullivan, and which is the most recent high priority group.

MR. SULLIVAN: You may want me to rewrite that letter, then. (Hands the Secretary draft of letter to Harold Smith)

H.M. JR: I hope you agree with me.

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MR. SULLIVAN: I am not more than enthusiastic, because the number of cars is so small to the number of workers.

H.M.JR: But this is a policy contrary to what we have been doing, John. The Government comes first, then the States, and so forth - I say to hell with it. I say anything that we have which will help a munitions worker - make his job a little easier - let's help him first.

MR. SULLIVAN: I think one of the reasons why we have been attentive to the demands of the States and cities is because in the legislation that has been pending they have been given priority.

H.M.JR: I am willing publicly to say I am going to give these things to these people. I will take it personally if I have to - Will Clayton is with me.

The letter I want written is to be written to Clayton.

MR. SULLIVAN: I understand, but I think you should also write to Smith.

H.M.JR: Has he written us?

MR. SULLIVAN: No, he wrote to Clayton. We have a copy of his letter.

H.M.JR: Let's address a letter to Clayton and send a copy to Smith.

MR. SULLIVAN: I think that, in substance, is what you want to say. You may wish to include the categories to receive these.

H.M.JR: I think that thing is known as 42-A.

MR. SULLIVAN: We will find out.

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H.M.JR: I think it is known as 42-A. You could find out.

I would simply like to say that we want to make these automobiles available, through whatever channels we do - that is through the dealers?

MR. MACK: Yes.

H.M.JR: At OPA prices, to the list of highest strategic workers - whatever the list is.

MR. SULLIVAN: Employees engaged in critical work.

H.M.JR: But to that particular list there.

MR. SULLIVAN: Yes. Do you want that spelled out in the letter?

H.M.JR: I would like it, definitely.

MR. SULLIVAN: I think so, too.

H.M.JR: You might say that any material that is made available in the future, we will follow the same policy. Clayton says if that comes over, he will O.K. it right away.

MR. O'CONNELL: May I ask a question as to whether or not you intend this to be a general rule, more or less ruling out their policy of making surplus property available to States and tax supported institutions?

H.M.JR: Definitely.

MR. MACK: That is the point I wanted to raise. All surplus property now is first offered to Federal agencies, so that the Federal Government won't be in the position of buying something, at the same time selling the same things.

H.M.JR: Let me repeat myself. here is the list which General Hershey got out as to who the men and women -

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at least the industries which are the most important. I say that those industries, if we have anything that will help the industries or the people working, they come ahead of everybody else including the Federal Government.

MR. SULLIVAN: Certainly not the Army and Navy.

H.M.JR: We only have stuff which the Army and Navy is giving us to sell.

MR. SULLIVAN: But we sell a lot back to the Navy, the stuff we get from the Army, and vice versa.

MR. MACK: I think there will have to be a segregation as to commodities.

H.M.JR: Are you going to sell these automobiles back to the Navy?

MR. MACK: The Navy bought about six or eight hundred.

MR. SULLIVAN: The first group.

H.M.JR: You can bring the stuff up. I can't cross it now. Is there any trouble about saying it will be made available to the so-called "General Hershey list"?

MR. MACK: No, because this would provide vehicles for them to get to work.

H.M.JR: The next article you get, bring it up here and we will discuss it.

MR. O'CONNELL: In this situation you have already covered the Federal agencies.

MR. MACK: Yes, covered the Federal agencies, took care of all their needs, communicated with the States, counties and cities, and have their orders.

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MR. TICKTON: Sold some to them, too.

H.M.JR: It is too late to get any of those back?

MR. MACK: There weren't many sold to them. Do you (Tickton) have the exact figure on that?

H.M.JR: You have roughly three thousand left.

MR. TICKTON: Fifteen hundred were sold.

H.M.JR: The three thousand you have left I would like to have made available to the men and women who work in those particular factories. Is that clear?

MR. O'CONNELL: Yes.

MR. McCONNELL: One thought on allocation of a small number to a large demand, nearly all of these factories keep the average number of passengers carried per car. It has gone up by pooling automobiles. Well, in the factories, General Aniline had from one point five to two point eight. I think the allocations to those high-passenger-carrying plants would relieve the great distress in transportation of workers to strategic industries.

H.M.JR: You can turn this over to a dealer--

MR. McCONNELL: I was wondering if the dealer could sell it then to whomever he chose.

MR. LYNCH: I should think arrangements that would carry out this principle could be made with OPA.

MR. SULLIVAN: You make those when you sell to the dealer.

MR. MACK: We are doing the same with motorcycles. The motorcycles haven't actually been sold, but they have been offered first to the manufacturer and the dealer, and so forth, with the stipulation as to use,

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so that they are required to obtain a certification from the user which, in effect, is a similar approach. That brings into play the existing mechanism as to OPA.

OPA has some thirty-five classes of people that are entitled to cars; for example, passenger vehicles, ministers, doctors, war workers, that total some twenty-four million, and so forth. This, in effect--

MR. SULLIVAN: ..is a narrowing of that classification.

MR. MACK: To those higher categories, the more critical.

H.M.JR: If you can, without adding some more red tape, make it possible that it would go to those people whom you suggested have the best record.

MR. McCONNELL: Yes, something of that sort would get those cars moving workers at strategic plants where they are having difficulty because the cars are worn out, because the measure of difficulty of transportation is the load put into the average car. If it is up around three or four, they probably have trouble pooling the workers' cars to get them to the plants.

MR. MACK: I think we can work with OPA locally.

MR. McCONNELL: Every plant has that record now.

H.M.JR: If you can - but if Mr. Clayton comes back favorably - and you ought to be able to get the letter to me at two o'clock--

MR. SULLIVAN: Surely.

H.M.JR: I will send it over by messenger. If we get an answer, then you can begin when you go back to instruct your people and begin getting these regulations up so they can go very promptly into the field.

MR. MACK: All right, sir.

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MR. SULLIVAN: The Clayton letter was addressed to me, incidentally. You spoke about a letter to you. I don't think it makes any difference.

H.M.JR: If you will sign it, it doesn't make any difference to me. If you are in accord with it--

MR. SULLIVAN: Yes.

H.M.JR: So it will go out, and promptly.

MR. SULLIVAN: Oh, yes; and I will send a copy to Harold Smith.

H.M.JR: Then keep me posted when it comes back.

MR. SULLIVAN: He contemplated dropping the pool from thirty-one hundred to twenty-three hundred on the first of July of this year. I can't tell from this letter whether that is because he thinks twenty-three hundred is all we should have in reserve for fiscal '45, or because he contemplated a need of eight hundred by the Federal Government in the meantime.

H.M.JR: Anyway, Cliff, in the future, to make it clear, I don't want the Federal Government or State Governments to have priority over war workers.

MR. MACK: All right.

H.M.JR: If you get another batch of stuff, we will have a meeting; bring it up here if you are in doubt how to interpret that.

MR. MACK: All right.

H.M.JR: We will get it straightened out.

Now, Tickton ran into something that bothered him and bothered me.

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MR. TICKTON: Well, the problem seems to be this; you run your Procurement Districts as independent units to the extent that if something is declared in Seattle, it is sold in Seattle District, or in Boston, it is sold in the Boston District.

Now, what happens if identical merchandise is declared in Seattle and declared in Boston, and let's say, for the sake of example, that the ceiling prices don't control, and people bid in Seattle and get it at one price, and people bid in Boston and get it at another price; and the fellow might have found that his bid was ruled out in Seattle, could have bid at Boston, except he didn't know about it.

Now, what is going to prevent the Federal Government from running into the problem of eleven conflicting sales organizations, rather than one central sales organization? These items that we have run into here, I gathered, are special problems that happened to come to Washington because of certain difficulties in connection with selling, and so forth.

MR. SULLIVAN: You are going to have central control of pricing and sales here in Washington, Sid.

MR. TICKTON: Central controls of everything?

MR. SULLIVAN: Yes, so that you can pick up those disparities.

MR. TICKTON: The fellows that I talked to yesterday didn't give me that answer.

MR. SULLIVAN: That is one of the reasons for this new control that is being put in, because later on, when transportation loosens up, the things that aren't selling on the West Coast can be brought on to the East Coast.

MR. TICKTON: That is a good answer, except to the extent that it will conflict with any general rule of

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getting the things out, say, day after tomorrow. It is going to take time to handle those.

MR. SULLIVAN: It is a matter the Regional Director will have to use his judgment on.

But suppose he has made a mistake in moving too fast on something. That one incident will have occurred, but there will be opportunity to warn him against a repetition of the same thing.

MR. TICKTON: I mean this, Mr. Sullivan, if this stuff has to come to Washington for control so that you decide whether it should be sold in one way or another, or to one group or another, those things are going to exercise delays.

If they are, it has to be understood in advance that these things are going to take time to come in to Washington and to get the approval of the Washington organization - these prices at which these things are to be sold. But when you have invitations to bids, they are going to be handled locally.

MR. SULLIVAN: That is right.

MR. TICKTON: And the people in Boston won't necessarily know that things are going to be sold in Seattle unless they happen to be on the list.

MR. SULLIVAN: No, they won't.

MR. TICKTON: What I am concerned about is that somebody in Boston might get sore because there are simultaneous sales being conducted in the rest of the country, except he wasn't advised, and the prices were very much different, let's say.

At the moment transportation happens to be an important matter. At some other time it won't be. For example, on these horses, you don't have to worry about horses in Oklahoma and horses in South Carolina, because

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you don't transport them, anyway. But at another time it might be important for the fellow in South Carolina to know that they are going to be sold in Oklahoma in larger or smaller amounts, at or about the same time. There seems to be no way these people would know about it except, possibly, by accident. You can't circularize everybody in the country, I realize that.

MR. MACK: Two points there: First, whether or not there is central control of public sales. Our procedure has been this: On offerings to Federal agencies and tax-supported organizations, that work has been done from the Regions. All property which is available for public sale is reported to Washington and it is reviewed here before it is released for offering to the public. All awards after quotations are received are reviewed here. Now, that takes time - it takes time! But it is because of this very situation that Mr. Tickton mentions, which is quite important; that is, having property in the Southwest, for example, that should be offered widely, and so forth.

H.M.JR: Excuse me. But, Tickton, working people directly under you didn't find that system is functioning.

MR. TICKTON: Well, the question was, the ones they told me about, they said they knew about them by accident. Your regular procedure over a longer period of time wouldn't make it necessary for everything to be reported in to Washington and reviewed by Washington before it was actually sold. There is a temporary procedure that is being operated for educational purposes.

H.M.JR: Does Mr. Frey know the answer?

MR. FREY: I was going to say, I think in the case of declarations of very small lots of merchandising which is not in short supply, what you say might well happen. You get half a dozen pairs of skis declared

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surplus in Boston - half a dozen pair on the Pacific Coast, we would say, "We can't bother with that in Washington, it is too small. Handle it yourself."

They might, in those two instances, sell them, and at different prices. We would assume that we can't bother with anything as small as that. If the lots are large enough so we think they demand central attention, if the goods are goods in short supply, we will get on top of that and know what is happening. I think that is the situation.

What you say does happen, Mr. Tickton, and it is a case of getting into detail in very small lots.

MR. SULLIVAN: Central control is a very recent thing, anyway.

MR. MACK: February 22 we asked them to send in to us reports of material available for public sale. Now, this kind of transaction in very small lots they would accept.

The second point is in this matter of records. Mr. Tickton has a good point there, because that has been one of our biggest problems, to develop a classification system and to have a record of what there is in the Regions. And that job is to be completed by the end of this month so we will have a detailed inventory of what is in the field, because now, in effect, we have to rely on the field to report to us what is reported to them by the agencies of the Federal Government, locally, that is, agencies of the Federal Government located where our Regional Directors will report directly to the Regional Director.

H.M.JR: Well, Mack, let Tickton have a look at it. The things he saw - there was no general control. He goes back over it again and you say it is in existence since February 22. Let him have a look at it.

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MR. TICKTON: That was right but, again, most of these things were things declared in December. Maybe that is the reason.

H.M.JR: Go back and have another look.

MR. TICKTON: All right.

MR. MACK: Fine.

H.M.JR: What I would like to do is this, temporarily. Now, I have raised this question, for instance, of a change in policy about selling stuff like these automobiles. Now you say maybe there is something else.

Now, are there any other things which are pending right now, which you would like to refer to me - not today, but, say, tomorrow - which would come under the same category as automobiles - that would have to be decided as to whether the Federal Government gets the first crack at it or whether we give it to these other people?

MR. MACK: In that category, the things that would strike me first would be kinds of things that would provide transportation.

H.M.JR: Was there anything else?

MR. MACK: We have a report there are some bicycles, for example.

H.M.JR: Anything else?

MR. SULLIVAN: There is still a lot of conversation about trucks, and there is the assumption that UNRRA is going to make very heavy demands on us for that. That is the tip.

H.M.JR: I tell you what you do. I want to keep these meetings as short as I can. I will see you gentlemen again at eleven tomorrow, see?

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MR. MACK: Right.

H.M.JR: What is the name of the man who is momentarily handling the surplus?

MR. MACK: Widman.

H.M.JR: Bring Widman along. Anything like that - tomorrow at eleven o'clock. You have twenty-four hours to re-examine, then bring it up to me, will you please?

MR. MACK: Yes, I will.

H.M.JR: Or any other difficult problem, if it is something that is immediate, see? But I have raised an entirely new question, haven't I?

MR. MACK: Yes, indeed.

H.M.JR: Now, you think it over and talk it over with your boys and come back at eleven o'clock tomorrow and say, "Well, now, is this the way you want us to go ahead?"

MR. MACK: All right. As to immediate things?

H.M.JR: Yes.

MR. MACK: There are other things that will have to be worked out progressively, like terms of sale, but that isn't immediate.

H.M.JR: I don't know whether I am going to get into that or not. But there are some of these things that come to my attention - but anything, right when you have a gun up against your head - I mean, where something is immediate.

MR. MACK: All right.

H.M.JR: What do you mean by terms of sales?

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MR. SULLIVAN: Whether or not to sell on credit.

MR. MACK: We offer material as is - where it is - that is going to be changed eventually.

H.M.JR: Bring up some of that stuff, will you?

MR. MACK: Fine.

MEMORANDUMSURPLUS PROPERTY DISPOSAL

Meeting in Secretary's Office,
April 13, 11 a. m.

PRESENT: The Secretary and Messrs. Sullivan
O'Connell, McConnell, Mack, Frey,
Tickton and Lynch.

I. Disposal of 3100 surplus passenger cars to workers in critical manpower industries.

The Secretary directed that the existing stock of 3100 surplus passenger cars held by the Procurement Division be made available through dealers at OPA prices to employees in the highly critical list of industries recently designed by General Hershey. The Secretary stated that Mr. Clayton agreed heartily with this decision and directed that a letter be submitted to Mr. Clayton today for the latter's formal approval.

II. War worker preference over Federal and State Governments.

The Secretary directed that, in keeping with the basic principle that surplus property be used in such manner as will best serve the war effort, the needs of war workers should be given priority over the wants of the Federal and State Governments in all cases where it appears that the war effort would be assisted by such action. The Secretary invited the reference to him of cases as to which there appeared need for specific determination as to the application of this policy.

III. Unrelated regional sales of identical property.

Mr. Tickton referred to instances in his review of disposal transactions where it appeared that the same material might have been offered by two or more regions at conflicting prices and without regard to prospective purchasers outside of the region. Mr. Mack stated that the condition referred to might have existed under former practice, but that the practice now in effect was that only Government sales were handled locally and proposed public sales were required to be reported to, and cleared by, Washington before sale. Washington clearance

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is not required as to lots not significant in amount of articles not in short supply. Mr. Mack further reported that a central inventory of all articles held in the various regions would be available by the end of this month.

IV. Facilitation of additional policy determinations in specific application.

The Secretary stated that he would hold a further meeting tomorrow at 11 o'clock with the group present at this meeting and also Mr. Widmann of the Procurement Division. He requested Mr. Mack at that meeting to present any additional problems which presented immediate need of policy determinations.

4/13/44

Secretary said O.K. for Mr. Sullivan to sign and send.

MEMORANDUM

April 13, 1944.

TO: The Secretary
FROM: Mr. Sullivan

TKS

I attach a proposed letter from myself to Mr. Clayton. I have been trying ever since I left your office to get an official copy of the release but thus far have failed. I will send this letter to Mr. Clayton and another to Mr. Smith this afternoon if you approve this draft.

P.S. I'll bet even money the Little Flower will call you within a week.

April 13, 1944.

My dear Mr. Clayton:

Reference is made to your letter of April 7th, enclosing a copy of a letter from Director of the Budget Harold Smith, dated April 6th, about the handling of new passenger automobiles. In his letter Mr. Smith recommended that 3100 passenger-carrying vehicles be held for the Federal agencies through June 30, 1945.

I disagree that it is advisable to hold these vehicles in storage for future requirements of the Federal agencies. The present needs of the Federal agencies having been satisfied, with your approval I will direct the Procurement Division to proceed forthwith to dispose of surplus passenger-carrying automobiles to persons employed in those critical industries in the attached list which sets forth the activities in industry which the Selective Service System designated on April 11th as of sufficient importance to warrant making exceptions to the general draft policy.

I am forwarding a copy of this letter to Mr. Smith.

Sincerely yours,

W. L. Clayton, Administrator,
Office of War Mobilization,
Surplus War Property Administration,
811 Vermont Avenue, Northwest,
Washington 25, D. C.

Enclosure.

April 13, 1944
11:50 a.m.

DISPOSAL OF SURPLUS PROPERTY

Present: Mr. Smith
Mr. White
Mr. McConnell
Mr. O'Connell
Mrs. Klotz

H.M.JR: Did any of you gentlemen prepare Mr. Sullivan before I saw him?

(General dissent)

H.M.JR: I just had a talk with John. I asked him what I should do if I got somebody to come in with regard to himself, myself, and Mr. X.

John said, "Well, I will make it easy for you. You shouldn't wait for six or seven weeks when I am going to get out. You ought to go right ahead right now and get yourself somebody. The situation has changed now that the primaries have been moved up to the 5th of June. I will be out of here in six or seven weeks."

I said, "What should I tell the man about whom he should be responsible to? I don't want to do anything in any way that is going to hurt you."

He said, "That is easy, he should be responsible to Morgenthau, and you can tell them that Sullivan will be very glad to assist him in any way possible. I am going to go up to New Hampshire and let it sort of leak out that there are some changes going on down in the Treasury. That will take care of New Hampshire."

MR.WHITE: Fine.

H.M.JR: So he couldn't have been nicer or more helpful.

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MR. McCONNELL: I had these long distance calls in. May I go out and take them?

H.M.JR: You may.

(Mr. McConnell leaves the conference temporarily.)

H.M.JR: You might tell Gaston about this.

MR. O'CONNELL: I don't think John had any--

H.M.JR: He couldn't have been nicer. I was nice. I worked myself out this morning on you gentlemen.

But he said, "Let me interrupt you and make this thing easy for you."

MR. WHITE: It sounds almost as though he had his ear to the keyhole.

H.M.JR: So everything is sweetness and light.

MR. WHITE: All you have to do is find a good man now.

MR. McCONNELL: What we have been trying to do for a year.

H.M.JR: General Browning is coming in to have lunch with me; and according to Sullivan, Mr. Olrich has the permission of his Board of Directors to come with the Treasury. John is very much impressed with him. He is the former something-or-other with Marshall Field; and before Marshall Field went through this organization he had a row with the then head of it and got out.

He took over Munsingwear which wasn't doing so well. He reorganized it, and it is doing well. The labor people are enthusiastic about it. They say he has a wonderful record. Everybody says he is a go-getter, a top-notch man with Marshall Field, and evidently has put this company on its feet. I am seeing him at ten o'clock. I have a list here of people in the Army that are top-flight people.

