

Diary

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May 3-4, 1944

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May 3, 1944
9:30 a.m.

GROUP

Present: Mr. D. W. Bell
Mr. Gaston
Mr. Smith
Mr. Sullivan
Mr. White
Mr. Haas
Mr. Blough
Mr. C. S. Bell
Mr. Olrich
Mr. O'Connell
Mrs. Klotz

H.M.JR: Did you give me a report on your conference with Judge Rosenman?

MR. GASTON: Yes. We laid the whole case before Judge Rosenman, and I think in a fairly forcible way. The Judge said that he retained the two drafts of letters to consider, but his offhand judgment was that another letter wouldn't do any good at this time. He wants to talk to you about it today, but he was inclined to think that a conference with the Attorney General was the proper next step. But he added that he thought the whole matter would have to go, probably, ultimately to the President for a decision.

He asked us for the legal opinion on the jurisdictional question as to whether we had jurisdiction, whether they had jurisdiction, and whether both had jurisdiction. Joe had such a memorandum which we sent over to him, as to the law in the matter.

H.M.JR: Was he sympathetic to us?

MR. GASTON: He seemed to be so, yes.

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H.M.JR: But he thinks there would have to be a conference?

MR. GASTON: He thinks that you ought to talk to Biddle before we go further, but probably the whole matter will have to be submitted to the President, assuming that the law is as we said; it is an administrative question which he thinks only the President can decide, unless we come to an agreement with Biddle.

H.M.JR: Well, I don't see that a conference with Biddle would get us anywhere.

He is going to think it over?

MR. GASTON: He is going to think it over and talk to you.

H.M.JR: Talk to me at lunch today? He doesn't think another letter would do any good?

MR. GASTON: No, not at this point.

MR. SULLIVAN: His phrase was, "You would be right back where you were in January."

H.M.JR: Where was I in January?

MR. SULLIVAN: When you wrote the first letter.

H.M.JR: Well, I think it was good to sort of plan it.

MR. GASTON: Yes. He commented that this man over there had been above all control, and none of his nominal superiors had been able to control him.

MR. WHITE: I thought John had a good suggestion for an approach.

MR. SULLIVAN: I didn't tell him, but I think what it may be heading up to now--I would suggest that you might want to talk with the Postmaster General, Stimson, Forrestal,

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and the heads of the other Departments who are troubled with this same gentleman, and then bring it up at Cabinet and let the others join you.

H.M.JR: Are they having trouble?

MR. SULLIVAN: I understand the postal inspectors are. Isn't that correct, Herbert?

MR. GASTON: Well, Elmer tells me that they are engaged in a furious dispute with him right now.

H.M.JR: Well, I will see. I am glad you people went over. You people thought it was worth while going over?

MR. SULLIVAN: I think Herbert did a swell job--excellent.

MR. GASTON: Oh, yes, Sam is a first-rate judge. He hears everything you say to him. He follows everything closely.

H.M.JR: Well, I will see him.

Herbert, I got your memorandum on the White House guards, and I would like really to put it up to the President whether he wouldn't be satisfied with one hundred and seventy men, the lower number.

MR. GASTON: Yes. You understand the situation, don't you? They are patrolling quite a wide area of those properties around there, and Reilly says that if they cut it to one company, one hundred and seventy men, they would have to cut the area they patrol down.

H.M.JR: I think they should. Will you get off a message to Reilly?

MR. GASTON: Yes.

H.M.JR: To put it up to the President--would he be satisfied with one company at Hyde Park?

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MR. GASTON: Yes. It is rather odd. Marshall wants to cut down, but these fellows up there, the local commanders up in New York, don't want to do anything. They made a point of this Vanderbilt estate. They didn't want to cut the force down so it would be necessary to abandon that property.

H.M.JR: Yes. Well, it is a nice place to live. There is a beautiful view. Well, I would like to have Reilly put it up to the President.

MR. GASTON: Yes, I think that is right.

H.M.JR: That takes care of that.

Now, who is interested in a report from Mr. Nelson of March 15 in regard to the aluminum position in Canada-- that we might want to cancel on that?

MR. WHITE: Well, that relates to the question which you initiated as to whether you wanted to take action in that direction. You were going to wait until you heard from him.

H.M.JR: Here is a thing from A. H. Bunker to Donald Nelson. Here is the memo.

MR. WHITE: It has taken almost six weeks to get it, Mr. Secretary, and each week--

H.M.JR: Here is the answer. There it is (hands memorandum to Mr. White). I haven't read it.

Here is a funny one, Herbert, I would like you to take on--how to answer it. Senator Truman and Congressman Wadsworth are inviting me to come to a Moral Rearmament meeting.

MR. SULLIVAN: I don't figure that one at all.

MR. D. W. BELL: It is a movie.

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H.M.JR: I know, but here they are interested in this thing, Moral Rearmament. Isn't Wadsworth the ranking Republican Member on the Military Affairs Committee?

MR. GASTON: I think he is.

MR. O'CONNELL: He is on Foreign Affairs. I didn't think he was on both Committees.

H.M.JR: I think he is the ranking Member.

MR. GASTON: I will take a look at it.

(The Secretary hands letter from Senator Truman and Congressman Wadsworth, dated April 24, 1944, to Mr. Gaston.)

H.M.JR: Incidentally, that other letter you wrote was beautiful, Herbert.

Now, we might as well get used to these things. Sometimes they are embarrassing to the people involved, but in this setup that you (Olrich) have, Mr. White, who is in charge of Monetary Research--

MR. WHITE: That is as bad a name as any I can think of.