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MR. WHITE: I think irrespective of whom you get, it would be very helpful--and I would say vitally important--if you had some assistant to the man who was your man whom you already knew and had thorough confidence in, not from the point of view of competence

H.M.JR: I have such a person.

MR. WHITE: Yes?

H.M.JR: I have Lynch.

MR. WHITE: O.K. I don't know. It is all right.

MR. SMITH: Lynch is good. He is all right.

MR. O'CONNELL: He is the fellow you are thinking about, the fellow who has the right attitude and knows the Government, and has the Government point of view. He knows his way around, too. He knows this field as well as any of us do. He has had WPB experience, and he used to be with the Anti-Trust Division. He is a good man, if I do say so myself.

H.M.JR: What did you find out about Browning?

MR. McCONNELL: I called the Vice President of the Chicago Title and Trust just now. He is checking him in Chicago.

H.M.JR: Mine is through Ed E. Brown of the First National.

MR. McCONNELL: In Chicago?

H.M.JR: Yes, but I couldn't reach him. If you have all these calls in, will you drop in about five minutes of one and give me the answer?

MR. McCONNELL: All right, I will have something.

H.M.JR: Do you have some other people you want to give me at that time?

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MR. McCONNELL: Yes. There is one man I want to take off, Mr. Secretary. That is the man Hubbell who is on your list. He doesn't check very well.

H.M.JR: Signal Corps--no good?

MR. McCONNELL: Well, just average. I don't think he is tops.

MR. SMITH: He is mediocre.

H.M.JR: Well, the only fellow here who would look like anybody to head the thing is really Browning, isn't he?

MR. McCONNELL: He would be my bet, yes.

H.M.JR: How about this Colonel Doyle?

MR. McCONNELL: He looks very good.

H.M.JR: Formerly president of Orange Crush Company.

MR. McCONNELL: Also president of McCreary Stores, and also vice president of Lord and Taylor.

Lieutenant Colonel Helser of Meyer and Frank, Portland Oregon, and formerly manager of Gimbel's in New York. He got about forty thousand dollars before he went into the Army. He is thirty-eight to forty years old, and he knows especially well home furnishings, appliances, and so forth.

H.M.JR: A top-flight fellow is Colonel Robert Stevens.

MR. McCONNELL: I didn't get him yet.

MR. WHITE: The kind of training that is needed in that, I think, is either the head who has experience-- this is not a publicity campaign job--or you need a man who is a buyer for big jobbers. It has to be a man who knows the various channels.

H.M.JR: More than that, Harry, the fellow has to be a top-flight executive. Then he has to have a dozen people

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under him who know their particular branches. After all, this fellow can't know all of these, any more than I can be an expert in all of the things the Treasury is doing.

MR. WHITE: No, but I mean a man who is inclined to be excellent for Pepsi-Cola or Orange Crush is a man who has backed a particular product and has been a brilliant advertising or salesman.

H.M.JR: Don't you like the advertising men?

MR. WHITE: Not for this job. I don't like them very much, anyway. (Laughter)

MR. SMITH: I resign!

MR. WHITE: How are you going to make a living? (Laughter) Wait until you get him over in Russia.

MR. SMITH: You just wait.

H.M.JR: Sell him down the river. What do you boys think of Henry Wallace going to China?

MR. WHITE: When I heard it, I got in touch with this fellow, John Vincent, who was here at the time when he didn't want that put in the letter.

H.M.JR: Yes.

MR. WHITE: I said, "Incidentally, John, how old is this story? You certainly must know about it."

He said, "Yes, at least a month."

I said, "Well, you knew about it at the time you were in the office, didn't you?"

He said he wasn't certain, but he had had a couple of talks with the Vice President.

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H.M.JR: You were saying you talked to Vincent?

MR. WHITE: He said that he wasn't certain at that time that the Vice President was going, but he had had a couple of talks with him. He said he was in duty bound not to mention it. I was just wondering whether his advice was as personal as it sounded at the time.

H.M.JR: Because I was impressed with the advice? Well, I overheard a conversation between the President and the Vice President. The President said something like he was sort of lukewarmish. "I am trying to arrange the transportation for you." At the time I thought he was talking about Russia.

MR. WHITE: I know that Vice President Wallace is extremely eager to go to Russia.

H.M.JR: The President was sort of lukewarmish about it. I thought, "This is the Vice President wanting to go to Russia." It was about a month ago. I didn't pay much attention to it.

MR. WHITE: Well, he will probably want to hit Russia on his way back. I don't know, but I mean that would be my guess.

H.M.JR: But I am glad we didn't put in a cable that I would go over in July and then be slapped down on it.

Incidentally, the White House sent the cable to Madame Chiang Kai-Shek as it was written. I don't know whether you got that message or not.

MRS. KLOTZ: I think we sent it, yes.

MR. WHITE: This is the first I have heard of it. I promised to let Vincent know when that happened, all of which, I think, puts a little greater emphasis on the necessity of looking into that Russian memo.

H.M.JR: One thing--

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MR. WHITE: This is going to be good, now. Just for that I won't say it!

MRS. KLOTZ: One track mind.

MR. WHITE: There is a real job to be done there.

H.M.JR: What does Russia have that we don't have, Harry?

MR. WHITE: That is what I want to go and find out.

MR. SMITH: No advertising men.

MR. WHITE: That is right.

MRS. KLOTZ: That is very good.

H.M.JR: All right, now what have you got, the hot foot, Harry?

MR. WHITE: This is on Stimson. You can see me later in the day about it.

H.M.JR: I would rather see you later. I thought I had somebody coming in at three. I think it will be about three-thirty.

MR. WHITE: I was going over to the War Department at three forty-five, but--

H.M.JR: Could you be a little late over there, Harry? You won't want more than fifteen minutes, will you?

MR. WHITE: Oh this, not more than five.

H.M.JR: I will see you at three-thirty sharp.

MR. WHITE: Good.

I have something else, and that is the decision on when you are to go before the committees on the Hill. You have the date set; it ought to be a week from today. There are some things to prepare, so it has to be decided.

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H.M.JR: I have to think that over. I can't do it just now; I don't feel like it. All this stuff yesterday in the paper--the whole front page of the Star about Russian negotiations quoting Bernstein on a lot of stuff.

MR. WHITE: They don't get it from us. They haven't been to see us.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE Apr. 13, 1944

TO Secretary Morgenthau
FROM R. E. McConnell
Re: General Albert J. Browning.

General Browning is 45 years old; graduated as an electrical engineer from Purdue University; took post-graduate work at M.I.T. in engineering; has two or three children and an invalid wife. Peninsula Paint & Varnish Company 3 years; Sherwin-Williams Co. about 3 years; Divisional Manager, Montgomery Ward 4 years; and President of United Wall Paper Company 3 years, salary about \$50,000. Seventy-five percent of United Wall Paper's business is done with Sears Roebuck and Montgomery Ward. No criticism on his labor relations. Excellent morals and high integrity. Rated in his industry as one of the two or three top executives. Gets along well with all classes. Makes a good address. He is a hard worker, and has a pleasing personality. Has a reputation for getting a job done and getting results. Has done merchandising, buying and distribution. Has had charge of factory operations.

General Browning came to Washington as Assistant Coordinator of Purchases in the Council of National Defense under Donald Nelson. Then he went to W.P.B. in charge of Procurement and Chairman of the Advisory Committee on Procurement.

Commissioned in the War Department; has acted in renegotiation, and was a principal in setting up the Post Exchange, which is understood to be an excellent job. Is now Deputy Director of Procurement in the War Department, but his old associates at W.P.B. do not believe his talents are entirely occupied. The only adverse criticism that I heard was that he was inclined to be an opportunist.

April 13, 1944
2:08 p.m.

Edward
Brown: First rate, thank you.

HMJr: Mr. Brown, have you got a pencil?

B: Just a moment, I'll get one. (Aside: Get me a pencil.) No, I haven't got one -- just a second.

HMJr: I've got time.

B: I've got one here now.

HMJr: Got a piece of paper? Have you got a piece of paper?

B: Yeah.

HMJr: (Laughs) All right. I had no luck with McBain. I'm sorry. I liked him.

B: Yeah.

HMJr: But it was as you said. But now there are three men that I wondered whether you could find out about for me -- Hello?

B: Yes.

HMJr: One is General Browning who used to be with the United Wall Paper Company, I think, of Chicago. He is now Director of Purchase of the United States Army.

B: He was in the wall paper business, wasn't he?

HMJr: Yeah.

B: Did you say that?

HMJr: That's right.

B: Yeah.

HMJr: Also, once was with Montgomery Ward. I think it was called United Wall Paper or something.

B: Yeah.

HMJr: The other man's name is Olrich, O-h-l-r-i-c-h.

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B: "O"?

HMJr: O-l-r-i-c-h.

B: Olrich, O-l-r-i-c-h.

HMJr: He is the President of Munsingwear up in Minneapolis.

B: Yeah.

HMJr: He used to be with Montgomery -- he used to be with Marshall Field.

B: Yeah.

HMJr: And the other one's name is Baumhogger, B-a-u-m-h-o-g-g-e-r.

B: B-o- -- B-a-u-m-h-o-e

HMJr: No, h-o-g

B: H-o-t?

HMJr: "G" like in hog.

B: Yeah.

HMJr: Hogger, h-o-g-g-e-r.

B: B -- Baumhogger, B-a-u-m-h-o-g-g-e-r?

HMJr: Yes. He's President of Whelan United.

B: Of what?

HMJr: Of the Whelan United Drug Company.

B: Oh. All right. Now, I'm up at a Bankers' Convention....

HMJr: Oh, oh.

B: at an outlying hotel in Chicago.

HMJr: Oh, I didn't know that.

B: I'll check on these people.

- 3 -

HMJr: Well, if you send me a wire

B: Where does Baumhoger -- where is his headquarters, New York?

HMJr: I'm not sure. I think New York, but it may be Boston.

B: Uh huh. Well, I've got all the prominent bankers of the country here. This is the various cities Bankers' Convention....

HMJr: Oh.

B: and it's probably a good place to find out about them.

HMJr: Well, I -- I -- I didn't -- they didn't tell me where you were and they simply said that you weren't at the bank. That's all -- I'm sorry if I disturbed you.

B: That's all right. It's perfectly all right. I'm glad to do it because this is

HMJr: This is for the top man for this Procurement job.

B: Yeah.

HMJr: The top man.

B: The top man and primarily is it to buy the stuff....

HMJr: No.

B:or to sell it?

HMJr: To sell it.

B: To sell it?

HMJr: Sell.

B: Yeah. And -- all right -- it may be tomorrow before I'll

HMJr: That's all right and to make it easier for you, just send me a wire on it.

B: Yeah.

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HMJr: And you won't have to fuss with a telephone.
B: Yeah. All right, Mr. Secretary, I'll get busy
on this....
HMJr: I'm sorry....
B:right away.
HMJr: I'm sorry to have bothered you.
B: Not at all.
HMJr: Thank you.
B: Bye.

April 13, 1944
2:25 p.m.

HMJr: Hello.

White House Operator: Mr. Byrnes, he's on the line.

HMJr: Hello.

James Byrnes: All right. Hello.

HMJr: Henry talking.

B: Hello, Henry.

HMJr: I just called up to tell you I thought that was a swell talk.

B: Well, thanks. I tried to sell a few bonds for you.

HMJr: So I notice.

B: (Laughs) And the -- it's a high-brow crowd.

HMJr: Yes.

B: And I don't think we had many New Dealers there but -- Oh, John Davis and your friend Jim Farley....

HMJr: Oh, yeah.

B:sat at the head table and I -- I imagine there were more of your bankers and bond-salesmen than there were voters.

HMJr: Don't be so insulting. (Laughs)

B: (Laughs) No, they all looked like they had the wherewithal to buy bonds.

HMJr: Well, they're my friends when they buy a bond.

B: Yes. (Laughs) Well, nevertheless, they -- some of these fellows have been giving the War Department a bad time, taking the position they do not want to take on additional war contracts because they're afraid their competitors will take advantage of them in rushing to get back in the game.

HMJr: Yeah.

- 2 -

- B: And if we have to give them an assurance, we've got to do it. The way I got in it -- it was old Lew Douglas asked me last year and I told him that I did not go away and couldn't go. And he said, "How about next year?" He's president.
- HMJr: Oh, yeah.
- B: So I told him all right next year that I would do it and you know how you make those promises. And then Lew called me about six weeks ago on it and then the -- the poor devil is sick.
- HMJr: Yeah.
- B: He's -- when he came to see me, leaving here I noticed his left eye just blinking at every second.
- HMJr: Yeah.
- B: And he's got a sinus trouble....
- HMJr: Yeah.
- B:that is going to give him some serious trouble. He's in the hospital.
- HMJr: That's too bad.
- B: He wrote me that when he got back, the doctors sent him to the hospital and thought they might have to operate but hoped that they could avoid it.
- HMJr: Yeah.
- B: But I -- I told them what you authorized me to -- that you had an Inter-Departmental Committee....
- HMJr: That's right.
- B:so as to give them assurance that we were thinking about these things and not just sitting down.
- HMJr: Well, Paul's working on it very hard.
- B: Well, I -- whenever you told me that, I really thought it was a fine thing.

- 3 -

HMJr: Yeah.

B: But whenever I saw that Dan Reid of New York being appointed Chairman of a Republican Group....

HMJr: Yeah.

B:they were playing pretty smart politics and we couldn't let them get away with that.

HMJr: Well, I'm glad you handled that dismissal wage thing, too.

B: Well, we'll have to stand together on it. The C.I.O. boys were just wrong.

HMJr: Yeah.

B: If we ever got into that, we -- they'd break you.

HMJr: Yeah.

B: No matter how much -- how much money you raise, that would play havoc with us. Oh, Jim talked to -- I talked to him after -- Farley -- after the meeting....

HMJr: Yeah.

B: He -- I thought he talked a little better.

HMJr: Good.

B: He says that we haven't got a chance when we leave the Atlantic States until we get to the Pacific.

HMJr: Yeah.

B: But his own attitude seemed to be friendlier. The very fact that he was there and afterwards, he -- I went down to Herbert Swope's and he was down there and Dorothy Thompson....

HMJr: Yeah.

B:and I thought that he -- he seemed a little more interested in what the Administration was doing than he has in the past two years. Have you heard anything recently from him?

HMJr: No. No, I haven't.

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B: Henry, tell me another thing.

HMJr: Yeah.

B: Who is this man Rogers -- I think -- who says that he lived near F.D.?

HMJr: Well, I -- you -- I told you.

B: Well, you....

HMJr: Well, I....

B: What I want to know, what's his business? Is he an investment banker?

HMJr: No, I think it's a sort of an old-fashioned business known as "play-boy".

B: Well, that's what I'm trying to get in my mind. I had -- I had a letter from my wife....

HMJr: Yeah.

B:who is down there and she said that he -- the man's still down there and that he talked about -- she saw him this week and he was talking about the President in a most friendly way, that though he'd always been a Republican, and I wondered whether he was worth a darn, but if he's just a play-boy, he don't amount to much.

HMJr: Well, that's my impression, but you ask the President. You see, it was his father who had the estate next but one to the President.

B: That's what he....

HMJr: And I think this is the oldest son.

B: Yes.

HMJr: And I don't think he's ever been worth a damn.

B: He's just one of these play-boys. I've seen lots of them down there.

HMJr: That's my impression, but....

B: The Long Island crowd.

HMJr: Yeah.

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B: It's just like that crowd, polo, golf....

HMJr: That -- that -- I don't think he's ever done a stroke of work.

B: (Laughs)

HMJr: His father, as I remember, was a marine engineer and married a very wealthy woman.

B: Yes.

HMJr: And then the father, after that, never did a stroke of work.

B: I think that her name was Knox.

HMJr: Could be.

B: And of course, there was a man there, I saw, named Knox and I judge -- well, I know she called him her brother.

HMJr: Well, the marine engineer made good.

B: Yes, I'll just say so. Thanks very much, Henry, for ringing me.

HMJr: All right.

B: Bye.

HMJr: Bye.

April 13, 1944
2:42 p.m.

HMJr: Hello.

Aubrey Graves: Hello.

HMJr: Mr. -- this is Morgenthau speaking.

G: How do you do, Mr. Secretary?

HMJr: I just called you up to say, "Thank you" for your very nice letter.

G: Well, I was very, very much embarrassed by the thing and I hope you did receive it like I wrote it, as you apparently have.

HMJr: I don't know who told you I was upset but it must have been some little birdie.

G: (Laughs) Mr. Kramer picked it up somewhere. I don't know just who told him.

HMJr: But anyway, it was very decent of you to take the time.

G: It would have -- it wasn't very -- very nice. The picture wasn't very nice and it shouldn't have even been put in as a gag.

HMJr: Well, maybe I'm get -- as I get older, I get more sensitive, but I didn't like the idea of my being such a terrible nightmare. (Laughs)

G: Well, it was really the income tax -- the public conception of the income tax that was the nightmare. It wasn't you.

HMJr: Well, I understand, but it was very nice of you to write me.

G: Well, thank you very much for calling me back, Mr. Morgenthau. I hope to meet you one of these days.

HMJr: I'd like to.

G: Fine and dandy.

HMJr: Thank you.

G: Bye, bye.

April 13, 1944
4:05 p.m.

SECRETARY'S SPEECH BEFORE THE
COMMITTEE ON FOREIGN RELATIONS

Present: Mr. White
Mr. O'Connell
Mr. Smith
Mr. Luxford

MR. WHITE: I have been thinking, Mr. Secretary, that they couldn't consider this question intelligently unless they had seen the cable from Winant.

H.M.JR: That is all right with me. Are they acting intelligently?

MR. WHITE: Fred hasn't reacted yet, but I have given him the background. The Dewey Resolution is coming before the House Committee on Foreign Relations, Bloom's Committee, on the 25th. He has written you a letter, incidentally, and asked whether you didn't want to appear. The chances are that they will want somebody from the Treasury to appear. I think it would be a very difficult performance unless you had, prior to that, gone before the appropriate Committees in the Senate and House and told them whatever progress had been made up to that time. And that might be done the week before.

The problem would be simple if the British were to agree, because then you have the statement with an appropriate speech. If the British do not agree to its publication by that time, we would like to tell them - we have already told them you are going to appear before this Committee, in all probability, and that you would have to make some statement of what the American position is, what progress has been made during these

- 2 -

many months of discussion which the press has been hearing about, and so forth. In which case, you could give them this resolution, except, instead of saying that it represents the consensus of all, we could say it represents the position of the American technicians and of many other countries.

If they ask you how about Britain, then the presumption is, if they have not given assent to it, that you would say, simply, that they haven't agreed to it.

MR. SMITH: What is the reason - this may be a completely stupid question--

H.M.JR: That would be natural!

MR. SMITH: What is to prevent his saying, "Here is what we have been doing. We have had these meetings with all these people;" and name who the countries are in so far as it is necessary to do it, "that we have agreement in the majority of cases, but we haven't yet got an agreement with Great Britain; and we expect an agreement" - or whatever you can say about Russia - two important things.

What is to stop you from just saying it? Why not just offer it instead of waiting for it?

H.M.JR: Before we do the Dewey one?

MR. SMITH: Yes. Go up just as you promised to do and make a report. You have had a lot of meetings here; everybody on the Hill knows it.

MR. WHITE: Not name Britain before they ask?

MR. SMITH: "We have had all these people in; we have talked about various phases of this program; we have developed a program to which practically everybody agrees, and here is the program." If you can say that - with the exception of Great Britain - I would just say that, in so many words. I want to know why you can't say it.

- 3 -

MR. LUXFORD: You could even point out the many points that have been ironed out between Britain and us.

H.M.JR: Now look, just among ourselves, see? The thing isn't as simple as that. Let's just take a minute to review the thing. After all, Harry and his people have put a year and a quarter into this thing. They have almost got success, but they haven't quite got it. You still haven't heard from the Russians, have you?

MR. WHITE: No.

H.M.JR: They still want a success. If I go up on the Hill next week I have to send word to the English that I am going up to make this appearance and they will interpret that as a threat of bringing pressure to bear on them, because they say they are taking it up this Friday in Cabinet.

Now, I don't know whether that will accelerate the thing or not, but you have always got to look at this thing from a darker standpoint, laying down the law to them and saying, "Morgenthau goes up, win or lose, and is going to tell the Congress of the United States that we haven't been able to get agreement from the English, and haven't been able to get agreement from the Russians." And that may be just what they want.

Now, that may accelerate the thing, but in the wrong way. I think it would be a mistake to go up and criticize the Dewey bill which, as we understand it, is a bill which has been concocted for political reasons which can have the Republican tag. We will be on the defensive. So I think it is a mistake to wait. I think the thing to do is to do the positive thing and go up there. But the thing I hate to do is to go up there, and having to tell the English definitely that I am going to go up, and that we would like to have an answer. We can't promise to have this thing secret. We have tried to, but it is very difficult.

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MR. LUXFORD: You have already told the British, haven't you, that you are going up?

MR. WHITE: We have told the British that you would go up, that you had promised to make a report, that it is long overdue, and that there are all kinds of rumors. We have told them that.

H.M.JR: Maybe we have crossed that bridge, then. You crossed it, I didn't. That was the way the cable was drafted. You pointed out to me that sentence.

MR. WHITE: What we haven't said is that you would say that should they not agree, that you would say they didn't agree. Now, that can be handled, I think, a little more delicately, to avoid the difficulty that you have suggested. You could say that this represents the agreement of most of the technicians, and the matter is still being discussed, and there is not yet an agreement.

I wouldn't say they haven't agreed; I would merely say, "There isn't yet agreement, but we wanted to bring you up to date to show you the product of the discussions which have been going on in the many months since I last came here." After all, the last publication was a very different document from what this will be.

H.M.JR: Are you going to publish it?

MR. WHITE: Yes, with England's approval.

H.M.JR: When are you going to send me up there?

MR. WHITE: We were hoping you would go up next Thursday, and we would know tomorrow.

H.M.JR: Go up tomorrow?

MR. WHITE: No, we would know tomorrow. The Cabinet is supposed to be meeting, I think, today.

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H.M.JR: Friday it said.

MR. WHITE: And there have been some very urgent cables which also have gone from Opie - some extremely urgent cables yesterday. And this morning we had a meeting--

H.M.JR: Wouldn't we know Saturday?

MR. WHITE: Somehow we never know - the British always take a day or two longer than any allowance we make for them. By Monday, yes.

H.M.JR: But do you think - is Monday too late?

MR. WHITE: Monday is not too late if you can make an arrangement between Monday and Friday for appearing. It is not too late, no. How many days do you need?

MR. O'CONNELL: It is a little complicated, because I take it you want to appear before more than one Committee in each House.

H.M.JR: Don't forget, Banking and Currency was sore the last time.

MR. WHITE: There are four committees in both House and Senate. What makes it a little more difficult is that if they agree they have to meet in the same afternoon in order there shall not be a leak in the press.

MR. O'CONNELL: You mean go before both the House and Senate rooms?

H.M.JR: That is physically impossible. You can't do it. You have to do one in the morning and one in the afternoon.

MR. SMITH: You can't have a joint meeting?

MR. O'CONNELL: It would get awfully big.

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H.M.JR: They have room enough up there, but they don't like it.

MR. WHITE: If you had a morning meeting and distributed the statement, the chances of its leaking in the afternoon papers - I gather he feels pretty strong--

MR. O'CONNELL: What did you do the last time?

MR. WHITE: It didn't matter. It will matter this time, because if they agree they want identical publication in London. It doesn't matter to us, but they would probably be very upset.

H.M.JR: We can tell the group in the morning please not to let this thing out.

MR. WHITE: The most that can happen is there would be a leak in the afternoon papers.

H.M.JR: I will tell you another thing about it. The meeting runs a couple of hours and the afternoon papers are so crowded now.

MR. SMITH: Harry was afraid the thing would be cabled over to London and would be broken prematurely there.

H.M.JR: If it did, it would be very pleasant if we got there first, once.

MR. WHITE: Four times at bat.

MR. O'CONNELL: I am not as sanguine sure, assuming you are not in agreement with the British, that you can get away with merely saying the thing is still under study. Aren't you apt to be pressed?

MR. WHITE: Yes, you are.

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MR. O'CONNELL: Supposing they should say, "Well, how does it stand with the British? Have you any expectation of success?"

H.M.JR: Oh, they are going to ask that question.

MR. WHITE: Wouldn't you be able to answer that, that they have agreed on each of the points, but haven't yet agreed on the whole? - which is true.

MR. O'CONNELL: O.K., but I think you have to be prepared to make a pretty frank statement in the first instance, which comes closer to Fred's point.

I don't think you have enough hope of getting away with being a little devious.

MR. WHITE: Maybe we don't have to meet that bridge. The Secretary's suggestion is you don't have to cross that bridge until you have to cross it. It is this, can you arrange a meeting for Friday at the latest? How much notice to you need?

H.M.JR: Wait a minute, gentlemen. Don't pin me down for Friday. In the first place, it is Cabinet day. I would like to have it Thursday.

MR. WHITE: Thursday is a better day for us.

H.M.JR: I would like to make it for Thursday.

MR. O'CONNELL: Then you don't want us to start before Monday.

MR. WHITE: The latest you possibly can; therefore you don't have to make this decision because by then the British may agree.

H.M.JR: I should think if you start up Monday it will be time enough.

MR. O'CONNELL: We will agree to start Monday. I don't see why it is impossible.

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MR. WHITE: If necessary you can speak to a couple of the leaders and indicate why you have to have a meeting on Thursday.

MR. O'CONNELL: You know now, to all intents and purposes, that he is going to go up next Thursday, don't you?

MR. WHITE: No. The Dewey Resolution is on Tuesday. You couldn't very well go up the day before. It is a little too obvious.

H.M.JR: I think I ought to go Thursday.

MR. O'CONNELL: Why do you have to wait until Monday to start to make the arrangements? Isn't it agreed he is going up?

H.M.JR: I will tell you why you should, because if you start, it has got to be bi-partisan. And if you start this thing, it is going to leak; and if there is a leak, it might influence the English one way or the other. And I think if you start Monday to arrange for a meeting Thursday, that is ample time.

MR. O'CONNELL: It is all right with me.

H.M.JR: Look, I want to do everything I can. I can't do much, and I haven't been very helpful, but I would like to do all I can to be helpful.

MR. WHITE: You have done everything that you could have done up to today on this.

MR. LUXFORD: And you have delivered, too!

H.M.JR: Well, anyway, be that as it may, I think there is time enough to wait until Monday, because if the English come through - and I think, Harry, that you ought to draft a cable in answer to Winant, telling Winant we are waiting until Monday and for God's sake to let us know by Monday, because the latest I have to

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appear on the Hill is Thursday on account of the Dewey business. I think a cable should go out to Winant letting him know about the Dewey business. Say that I have got to ask because there are four Committees in the House and four in the Senate - an almost impossible thing to accomplish, to get them together. And I can't wait. I would go into the whole business to them, see? So whatever they do, for heaven's sake let us know.

MR. WHITE: I was a little reluctant to put that in the cable about the Dewey business, but if you think it is all right - the cable goes through the State Department and there are a lot of Republicans there. I don't know - these internal politics--

H.M.JR: They are all very patriotic, Harry.

MR. WHITE: That is why I am afraid of them.

H.M.JR: Excuse me. You don't have to refer to the Dewey business.

MR. WHITE: Say that you have to appear on Thursday.

H.M.JR: "There are very definite reasons why Thursday is the latest that I can appear before these four Committees." I have to begin to make the arrangements not later than Monday.

MR. LUXFORD: What about a telephone call? It cuts out all this circulation in State.

H.M.JR: Yes, but it is taken down here and in London. The thing is, it is all circulated among all kinds of departments here. Everybody gets them but the Treasury, and it certainly is in London.

MR. SMITH: Do you think you ought to remind Winant you are going to have to make some statement about the British, so instead of coming to a decision in this Cabinet meeting, that they would have some fussy way of getting out from under and leave you where you were before?

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H.M.JR: And you could certainly say to Winant that I have got to be prepared to say where the English stand.

MR. WHITE: "For your own information" - so that he won't transmit that like a threat. "For your own information."

MR. SMITH: I think the Cabinet ought to realize that something is going to have to be said, and if they decide not to make a decision, then maybe they can decide what the Secretary can say. Then it won't get you into trouble.

H.M.JR: I tell you right now, if I go up, I am not going to mince words. I am going to say that it is the same group in London that it is here, that is fighting this thing. It is a question of whether the Government should control these things, or a special country club of business and the Federal Reserve. And where the hell did they get us in 1931 and '32? That is the group that agreed the pound should be three dollars and thirty-five cents versus a dollar.

Believe me, don't try to quiet me down, Harry, I know how you feel about these people.

MR. WHITE: Yes! You know the connection is very clear, isn't it - Montague Norman, Leon Frazer, McKittrick, Allan Sproul - it is a very clear picture. "The ways of the powerful are many and diverse!"

MR. SMITH: Did you get it first-hand!

H.M.JR: Well, now, Joe, one other thing I wish you would study. What arrangements have the State Department made with the Congress about the Congress sitting in on some of these things, so I could be prepared to go at least as far in saying that if we have this, of course I want a bi-partisan, and so forth and so on.

MR. O'CONNELL: Yes.

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H.M. JR: I would like to do at least as well as Mr. Hull has in his promises. When you go up on the Hill you might ask these people.

MR. O'CONNELL: Yes.

MR. WHITE: Another question has been raised with reference to the conference. K'ung inquires whether this is going to be a conference of Finance Ministers. He just cabled yesterday. The Chinese delegate came. The British say that they doubt whether their constitution will permit a Minister to come here unless he comes here as a Plenipotentiary, which means, in effect, that he comes here to commit his Government. Our position has been that no one commits his Government to acceptance of any plan at this conference, so they are doubtful whether the Chancellor of the Exchequer can come if it is not a meeting of Plenipotentiaries, and if he does come, whether it will be a meeting of Ministers or whether it will be a meeting of representatives of various Governments, remains to be determined. That is the later headache.

H.M. JR: New Foundland is a Crown Colony, isn't it?

MR. WHITE: Yes, now.

H.M. JR: Nova Scotia is not?

MR. WHITE: I don't think so. May in Nova Scotia is very lovely.

MR. LUXFORD: Go up to one of those air fields the Canadians just bought.

H.M. JR: There is no place to stay there. Seriously, I have had it in mind for some time as to whether there wouldn't be certain advantages of holding the thing outside of Washington.

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MR. WHITE: Yes, but not outside the United States.

H.M.JR: Is Brooklyn part of the United States?

MR. SMITH: That is the home of the Bridge, yes.

MR. WHITE: They have selected a couple of places. Hershey, Pennsylvania, is supposed to be a beautiful place. It is near Philadelphia. But they seem to think that if it is outside of the U.S., on British territory, why in a conference of this character it would be unfortunate.

H.M.JR: You also better think of an appropriation. How was the Food Conference financed?

MR. LUXFORD: State says they have the money.

H.M.JR: Yes, they also like to control it, don't they! (Laughter)

MR. WHITE: First they felt the State Department ought to be the host, and then they saw the light and we had Mr. Gaston as the host.

H.M.JR: I still think it would be nice if they would let us have some money direct - or the President's fund--

Mr. O'CONNELL: What about the Stabilization Fund?

H.M.JR: I would have to get permission from Congress on that.

MR. LUXFORD: Why don't you tell them when you go up there? That might be a swell opportunity to do it.

H.M.JR: Say pay for it out of the Stabilization Fund?

MR. LUXFORD: Yes.

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MR. O'CONNELL: That is all right. I wouldn't have much doubt about the proper right of using the Stabilization Fund, whether you told them or not.

MR. WHITE: Even if they permit us to publish the document, at that stage you can't say definitely you are going to have a conference, because that is a later decision they want to make.

H.M.JR: Joe is going to try to wait until Monday to arrange this. Harry will try tonight, if not tonight, tomorrow morning - it would be better tonight--

MR. WHITE: We can do it.

H.M.JR: Giving him all the background, and why we have to arrange this thing. Then he would get this thing in the morning.

Now, is there anything else anybody would like to suggest?

MR. SMITH: Just make sure that the Cabinet recognizes that some answer has to be made.

MR. LUXFORD: I think if you say this is for the information of Winant, he will show it to them the same as Opie does to us.

MR. WHITE: "The cable will be for your information and background, and guidance."

H.M.JR: "For your information and guidance."

MR. WHITE: Yes.

H.M.JR: But it ought to go tonight. They have a Teletype. The thing should be there instantaneously. There is a five-hour difference.

MR. WHITE: They never get our cables off until the next day.

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H.M.JR: Do you want me to say I am sending a cable and I want it to go tonight?

MR. WHITE: I think it is all right if he gets it tomorrow morning.

H.MJR: Do you want me to tell them?

MR. LUXFORD: They are five hours ahead and it will be noon. He should have it tonight.

H.M.JR: How do you send it out?

MR. WHITE: We send all our cables, now, to Mr. Collado's office.

H.M.JR: Can you get a promise from them it will go out tonight?

MR. WHITE: I will call them and try.

H.M.JR: I can do it through Brown, that is all - just tell Brown. I will do it right through Hull's office.

MR. WHITE: I am sure that would expedite it at their end.

MR. SMITH: Don't you think you should talk to Winant on the phone?

MR. WHITE: I think it would be very helpful. The Secretary hasn't done that for years.

(The Secretary holds a telephone conversation with Mr. Brown in Secretary Hull's office, as follows:)

April 13, 1944
4:38 p.m.

HMJr: Mr. Brown.

J. E.
Brown: Yes, sir.

HMJr: Are you using the telephone these days to Winant? I mean, is it being done?

B: Well, I don't -- I don't know that we have had any calls from here for quite a while -- since I've been here -- for two, about three months now, we've only had one call from this office.

HMJr: I see.

B: Now, I don't know -- I wouldn't say that -- for instance, that Mr. Dunn who deals with that area, or some of the other people who deal directly with that area may not have telephoned to him.

HMJr: Well, I -- well, I think that -- I'll tell you, I've got a message that I want to get to him on this stabilization fund.

B: Yes.

HMJr: And I'm going to send it to you within the -- oh, it may take us until six o'clock to draft it.

B: Yes.

HMJr: Will you still be on or will it be somebody else?

B: Well, I'll probably -- I'll either be here or the watch officer that -- well, you see we have men here all night.

HMJr: Yes.

B: They take turns all night.

HMJr: I'm very anxious that this be in Mr. Winant's hands tomorrow morning.

B: Yes.

HMJr: Could you send a -- just a flash to him that there will be a cable coming from Morgenthau so that he'll be looking for it?

B: Yes, I'll be glad to take that up, Mr. Morgenthau.

HMJr: I mean, just send him just a flash message.

B: Uh huh.

HMJr: You can send him the cleared -- "Cable in the process of preparation. Be looking for it for tomorrow morning." See?

B: Yes, yes.

HMJr: And then this other one will be coming over some time between now and six.

B: All right. Fine, sir.

HMJr: And if you'll leave word that this must go tonight so it will be out of the State Department by midnight.

B: Yes. Yes.

HMJr: If you would, please.

B: All right, sir. Fine.

HMJr: I thank you.

B: Not at all, sir.

HMJr: Thank you.

B: Not at all.

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H.M.JR: O.K.

MR. WHITE: You will send it to Mr. Brown directly?

H.M.JR: Yes, the point is, he said Mr. Hull hasn't used it in two or three months. It takes a couple of hours to get through. If I am lucky, I get him at seven. That means twelve o'clock midnight. If I don't get it, and try to get him tomorrow morning, it is too late. I have done these things before.

If we had thought about it earlier - he is out to dinner, or some place. If I get him at twelve or one o'clock, he won't be in a very good humor. If the flash goes out, he will look for it in the morning.

He once told us he went to some Cabinet meeting, got the Chancellor out of bed at seven o'clock in the morning.

It is up to you, Harry, to draft a good cable. I think this is better. The British Government won't be listening.

4/13/44

○ The Secretary telephoned Dr. White that he would do nothing until he received a copy of the cable; that he was at least entitled to a copy.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE April 13, 1944

TO Secretary Morgenthau

FROM Mr. White *JW*

Mr. Collado phoned this morning as follows:

"Has to get off urgent telegram to London; it is in reply to incoming No. 2957, of April 11th, which is addressed to the Secretary of State from Stettinius and asks that copies be sent to Morgenthau and Crowley. (He says he understands that paraphrase was delivered to the Secretary of Treasury yesterday but I have not received a copy and Miss Chauncey says she has not.) The cable contains a message from Stettinius saying that in his conversations with Mr. Churchill question of the dollar position of the British and of the Empire was brought up by the Prime Minister and the Prime Minister asked him to speak to the Chancellor of the Exchequer about it. Since we had indicated earlier that would not be on the agenda, Mr. Stettinius is asking permission to listen to Sir John Anderson and wants us to indicate that it is all right to say for him to do that."

Mr. Collado said they just want to send a one-sentence telegram saying it is all right and would like to clear this with the Treasury just as soon as possible.

April 13, 1944

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Please send the following cable to the American Embassy, London. This is a message from Secretary Morgenthau to Ambassador Wislitz.

Thank you for your cable 2990 of April 12. It has been very helpful to us in understanding the otherwise inexplicable delays of the past weeks. We have long known that there were no differences between the British and American technicians significant enough to justify the prolonged delay in the publication of the joint statement.

For your information and guidance, I must appear before the Congressional committee on Tuesday to inform them of the status of our discussions on the International Fund. It is therefore necessary that we receive an answer from the British by Monday afternoon at the latest. As I have explained before it would be most helpful if I could inform the committee at that time that the British and American technical experts are in agreement on the statement of principles. On the other hand if I cannot announce agreement with the British, I plan to announce to the committee the principles the American technical experts are prepared to recommend as the basis for international monetary cooperation and to state that they represent the views of the experts of a number of other countries.

I will of necessity be compelled to explain to the committee that the British experts have not to date signified their agreement. Obviously it will be impossible for me to avoid answering a number of questions as to the reasons for the British refusal to go along after such a long period of discussions. Moreover I fear I will also have to announce that the prospects of any conference this year are remote.

While I do not wish to appear in any way to be putting pressure on the Chancellor of the Exchequer I do want you to know what the situation is and you may use your own judgment as to the extent to which you may know these factors to the Chancellor before the Cabinet meeting.

4/13/44 - 6:30 p.m., Sent to Mr. Collado, State Dept., by special messenger.

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Last evening Opie informed us of certain points which the British want to include in the statement of principles. We have already informed Opie of our reaction to these suggestions and in our view the points have been satisfactorily adjusted. It is our opinion that there is no longer any reason why the British should delay agreeing with us on the publication of the statement, except considerations of the character you indicated in your cable 2990.

HDW:AFL:EMB:lr 4/13/44

APR 13 1944

My dear Mr. Secretary:

The technical experts of the United Nations who have been engaged in preliminary discussions on international monetary cooperation are considering the publication of a Joint Statement of principles within the next week or so. If such a statement should be issued, it is the wish of the technical experts to arrange for simultaneous publication in the more important capitals including Mexico, D. F., and Rio de Janeiro.