H.M.JR: All right. He has brought to my attention that he thinks it would be very useful to you, as I do, if you would set up a little economic group. I don't know whether you agree or not. I don't expect you to say yes or no. But he thinks so, and has given me a memorandum on the thing, why he thinks you should have one or two economists over there who would be planning for you.

I would like to give you this memorandum. If you want to discuss it with Mr. White or with me, he has named a person whom I haven't met, but Mr. White thinks very highly of, which rates very highly with me. But I think if you had a little research group that would go with you right from the beginning, a first-class economist, it would be distinctly useful. And there is no such thing over there.

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MR. SULLIVAN: I beg your pardon.

MR. HAAS: He means a large group.

MR. SULLIVAN: There were two that were brought in for exactly this same purpose, Al Frey, and the fellow named Bright.

MR. WHITE: No. Maybe they are fulfilling the same functions. I never heard of them.

H.M.JR: Frey is an economist?

MR. SULLIVAN: Yes, he is the head man at the Tuck School of Administration at Dartmouth, brought down here for that particular purpose.

MR. HAAS: In any case, Tickton and I arrived at the same conclusion that Harry did independently, and we think what you need is a group of commodity specialists for market analysis.

H.M.JR: That isn't what you mean?

MR. WHITE: No, I assumed that they would have that. I thought they would have a small group on top, two or three who would also be in charge of that to advise and work out problems for Mr. Olrich. I didn't know they had anybody over there. I hadn't heard.

H.M.JR: Anyway, here is the memorandum. Here is Mr. White, and here is Mr. Haas, who is in charge of Statistics and Research. He has his man over there who has done a lot of pinch hitting around here waiting for you.

Herbert?

MR. GASTON: I haven't anything else.

H.M.JR: Any time you want to go, it is all right.

MR. GASTON: All right, I will go in about five minutes.

MR. SULLIVAN: Wadsworth's only committee is Foreign Affairs, of which he is the top ranking Member.

MR. D. W. BELL: He was on the Military Affairs Committee before he was defeated. I think he was Chairman of it.

H.M.JR: Yes. Wasn't he sponsor of the present draft law?

MR. O'CONNELL: Of the Universal Service Statute. He was prominent in connection with the Selective Service Act. He is a very good Congressman.

MR. SULLIVAN: The Schram thing is still pending. Would you like a memorandum on that? There are some legal questions involved. You might want an opinion from Wenchel, too.

That is all I have.

H.M.JR: All right. You are not yet ready yet?

MR. OLRICH: No, sir.

MR. SMITH: I have nothing.

H.M.JR: Frederik, my wife spoke to me last night about this Chinese picture. I don't know whether Harry would agree with me, but I don't think from my contact with the Chinese on the monetary fund that this is a very good time to build up a wave of sympathy for the Chinese in this country, because they are behaving--

MR. WHITE: I agree with you thoroughly; I think it is a bad time.

H.M.JR: She wanted me--

MR. SMITH: We can drop that off. I didn't know that.

H.M.JR: That is the point. She says she hears me discuss things at home, and it is one advantage. But to build up a lot of sympathy for the Chinese at this time is bad. Right?

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MR. WHITE: It is bad. It may be propitious later, but not now.

H.M.JR: But right now with all the troubles with the Army--believe me, if General Somervell or General Clay knew this, they would burn the film.

MR. WHITE: They might not, because besides stirring up sympathy for the Chinese, it certainly does a beautiful job on the Japs. It makes you get up and find one, anyone; it doesn't matter who he is.

H.M.JR: Well, I am just saying right now that a pro-Chinese film--

MR. SMITH: We can get along without it very nicely.

H.M.JR: It is not very propitious, I know, from the Army standpoint, and from our standpoint. I mean, I wouldn't just ballyhoo it. You agree with me on that, don't you?

MR. WHITE: Yes. The situation is a very precarious one now. It is uncertain what developments will take place in the next few months. You might have wished that we didn't build them up as much as we already have.

MR. SMITH: We will put that one on ice. Do you want to get somebody else's opinion on it? Do you want to call attention to it? It is new, and they are about to spring it as far and as fast as they can.

H.M.JR: Whatever they do, I would let them do it. I just don't want to--

MR. WHITE: Is it a full-length movie?

MR. SMITH: About an hour and ten minutes. It is wonderfully done. It is a Frank Capra thing.

MR. WHITE: Have you seen it?

H.M.JR: No.

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MR. WHITE: It might be worth seeing.

MRS. KLOTZ: Do you want to go to the movies today?

H.M.JR: What time do you want to go?

MR. WHITE: Any time that suits you as long as it is before five.

MR. SULLIVAN: Ah ha. (Laughter)

H.M.JR: You don't want it to interfere--

MR. WHITE: I think the staff needs a little of the sort of lift they would get out of helping the war effort.

MR. SMITH: It is the nastiest picture yet. Some missionary took a lot of picture of the Japanese atrocities when they first went into Shanghai, and it is perfectly terrible. That is part of the picture.

MR. WHITE: Well, it may be more anti-Japanese than pro--one would have to see it.

MR. SMITH: There is one spot in it that is very pro-Chinese when they are moving their whole nation two thousand miles.

H.M.JR: Any time before five?

MR. WHITE: That is right.

MR. D. W. BELL: What is the matter with that other half hour?

MR. WHITE: I am not sure that I will be here then.

MR. GASTON: He has to do his day's work then.

MR. D. W. BELL: I will have to take lessons.

MR. O'CONNELL: I don't have anything.

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MR. HAAS: We have been promised by the War Production Board some material on this Public Works project that you inquired about.