To facilitate the arrangements for simultaneous publication if it is decided to issue the Joint Statement, I should like to send copies of the tentative draft of the proposed statement together with a letter of explanation to the Ambassadors in Mexico and Brazil.

I should be grateful for your help in arranging for the prompt transmission of the attached letters and enclosures.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The Honorable

The Secretary of State.

Enclosures.

EMB:Sh
4/12/44

APR 13 1944

My dear Mr. Ambassador:

The preliminary discussions of the technical experts of the United Nations on international monetary cooperation will be completed within the next week or so. When these technical discussions have ended, the experts may issue a Joint Statement recommending the establishment of an International Monetary Fund. A draft of such a statement has been prepared and a summary of it was telegraphed to you for the Minister of Finance and Mr. Monteros and Mr. Gomez who participated in these discussions as the technical representatives of Mexico.

The technical experts wish to publish the Joint Statement simultaneously in several important centers if they decide to issue it. If the statement is issued, your help in arranging publication in Mexico, D. F., would be appreciated.

Copies are enclosed of the tentative draft of the proposed Joint Statement which the experts are considering issuing. The English text and a translation of the Joint Statement should be prepared for delivery to the Minister of Finance and to Mr. Monteros and Mr. Gomez and held by you until it is decided to issue the statement. You will be informed by telegraph whether the Joint Statement will be issued and of any changes in the text that may be made. You will also be informed when to deliver the Joint Statement to the Minister of Finance and Mr. Monteros and Mr. Gomez and when they may release it for publication to the press.

It is important that the Joint Statement be held by you in strict confidence until you are informed that it may be presented to the Mexican authorities for release by them.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Honorable George S. Messersmith,
American Ambassador,
Mexico, D. F., Mexico.

Enclosures.

EM:lr 4/12/44

April, 1944

PRELIMINARY DRAFT

Joint Statement by Experts of the United and Associated Nations
on the Establishment of an International Monetary Fund

Sufficient discussion of the problems of international monetary cooperation has taken place at the technical level to justify a statement of principles. It is the consensus of opinion of the experts of the United and Associated Nations who have participated in these discussions that the most practical method of assuring international monetary cooperation is through the establishment of an International Monetary Fund. They have set forth below the principles which they believe should be the basis for this Fund. Governments are not asked to give final approval to these principles until they have been embodied in the form of definite proposals by the delegates of the United and Associated Nations meeting in a formal conference.

I. Purposes and Policies of the International Monetary Fund.

The Fund will be guided in all its decisions by the purposes and policies set forth below:

1. To promote international monetary cooperation through a permanent institution which provides the machinery for consultation on international monetary problems.
2. To facilitate the expansion and balanced growth of international trade and to contribute in this way to the maintenance of a high level of employment and real income, which must be a primary objective of economic policy.
3. To give confidence to member countries by making the Fund's resources available to them under adequate safeguards, thus giving members time to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.
4. To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation.
5. To assure multilateral payments facilities on current transactions among member countries and to help eliminate foreign exchange restrictions that hamper the growth of world trade.
6. To shorten the periods and lessen the degree of disequilibrium in the international balance of payments of member countries.

II. Subscription to the Fund.

1. Member countries shall subscribe in gold and in their local funds the amounts (quotas) determined by a formula to be agreed, which will amount altogether to about \$8 billion if all the United and Associated Nations subscribe to the Fund (corresponding to about \$10 billion for the world as a whole).

- 2 -

2. Quotas may be adjusted from time to time and shall be revised periodically on the basis of the most recent data in accordance with the agreed formula. No change shall be made in a member's quota without its assent, and changes in the agreed formula shall require a four-fifths vote.

3. The obligatory gold subscription of a member country shall be fixed at 25 percent of its subscription (quota) or 10 percent of its holdings of gold and gold-convertible exchange whichever is smaller.

The obligatory gold subscription of a member whose home areas have been substantially occupied by the enemy, shall be only three-fourths of the above.

III. Transactions with the Fund.

1. Member countries shall deal with the Fund only through their Treasury, Central Bank, Stabilization Fund or other fiscal agencies. The Fund's account in a member's currency shall be kept at the Central Bank of the member country.

2. A member shall be entitled to buy another member's currency from the Fund in exchange for its own currency on the following conditions:

- (a) The member represents that the currency demanded is presently needed for making payments in that currency which are consistent with the purposes of the Fund.
- (b) The Fund has not given notice that its holdings of the currency demanded have become scarce in which case the provisions of VI, below, come into force.
- (c) The Fund's total holdings of the currency offered have not increased by more than 25 percent of the member's quota during the previous twelve months, and do not exceed the quota by 100 percent.
- (d) The Fund has not previously given appropriate notice that the member is suspended from making further use of the Fund's resources on the ground that it is using them in a manner contrary to the purposes and policies of the Fund; but the Fund shall not give such notice until it has presented to the member concerned a report setting forth its views and has allowed a suitable time for reply.

The Fund may in its discretion and on terms which safeguard its interests waive any of the conditions above,

3. The operations on the Fund's account will be limited to transactions for the purpose of supplying a member country on the member's initiative with another member's currency in exchange for its own currency or for gold. Transactions provided for under 4 and 7, below, are not subject to this limitation.

4. The Fund will be entitled at its option with a view to preventing a particular member's currency from becoming scarce:

- (a) To borrow its currency from a member country;
- (b) To offer gold to a member country in exchange for its currency.

5. So long as a member country is entitled to buy another member's currency from the Fund in exchange for its own currency, it shall be prepared to buy its own currency from that member with that member's currency or with gold. This requirement does not apply to currency holdings antedating the establishment of the Fund, nor to currency holdings subject to restrictions in conformity with IX, 3 or X, 2, below.

6. A member country desiring to obtain directly or indirectly the currency of another member country for gold is expected, provided that it can do so with equal advantage, to acquire the currency by the sale of gold to the Fund. This shall not preclude the sale of newly-mined gold by a gold-producing country on any market.

7. The Fund may also acquire gold from member countries in accordance with the following provisions:

- (a) A member country may repurchase from the Fund for gold any part of the latter's holdings of its currency.
- (b) So long as a member's holdings of gold and gold-convertible exchange exceed its quota, the Fund in selling foreign exchange to that country shall require that one-half of the net sales of such exchange during the Fund's financial year be paid for with gold.
- (c) If at the end of the Fund's financial year a member's holdings of gold and gold-convertible exchange have increased, the Fund may require up to one-half of the increase to be used to repurchase part of the Fund's holdings of its currency so long as this does not reduce the Fund's holdings of a country's currency below 75 percent of its quota or the member's holdings of gold and gold-convertible exchange below its quota.

IV. Par Values of Member Currencies.

1. The par value of a member's currency shall be agreed with the Fund when it is admitted to membership and shall be expressed in terms of gold. All transactions between the Fund and members shall be at par subject to a fixed charge payable by the member making application to the Fund; and all transactions in member currencies shall be at rates within an agreed percentage of parity.

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2. Subject to 5, below, no change in the par value of a member's currency shall be made by the Fund without the country's approval. Member countries agree not to propose a change of parity of their currency which will affect their international transactions unless they consider it appropriate to correct a fundamental disequilibrium. Changes shall be made only with the approval of the Fund subject to the provisions below.

3. The Fund shall approve a requested change in the par value of a member's currency if it is essential to correct a fundamental disequilibrium. In particular, the Fund shall not reject a requested change necessary to restore equilibrium because of domestic social or political policies of the country applying for a change. In considering a requested change, the Fund shall take into consideration the extreme uncertainties prevailing at the time the parities of the currencies of the member countries were initially agreed upon.

4. After consulting the Fund a member country may change the established parity of its currency provided the proposed change inclusive of any previous change since the establishment of the Fund does not exceed 10 percent. In the case of application for a further change not covered by the above and not exceeding 10 percent, the Fund shall give its decision within two days of receiving the application if the applicant so requests.

5. An agreed uniform change may be made in the gold value of member currencies, provided every member country having 10 percent or more of the aggregate quotas approves.

V. Capital Transactions.

1. A member country may not use the Fund's resources to meet a large or sustained outflow of capital and the Fund may require a member country to exercise control to prevent such use of the resources of the Fund. This provision is not intended to prevent the use of the Fund's resources for capital transactions of reasonable amount required for the expansion of exports or in the ordinary course of trade, banking and other business. Nor is it intended to prevent capital movements which are met out of a member country's own resources of gold and foreign exchange, provided such capital movements are in accordance with the purposes of the Fund.

2. Subject to VI, below, a member country may not use its control of capital movements to restrict payments for current transactions or to delay unduly the transfer of funds in settlement of commitments.

VI. Apportionment of Scarce Currencies.

1. When it becomes evident to the Fund that the demand for a member country's currency may soon exhaust the Fund's holdings of that currency, the Fund shall so inform member countries and propose an equitable method of apportioning the scarce currency. When a currency is thus declared scarce, the Fund shall issue a report embodying the causes of the scarcity and containing recommendations designed to bring it to an end.

2. A decision by the Fund to apportion a scarce currency shall operate as an authorization to a member country, after consultation with the Fund, temporarily to restrict the freedom of exchange operations in the affected currency and, in determining the manner of restricting the demand and rationing the limited supply amongst its nationals, the member country shall have complete jurisdiction.

VII. Management.

1. The Fund shall be governed by a Board of Directors representing the members and by an Executive Committee chosen from among the directors. The Executive Committee shall consist of at least nine members including the representatives of the five countries with the largest quotas.

2. The distribution of voting power on the Board of Directors and the Executive Committee shall be closely related to the quotas.

3. Subject to II, 2 and IV, 5, all matters shall be settled by a majority of the votes.

4. The Fund shall publish at short intervals a statement of its position showing the extent of its holdings of member currencies and of gold and its transactions in gold.

VIII. Withdrawal.

1. A member country may withdraw from the Fund by giving notice in writing.

2. The reciprocal obligations of the Fund and the country are to be liquidated within a reasonable time.

3. After a member country has given notice in writing of its withdrawal from the Fund, the Fund may not dispose of its holdings of the country's currency except in accordance with arrangements made under 2, above. After a country has given notice of withdrawal its utilization of the resources of the Fund is subject to the approval of the Board of Directors.

IX. The Obligations of Member Countries.

1. Not to buy gold at a price which exceeds the agreed parity of its currency by more than a prescribed margin and not to sell gold at a price which falls below the agreed parity by more than a prescribed margin.

2. Not to allow exchange transactions in its market in currencies of other members at rates outside a prescribed range based on the agreed parities.

3. Not to impose restrictions on payments for current international transactions with other member countries (other than those involving capital transfers or in accordance with VI, above) or to engage in any discriminatory currency arrangements or multiple currency practices without the approval of the Fund.

X. Transitional Arrangements.

1. Since the Fund is not intended to provide facilities for relief or reconstruction or to deal with international indebtedness arising out of the war, the agreement of a member country to III, 5 and IX, 3, above, shall not become operative until it is satisfied as to the arrangements at its disposal to facilitate the settlement of the balance of payments differences during the early post-war transition period by means which will not unduly encumber its facilities with the Fund.

2. During this transition period member countries may maintain and adapt to changing circumstances exchange regulations of the character which have been in operation during the war, but they shall undertake to withdraw as soon as possible by progressive stages any restrictions which impede multilateral clearing on current account. In their exchange policy they shall pay continuous regard to the principles and objectives of the Fund; and they shall take all possible measures to develop commercial and financial relations with other member countries which will facilitate international payments and the maintenance of exchange stability.

3. The Fund may make representations to any member that conditions are favorable to withdraw particular restrictions or for the general abandonment of restrictions inconsistent with IX, 3, above. Not later than three years from the coming into force of the Fund any member still retaining any restrictions inconsistent with IX, 3 shall consult the Fund as to their further retention.

4. In its relations with member countries the Fund shall recognize that the transition period is one of change and adjustment and in deciding on requests presented by members it shall give the member country the benefit of any reasonable doubt.

APR 13 1944

My dear Mr. Ambassador:

The preliminary discussions of the technical experts of the United Nations on international monetary cooperation will be completed within the next week or so. When these technical discussions have ended, the experts may issue a Joint Statement recommending the establishment of an International Monetary Fund. A draft of such a statement has been prepared and a summary of it was telegraphed to you for the Minister of Finance and Mr. Bulhoes who participated in these discussions as the technical representative of Brazil.

The technical experts wish to publish the Joint Statement simultaneously in several important centers if they decide to issue it. If the statement is issued, your help in arranging publication in Rio de Janeiro would be appreciated.

Copies are enclosed of the tentative draft of the proposed Joint Statement which the experts are considering issuing. The English text and a translation of the Joint Statement should be prepared for delivery to the Minister of Finance and to Mr. Bulhoes and held by you until it is decided to issue the statement. You will be informed by telegraph whether the Joint Statement will be issued and of any changes in the text that may be made. You will also be informed when to deliver the Joint Statement to the Minister of Finance and Mr. Bulhoes and when they may release it for publication to the press.

It is important that the Joint Statement be held by you in strict confidence until you are informed that it may be presented to the Brazilian authorities for release by them.

Very truly yours,

(Signed) H. Morganthau, Jr.

Secretary of the Treasury.

Honorable Jefferson Caffery,
American Ambassador,
Rio de Janeiro, Brazil.

Enclosures.

EMB:Sh 4/12/44

Reb. to Re. 214 1/2

STRICTLY CONFIDENTIAL

April, 1944

PRELIMINARY DRAFT

Joint Statement by Experts of the United and Associated Nations
on the Establishment of an International Monetary Fund

Sufficient discussion of the problems of international monetary cooperation has taken place at the technical level to justify a statement of principles. It is the consensus of opinion of the experts of the United and Associated Nations who have participated in these discussions that the most practical method of assuring international monetary cooperation is through the establishment of an International Monetary Fund. They have set forth below the principles which they believe should be the basis for this Fund. Governments are not asked to give final approval to these principles until they have been embodied in the form of definite proposals by the delegates of the United and Associated Nations meeting in a formal conference.

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3. To give confidence to member countries by making the Fund's resources available to them under adequate safeguards, thus giving members time to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.
4. To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation.
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1. Member countries shall subscribe in gold and in their local funds the amounts (quotas) determined by a formula to be agreed, which will amount altogether to about \$8 billion if all the United and Associated Nations subscribe to the Fund (corresponding to about \$10 billion for the world as a whole),

- 2 -

2. Quotas may be adjusted from time to time and shall be revised periodically on the basis of the most recent data in accordance with the agreed formula. No change shall be made in a member's quota without its assent, and changes in the agreed formula shall require a four-fifths vote.

3. The obligatory gold subscription of a member country shall be fixed at 25 percent of its subscription (quota) or 10 percent of its holdings of gold and gold-convertible exchange whichever is smaller.

The obligatory gold subscription of a member whose home areas have been substantially occupied by the enemy, shall be only three-fourths of the above.

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- (a) The member represents that the currency demanded is presently needed for making payments in that currency which are consistent with the purposes of the Fund.
- (b) The Fund has not given notice that its holdings of the currency demanded have become scarce in which case the provisions of VI, below, come into force.
- (c) The Fund's total holdings of the currency offered have not increased by more than 25 percent of the member's quota during the previous twelve months, and do not exceed the quota by 100 percent.
- (d) The Fund has not previously given appropriate notice that the member is suspended from making further use of the Fund's resources on the ground that it is using them in a manner contrary to the purposes and policies of the Fund; but the Fund shall not give such notice until it has presented to the member concerned a report setting forth its views and has allowed a suitable time for reply.

The Fund may in its discretion and on terms which safeguard its interests waive any of the conditions above.

3. The operations on the Fund's account will be limited to transactions for the purpose of supplying a member country on the member's initiative with another member's currency in exchange for its own currency or for gold. Transactions provided for under 4 and 7, below, are not subject to this limitation.

4. The Fund will be entitled at its option with a view to preventing a particular member's currency from becoming scarce:

- (a) To borrow its currency from a member country;
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6. A member country desiring to obtain directly or indirectly the currency of another member country for gold is expected, provided that it can do so with equal advantage, to acquire the currency by the sale of gold to the Fund. This shall not preclude the sale of newly-mined gold by a gold-producing country on any market.

7. The Fund may also acquire gold from member countries in accordance with the following provisions:

- (a) A member country may repurchase from the Fund for gold any part of the latter's holdings of its currency.
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- 4 -

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3. The Fund shall approve a requested change in the par value of a member's currency if it is essential to correct a fundamental disequilibrium. In particular, the Fund shall not reject a requested change necessary to restore equilibrium because of domestic social or political policies of the country applying for a change. In considering a requested change, the Fund shall take into consideration the extreme uncertainties prevailing at the time the parities of the currencies of the member countries were initially agreed upon.

4. After consulting the Fund a member country may change the established parity of its currency provided the proposed change inclusive of any previous change since the establishment of the Fund does not exceed 10 percent. In the case of application for a further change not covered by the above and not exceeding 10 percent, the Fund shall give its decision within two days of receiving the application if the applicant so requests.

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2. Subject to VI, below, a member country may not use its control of capital movements to restrict payments for current transactions or to delay unduly the transfer of funds in settlement of commitments.

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2. A decision by the Fund to apportion a scarce currency shall operate as an authorization to a member country, after consultation with the Fund, temporarily to restrict the freedom of exchange operations in the affected currency and, in determining the manner of restricting the demand and rationing the limited supply amongst its nationals, the member country shall have complete jurisdiction.

VII. Management.

1. The Fund shall be governed by a Board of Directors representing the members and by an Executive Committee chosen from among the directors. The Executive Committee shall consist of at least nine members including the representatives of the five countries with the largest quotas.

2. The distribution of voting power on the Board of Directors and the Executive Committee shall be closely related to the quotas.

3. Subject to II, 2 and IV, 5, all matters shall be settled by a majority of the votes.

4. The Fund shall publish at short intervals a statement of its position showing the extent of its holdings of member currencies and of gold and its transactions in gold.

VIII. Withdrawal.

1. A member country may withdraw from the Fund by giving notice in writing.

2. The reciprocal obligations of the Fund and the country are to be liquidated within a reasonable time.

3. After a member country has given notice in writing of its withdrawal from the Fund, the Fund may not dispose of its holdings of the country's currency except in accordance with arrangements made under 2, above. After a country has given notice of withdrawal its utilization of the resources of the Fund is subject to the approval of the Board of Directors.

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1. Not to buy gold at a price which exceeds the agreed parity of its currency by more than a prescribed margin and not to sell gold at a price which falls below the agreed parity by more than a prescribed margin.

2. Not to allow exchange transactions in its market in currencies of other members at rates outside a prescribed range based on the agreed parities.

3. Not to impose restrictions on payments for current international transactions with other member countries (other than those involving capital transfers or in accordance with VI, above) or to engage in any discriminatory currency arrangements or multiple currency practices without the approval of the Fund.

X. Transitional Arrangements.

1. Since the Fund is not intended to provide facilities for relief or reconstruction or to deal with international indebtedness arising out of the war, the agreement of a member country to III, 5 and IX, 3, above, shall not become operative until it is satisfied as to the arrangements at its disposal to facilitate the settlement of the balance of payments differences during the early post-war transition period by means which will not unduly encumber its facilities with the Fund.

2. During this transition period member countries may maintain and adapt to changing circumstances exchange regulations of the character which have been in operation during the war, but they shall undertake to withdraw as soon as possible by progressive stages any restrictions which impede multilateral clearing on current account. In their exchange policy they shall pay continuous regard to the principles and objectives of the Fund; and they shall take all possible measures to develop commercial and financial relations with other member countries which will facilitate international payments and the maintenance of exchange stability.

3. The Fund may make representations to any member that conditions are favorable to withdraw particular restrictions or for the general abandonment of restrictions inconsistent with IX, 3, above. Not later than three years from the coming into force of the Fund any member still retaining any restrictions inconsistent with IX, 3 shall consult the Fund as to their further retention.

4. In its relations with member countries the Fund shall recognize that the transition period is one of change and adjustment and in deciding on requests presented by members it shall give the member country the benefit of any reasonable doubt.

APR 13 1944

My dear Mr. Secretary:

In accordance with the request of the President in his letter to me of April 5 that I designate a member for the newly-formed Executive Committee on Economic Foreign Policy, I am appointing Mr. Harry D. White, one of my assistants, to represent the Treasury Department on that committee and assure you of this Department's cooperation in the work of that committee.

Sincerely yours,

(Signed) H. Morgenthau, Jr.
Secretary of the Treasury.

The Honorable,
The Secretary of State.

HDW:gsa
4/13/44

APR 13 1944

My dear Mr. President:

This is in reply to your letter of April 5 asking that I designate a member for the newly-formed Executive Committee on Economic Foreign Policy.

In view of your statement that you attach the utmost importance to that committee, I am appointing one of my assistants, Mr. Harry D. White, to serve as Treasury representative.

Faithfully yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The President,
The White House.

HJW:gsa
4/23/44

Photostat 4/6/44
to White:

250

Was this drafted by Budget?

Find out what happened.

Talk to Secretary tomorrow. (+7)

THE WHITE HOUSE
WASHINGTON

April 5, 1944

My dear Mr. Secretary:

As the final military victory of the United Nations draws closer, the United States is increasingly faced with difficult and complex problems in the foreign economic field. In day to day operations we are of necessity making decisions which importantly affect future foreign relations. We should, therefore, be formulating adequate policies for the period ahead in order that our daily decisions may be consistent with long range objectives.

The principal responsibility in the executive branch for the determination of policy in relation to international problems devolves, of course, upon the Department of State. Yet the subject matter of specific policies is frequently of proper concern to other Departments as they administer laws in their respective fields. Moreover, many departmental policies although conceived in terms of domestic needs inevitably affect our foreign relations. Consequently, economic foreign policy should be developed with the assistance of other departments.

Much interdepartmental work is already being carried on in certain areas of economic foreign policy but it seems to me that it is desirable to have an interdepartmental committee properly to relate the many segments.

I am therefore asking the following agencies to designate a member for an Executive Committee on Economic Foreign Policy; the Department of State, the Department of the Treasury, the Department of Agriculture, the Department of Commerce, the Department of Labor, the United States Tariff Commission, and the Foreign Economic Administration. The Chairman will be appointed by the Secretary of State. From time to time representatives of other departments and agencies should be invited to participate on the Committee, or its subcommittees when matters of special interest to them are under consideration. The members should be in a position to ascertain and express the views of their respective departments and agencies and they should be able to give adequate attention to this important work.

The function of the Executive Committee on Economic Foreign Policy will be to examine problems and developments affecting the economic foreign policy of the United States and to formulate recommendations in regard thereto for the consideration of the Secretary of State, and, in appropriate cases, of the President.

- 2 -

It is my expectation that major interdepartmental committees concerned with foreign economic affairs including those established in the Department of State will be appropriately geared into this Committee.

I attach the utmost importance to this Committee and trust that you will forthwith send the Secretary of State the name of the representative of your department in order that the Committee may at once start its work.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Franklin D. Roosevelt".

Honorable Henry Morgenthau, Jr.
Secretary of the Treasury

April 13, 1944

Mr. White

Secretary Morgenthau

I saw Governor Lehman yesterday, and he was quite disturbed that no preparation is being made on the fiscal front out of Cairo in connection with the Balkans. He gave me the name of the UNRRA man there in charge, but I have lost it. However, I am sure that you can find out whom he is, and he would very much like us to send a cable to Glasser to contact the head of UNRRA in Cairo and talk the matter over.

If this memorandum isn't clear, please come in and see me about it. - *Finished* -

April 13, 1944

My dear Herbert:

On returning to Washington, I inquired about the whereabouts of Harold Glasser. I find that he is now in Italy, and we have planned to send him to Spain at the conclusion of his work in Italy.

However, Mr. Friedman, who also is a very excellent man, is going to leave shortly for Cairo, and I would like to suggest that Mr. Friedman, at your convenience, call on you and learn from you first-hand what you have in mind.

Yours sincerely,

(Signed) Henry

The Honorable Herbert H. Lehman,
Director General,
United Nations Relief and
Rehabilitation Administration,
State Department,
Washington, D. C.

FNA - Safon

ALLIED FORCE HEADQUARTERS

Civil Affairs Office

April 13, 1944

Dear Mr. Taylor:

Reference is made to Hoffman's letter of April 5, 1944 concerning the proposed appointment of Couve de Murville as French representative on the Italian Advisory Council. I learned of this appointment yesterday, and was subsequently advised that Hoffman had already written to Harry White concerning the matter. As you probably know, I was in Italy from April 1st to April 7th.

Throughout the course of my stay here in North Africa I have scrupulously refrained from passing on to the Treasury my personal views and judgments, as I felt and feel that only the head of the Treasury delegation has this right in the interests of good organization. In this particular case, however, I feel compelled to depart from the line and express my own views.

The news that the French have proposed that Couve de Murville should sit in such an important position astonished me. During the course of his incumbency as Commissar of Finance I had come to know much of this man, of his economic, financial and political philosophy, and of his connections in French as well as in certain American circles.

With ample justification for the record, the Treasury, and its representatives here in this theatre, made clear its views of this individual. Those men, both here and in Washington, who are in a position to exert strong influence on French representation on such bodies, know very well our expressed position on this individual. While it may be that the State had asked Treasury for its opinion on the appointment of Couve de Murville, I doubt that this is the case, as I am sure that Treasury would have reaffirmed its known position. It seems to me that there should be some courtesy among the departments of our Government and that State should have in no way engineered (as is likely), or approved of, this appointment without prior clearance with the Treasury in Washington.

You will note that Hoffman's letter states: "I asked whether the American Mission here or the State Department had to approve of the French nominations and was told that they did not in any formal manner" (underscoring added). I am

Rec'd. 4-21-44

- 2 -

that you will construe the meaning of the words "in any manner" in exactly the same way as I do, namely, that the appointment could have been stopped.

Hoffman's reply to the inquiry of the State Department was in my opinion ill-advised and inadequate in any case. Moreover, it seems that Hoffman should have insisted on prior clearance of this appointment with the Treasury in Washington. Hoffman's statement, "I said that I had no comment to make as long as Couve de Murville was being given an assignment which did not involve his dealing with us or with the Treasury", simply does not make good sense in view of the circumstances. This is an extremely influential appointment as I see it, and in it Couve de Murville will certainly be dealing with problems in which the Treasury will have a strong interest. It is of no consequence in my mind that we may not have to deal with him directly and personally.

I hope that the Treasury will already have filed a strong protest with the State Department over this appointment.

Sincerely yours,



James J. Saxon
U.S. Treasury Representative

Mr. William Taylor,
Assistant Director,
Division of Monetary Research,
U. S. Treasury Department,
Washington, D. C.

Mr. White spoke to the Secretary about
this and it was decided to drop the matter.

April 13, 1944

Mr. White

Secretary Morgenthau

Would you consider drafting a memo for me to send to Mr. Stimson, asking him a series of questions as to what the Army is going on the monetary and fiscal front in connection with the invasion under General Eisenhower?

If this memorandum isn't clear, please come in and talk to me about it today.

April 13, 1944

D. W. Bell

Secretary Morgenthau

Gordon Rentschler tells me that they have worked out a system whereby they are getting a million dollars a week of new deposit money.

What would you think of putting Cy Upham to work studying this plan, and if it is the best plan to try to get other banks to use it so that we can decrease the amount of cash in circulation?

See meeting with Bell -

4/13/44 -

File

April 18, 1944

Peter Odegard

Secretary Morgenthau

I am not too happy over the outline you gave me for the book on War Finance. May I suggest that you go over it with Miss Elliott and get her views, and after you have done that I would like to sit down with you, Ted Gamble, Miss Elliott, and Fred Smith and discuss it.

261 ✓

Clear with Smith

(Handwritten initials)

~~LETTERS FOR SECRETARY'S APPROVAL~~

(LETTER B)

(Handwritten initials)

If approved, this ltr would go to names on list marked "B")

April 13, 1944

My dear Mr. Tobin:

I have just sent to President Murray of the C. I. O., a copy of the enclosed chart showing the aggregate sales of Series E War Bonds in each of our four War Loan drives and I want to send you the same information, because I know from the records how enthusiastically you have been promoting the Treasury's War Bond Program. This chart shows the steady increase in both the dollar volume of E Bond sales and the number of individual Bonds sold during each of the drives. We think it shows remarkable progress in our program of persuading individual American citizens to use a substantial amount of their earning for financing the war.

When we adopted a goal of three billion dollars in E Bonds for the Fourth War Loan Drive, which was half a billion more than we had ever sold before in a similar period, many experts told us that it was impossible. However, you will see from the enclosed chart that we actually surpassed our goal by \$167 million.

In the regular purchase of War Bonds through the payroll savings plan, and in the purchase of War Bonds during War Loan drives, organized labor has been tremendously helpful. In the last drive we set plant quotas for many thousands industrial plants, and it is a matter of record that the best records were set by those plants where the management and organized labor cooperated most closely. The great majority of plants having contracts with labor unions, met or exceeded their quotas. This is a record of which every union member may well be proud.

- 2 -

I therefore want to thank you and the members of the International Brotherhood of Teamsters for your cooperation and to urge you to continue it and intensify it during the crucial months which are ahead of us.

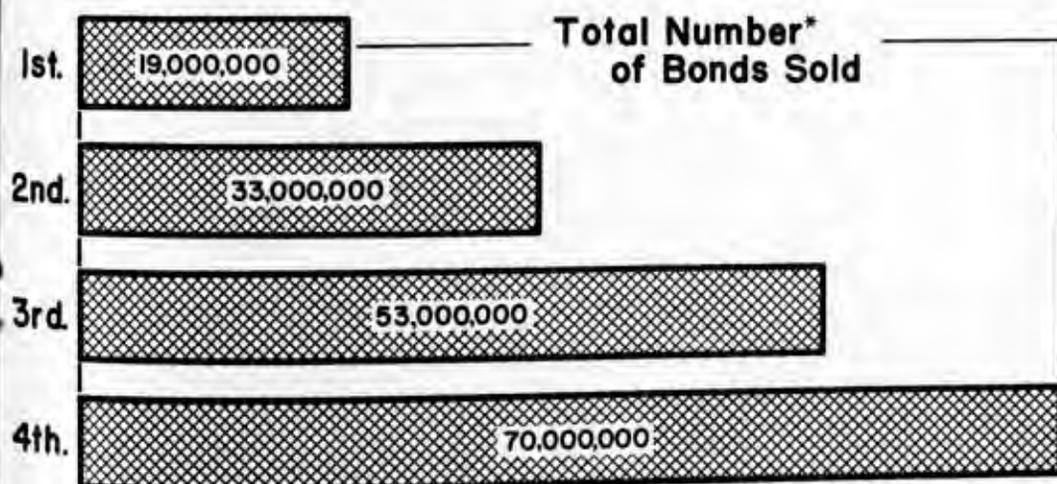
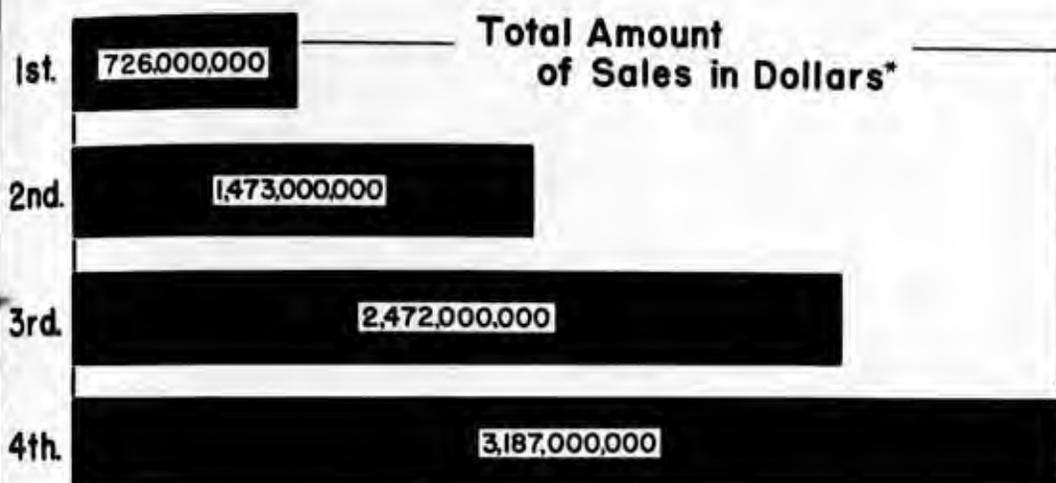
Sincerely,

(Signed) H. Morganthau, Jr.

Mr. Daniel J. Tobin, President,
International Brotherhood of
Teamsters,
222 E. Michigan Street,
Indianapolis, Indiana.

JLH:shh

Series E War Bond Sales in the Four War Loans



* Rounded to the nearest million.

F-316-A-1

The attached letter also went to the following:

- Mr. Sherman H. Dalrymple, President, United Rubber Workers Union of America, 503 United Building, Akron, Ohio.
- Mr. David Dubinsky, President, International Ladies' Garment Workers Union, 3 West 16th Street, New York, New York.
- Mr. Edward J. Brown, Pres., International Brotherhood of Electrical Workers, 1200 15th St., N.W., Washington, D. C.
- Mr. Lewis A. Clark, President, United Packinghouse Workers of America, 205 W. Wacker Drive, Chicago, Illinois.
- Mr. Joseph Obergfell, General President, International Union of United Brewery and Soft Drink Workers, 2347 Vine Street, Cincinnati 19, Ohio.
- Mr. R. J. Thomas, Pres., United Automobile Workers of America, CIO, 411 W. Milwaukee Street, Detroit, Mich.
- Mr. John Green, Pres., Industrial Union of Marine & Shipyard Workers, 534 Cooper Street, Camden, New Jersey.
- Mr. Sidney Hillman, Pres., Amalgamated Clothing Workers of America, 15 Union Square, New York, New York.
- Mr. George L. Berry, Pres., Inter-Printing Pressmen's & Assts. Union. Pressmen's Home, Tennessee.
- Mr. Martin Durkin, Pres., United Asso. of Plumbers and Steamfitters, Machinists Building, Washington, D. C.
- Mr. Harvey W. Brown, President, International Asso. of Machinists, Machinists Building, Washington, D. C.
- Mr. Edward Flore, Pres., Hotel and Restaurant Employes, International Alliance, 422 Sidway Building, Buffalo, New York.
- Mr. Max Zaritsky, Pres., United Hatters, Cap and Millinery Workers, International Union, 245 5th Avenue, New York, New York.
- Mr. Emil Rieve, President, Textile Workers Union of America, CIO, 15 Union Square, New York, N.Y.

Program from Dept of Commerce Auditorium
which Secretary introduced Mrs. Roosevelt
April 14, 1944.

Secretary Morgenthau:

1st draft
4-13-44

Tonight we honor two-million one-hundred twenty-seven thousand Government workers, ~~stationed~~ throughout the Nation, who are investing forty-seven million three-hundred thousand dollars, or 11% of their monthly gross pay in Bonds. These two million workers represent 90% of all those employed by the Government.

Federal employees also have made substantial purchases of extra Bonds for cash during War Loan drives. In the Third and Fourth Loans, civilians of the Government invested nearly one hundred and seventy-five millions. During the past year, civilian employees have invested in the war a total of 10% of the entire Federal payroll.

That is the story of civilian participation among Federal employees.

The record of our soldiers, sailors, marines and Coast Guardsmen is equally spectacular.

In January of this year, our Armed Forces were investing at the rate of more than forty-one million dollars a month in War Bonds, and this participation is steadily rising.

The record of our Fighting Forces in buying War Bonds has always been good. The men who are at the fronts, the men who know what this war really means in terms of bullets and bombs, or those who are stationed in isolated spots and know

- 2 -

the war for its loneliness and discomfort -- these men do not require much urging to buy Bonds. They have had a good chance to appreciate the United States and all it stands for and they are ready to invest all they can to protect their homes, their comforts, the way of life they knew before they went away.

Tonight Mrs. Roosevelt is here to talk about some of our men who are stationed in the Carribean. Only recently she has seen them and talked with them. I am happy that she has agreed to come here and speak for the War Bond program, because I know that the success of our Fifth War Loan is dependent upon the people here on the Home Front having a clear understanding of the nature of the War and the sort of life our men on duty are living.

These men know that the war must be fought to a finish -- to a knock-out, not to a decision. And it is up to us back home to keep producing the materials of war, to keep financing the huge costs of war, and to fortify the spirit and the morale of our men and women away from home. And the Army tells me that one of the best ways we have of convincing the soldiers overseas that we are Backing the Attack is to keep up -- and improve -- our Bond Buying.

- 3 -

What Mrs. Roosevelt has to say, coming first-hand from these men overseas, is vitally important.

I am happy to introduce Mrs. Franklin Delano Roosevelt.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE April 13, 1944

TO Secretary Morgenthau

FROM R. E. McConnell

Judge Byrnes in his speech in New York yesterday mentioned the tax problem as the No. 2 problem in any post-war recovery program. Mr. Baruch referred to taxes five times in his report, a digest of which is attached.

You probably know that the National Association of Manufacturers, the Twentieth Century Fund, and several other organizations serving industry are working on this problem and will probably have reports to make previous to the election.

It would seem logical that the Treasury Department take the leadership in dealing with this post-war tax problem, and it is recommended that plans be formulated immediately.

In connection with such plans, I would like to suggest again that consideration be given to the formation of a group of men from business to act as a sounding board in a purely advisory capacity for the Treasury.

R. E. M.

Attachment.

From Judge Byrnes' speech, as reported in the Post:

"2. An interdepartmental committee is now working under Treasury Secretary Henry Morgenthau to submit proposals to Congress for a tax program 'suited for an expanding peacetime economy.'"

From the Baruch Report on War and Post-War Adjustment Policies:

Page 2 - "9. Prepare now for future action reducing taxes from war to peacetime levels, thereby providing necessary incentive for initiative and enterprise and stimulating employment."

Page 13 - " * * Prompt, effective, orderly handling of these and other Government surpluses in excess of war needs will have a most important effect on quickenning war production, combatting inflation, speeding the resumption of civilian employment as that becomes possible, and reducing the national debt, with a consequent lowering of post-war taxes. * * "

Page 27 - "We recommend therefore:
That a post-war tax law be drafted now, during the war, and put on the shelf to go into effect at the end of the war.

"This recommendation should lead no one to think we believe present tax rates too high for wartime--if anything, they are too low--or that we believe there should be an upward revision of our standards of fair wartime profits. * * "

Page 38 - "I. So that the loans made available can be repaid and to encourage new enterprises, a post-war tax law be drafted now, during the war, and put on a shelf for use at the end of the war.

"1. This tax law to make known in advance the reductions in tax rates from the present wartime levels to normal peacetime levels.

-2-

"2. That this tax law provide for reduction of the national debt--the importance of reducing the debt being 'to return to a strong position of national defense.'

"3. That this recommendation not be interpreted as meaning that present tax rates are too high for war--if anything they are too low--or that there should be an upward revision of our standards of fair wartime profits. 'We have never swerved from the position that the profit be taken out of war.'"

Page 64 -

"All of the war surpluses will have been paid for by the American public either through war taxes or the increase in the national debt. Therefore, the proceeds of all sales should go to reduce that debt, lowering the post-war carrying charges which will have to be met through taxation."