H.M.JR: When?

MR. HAAS: Towards the end of the week.

H.M.JR: Do you mean to say that they don't know over there what public works they have?

MR. HAAS: Oh, yes, but I have asked for a breakdown geographically so I could pick out the ones that give the appearance that there is no military justification for. Otherwise, I would be up against reviewing eight thousand particular folders, do you see? It is quite a job. That Bristol project--they had to write out to the field or telephone to get a report.

H.M.JR: Then you will overlay it?

MR. HAAS: Yes, if it is out here in Utah in the sticks, some project, I will ask for the folder to see why that was put there.

H.M.JR: They are investigating WPB's approving projects for cities, schools, and so forth, which I am challenging the need of at this time. There is such a shortage of manpower. Have you heard of any of that up your way?

MR. OLRICH: Not yet, sir.

H.M.JR: They are letting them have steel pipe and that sort of thing.

Roy?

MR. BLOUGH: The tax debate starts today. There will be two days of debate, and then they vote. It looks pretty favorable, because there is no particular controversy.

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H.M.JR: Did you see the beautiful letter we got from Mr. Doughton?

MR. BLOUGH: No.

H.M.JR: You might send him a copy.

MR. BLOUGH: Frame it quickly before we get another one.

H.M.JR: One to Blough and one to Surrey.

It was so "be-ootiful!" I sent a copy to the President.

MR. BLOUGH: What has come over the old man? In New York yesterday, in addition to talking with Young and Rubicam, the advertising people, on income tax returns, in an interesting preliminary conference with a roomful of a million dollars worth of talent, I suppose--

MR. SMITH: A million and a half.

MR. BLOUGH: I talked to Beardsley Ruml and Ros Magill for quite a while. I will write you a report. If you want an oral report--

H.M.JR: How long would an oral report take?

MR. BLOUGH: As long as you like. I could make it five minutes or an hour.

H.M.JR: Make it five minutes.

MR. BLOUGH: Well, Mr. Ruml is giving all of his time to post-war planning these days. He has already indicated his general philosophy in a series of speeches and in articles in the New Republic. What he thinks ought to be done now is an adoption by the Administration, preferably both parties, of this policy, a reduction of taxes after the war to the point where the budget would be balanced at a high level of employment. He figures that the national income at present--

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(Mr. Gaston leaves the conference.)

MR. BLOUGH: Well, Ruml would like to see this adopted as the policy for the Administration in the post-war period. He would like to see it announced as soon as possible, namely that they were going to adopt the policy of reducing taxes after the war to the point where you had a balanced budget at high levels of employment, and you were going to hold the rates there so that when employment fell below that level and income fell below that level you would have a deficit with its stimulating effects, and at that level you would have a balanced budget. He is worried about the interest. He is afraid the interest payment will be quite deflationary. He doesn't seem to anticipate any reduction of the debt, although, of course, the debt will be paid on the dot when it comes due--

MR. D. W. BELL: Oh!

MR. BLOUGH: ...by borrowing from somebody else, Federal Reserve Banks if necessary.

He then would like to see public works used as a stabilizing factor, not for the economy as a whole, but for construction, and the Government adopt a ten or twelve million dollar level as the level of construction industry. And when private construction is up to that point, the public doesn't put in any public works. When private construction is below that point, then you have public works.

Now, he has a lot of other things, but those are the two basic elements in it. He doesn't think there should be any detailed post-war plan announced at this time.

Magill feels also that there ought not be any post-war tax plan announced at this time, although you ought to have post-war plans.

H.M.JR: Did you see them together?

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MR. BLOUGH: No indeed. I had a two-hour talk with Ruml at his store, then I had lunch with Magill before the Young and Rubicam meeting. Magill feels that the idea of a committee setting up a committee to help you would be a very bad move, from most points of view, at any rate.

He figures that Mr. White's idea of calling a conference of people in different industries and representing different groups, is an excellent one. He is not sure in his own opinion whether it isn't too late to do that, in view of the politics of Election year.

But, aside from that, he felt that was a good idea.

H.M.JR: Can I interrupt you a minute? Paul told me. I didn't know we had a committee of five advising us on estate taxes.

MR. BLOUGH: We have a technical committee - I am not sure how many people are on it - might well be five - comprised mostly of either law professors or practicing attorneys. It is a good group, but it is not at the policy level. They are working out alternative technical approaches to our death taxes. They are meeting again on Saturday, incidentally.

That was given a little publicity some months ago but it is working quietly along.

H.M.JR: That kind of a committee wouldn't do.

MR. BLOUGH: That is not the kind of committee that the people who want a committee want. They want a committee which would go into policy aspects. See, here is a technical group who are studying a very narrow field here, the problem of transfer tax at death, or accession tax as a means of curing our present death and gift tax problems.

The kind of committee that has been urged upon you, I think, is supposed to go into broad tax policies and

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that is what Magill feels would not serve you in this particular instance. I am not going into his reasons because time doesn't permit, but I will report them to you.

There were other things, but those were the important points.

H.M.JR: I haven't got - no one has told me what we expect Young and Lubicam to do for the Treasury.

MR. BLOUGH: We hope we can do what was done last fall with Form 1040A; namely, to take the Bureau of Internal Revenue's - last fall we took the Bureau of Internal Revenue's Form 1040A and had Mr. Frederick, who is working with Mr. Smith, get in touch with some of the advertising people in New York and make it understandable to the taxpayer, make it easier for him to follow, test it out on the public to see whether it is workable.

It is the thought that if the arrangement can successfully be made within our budgetary and legal requirements, that we could do a similar job, only a better one, with the new forms which will come out of this law; and that some of us feel strongly that it would give us a much better return and instructions, and to the extent that it was not a full success, we could at least be in a position to say we did everything that was possible to do to get it in shape.

Now, I don't know - there are some dangers, I think, of tying up with any agencies, and we will have to explore those. There was a room-full of presidents and vice presidents, including Vice President George Gallup, there yesterday afternoon, and they were just like a bunch of boys with a new toy.

They had a couple of these return forms there, and they talked about them like any roomful of men will, and complained about them, and so forth. It was a conference - you know what a conference is.

H.M.JR: But they were interested?

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MR. BLOUGH: They were interested, and the President, Mr. Larmon is apparently approaching it from the point of view of being helpful. Of course, it isn't going to hurt them any if they are successful in this, but I think they had a genuine public-spirited attitude toward it.

MR. WHITE: What is the fee-on a commission basis of the returns?

MR. BLOUGH: Mr. Smith has talked with them. I don't know anything about that angle, but they agreed to do it on a non-fee basis - just whatever the costs involve. We couldn't pay their fee. This isn't ivory soap, after all.

MR. SMITH: We didn't have any time to do anything with the big time, but we did take the simplified form and we didn't have a single complaint from anybody about that.

MR. BLOUGH: Well, hardly.

MR. SMITH: Didn't have any published complaints.

MR. HAAS: That is good. You took care of that!

H.M.JR: It just reminded me, while on Gallup - what would you think if either you or I called up Cowles? Didn't you know him very well at Des Moines?

MR. SMITH: Yes, I have written to Cowles and asked him if he would give me a break-down.

H.M.JR: My wife drew my attention to the fact, they couldn't poll fifty-two people and not have them mention either Stimson or Frank Knox, and neither Frank Knox or Mr. Stimson is mentioned. You can't ask fifty-two newspapermen and not have them mention Stimson or Knox.

MR. SMITH: Not one of our men in the press room ever saw the thing. I am tracking it down and I think

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it was a Columbia survey which is handled by a man by the name of Wingo who almost got put in jail for espionage. But anyway, he is very likely to have framed it by getting the view of the right people.

H.M. JR: Well, the fact that neither Stimson or Knox is mentioned looks very suspicious. Didn't Gallup do one where I was mentioned, about a year ago? Yes, there was one. Look it up, will you? There was a certain kind of one as to what the people in the field thought.

MR. SMITH: That is very interesting because Cowles made a survey in the Des Moines register and Stimson came out second.

H.M. JR: Well, you look it up. He did one as to what the people think as to who is doing a good or bad job.

MR. WHITE: I think that was two years ago.

H.M. JR: But look it up and think about getting Gallup to do another one. Not just for me, but the same group, to see what they think. Will you do that today? Do you call Gallup "George"?

MR. SMITH: Sure.

H.M. JR: Anyway, would you ask him whether he wouldn't do another one in the light of this faulty one - not just for me, but the same kind of one. I didn't come out too good, but I was somewhere in the middle, as to what the people in the field thought of all of us. I was somewhere in the middle.

MRS. KLOTZ: That is right.

H.M. JR: Mr. White?

MR. WHITE: On this cable that we sent yesterday, we changed the last sentence which I think will take

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care of the difficulty slightly - made it "The Governments in Exile."

H.M.JR: This is a loan to the Netherlands which Jones has again put up to me. Before answering him, I am laying it before the President to get his reactions. This last sentence, "If you agree, I will advise Jones that in my opinion, granting a loan at this time would be premature and constitute a policy commitment on loans for post-war purposes to Governments in Exile that we are not competent to prepare to undertake" - that is very good.

In this thing they were very dirty. Did you hear about it - where they said that if they can't get this, they will have to look to England and Germany to do business with?

MR. D.W. BELL: I didn't get that. I got that they thought they had an enemy in the Treasury.

MR. WHITE: This other was in their letter.

MR. D.W. BELL: This is the cable you got?

MR. WHITE: No, this was a letter. You have a copy. It is in the Dutch Minister's letter.

The Army is bringing pressure on the final determination of the French rate. The Finance Minister is on his way and will arrive here Friday. It won't be settled before then, but we have informed them if by some chance they happen to have a rate before they come, and they use a rate which is tentatively set, which is two hundred - the Dutch, as you know, and the Belgians, have given us their final rate--

H.M.JR: I knew the Belgians had.

MR. WHITE: The Dutch have, too.

H.M.JR: I don't think you advised me.

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MR. WHITE: I thought I mentioned it.

H.M.JR: You sent in Belgium's yesterday.

MR. WHITE: We just got the Belgian's; we got the other a week or ten days ago. We haven't heard finally from the Norwegians, but there is a tentative rate.

When you say you saw this telegram - there were two telegrams, one last night and one this morning. You saw both?

H.M.JR: I didn't see the one this morning.

MR. WHITE: There is one that Luxford sent me last night.

H.M.JR: No, I haven't seen this.

MR. WHITE: It just came about five minutes before the meeting.

H.M.JR: Who is this?

MR. WHITE: I think he is the Vice Commissar. I thought he was the Vice Commissar of Foreign Affairs.

H.M.JR: I think that is wonderful, Harry.

MR. WHITE: Yes, that leaves just - I would suggest to the boys that they draft a cable to Winant that you might consider sending, in the light of this. They are drafting it now, so if you have a few minutes any time--

H.M.JR: What I am going to do is - I made a fool appointment to have my statue done. They are having all these done - I don't know - Kiplinger is financing it - having busts made of them. I checked it up. It is strictly kosher.