April 13, 1944

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

(For your information; no action required)

Undoubtedly you have seen the following excerpt on taxation, from the address by Justice Byrnes before the Academy of Political Science in New York, Wednesday, April 12.

"Taxation which is best suited to the needs of a war economy is not at all suited for an expanding peace economy. With the end of the war there should be an end of the wartime system of taxation.

"The history of tax legislation shows that the drafting and passage by Congress of a general tax bill frequently requires six months. We must avoid this delay. An interdepartmental committee is now working under the direction of the Secretary of the Treasury upon proposals which he will submit to the Congress at the proper time. Congress is also studying the problem and I am sure that with the coming of peace, the government will quickly provide a system of taxation that will enable us confidently to build for the future."

The "interdepartmental committee" referred to by Justice Byrnes is, I suppose, the technical group which has been meeting from time to time during the past few months. I know of no other group.

RB

April 13, 1944

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

(For your information; no action required)

The fourth meeting on incentive effects of taxation is scheduled for Thursday, April 20, 1944, from 2 to 4 p.m., in Room 220, Main Treasury Building. Attached is a list of persons being invited from outside the Treasury. It is intended to continue the discussion of corporation income taxation along the lines indicated in the attached mimeographed agenda.

This meeting was scheduled in accordance with Secretary Morgenthau's decision at the staff conference Monday, April 10.

RB

Attachments

1. Dr. Bushrod Allin
Bureau of Agriculture Economics
Department of Agriculture
Washington, D. C.
2. Mr. Arthur J. Altmeyer
Chairman, Social Security Board
Washington, D. C.
3. Hon. Benjamin V. Cohen
The White House
Washington, D. C.
4. Mr. Gerhard Colm
Bureau of the Budget
State Department Building
Washington, D. C.
5. Mr. George P. Comer
Economic Adviser to Anti-Trust Division
3266 Department of Justice Building
Washington, D. C.
6. Mr. Morris A. Copeland, Assistant Director
Munitions Branch, Statistics Division
War Production Board
Room 2751, Social Security Building
Washington, D. C.
7. Mr. Lauchlin Currie
The White House
Washington, D. C.
8. Mr. Wm. H. England
Chief Economist
Federal Trade Commission
Washington, D. C.
9. Mr. Corwin D. Edwards
Consulting Economist to
Anti-Trust Division
3262 Department of Justice Building
Washington, D. C.
10. Honorable Marriner Eccles
Chairman, Board of Governors of the
Federal Reserve System
Washington, D. C.

11. Mr. Richard Gilbert
Economic Adviser
Office of Price Administration
Washington, D. C.
12. Mr. Alvin H. Hansen
Board of Governors of the
Federal Reserve System
Washington, D. C.
13. Mr. A. F. Hinrichs
Acting Commissioner
Bureau of Labor Statistics
2307 Department of Labor Building
Washington, D. C.
14. Mr. Homer Jones
Chief, Division of Investigation
and Research
Office of Alien Property Custodian
Room 625, National Press Building
Washington, D. C.
15. Mr. Simon Kuznets, Associate Director
Bureau of Planning and Statistics
War Production Board
Room 5710, Social Security Building
Washington, D. C.
16. Mr. M. L. Livingston
National Economics Unit
Department of Commerce
Washington, D. C.
17. Mr. M. O. Lorenz
Director, Bureau of Transport, Economics and Statistics
Interstate Commerce Commission
Washington, D. C.
18. Mr. Isador Lubin
The White House
Washington, D. C.
19. Mr. Edward F. Prichard, Jr.
Head Attorney
Office of Economic Stabilization
1206 Federal Reserve Building
Washington, D. C.
20. Honorable Ganson Purcell
Chairman, Securities and Exchange Commission
Tower Building
14th and K Streets, N. W.
Washington, D. C.

21. Mr. Alex Rosenson
Division of Economic Studies
State Department
Washington, D. C.
22. Mr. Walter Salant
Office of Price Administration
Washington, D. C.
23. Dr. Carl Shoup
Columbia University
New York, New York
24. Mr. Leroy D. Stinebower
Chief, Division of Economics and Statistics
Department of State
905 Walker Johnson Building
Washington, D. C.
25. Mr. Amos E. Taylor, Director
Bureau of Foreign and Domestic Commerce
Room 3858 - Department of Commerce
Washington, D. C.
26. Mr. Donald S. Thompson
Chief, Division of Research and Statistics
Federal Deposit Insurance Corp.
National Press Building
Washington, D. C.
27. Mr. H. R. Tolley
Chief, Bureau of Agricultural Economics
3051 South Building
Department of Agriculture
Washington, D. C.
28. Dr. Clark Warburton
Principal Economist
Federal Deposit Insurance Corporation
Washington, D. C.
29. Mr. Ronald B. Welch
Director of Tax Research
Board of Investigation and Research
DuPont Circle Building
Washington, D. C.

Incentive effects of the corporation-income tax

1. Is there justification for special taxation of business income as such? For corporation income as such?
2. In levying taxes on business or corporate income should any attempt be made to differentiate between different kinds of income based on (a) the size of the business unit, (b) the age of the business unit, or (c) the industry in which it operates?
3. Does the prewar corporation-tax system discriminate against equity financing? Does this reduce the volume of equity financing through the substitution of debt financing? Does this reduce the volume of total financing?
4. Would the following changes in the corporation-tax base represent desirable ways of removing such discrimination?
 - (a) Expanding the base by
 1. Disallowing the deduction of interest expense
 2. Disallowing the deduction of interest and other payments for the use of capital (e.g., rent)
 - (b) Narrowing the base by
 1. Giving the shareholder full credit for the corporate-income tax when dividends are distributed (British system)
 2. Allowing the corporation a deduction for dividend payments, but giving no credit to the individual shareholder for the corporate tax on undistributed earnings (undistributed-profits tax)
 3. Allowing corporations a deduction for dividend payments and for undistributed earnings but requiring such earnings to be allocated to individual shareholders
 4. Eliminating all taxes on corporate income
5. Assuming an appropriate adjustment in individual-income taxes so that there would be no change in overall revenue yields, which of these alternatives would be more favorable to equity financing?

- 2 -

6. What would be the respective effects of these alternatives on the allocation of corporate income as between dividend payments and undistributed profits? On total undistributed profits?
7. What implications underlie the choice between these alternatives in connection with (a) the growth of monopolies, (b) the separation between ownership and management, and (c) the expansion of business investment into those fields offering the highest return?
8. What would be the effect of these alternatives on the price and wage decisions of corporation management?
9. What would be the effect of these alternatives on the views of business management with respect to the profitability of additional investment?
10. Which of these alternatives would contribute most toward a high level of employment in the postwar period?

Treasury Department, Division of Tax Research

February 29, 1944

April 13, 1944

FROM: SECRETARY MORGENTHAU

TO: MR. HOUGHTELING

Thank you for the information in your memorandum of April 12th. I have tried to get Mr. Folsom but have been turned down by the R.C.A. people.

I would appreciate getting additional suggestions.

FROM

The White House
Washington

APRIL 13, 1944

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

TO: THE PRESIDENT:
FROM SECRETARY HENRY MORHENTHAU JR.

DUE TO THE ATTITUDE OF AMBASSADOR HAYES WAR REFUGEE BOARD HAS NOT BEEN ABLE TO ACCOMPLISH ANYTHING IN SPAIN. TOMMY CORCORAN IS UNABLE TO GO TO SPAIN. IT IS ESSENTIAL THAT A BIG MAN GO OVER AS YOUR REPRESENTATIVE. IN VIEW OF OTHER DIFFICULTIES WHICH I UNDERSTAND THIS GOVERNMENT IS ENCOUNTERING IN SPAIN I SUGGEST THAT YOU CONSIDER THE POSSIBILITY OF SENDING WENDELL WILLKIE TO DEAL AS YOUR REPRESENTATIVE WITH THE REFUGEE PROBLEM TOGETHER WITH THESE OTHER PROBLEMS RELATING TO SPAIN. A WAR REFUGEE BOARD REPRESENTATIVE COULD ACCOMPANY HIM. WILLKIE COULD ALSO VISIT OTHER NEUTRAL COUNTRIES TO FURTHER OUR ANNOUNCED POLICY OF GETTING TOUGHER WITH THESE COUNTRIES.
BEST REGARDS.

HENRY MORGENTHAU JR.

Telegram to President Roosevelt

Due to attitude of Ambassador Hayes, War Refugee Board has not been able to accomplish anything in Spain. Tommy Conroy is unable to go to Spain. It is essential that a big man go over as your representative. In view of other difficulties which I understand this Government is encountering in Spain I suggest that you consider the possibility of sending Wendell Willkie to deal as your representative with the refugee problem together with these other problems relating to Spain. A War Refugee Board representative could accompany him. Willkie could also visit other neutral countries to further our announced policy of getting tougher with these countries. Best regards
 1 PM J
 sent 6 P.M. April 13, 1944

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD

INTER-OFFICE COMMUNICATION



DATE APR 13 1944

TO Secretary Morgenthau
FROM Mr. Pehle

I am attaching herewith a copy of
the report of the War Refugee Board for April 3
to 8, 1944.



Attachment

Developments during the week of
April 3 - 8, 1944.

1. STATEMENT ON AXIS ATROCITIES

Mr. Eden, in response to a question asked in the House of Commons concerning the issuance by the British Government of a statement with reference to the peril now threatening Jews in the Balkans, called attention to the wholehearted approval given by the British Government to the President's statement of March 24th, and made a statement of similar import on behalf of the British Government. In this declaration, Eden noted that the Nazi program of exterminating the Jews has not been halted and repeated Britain's determination to bring those guilty to justice. The satellite governments were warned by Eden that their continued assistance in these persecutions will not be forgotten when Germany is defeated, while the people and officials of the satellites who show tolerance and mercy will also not be forgotten. Eden also promised that this statement of British policy would be given the widest publicity in enemy and occupied countries and in the satellites.

We have been advised by Harriman that he spoke to Vyshinski regarding the President's statement and requested Russian cooperation with the Board's psychological program. Vyshinski stated that the views of the Russian Government on the subject were well-known and that sympathetic consideration was being given to Harriman's previous request for Russian assistance.

Ackermann has reported that the OWI at Algiers has widely publicized the President's statement, both in the press and over the radio. The OWI proposes to have parts of the statement repeated in French, German, Italian and English on the United Nations radio and to obtain favorable comment on the statement from prominent French officials which it will disseminate.

The Greek Government in Cairo has issued a declaration stating that it fully shares the views and feelings expressed in the President's statement of March 24th and requesting all Greeks to assist in the escape to neutral or free countries of all Jews and other victims of Nazi tyranny. The OWI and the Greek Government will broadcast the statement to Greece and it will also be publicized in the local and foreign press.

- 2 -

The Apostolic Delegate, in reply to our letter transmitting a copy of the President's statement and suggesting action by the Holy See to protect the Jewish population in Rumania and Hungary from further persecution, advised us that he had been informed that the Holy See through the Apostolic Nuncios in Bucharest and Budapest had interested itself in the fate of the Jews in the Balkans and that insistent recommendations were now being made by the Holy See through the Nuncios, although the success of such representations was said to be doubtful.

2. COOPERATION WITH OTHER GOVERNMENTS

(a) British

We have been advised by the British Embassy that the Ministry of Economic Warfare believes that the divergence of any of the Swedish ships now engaged in the Greek relief program in order to evacuate refugees from Rumania would seriously interfere with Greek relief. However, it was pointed out that this situation may improve shortly when four additional Swedish ships are added to the Greek relief fleet. The Germans have consented to the use of these additional ships for this purpose and MEW feels that after the ships have left the Baltic Sea the time will be more opportune to work out plans which will make a ship available for evacuating refugees without unduly interfering with the Greek relief program.

(b) Russia

Harriman has advised that the Foreign Office has informed him that the Government of the USSR is prepared to aid in the safe passage of the Bulgarian ships, "Bellacitta," "Maritza," and "Milka," which are transporting Jewish refugees to Istanbul from the Balkans.

(c) Other United Nations

(1) Canada

In response to a note sent by our Embassy to the Canadian Secretary of State for External Affairs, outlining the position of this Government on the subject of aid to war refugees, a reply has been received calling attention to the declaration of policy made by the Prime Minister of Canada on July 9, 1943, reviewing the steps taken by the Canadian Government to assist refugees and requesting consideration be given by the United States to allowing 900

- 3 -

refugees now in Canada, who had been sent to that country from the United Kingdom, to enter the United States.

(ii) Australia

We have prepared a cable to our Mission at Canberra which is pending at State, requesting that appropriate Australian officials be advised of the necessity of giving assurances to neutral countries contiguous to occupied Europe, that refugees accepted by such countries and who do not return to their homes after the war, will be admitted as immigrants to other countries. We have asked our Legation to point out to the Australian Government the steps which have been taken by this Government with respect to 5,000 visas for children arriving in Spain and Switzerland from France. We have also asked the Mission to inquire whether the Australian Government will take parallel action in order to induce these neutral countries to accept additional refugees from Axis territory.

(iii) Poland

We have received a further report through Schoenfeld from the Polish Government-in-Exile to the effect that the Governments of Paraguay and Chile issue passports to Polish citizens to help them flee from the Nazis but that Peru, Ecuador, and Venezuela have adopted an unfavorable attitude in such matters.

(d) The Neutrals

(1) Switzerland

Our cable has been despatched to Harrison requesting that he ascertain the interpretation the Swiss Government places upon the term "political refugees" and that he should advise the Swiss of our opinion that various classes of persons should be considered political refugees.

(ii) Sweden

We have been advised by Minister Johnson that the appointment of Iver Olsen as Special Representative of the Board in Sweden is acceptable to him, and Olsen has informed us that he believes he will be able to perform his new duties as well as to continue as Financial Attache of the Legation.

- 4 -

(iii) Portugal

We have cabled Minister Norweb that, with his consent, we propose to appoint Robert C. Dexter, European Representative of the Unitarian Service Committee, as Special Representative of the Board in Portugal. The Unitarian Service Committee has approved this appointment. It is also contemplated that Dexter will be designated by State as Special Attache to the Legation on war refugee matters.

(iv) Spain

Our cable to Hayes has been despatched, setting forth specific plans to facilitate the evacuation of refugees to Spain and attempting to clarify for him, in accordance with his request, our policy with respect to the "involuntary removal" of refugees from Spain to North Africa.

A report has been received from Ackermann that 358 refugees have already been cleared for entrance to Camp Lyautey. No ship will be available to take them to North Africa until the last week in April. By that time, however, the applications of a second group will have been considered by the authorities in North Africa and that group will also be prepared to leave Spain on the same ship.

(v) Turkey.

We were advised by Steinhardt that Black of the War Shipping Administration had expressed the opinion that the premium asked by local underwriters for war risk insurance on the "S.S. Tari" was outrageously high and Black therefore suggested that in view of the United States Government's guarantee to replace the vessel, either no war risk insurance be placed on the "S.S. Tari" or that it be covered through the War Shipping Administration. We are advising Steinhardt that if the "S.S. Tari" is chartered to the War Refugee Board, the war risk will be insured through the War Shipping Administration at a rate considerably less than that being asked in Turkey.

In a cable to Steinhardt, now pending at State, we are advising him of our inability to understand the attitude of the Turkish Government, which, while professing a desire to cooperate in the refugee program, at the same time insists upon a guarantee from this Government to replace the "Tari" in the event of loss with a passenger vessel, although it must be aware that, because of the military

- 5 -

necessity, the United States is not in a position to make such a guarantee of replacement. Steinhardt is being asked to approach the Turkish Government, if he believes it advisable and set forth our position frankly and ask whether that Government proposes to charter the "Tari" without further delay and upon the basis of the guarantee which this Government has already offered.

The representative of the International Red Cross in Ankara, at the suggestion of Steinhardt and Hirschmann, conferred with the German Ambassador to Turkey. Von Papen agreed to urgently recommend to his government that the "S.S. Tari" be given safe conduct and that, in its treatment of Jews in Hungary, the German Government exercise restraint.

Through the intervention of Hirschmann and Steinhardt with the Turkish Government, 239 refugees who arrived illegally in Turkey from Constanza on a Bulgarian vessel, the "S.S. Milka," were permitted to enter Turkey and rail transport was obtained which enabled them to proceed on to Palestine.

The "S.S. Bellacitta," which is available to transport Jewish refugees from Mangalia to Istanbul, has been held up by the failure thus far to secure safe conduct from Germany. We have prepared cables to our Missions at Bern and Stockholm asking the governments of these two countries to support, in their own names, the request of the International Red Cross for safe conduct from the German Government. In this connection a cable from Harrison at Bern indicates that in the opinion of the International Red Cross representatives there it is very doubtful whether the German safe conduct can be obtained for either the "S.S. Tari" or the "S.S. Bellacitta."

Steinhardt has also reported the substance of a conversation between the Rumanian Minister to Turkey and the International Red Cross Representative in Ankara on March 29th, in which the former advised that the Antonescu Government is still in power in Rumania and that no noticeable political change has taken place. The Rumanian Minister stated that, although during the preceding few weeks transportation conditions had become very difficult, the Rumanian Government was doing everything possible for the Jews in that country and that so long as the present Rumanian Government remains in power not a single Jew will be molested by this Government. The Minister stated that as rapidly as

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transportation facilities permitted, the Jews in Transnistria were being moved into Rumania proper, the latter statement has been confirmed by Jewish refugees arriving in Turkey from Rumania.

(e) Latin American Countries

Reports have been received from our Missions in Brazil, Mexico, Uruguay and Peru.

(i) Brazil

We have been advised by our Mission at Rio de Janeiro that it has been assured by an official of the Brazilian Foreign Office that the refugee question in the form presented to the Brazilian Government by our Embassy, pursuant to instructions contained in the circular airgram, is now under active discussion by the Minister of Justice and by the National Immigration Council. The Embassy has pointed out that, while there are many conflicting currents of public opinion with respect to permitting the entry of European refugees into Brazil, that country's policy in the past has been, in general, a liberal one. According to the report, the National Immigration Council at a recent meeting passed a resolution urging that the Brazilian Government consent to receive a group of 500 Jewish refugee children from France.

(ii) Mexico

A report has been received from Ambassador Messersmith that 489 Polish refugees will be brought shortly to Mexico from India. Messersmith repeated his previous recommendation that no more refugees be brought to Mexico.

(iii) Uruguay

The Under-Secretary of Foreign Affairs of Uruguay has informed our Mission at Montevideo that an officer of the Foreign Office has been directed to prepare a declaration of policy to be issued by the Uruguayan Government. It is anticipated that this statement will be similar to the declaration issued by the President upon the creation of the War Refugee Board.

(iv) Peru

Our Mission at Lima, in response to its approach to the Government of Peru on the refugee question, has been advised orally by a Foreign Office official that the

- 7 -

admissibility into Peru of war refugees has not changed since 1938 when the Peruvian Government informed the Refugee Committee in London of the ability of Peru to absorb solely refugee agriculturists and that few refugees appear to fall within this category.

(f) Other Countries

(1) Finland

A preliminary report has been received from our Minister at Helsinki concerning the cooperation which may be expected from Finland in carrying out the policy of the War Refugee Board. At present, according to the report, there is no actual official discrimination against refugees in Finland. Although the entry of refugees is not encouraged by the Finnish Government, they are not turned back at the frontier. Minister Gullion believes that Finland would be willing to make a public declaration of policy regarding refugees including Jews similar to the statement made by the President upon the creation of the War Refugee Board, except such statement would not stigmatize the Germans. The Minister believes the War Refugee Board could assist in a program now under consideration for the transfer of certain Jewish refugees from Finland to Sweden.