MR. WHITE: The statue or the pose?

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H.M.JR: The project.

MR. WHITE: We haven't seen the statue yet.

MR. BLOUGH: They looked practically finished.

H.M.JR: While the artist does me, Mrs. Klotz is going to take care of the manager.

Then I was going to take Mr. Olrich over to Procurement, Sullivan and I are going to take him over. By the time I come back you will be ready?

MR. WHITE: Yes, we will be ready.

H.M.JR: Before twelve?

MR. WHITE: Any time you name.

H.M.JR: Well, when I come back. This is fine.

MR. WHITE: With your permission, I would like to inform the Russian Ambassador of that.

H.M.JR: Yes. You should or I should?

MR. WHITE: It would be a nice thing if you would call him because he helped - I know not recently, but earlier. He put pressure on them, or at least he said he sent--

H.M.JR: Then I would like to say that if he sends somebody down they can read the cable.

MR. WHITE: He can send the head of the delegation down.

(The Secretary places a call to the Russian Ambassador)

H.M.JR: That is fine. I didn't realize it. I thought it was the one Luxford sent out last night.

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MR. WHITE: No, that just came at nine-twenty.

H.M.JR: Without giving any details, I had lunch with McCloy yesterday and he reports he had a wonderful opportunity in England to see the Military. He comes back very much encouraged. He thinks we are ready - we are on our toes. He thinks the soldiers are in good shape and he thinks that we can do the job. He is very much encouraged. The first man who has talked to me that I really believe. He read me pages and pages of excerpts from his diary. He thinks we can do it and the English are keen for it now.

All over England you go around and hear, "What are we waiting for? Let's do it now" - all that kind of stuff - chalked up on the wall. But he also said a lot of people can't take this bombing much longer over there. He said the women are awfully tired. This, coming now, on top of all the other things, and all the work, he says the women are just tired out.

MR. WHITE: You can imagine what is true in Germany.

The Dutch Ambassador--

MR. D.W. BELL: Did he mean the English women are tired?

H.M.JR: Yes, awfully tired.

Would you draft a cable to Hamilton for me, thanking him for that? Isn't Hamilton the fellow who used to be in charge of the Near East - China?

MR. WHITE: I think it is the same Hamilton, but I am not certain. That Hamilton is no longer here. I don't know where he is. I will find out.

H.M.JR: I tell you what I think will be nice to do. I would write a letter to Mr. Hull for me to sign -

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"Would you please thank Mr. Hamilton for me for the excellent work that he did," and so forth.

MR. WHITE: That Hamilton did?

H.M.JR: Yes. A letter from me to Hull.

MR. WHITE: Yes, I understand. I don't know how much work Hamilton did. Harriman is in charge.

H.M.JR: We have gotten telegrams twice a day from him.

MR. WHITE: For one day! Right.

MR. D.W. BELL: Harriman isn't there, is he?

H.M.JR: No. It doesn't do any harm. Why not say both Harriman and Hamilton?

MR. WHITE: I think that would be better.

MR. D.W. BELL: I haven't anything except a letter of resignation from LaFollette in the United States Mint at Denver. He is resigning to accept a Civil Service job in the Mint.

H.M.JR: Yes, sir. (Secretary signs letter to LaFollette)

MR. C.S. BELL: Mr. Stimson has turned us down on Paul Dudley. He claims he is bringing in all of the boys he can bring in for combat service and he can't go along with us.

H.M.JR: No argument, except I wish you would please serve notice on Mr. Coyne and Mr. Steele to get somebody - not for me, I mean for over there.

MR. SMITH: Your wife wanted to talk about it first, I think.

H.M.JR: She is coming down to see you today.

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MR. SMITH: All right, I will be here.

H.M.JR: Good.

Well, the Navy could do the same when they get a couple of thousand people. Did you notice along the streets the number of young Navy lieutenants who are lining the streets? Did you ever see such a display of manhood? No ribbons of any kind. Did you notice it?

MR. SULLIVAN: Yes.

H.M.JR: Terrific.

MR. WHITE: Most of them here are quite unhappy and feel frustrated that they aren't doing much.

H.M.JR: Well, anything else?

MR. C.S. BELL: One of the little things - Danny and I have discussed renumbering the building, going into four numbers. We have put in so many partitions that we have got too many half rooms in the building. We have gone into it quite thoroughly. We would like to go into a system.

H.M.JR: Don't say anything, Harry. Harry thinks there is only a quarter of a person in half a room.

MR. C.S. BELL: We would like to go into four numbers.

H.M.JR: Doesn't make any difference to me.

MR. C.S. BELL: Based on corridors.

H.M.JR: That is an important decision for the two Mr. Bells.

When I go over to Procurement, I want you to go with me. I don't know what you have been doing to get ready.

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MR. C.S. BELL: Yes, sir. We have an office for Mr. Olrich and an anteroom, and a room for an aide, to begin with.

H.M. JR: You go over with us.

All right.

May 3, 1944

11:30 a.m.

CABLE TO WINANT

Present: Mr. White
Mr. Smith
Mr. Luxford
Mrs. Klotz
Mr. Bernstein

MR. WHITE: Joe O'Connell was also in the discussion because we didn't know just how far to push them, and so forth. This is the additional sentence. (Refers to attached draft)

H.M.JR: Do you mind telling me the subject?

MR. WHITE: The subject is a cable to Winant.

H.M.JR: Mrs. Morgenthau has just been talking to me about Smith and the Star Parade - to ask if she could have my room at twelve-fifteen - yes, she could have Smith to advise her--

MR. WHITE: The Parade of Stars--

H.M.JR: Then Smith walks in here, and then you start in. I am kind of confused.

This is to Winant? (Secretary reads draft to himself)

Why do you add, "...if invited"?

MR. WHITE: Because they haven't been invited.

H.M.JR: Why not say "we" instead of "if"?

MR. LUXFORD: Well, the second sentence says that whether or not a conference is held depends on the British.

- 2 -

H.M.JR: I still say there is no doubt whether we are going to invite them. It is "when we invite them."

MR. WHITE: Yes.

H.M.JR: I mean, unless Harry doesn't want to invite them.

MR. SMITH: I would rather cut the whole thing out.

MRS. KLOTZ: Why not leave it all off?

H.M.JR: Yes, he is wonderful at that, you know.

MR. WHITE: Deleting, you mean?

H.M.JR: Yes. He is wonderful. (Refers to Mr. Smith)

(Reading) "Therefore, whether or not a conference is held depends entirely on the response of the British Government to the question whether they would participate in the conference if invited by the President."

MR. WHITE: This cable will refer to that.

H.M.JR: I don't like that "if." "Would participate in the conference."

MR. WHITE: If you don't put that in - I see.

H.M.JR: "Would participate in the conference." I would just put a period there.

MR. LUXFORD: Yes, I think so.

H.M.JR: "Therefore, whether or not a conference is held depends entirely on the response of the British Government to the question whether they would participate in the conference," period.

"For your guidance the President has indicated that he would like to have the conference."

- 3 -

MR. WHITE: Do you think that is too strong?

H.M.JR: No - or you can put, "For your guidance, the President has approved the calling of a conference." Which do you gentlemen prefer?

MR. WHITE: This is a little stronger, if you think it is justified by the way he feels. The other is more accurate.

H.M.JR: I think I would say, "For your guidance, the President has approved the calling of a conference."

MR. WHITE: I think we told them that before.

(Mr. Bernstein entered the conference)

H.M.JR: Hello, Bernstein. Where did you come from?

MR. BERNSTEIN: I just hopped in later with a little addition.

H.M.JR: You would!

(Reading) "We have informed the British many times during the past several months of the reasons for the limitations on our time schedule." That, I think, sounds kind of ill-tempered. I don't like that.

MR. WHITE: Our thought was merely--

H.M.JR: No, I don't like the rest of this at all. I would simply say, "The question of calling or not calling a conference entirely depends upon what success you have been having."

MR. LUXFORD: Of course, there was one further thought.

H.M.JR: Now, the whole question of calling or not calling a conference depends upon what success you can have in convincing the British Government that this is

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something they should take part in. I don't like the tone here at all.

MR. WHITE: Do you think something like this might be added? (Wands Secretary suggested addition to cable)

H.M.JR: No, I don't think so. I would just put it up to him. You can say, "We don't have to point out to you the implications if the British turn us down." After all, the other nations have said yes.

MR. LUXFORD: Mr. Secretary, I think the argument that Harry advanced this morning is very strong for something like this last paragraph. He pointed out the British will never say no to a conference. Rather, they will stall or they will give you an equivocal answer, or say, "Hold it later." You will never have the British in the position of saying no. The only answer that means yes, is yes; that any other action they take really means no, and they should take the responsibility for that.

MR. WHITE: The thought in my mind is that the struggle is not solely between the U.S. and Great Britain; that the struggle on now is between Churchill on the one hand leading that group, as against the others. And I think if they can crawl out they would like to.

.....But if they are made to see that their failure to acquiesce is a failure to attend, then, I don't think they can stand that before their own public.

H.M.JR: Well, don't you think Harriman knows all this?

MR. WHITE: I don't know. Maybe we can tell him without passing it on. He knows that part, that I just said, but whether he knows - well, he should know that. But I don't know how much he is thinking about it.

H.M.JR: If you want to do that I would spell the thing out carefully. You have plenty of time. Anything

- 5 -

that goes today he won't get it today, so you can work on it and get it off in the middle of the afternoon. He would get it tomorrow morning. But I would take the time and spell the thing out.

MR. WHITE: Make it a long cable for his own guidance and preface it that it is up to him whether or not--

H.M.JR: Yes, as I say, the fretting over there--

MR. LUXFORD: The intent was to place responsibility on the British if they turn it down.

H.M.JR: Well, that is obvious, also.

MR. LUXFORD: If they--

H.M.JR: Well, anyway, you have to explain the thing to me, so there is no reason Harriman can understand it.

What are you (Smith) doing here? What contribution do you have to make?

MR. SMITH: I took off the "if invited," and I am about to spout on the international implications, if anybody will give me a chance.

I would like to have in this spelling out, to be sure and call to his attention - he may be fully aware of it - but if this thing falls apart, there "ain't" no international cooperation and collaboration after this war. We have laid ourselves wide open and it is all over but the shouting. This thing has been at a monetary level for so long that the people don't automatically think of its implications from that standpoint. That is what I would like to get registered.

H.M.JR: You didn't see this before you came?

MR. SMITH: I saw that end of it. That is what we put that in there for as it was.

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MR. WHITE: Yes, we talked about that and tried many, many ways.

H.M.JR: I think you have to take many more words to do it this time.

MR. SMITH: I agree with that.

MR. WHITE: Well, words are something we have plenty of. We will try.

MR. BERNSTEIN: That is our stock in trade.

MR. WHITE: All right. We will try it.

H.M.JR: Keep in mind that you want to keep it in such shape that we can sum this thing up, I hope, in a good way if it is necessary to say to the President, "I would like you to send the following cable to Churchill."