(ii) Italy

We are amending the designation of Ackermann to constitute him the Special Representative of the War Refugee Board in the Mediterranean Area, in order to enable him to deal with refugee problems affecting North Africa and Italy, including those which may necessitate action in connection with Corsica, Sardinia, Yugoslavia and similar areas. Pending definite word with respect to the designation of Saxon as our Representative in Spain, he has been designated to assist Ackermann and is being sent to Italy to investigate the refugee problem there and to report thereon.

3. COOPERATION WITH THE INTERGOVERNMENTAL COMMITTEE

Sir Herbert Emerson and Mr. Patrick Malin of the Intergovernmental Committee have arrived in this country to discuss with representatives of the Board the respective fields of the Intergovernmental Committee and the War Refugee Board.

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4. VATICAN PROTEST ON THE DEPORTATION OF JEWS FROM SLOVAKIA

We have asked the Apostolic Delegate to attempt to obtain from Dr. Tiso and his associates more adequate assurances that Jews in Slovakia will not be persecuted and that they will not be removed from Slovakia to Germany or to German-occupied territory, since the previous assurances given by the Government of Slovakia to the Holy See were ambiguous in that they did not clearly indicate the policy which Dr. Tiso and his associates contemplate following with respect to these people.

5. ESTABLISHMENT OF HAVENS OF REFUGE IN TRIPOLI AND CYRENAICA

The cable to Winant asking him to take up with the British Government the matter of using Tripoli and Cyrenaica as havens of refuge has been despatched.

6. SPECIAL PROJECTS(a) Internees in Enemy -Occupied Europe Holding Latin American Passports.

A cable has been despatched to Harrison at Bern asking him to take appropriate action to induce the Swiss Government to take steps to avoid the seizure or other non-recognition by the Germans of the Latin American passports held by internees.

(b) Refugees on the Island of Rab

We have been advised by Ackermann that late reports indicate that the Germans may have reoccupied Rab. Saxon is now at Bari and we should have more definite word as to the situation on Rab shortly.

(c) Relief of Italian Refugees in Switzerland

The World Jewish Congress, upon our recommendation, has been licensed to send the Swiss franc equivalent of \$8,010 to its representative in Geneva for the relief of Italian refugees in Switzerland. These funds were made available to the World Jewish Congress by the Italian community of Rio de Janeiro.

AMERICAN JEWISH CONFERENCE
521 Fifth Avenue
New York 17, N. Y.
Murray Hill 2-7197

Interim Committee
Co-Chairmen

Dr. Israel Goldstein, New York
Henry Monsky, Omaha
Dr. Stephen S. Wise, New York

I. L. Kenan
Public Relations Director

J. S. Pearlstien
Administrative Secretary

April 13, 1944

Mr. John W. Pehle, Executive Director
War Refugee Board
Treasury Building
Washington, D. C.

Dear Mr. Pehle:

I am transmitting herewith a memorandum from the Executive Committee of the Commission on Rescue of the American Jewish Conference on the proposal to establish rescue refugee camps.

The co-chairmen of the Rescue Commission are Dr. Israel Goldstein, Mr. Henry Monsky and Dr. Stephen S. Wise, and the membership includes Mr. Louis Fabricant, Mr. Adolph Held, Dr. Louis M. Levitsky, Mrs. David deSola Pool, Mr. Herman Shulman, Judge Meier Steinbrink and Mr. Baruch Zuskerman. The executive vice-chairman is Rabbi Irving Miller.

Sincerely yours,

(Signed)

I. L. Kenan
Secretary, Commission
On Rescue

ILK:s
enc.

MEMORANDUM

We understand that the War Refugee Board is giving serious consideration to a proposal that a refugee rescue camp be established in the United States to provide an immediate sanctuary for refugees who may be in a position to escape or who have already escaped from Hitler-dominated Europe.

In behalf of the American Jewish Conference, we urge approval of this plan. When the Conference convened in New York last fall, its delegates, representing every major national Jewish organization and every Jewish community in the United States, unanimously adopted a resolution which declared:

"The democracies should recognize and proclaim the right of temporary asylum for every surviving Jewish man, woman and child who can escape from the Hitlerite fury into the territories of the United Nations."

Establishment of a refugee rescue camp in this country would be a welcome response to this plea and would constitute an instrument of salvation not only for those who might be brought here but for thousands who might be helped to escape by other countries which would be encouraged to follow our country's example.

It is our conviction that many Jews who have perished at the hands of Hitler during the past few years might have been saved had they been permitted a destination. So long as doors remained closed, everywhere, Jews were trapped and were unable to escape the Nazi hangmen.

In the last four weeks, two more doors have been shut. Hitler has occupied Hungary and almost a million Jews there are now in the Nazi trap and may be doomed to die. Escape from Hungary may now be impossible. Simultaneously, the provisions of the White Paper of 1939 have become operative, and Palestine is now closed to all but some 25,000.

This crisis calls for the opening of a new door.

During recent months, our government has assumed the initiative in rescue work. The establishment of the War Refugee Board was recognition of the magnitude of the problem and the need for action. Within the last fortnight, President Roosevelt's warning to the Nazis and his appeal to all nations to assist refugees constituted a declaration to the world that our country had enlisted completely in this humanitarian work and was prepared to adopt the heroic measures which must be carried out if the War Refugee Board is to be effective.

It is our belief that the lifting of administrative restrictions which now bar admission to refugees to this country should occupy a high place on the Board's agenda.

The admission of refugees on a temporary basis is entirely feasible. The refugees can be screened upon arrival. They can be given useful work in the rescue camps and thus be enabled to make a contribution to the war effort of the United Nations. Their temporary settlement here will relieve existing burdens on neutral countries where they are now sheltered and thus make it possible for these countries to admit new refugees.

- 2 -

Above all, the establishment of a refugee camp here would constitute a great psychological defeat for Hitlerism, a moral victory for humanity. If there are millions of people in Hitler occupied Europe who have been opposed to Hitler's barbarous war of extermination against the Jews, they will be encouraged in their resistance by the knowledge that America is actively supporting them, by the knowledge that those whom they may help to escape will be assisted to a place of shelter.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Cairo
TO: The Secretary of State, Washington
DATE: April 13, 1944
NUMBER: 88

SECRET

With a view to obtaining Tito's active aid in facilitating the escape of Jews from Hungary through Partisan territory to Italy and the Mediterranean region, the Foreign Office at London, at the request of various Jewish bodies, has instructed its Yugoslavian Embassy to approach him (Tito) through McLean. It is added by the Foreign Office that the maintenance and care of such refugees when they arrive in the Middle East and Italy will be presumably the responsibility of MEERRA and the Allied Displaced Persons Commission and that arrangements to receive them should be made with these organizations. The Foreign Office concludes that the British Embassy should keep in touch with the Embassy in view of the cooperation between HMS Government and the United States Government concerning refugee questions.

Yesterday a member of the British Embassy, pursuant to this instruction, called at this office and make inquiries regarding the United States' attitude with reference to this project after informing us that an appropriate message is being sent to McLean. In reply he was advised that the President in an Executive Order dated January 22 which was quoted in a circular airgram from the Department dated 7 p.m., January 26, and which was shown to him, set forth the United States' policy with regard to the maintenance of refugees from Europe although the Embassy is without specific instructions concerning this particular endeavor.

My informant in response to an inquiry said that since the Allied mission of Mihailovitch is being withdrawn, no (repeat no) similar effort to arrange passage through Mihailovitch territory for refugees is possible.

MACVHAGH

DCR:MPL
4/14/44

WMG-471

PLAIN

London

Dated April 13, 1944

Rec'd 4:35 p.m.

Secretary of State,

Washington.

3010, 13th

FROM SILLEM FOR EMERSON CARE WAR REFUGEE BOARD

"Following unanimous decision executive meeting
Canadian National Committee on Refugees, letter signed
Cairine Wilson April 3rd offers facilities and resources
asking IGC to call upon them when necessary".

WINANT

MRM

WORLD JEWISH CONGRESS
 CONGRES JUIF MONDIAL .*. CONGRESO JUDIO MUNDIAL
 1834 Broadway
 NEW YORK 18, N. Y.

April 13, 1944

Mr. John W. Pehle
 War Refugee Board
 Main Treasury Building
 Washington, D. C.

Dear Mr. Pehle:

Pursuant to the conversation which Dr. Wise and I had with you on Monday, I am enclosing a memorandum on news which we got last year dealing with the problem of stopping deportation of the Jews by the Nazis. I would suggest that the following cable be sent to Dr. Rigner:

DR. GERHART RIGNER 37 QUAI WILSON GENEVA SWITZERLAND

EXTREMELY ANXIOUS KNOW WHETHER CONTACTS STILL POSSIBLE WITH WILLY HIS HIGHEST CHIEFS AND SIMILAR AUTHORITIES FOR EVACUATION CONSIDERABLE NUMBER OF JEWS ESPECIALLY FROM HUNGARY TO NEUTRAL COUNTRIES OR FOR HALTING DEPORTATIONS AND PERMIT SENDING RELIEF TO INTERNEES ALSO WHAT AMOUNTS WOULD BE REQUIRED WHAT MONEY WHAT PROCEDURES AND WHETHER PART OR ENTIRE AMOUNTS WOULD REMAIN NEUTRAL COUNTRIES ALSO WHETHER TO WHAT EXTENT PAST EXPERIENCES PROVE WILLY HIS PROMISES RELIABLE

Will you please let me know whether you send the cable and whether you change the text. And may I ask you to be good enough to keep us informed of the reply.

With kind regards,

Sincerely yours,

/s/ Nahum Goldmann
 Nahum Goldmann

4.12.44.

**Extraordinary Measures for Rescue of
Jews from Hungary**

The World Jewish Congress has been informed time and again, and through various channels, that definite possibilities exist of bribing Gestapo officials and of inducing them to halt deportations or to extend their protection to already deported or interned Jews.

In a letter from the Palestine Labor Delegation in Istanbul, dated July 25, 1943, it is said expressly about the situation in Slovakia: "Three times, the expulsion of the entire community was postponed with the help of money." Concerning Rumania the same letter states: "With the help of money you could always arrange things in this country. Nowadays without it you cannot do a thing." With regard to the smuggling of Jews out of Hungary the letter says: "If we could dispose of larger amounts, we could succeed in saving hundreds and thousands."

This information concurs with details given to us in a letter sent on December 8, 1943 through underground channels from Slovakia. Here is an excerpt from the letter: "Our negotiations progressed so far that with God's help the deportations were stopped and this interruption may last until next Spring; if up to that time we shall be able to arrange the labor camps in a way known to you and if we shall fulfill our obligations, which are also known to you, there is a hope left that no more deportations will be forthcoming until the end of the war. However, should we not meet our obligations, then we will have to face every grave danger that, God forbid, the deportations will start anew even this year."

We already informed you that the other side fulfilled their obligations, whereas we are not able to meet them.

So far we paid altogether 62,000 of the United States (? American dollars?) and 1,300,000 ours (Slovakian crowns?), at different dates. On November 15th we had to pay in addition 25,000 notes of United States and 700,000 of ours. However, we don't have one penny and we implore you to have mercy on us as it is impossible to overestimate the magnitude of the danger should we not be able to meet our obligations."

Another excerpt of the same letter reads: "And now as to help for the entire Jewish people: We should like to return to a problem raised in our previous letter, namely: A) There exists a possibility to abolish, or at least diminish, the danger of deportation throughout Europe - from Poland to France, Rumania and Greece; B) There exists a possibility of saving people from being exterminated in Poland. As we told you already in our first letter, the person in charge of Jewish problems, the official of this criminal for all countries, is willing to do this."

- 2 -

Another letter, without date, states the following:
"Wilhelm (or Willy) (a high Gestapo official?) is ready to have a conference with his highest chief who is in charge of all deportees in Poland, so as to settle the entire European question, i.e. stop the action (extermination? deportation?) and do everything in order to improve the conditions of those who are in Poland and make possible a contact with them."

A protocol concerning negotiations which were conducted with that same Wilhelm or Willy states that the following results were achieved:
1. The German Jews who were to have been deported to Poland will be brought to Teresin (Theresienstadt); the assurance was given at the same time that no deportations would take place from Teresin.
2. Authorization was granted to send relief to Teresin and to Poland.

In the course of the conference we had last year with Mr. Karaski, the delegate of the Polish Government to the Underground in Poland, he expressed his conviction that it would be possible to obtain from the German government the release of a considerable number of Jews in Axis Europe.

- a) if a number of countries would declare their readiness to receive them,
- b) if a certain ransom would be paid to German authorities for this release.

The catastrophe which has befallen Hungarian Jewry compels us to resort even to such extraordinary methods as suggested by Mr. Karaski and the Jewish leaders in Slovakia.

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AIRGRAM

FROM

Dublin

Dated: April 13, 1944

Recd. April 27, 10. a.m.

Secretary of State,
Washington.

A-16, April 13, 3 pm

Reference to Department's telegram No. 39, March 14,
from War Refugee Board.

The War Refugee Board's telegram was made available to the Irish Department of External Affairs, and there is quoted below the reply of Mr. Joseph P. Walshe, Permanent Secretary of the Department.

"Dear Mr. Gray,

"I received your letter dated the 22nd March enclosing copy of a telegram from the War Refugee Board.

"The Government will be very glad to receive and provide haven for the 500 Jewish refugee children. The Executive Committee of the Red Cross have given their full agreement, and they are ready to make arrangements at once for the housing and reception of the children.

"I should let you know, however, that so far we have had no success in securing permission for Jews to leave the occupied countries, and it might be better if your Government would ask the Swiss Government to obtain the necessary permits. However, we are instructing our Charge d'Affaires in Berlin to make a further request.

"I shall write you later about the guarantee concerning the further 500 refugees mentioned at the end of the telegram."

In the event that the Irish Government has any success in obtaining permission for the Jewish children to leave the occupied countries, the Department will be immediately advised.

GRAY

ASH/TMD

CABLE TO MINISTER NORWEB, LISBON, PORTUGAL FROM JOINT DISTRIBUTION COMMITTEE AND WAR REFUGEE BOARD.

The following message to Joseph Schwartz, 242 Rua Aurea, Lisbon from Joint Distribution Committee and War Refugee Board.

QUOTE. Reference your Nos. 879 of March 23 and 918 of March 27.

Have received message from Steinhardt urgently recommending that you conclude negotiations for Portuguese ship with Portuguese Shipping Company as apparently there is sufficiently large number of refugees to justify use of ships in addition to SS TARI. Furthermore, granting of German safe conduct for SS TARI is not (repeat not) certain. Please conclude negotiations as soon as possible and keep us advised. UNQUOTE.

It will be appreciated if you and Mr. Dexter will lend all possible assistance to Mr. Schwartz in his effort to obtain a Portuguese ship for evacuation from Rumania. Please advise the Board of action which should be taken by it to facilitate these negotiations including the obtaining of safe conducts, etc.

This is WRB Cable No. 1

"In order to avoid confusion in connection with its cables to representatives in the field, the Board, commencing with this cable, intends to number its cables to each representative consecutively. In replying to Board cables kindly refer to the WRB designation. You should also consecutively number all cables to the Board."

*

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April 13, 1944
12:00 p.m.

MJM:JBF:bbk - 4/13/44

CABLE TO AMBASSADOR STEINHARDT, ANKARA, TURKEY FROM WAR REFUGEE BOARD

This is WRB Cable to Ankara No. 22.

Reference your Nos. 625 and 626 of April 8.

Schwartz being advised of your recommendation regarding Portuguese boat with which we concur.

Your efforts in arranging transit for refugees arriving on SS MARITZA are greatly appreciated. In view of recent voyages of MILKA, MARITZA and BELLACITTA Board would be interested to know if there is possibility that such boats can continue evacuation operations.

April 13, 1944
12:00 p.m.

JBF:bbk - 4/13/44

April 12, 1944

MEMORANDUM

TO: Mr. Warren
FROM: Mr. Pehle

Reference is made to my memoranda of March 23, 1944, and April 11, 1944, concerning the War Refugee Board's cable which is to be sent to the International Committee of Red Cross through Minister Harrison in Bern. The Board feels that the cable in question is a most important one and that it should be placed in the hands of the International Red Cross at the earliest possible date. It is thought that the text of the cable is such that it does not necessarily have to be cleared with the Blockade Committee at this particular time. In fact, the cable was drafted with the idea that it would first be transmitted to the International Committee of Red Cross. If the cable under reference were cleared with the Blockade Committee before being transmitted to Bern, it would cause considerable delay in transmission and possibly would decrease the effectiveness of the proposed action. Accordingly, the Board requests that the cable be transmitted directly to the American Legation in Bern for the International Red Cross without first having been cleared with the Blockade Committee in London. However, the Board would interpose no objection to the clearance of the cable before its transmission with the Washington office of the Foreign Economic Administration.

April 13, 1944
12:00 p.m.

JHMann:db

CABLE TO LISBON

From War Refugee Board to Norweb

Please deliver the following message to Dr. Joseph Schwartz, 242 Rua Aurea, Lisbon, From Moses A. Leavitt of the American Jewish Joint Distribution Committee:

"Regret not possible issue special passport to you and your regular passport renewable any American Consulate Stop Liebmann Hirsch cables Jewish Labor Committees requesting more funds for OSE children rescue program Stop Difficult understand why OSE reports to you satisfactory relationship with Saly Mayer and at same time continues send requests for funds directly and through Hirsch Stop Important this be clarified with OSE since separatist fund raising efforts are disrupting maximum collections Stop Suggest if possible OSE cable directly its representatives here regarding their satisfactory cooperation Saly Mayer Stop Remitted \$25,000 to Finance Officer British Foreign Office for Island of Rab evacuation"

FH:lab 4/12/44

April 13, 1944

10:40 a.m.

EWE-513

PLAIN
Lisbon
Dated April 13, 1944
Rec'd. 6:20 p.m.

Secretary of State,
Washington.

1095, thirteenth.

FOLLOWING FOR WAR REFUGEE BOARD FROM LISBON JDC.

"Reply cable number 988 dated April 7, 1944. Am informed only foodstuffs available Portugal in bulk for feeding programs International Red Cross sardines, dried fish, dried fruits and almonds for which British navicert required. Quantities of coffee, cocoa and tea also available but Portuguese authorities don't permit export. Other important products such as fats, meat extracts, condensed and powdered milk unavailable. No substantial quantities any foodstuffs available Spain. Believe in most desirable form stocks of food in Switzerland for distribution labor camps, other concentration points occupied Europe. In this connection, Switzerland offers better facilities than Portugal because of better warehouse facilities and distribution possibilities. Also certain foods which most urgently required cannot be stored Portugal because intense humidity, therefore, would urgently recommend original suggestion foodstocks be established Switzerland for distribution under auspices International Red Cross. If agreement in principle forthcoming believe can work out with International Red Cross all necessary arrangements utilization space their ships".
Signed Joseph Schwartz.

NORWEB

EJH

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Stockholm
TO: Secretary of State, Washington
DATED: April 13, 1944
NUMBER: 1255

CONFIDENTIAL

On April 12 we communicated to Soderblom the substance of Department's cable of April 10, no. 633, and we received assurance that Swedish Government will make every effort to hasten action by German Government with respect to safe conduct for SS TARI.

The second demarche will include support of request for safe conduct for BELLACITA mentioned in Department's telegram of April 5, no. 593. On or about April 8 was made the first Swedish demarche.