MR. WHITE: As a final, or this cable? Bear that in mind with respect to this, or to a second, final step?

H.M.JR: Bear this in mind when you send this cable to Harriman. The last thing we will do will be to ask the President to send one to Churchill.

MR. WHITE: I see.

H.M.JR: Now, another thing, Hull may feel strongly enough that he may want to put in a sentence. He might say, "I concur as to the importance of this with Secretary Morgenthau."

MR. WHITE: That was one reason why we put this--

H.M.JR: Why don't you get Hull to add to this?

MR. WHITE: I am sure we could.

H.M.JR: I think that would help. I think a sentence

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should go in there for Mr. Hull - "I concur with everything that Secretary Morgenthau said here."

After all, these cables have his name signed to them.

MR. WHITE: Yes, that could go in. All right.

H.M.JR: A message came to me after I went home last night saying that Mr. Acheson called up and said there was nothing to report.

MR. LUXFORD: I understand that they thought they would have something to do.

H.M.JR: Right.

You men let me know when you are ready.

MR. WHITE: It will be sometime this afternoon.

DRAFT

To Winant from the Secretary of the Treasury

1. The Soviet Government has now advised us of their intention to participate in the conference and to send a delegation to the United States ~~as invited~~. Therefore, whether or not a conference is held depends entirely on the response of the British Government to the question whether they would participate in the conference ~~if invited by the President~~. See cable

For your guidance the President has indicated that he would like to have the conference. In accordance with your suggestion it may be possible to postpone the date of the conference a week. We have informed the British many times during the past several months of the reasons for the limitations on our time schedule. Consequently, further delay in making an answer, or any answer short of a clearcut "yes" amounts to a "no" so far as we are concerned.

HDW:FS:AFL:jm 5/3/44

May 3, 1944
12:48 p.m.

HMJr: Hello.

Operator: Gromyko.

Ambassador
Gromyko: Hello.

HMJr: Mr. Ambassador.

G: Good morning, Mr. Secretary.

HMJr: How are you?

G: Thank you very much. I am all right.
How are you today?

HMJr: Fine. Mr. Ambassador, I was so pleased we've
gotten word from our Embassy in Moscow that
your Government is prepared to send a delegation
to this Monetary Conference.

G: I see. I see.

HMJr: And if you would care to send someone down here....

G: Uh huh.

HMJr: to Mr. White's office....

G: Uh huh.

HMJr:I'd be glad to let him read the cable that
we got.

G: I see.

HMJr: See?

G: All right, I will send.

HMJr: Because they mention who would come in the -- as
the head of the delegation.

G: I see. You mean the cable from the Embassy?

HMJr: From our Embassy.

G: All right, I will send to

HMJr: And

- 2 -

G: To Dr. White.

HMJr: And thank you for all the help you've given us.

G: I'm very glad. I'm very glad. Thank you very much.

HMJr: And I know how much you've helped and now we'll see what happens.

G: Thank you very much.

HMJr: Thank you.

G: We're glad to give this. Thank you. Good bye.

HMJr: Good bye.

May 3, 1944
12:51 p.m.

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Operator: Go ahead.

HMJr: Hello.

Dean
Acheson: Henry.

HMJr: Yes.

A: I tried to reach you yesterday to give you
a report as I said I would.

HMJr: Well, I got the message that there was nothing
to report.

A: Well, there was not at that time.

HMJr: Oh, yes.

A: I saw the Secretary after that and took the
matter up with him.

HMJr: Yes.

A: He's very troubled about it and he wants to
have the political fellows, Duggan and those
others, meet with him....

HMJr: Yes.

A:to go over the whole thing.

HMJr: Yes.

A: He can't do it this afternoon because he's
tied up and he wants to do it tomorrow morning.

HMJr: Yes.

A: I told him that I thought we ought to get on
with it and -- ah -- get his own ideas straightened
out and meet with you.

HMJr: Right.

A: And I'm pushing it along.

HMJr: Good.

A: The principal worry that he has in mind is that he says that he did not think we were too terribly successful before, and he said although this pressure resulted in a break, it really produced a worse situation than we had before there, and he wants to know where we go from here, whether we can do any -- please the people -- whether we can do anything more that will be effective, or whether we are stuck, or what our plan is.

HMJr: Yeah.

A: I think that's the reasonable thing to want to know what you do after you start something and -- as we're trying to work out with him. But I'll give you a call some time tomorrow and tell you where we are.

HMJr: Will you do that?

A: Yes. It may be that he'll want to meet with you after he's gone over the whole thing with with us....

HMJr: Right.

A:and talk it over directly with you.

HMJr: Right. Thank you.

A: You saw the message from the Russians?

HMJr: Yes. That was very good.

A: Yeah.

HMJr: Now, we're trying to draft, here, a message to go to -- to Winant to try to get him to follow up.

A: Yes. I think they ought to be told that the Russians have come through.

HMJr: Yeah. And there'll be a message over sometime this afternoon to go. Now, I think it's fine of the Russians. If we can only get the English, now.

A: Yes, I think the Russians have been extraordinarily good. It may be that they think they are going to take up some of these difficult points later on....

HMJr: | Yeah.

A:in conferences, but certainly they're going along fine, now.

HMJr: Yeah. Well, thank you. Then I'll -- call me one way or the other tomorrow. Will you?

A: I will. Yes.

HMJr: Thank you.

May 3, 1944
2:15 p.m.

37

HMJr: Hello.

Operator: Ready with Mr. Gamble.

HMJr: Thank you.