JOHNSON

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: April 13, 1944
NUMBER: 1268

SECRET

From War Refugee Board for attention of the Minister

Union of Orthodox Rabbis have advised the War Refugee Board that a number Palestine certificates sent from Switzerland to persons interned or detained by the Germans have not been received by such persons. Please communicate with Dr. Saul Weingort, Avenue des Alpes, Montreux, for details. If Weingort confirms please approach appropriate Swiss officials, as a humanitarian measure, with the request that they ascertain from the Germans or whether the certificates have been withheld from delivery by the Germans or whether they have been lost. If delivery has been withheld, the Swiss should be asked to take all appropriate action to induce the Germans promptly to deliver the certificates the persons for whom they are intended. If the certificates have been lost, Dr. Weingort should be advised so that he may take appropriate action to have them replaced. The urgency of this matter should be impressed on the Swiss authorities you approach. Please report fully.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: AMLEGATION, Bern
DATED: April 13, 1944
NUMBER: 1269

SECRET

FROM WAR REFUGEE BOARD FOR THE MINISTER

The War Refugee Board is informed that there are small groups of refugees from Poland interned at Vittel, France and Bergen - Berzen, Germany, who claim American citizenship. The War Refugee Board is further advised that the Germans may make inquiry of the Swiss Government as to the validity of such claims. You are instructed to advise appropriate officials of the Swiss Government at the proper time that all such inquiries are to be answered in substance as follows:

Upon the receipt from the Swiss Government of all pertinent information available to the Germans relating to any claim to United States citizenship, asserted by any person within territory under enemy control, the Department will undertake fully to investigate the matter. While any particular claim to United States citizenship is under investigation by the Department and until the Swiss Government is specifically advised to the contrary by the Department, the claimant must be presumed to be a citizen of the United States and must be accorded all the rights, privileges and immunities to which such citizens are entitled with the exception that financial assistance may not (repeat not) be extended until the Department specifically authorizes such assistance.

The foregoing is in reference to the Department's 1151, April 5, 1944.

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: AMLEGATION, BERN
DATED: April 13, 1944
NUMBER: 1270

SECRET

Reference is made to your 2173 of April 7.

Following the Department's 1221 of April 10, you are requested urgently to approach the Swiss Government at once asking that they take all necessary action to obtain the immediate return to Vittel by the Germans of the 238 persons reported in your 2173 to ~~have~~ been evacuated to some prison. Please report promptly the result of your approach.

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMLEGATION, BERN
TO: SECRETARY OF STATE, WASHINGTON
DATED: APRIL 13, 1944
NUMBER: 2282

SECRET

Details of approaches which the Vatican made to various Governments of South America in an attempt to work out relief measures for Jews interned in Germany or German-occupied territory who hold documentation issued by those Governments were supplied to me on April 19 by the Papal Nuncio Bern. Apparently the question of eventual immigration to respective countries in course of possible exchange was raised in addition to the question of recognition of documentation. The following is the substance of the replies.

1. Because of laws forbidding admission, a negative reply was made by Panama with respect to Polish Jews.
2. Both Nicaragua and Costa Rica are disposed to recognize passports which their respective Consuls issued up to eight families which could remain in these Republics only during the war if the families are neither industrialists nor farmers.
3. They would be received in Bolivia.
4. A negative reply was made by Salvador and Guatemala.
5. Instructions to verify and recognize passports have been issued by Chile.
6. Each case would be considered individually by Uruguay.
7. No action could be taken by Haiti.
8. Passports could not be recognized by Peru.
9. Passports could be recognized by Cuba if no objection is made by Great Britain and the United States.
10. Passports of Polish Jews at Vittel have been recognized by Paraguay.

Bolivia and Paraguay are represented in Germany by Spain and the rest of the countries listed above are represented by Switzerland. We assume that they will inform their respective protective powers concerning any action which they take in the future following representations of the American Government.

It is stated by the Nuncio that in the present reportedly aggravated situation of certain victims the Holy See had requested its Madrid representative to ask the Government of Spain to inform the Spanish Ambassador at Berlin of the gravity of peril of Polish Jews who have Paraguayan documentation and to insist to him upon the urgency of effective protection for them.

- 2 -

Information had been received by the Nuncio that the cause of the trouble arose when the proposal was made to exchange these Jews for Germans located in South America. Jews who had Paraguayan passports were included in the list by Germany. A protest was made by Paraguay which stated that the passports had been illegally issued and Paraguay refused to recognize the passports. The Germans withdrew as a result of this and protection was suspended by Spain. I have been further informed by Nuncio that this has been confirmed by International Red Cross which has promised its intervention if an exchange is objective conditioned on Holy See's action. It is not known to me whether details of this proposal for exchange and its results are given in Kullmann's report quoted in your telegram of April 7, 1944, no. 1181. I discussed with Kullmann the idea of exchange and I urged him to foster it but I had not previously known that the idea had been taken up formally.

HARRISON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: April 13, 1944
NUMBER: 2291

CONFIDENTIAL

A reply to information contained in Department's cable of April 6, no. 1174, is being prepared by Sternbuch.

It is requested by him that the following message be delivered to the Union of Orthodox Rabbis.

25,000 Swiss francs have been placed by us at the disposal of Griffel. Further details follow.

It is explained that Griffel who is the Union's agent in Istanbul requested him to deposit fifteen thousand francs at Amexco Basel and then thousand with his brother Nahum Sternbuch who will receive instructions regarding employment of funds later.

HARRISON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Bern
TO: The Secretary of State, Washington
DATE: April 13, 1944
NUMBER: 2297

SECRET

I have communicated to the Swiss Foreign Minister the substance of your message number 1181 dated April 7.

The Kullman report has not been seen by me as yet. Although your statement was the first official confirmation received, I had private intimations concerning the action of the Government of Paraguay.

An objective review of irregular documentation situation with special reference to Paraguayan and Dominican Consuls was given in my despatch number 5824 dated August 10, 1943, and first reports regarding difficulties of persons in German occupied territory who had been supplied with this irregular documentation was given in my number 6921 dated December 27.

Many cables on this subject with information of interest have been dispatched since the latter date. Since Kullman did not review the subject in detail with the Legation all of these should be consulted as possibly supplementing the report of Kullman.

As quoted by you the Kullman report appears to imply that the Government of Switzerland without consultation with the Central and South American Governments concerned, has acted unilaterally in these cases. In several cases of which the Legation has knowledge this assumption does not seem to be borne out by the records. (Kindly refer to the following messages: (1) Number 6087 dated September 30, 1943 from Bern which reported the dismissal of Consul Hugli by the Government of Paraguay; (2) dated October 26, 1943, Department's FFS number 78 which forestold positive action by Peru in renunciation of passports issued irregularly by the Peruvian Consul and instructed consular and diplomatic officers (American) to suspend action on cases of all visa applicants who presented Peruvian passports; (3) number 2678 dated November 1, 1943 from the Department which reported the dismissal of Consul Bauer by the Dominican Republic.

That the Kullman report is critical also of the authorities of Switzerland in measures they have formerly taken in attempts to suppress traffic in irregular documentation, is the impression conveyed.

Of this irregular documentation probably by far the greater part is in the hands of bona fide refugees from oppression by the Germans. That those who hold such documentation and who are now interned are not (repeat not) suspect may surely be assumed. While the names of persons to whom passports have been issued are, I suppose, usually correct identity has not been proved although the issue has been widespread without proper control which would appear impracticable in any event.

The authorities of Switzerland have found irregular passports possessed by suspect persons in Switzerland and in one known case at least irregular documentation has been issued by a foreign consular officer to an individual in Switzerland to illegally conceal identity. That exorbitant fees were being collected was also discovered by the Swiss.

It would seem that the authorities of Switzerland have on the whole been motivated by considerations quite similar to those which occasioned several circular and special instructions from the Department. The dangers inherent in practice especially with reference to the possible involvement of agents of the enemy were pointed out in these instructions. Furthermore, cases were found which were thought to be of immediate concern to the national security of the Swiss. Consequently I do not believe that criticism of the authorities of Switzerland or of remedial action taken by them is justified and it would not be appropriate at the present juncture if the Kullman report actually contained such.

Furthermore, among the Swiss there is no lack of understanding of or sympathy with those victims who might find surcease or means of escape from the oppression of the Nazis by the use of documentation under discussion and I have reason to believe that what it feels it consistently can to alleviate their condition will be done by the Government of Switzerland. It is understood by the Department that the Swiss are required to guide their activities and relations with several belligerents so as not to impair their usefulness as the protecting power for many purposes both difficult and complicated.

Vatican activities in behalf of interned Jews were reported in my number 2283 dated April 13 - please refer to that message.

HARRISON

(*) Apparent omission

DCR:MPL

4/17/44

CORRECTION

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: April 13, 1944
NUMBER: 2297

In line twenty-one of page two of this message delete "o(*)rd" and insert in its place "of record".. The line should then read "are, I suppose, usually of record identity has not been proved al-".

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PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Bern
TO: The Secretary of State, Washington
DATE: April 13, 1944
NUMBER: 2301

SECRET

The following message is for the War Refugee Board.
When I called upon Minister Bonn on April 10 I handed him a note which contained the substance of your number 1192 dated April 8.

Mr. Pilet-Golaz asked me to call upon him yesterday and gave me a note in reply. After explaining the relationship between ICRC and the Federal Government this note points out that cases may occur when a step taken by ICRC may be supported simultaneously by several neutral states and that it is, however, necessary for the Federal Government to assure itself that in such cases its participation will be completely consistent with its position as the protecting power and that such participations do not jeopardize the interests which it protects. Nevertheless the note also points out that although the case has been examined with sympathetic attention by the Federal Government which has considered it from the humanitarian interest only, it has become convinced that its support of the request for safe conduct for the S.S.TARI, rather than work in favor of the desired result, would impede the efforts of ICRC. In conclusion the note states that the Federal Department without naturally entering into any engagement would not refuse to consider if such be the case Switzerland's participation in a joint step which other neutral states may spontaneously decide to undertake in this matter for exclusively humanitarian motives.

In order to fully explain the status which ICRC vis a vis the Federal Government enjoy, Mr. Pilet-Golaz told me he was telegraphing Minister Bruggman.

HARRISON

DOR:MPL
4/17/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: April 13, 1944
NUMBER: 2305 .

CONFIDENTIAL

Reference Legation's cable of March 4, no. 1334

The whole of the projected purchase scheme from the \$100,000 given by the Joint Distribution Committee has now been referred by the Joint Relief Commission to CA and CS for approval. An early reply is requested by the Legation to its cable of April 6, no. 2122 (to London as 539).

We have repeated the foregoing message to London for the Embassy's information.

HARRISON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Bern
FOR: The Secretary of State, Washington
DATE: April 13, 1944
NUMBER: 2312

SECRET

The following message is the substance of a reply to the request contained in your number 1023 dated March 27, from President Huber of the International Red Cross Committee:

In order to give it more efficacy the International Committee has as a matter of fact concerned itself for some time in enlarging its delegation at Budapest. For the time being it has not considered sending to Hungary a special delegation with instructions to assume the particular protection to which the State Department's message referred since under the present circumstances such mission might be considered ~~as~~ unrelated to the committee's traditional and conventional competence. The International Committee shall continue to devote its entire attention to all categories of war victims as it has in the past without intruding into the domestic policy of any of those states and the War Refugee Board as well as all the humanitarian and government institutions of several belligerent states can rest assured of this. Within full scope which circumstances demand and according to means placed at its disposal it shall always attempt to broaden and increase its action along its own line of activities in favor of those victims.

HARRISON

DCR:MPL
4/15/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: SECRETARY OF STATE, WASHINGTON
TO: AMEMBASSY, ANKARA
DATED: April 13, 1944
NUMBER: 324

SECRET

FROM WAR REFUGEE BOARD FOR AMBASSADOR STEINHARDT
This is WRB cable to Ankara no. 20.
Please refer to your Nos. 585 and 594 of April 4.

1. We talked last week with Turkish Ambassador in Washington regarding impossibility of replacing TARI with passenger ship and Ambassador cabled his Government accordingly. Turkish Ambassador here now understands that the Turkish Government is no longer insisting on guarantee to replace TARI with passenger boat but will accept guarantee of cargo vessel. Ambassador is asking confirmation of this from his government. As we advised in No. 250 of March 24 the United States Government, in view of military necessities is not (repeat not) in a position to replace the SS TARI with a passenger vessel. It was accordingly suggested that you put the issue squarely to the Turkish Government whether it is prepared to cooperate by chartering the SS TARI without further delay and upon the basis of the guarantee already offered, namely a cargo vessel of comparable age and tonnage.

2. Transfer of \$160,000 to Kelley as requested in your no. 594 has been arranged. These are confidential funds from the Emergency Fund of the President and may be disbursed without following the procedure usually required in government disbursements. Kelley will be responsible to Mr. Pehle, Executive Director of the Board, alone for expenditures but should keep careful records and obtain receipts.

3. The charter party should be signed in the name of the War Refugee Board, Ambassador Steinhardt or any member of his staff designated by him is hereby authorized to sign the charter party in the name of the War Refugee Board.

4. With reference to German and Russian safe conduct the following steps have been taken by the Board. The Governments of Switzerland and Sweden have been asked to support the request of the International Red Cross for a German safe conduct. The Apostolic Delegate in Washington has been requested to ask similar action by the Holy See. The Swedish Government has already indicated its willingness to approach the German Government. Minister Harrison is awaiting a reply from the Swiss Foreign Office. As you know, the Board requested Ambassador Harriman to approach the Russian Government with respect to obtaining safe conduct from that Government. No reply has as

yet

yet been received in Washington. None of your cables with respect to the TARI indicate clearly the exact nature of the safe conduct that has been requested from the Germans. However, we have been advised by Minister Harrison in Bern that the International Red Cross has requested a safe conduct for the TARI on a voyage from Istanbul to Constanza and return. Accordingly our requests to the Swiss and the Swedes have been couched in the same terms. In view of the one indication contained in your No. 501 of March 21 that the voyage may be from Constanza to Haifa it is suggested that you check immediately with the International Red Cross delegate with a view to seeing whether the safe conduct request has been properly couched and advise the Board.

5. The Board fully concurs that the signing of the charter party should be delayed as long as possible pending more definite news about German safe conduct. However you are given full authority to act as in your judgment circumstances dictate. We realize the difficulty of the situation and that risks must be taken and you are fully authorized to charter the TARI when and if you deem it desirable. We feel that you are in a better position than we to make a judgment on the matter and we accept and have full confidence in whatever decisions you reach.

CORRECTED COPY

MEM-780

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

Ankara

Dated April 13, 1944

Rec'd 3:20 p.m., 14th.

Secretary of State,

Washington.

655, April 13, 4 p.m.

FOR WRB FROM THE AMBASSADOR

Department's 298, April 5.

Ankara 35.

The refugees referred to in my 564 of March 29 as having arrived on the SS MILKA are the same as those referred to in the press report of April 1.

STEINHARDT

MRM

Ankara

Dated April 13, 1944

Rec'd 3:20 p.m., 14th.

DNR

LL-788

This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (RR)

Secretary of State,

657, April 13, 4 p.m.

FOR WRS FROM THE AMBASSADOR

Department's 298, April 5.

Ankara 35.

The refugees referred to in my 564 of March 29 as having arrived on the SS MILKA are the same as those referred to in the press report of April 1.

STEINHARDT

MRM

zf

PARAPHRASE OF TELEGRAM SENT

323

FROM: Secretary of State, Washington
TO: American Embassy, London
DATED: April 13, 1944
NO.: 2937

CONFIDENTIAL

Secretary of the Treasury sends the following to the Ambassador.

Your cable of April 12, 1944 No. 2990 was greatly appreciated.

We have found it very helpful in understanding the delays of the past months which could not otherwise be explained. For some time we have known that there were no differences between the American and British technicians significant enough to justify the prolonged delay in publishing a joint statement.

You are informed for your guidance that on Thursday I must appear before the Congressional committees to advise them regarding the status of our discussions on the International Fund. Consequently, it is necessary that we receive from the British an answer by Monday afternoon at the very latest. It would be most helpful, as I have explained before, if I could at that time inform the committees with respect to the statement of principles that the British and American technical experts are in agreement. However, if I am not able to announce agreement with the British, it is planned by me to announce to the committees the principles the American technical experts stand ready to recommend as the basis for international monetary cooperation and to state that experts of a number of other countries have the same views.

It will be necessary for me to explain to the committees that the British experts have not signified their agreement to date. It will obviously be impossible for me to avoid answering a number of questions with respect to the reasons for the refusal of the British to go along after such a long period of discussions. Furthermore, I am afraid that I will also have to announce that there are remote prospects of any conference this year.

Although I do not desire to appear in any way to be putting pressure on the Chancellor of the Exchequer, I want you to be aware of the situation and you may use your own judgment with respect to the extent to which you make these factors known to the Chancellor before the meeting of the Cabinet.

Opie informed us last evening of certain points the British desire to have included in the statement of principles. Opie has already been informed of our reaction to these suggestions and the points have been adjusted satisfactorily in our view. We are of the opinion that except for considerations of the character you indicated in your cable No. 2990, there is no longer any reason why the British should delay agreeing with us on the publication of the statement.

HULL

ef:copy
4-28-44

324

Treasury Department
Division of Monetary Research

Date April 19 19 44

To: Miss Chauncey

For your files. I spoke to
the Secretary about this.

H.D.W.

MR. WHITE
Branch 2068 - Room 214½

PARAPHRASE OF TELEGRAM RECEIVED

Norway - Fin. Neg.
325

FROM: American Embassy, London
TO: Secretary of State, Washington
DATED: April 13, 1944
NO.: 2998

STRICTLY CONFIDENTIAL

Following is substance of strictly confidential message from Casaday for attention of Secretary of the Treasury.

I had an informative conversation with Ole Colbjornsen yesterday. I was asked by him to inform you that on the eleventh all currency which the Bank of England held on behalf of his Government was turned over to the British War Office for such distribution and disposition as is seen fit by the Anglo-American authorities. It is felt by Colbjornsen that this may make somewhat less urgent the question of the proposed agreement.

WINANT

ef:copy
4-14-44

NOT TO BE RE-TRANSMITTED

COPY NO. 11

SECRET

OPTTEL No. 119

Information received up to 10 a.m., 13th April, 1944.

1. NAVAL

MEDITERRANEAN. Enemy aircraft attacked ANZIO anchorage with torpedoes and mines, 4 shot down. Off South of FRANCE, one of H.M. Submarines torpedoed a 5,000 ton ship on 11th and a 1500 ton ship on 12th.

2. MILITARY

RUSSIA. In CRIMEA, Russians have advanced from North to within 10 miles of SIMFEROPOL and cleared KERCH Peninsula from East as far as point 5 miles north of THEBODOSIA.

BURMA.

ARAKAN. During nights 9th/10th and 10th/11th, 3 Japanese attacks repulsed 3 miles S.W. of BUTHIDAUNG. On 11th Japanese position 8 miles south east MAUNGDAW captured.

CHINDWIN. A Japanese platoon locality 10 miles south east of PALEL wiped out.

IMPHAL. 11th. Japanese captured a feature on IMPHAL-UKHRUL road 10 miles northeast of IMPHAL whilst another feature 10 miles north of IMPHAL was cleared of enemy.

KOHIMA. Japanese road block on DIMAPUR-KOHIMA road 10 miles northeast of KOHIMA is being attacked from north. 700 Japanese are reported 36 miles northeast of KOHIMA moving north.

3. AIR OPERATIONS

WESTERN FRONT. 11th/12th. A total of 18771(?) tons were dropped on AACHEN.

12th. 455 escorted heavy bombers despatched to attack target in Central GERMANY but forced to abandon task owing to unfavourable weather. Enemy casualties 15, 1, 11 for loss of 6 bombers and 5 fighters. 367 medium, light and fighter bombers attacked targets in North East FRANCE and BELGIUM dropping 508 tons.

12th/13th. Aircraft despatched:

OSNABRUCK	39
Sea-mining	50
Intruders	41
Leaflets	11

All returned safely. Intruders destroyed 3 enemy aircraft. 20 enemy aircraft operated over Southeast ENGLAND, 5 reaching Greater LONDON area. 1 destroyed by aircraft. Damage and casualties slight.