Operator: Go ahead.

HMJr: Hello.

Ted
Gamble: Hello, Mr. Secretary.

HMJr: Hello. Are you amongst the living or the dead?

G: I'm amongst the living, sir.

HMJr: Well, as far as I know you are amongst the dead.

G: (Laughs)

HMJr: Well, I'm dead. I don't know....

G: I'm sorry to hear that.

HMJr: Well, I -- I haven't heard a single thing about War Bonds or War Finance since before you left town.

G: Well, I was talking to the Under Secretary a couple of times.

HMJr: Well, I

G: I called to report our progress.

HMJr: Yeah, but you might have given me a ring.

G: Well, I had learned, Mr. Secretary, that you were going to be away for a part of the first week that we were away.

HMJr: Oh, well, that was only a few days.

G: Yeah.

HMJr: Well, I'm worried. I don't know. Here we are approaching the loan and I don't know whether things -- how things are going.

G: Well, part of our people left last night for Washington. Miss Elliott and Dr. Blake leave tonight and I leave this afternoon and will be in there Friday night.

HMJr: Yeah.

G: We just finished our meeting and I have never felt better about a War Bond operation than I do at the present time.

HMJr: Well, I really think, Ted -- I don't like to be complaining, but the ultimate responsibility is mine.

G: That's right.

HMJr: And I haven't had a word or telegram or telephone call from you.

G: It was only just not to bother you, Mr. Secretary.

HMJr: Well....

G: That was all.

HMJr: And then if something goes wrong, it's all with Morgenthau.

G: Well, I thought maybe Mr. Bell would report to you what I had reported to him.

HMJr: Well, I did ask Bell. He didn't take the initiative and then when I wanted to find something out, I frankly was shocked to learn that Harold Mager is in charge of War Bonds.

G: Well, he is only in charge in the office, Mr. Secretary, because we needed all the people we had....

HMJr: Yeah.

G:to do this job. The most important job we had to do was to be sure that the people in the field are ready to make these additional calls that they're going to have to make.

HMJr: Yeah, but supposing you start -- I don't know where -- let's say you start in New York and you're out.

- 3 -

- G: Yes.
- HMJr: If Randolph Burgess or somebody else wants somebody, his contact is Harold Mager.
- G: He only goes through Mager to clear to us. We've been in touch with the whole country since we've been on this trip.
- HMJr: Well....
- G: As a matter of fact we've transacted business with not less than twenty states while we were on tour.
- HMJr: Yeah.
- G: And Mager is just as a clearing house. He's not in charge of anything and he's just set there as a clearing house to be sure that someone who at least knew where we were and what could be done about a matter could be properly handled.
- HMJr: Well, I hope things are going all right, but I might just as well be in another country as far as War Bonds are concerned.
- G: Well, if I had not -- as a matter of fact, I gave Mr. Bell a comprehensive report from Minneapolis about our meeting with the Bankers. I gave him a report on what I -- had happened in our other meetings and -- hoping that he would, in his leisure, get an opportunity to report it to you.
- HMJr: Well, a couple of times I'd say to Bell, "Have you heard anything?" And he said, "Yeah, things are going all right." And that's the extent of my report.
- G: Of course, we have done this, Mr. Secretary. We have travelled nights in order not to lose any time.
- HMJr: Yes.
- G: Today is the first day that we've had where we haven't been en route to somewhere.
- HMJr: No, but....
- G: We wanted to get the whole job done in about eight days' time.

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- HMJr: Well, look, in the future, Ted, and I want to get this out of my system, please don't ever be away so long without letting me have some "feel" how things are going, direct.
- G: Well, as a matter of fact, it would have been a pleasure to have done that.
- HMJr: I mean, after all, I've poured my whole heart into this thing and then to be completely isolated for weeks....
- G: Yes.
- HMJr:from this organization, isn't right. And then to have a person like Mager if I want to do business with....
- G: Well, it isn't for him to -- it wasn't....
- HMJr: Well, I haven't done any business with him because I wouldn't take anything up with him.
- G: Well, that's right. That's right.
- HMJr: But I'm going to be here this week-end.
- G: Yes.
- HMJr: And as soon as you get the cinders out of your ears, I do want to sit down and talk with you.
- G: Fine. I'd like to sit down on Sunday if that's convenient for you and give you a full report on it.
- HMJr: Well, I'll -- I'll try to make it convenient because you can't -- not knowing anything I can't help but worry.
- G: Well, let me make this report to you, Mr. Secretary, briefly, that we have met in -- have finished now with the whole country.
- HMJr: Yeah.
- G: We've met with every one of the forty-eight States' leaders. We've met with not less than the twenty-five top people in every State. We have met with these new Banking Committees. We've had our whole National Retail Committee out in the field. We've had our War Activities Committee out

G:
Cont'd. in the field. We have never been in better shape than we're in right today. Now, there isn't any mystery about how to do a better job in the Fifth War Loan and we're going to have to find the ten million people that we haven't sold in these loans and sell them. And we're going to have to sell the forty million that we sold in the Fourth War Loan more War Bonds. And it just means all of those additional steps are going to have to be taken and the people in the field have never been in better shape to do that than they are now. And when....

HMJr: Well....

G: we are able to show you our whole plans -- what we presented to them, you'll feel better about the Drive than you've felt about any of them.

HMJr: Well, I -- I -- I hope you're right, but you've just left the Treasury proper high and dry....

G: Well -- uh

HMJr: as far as I'm concerned and -- but I'm not going to keep repeating myself. I wanted to tell it to you and I'll -- I'll try to save time on Sunday and see whether we can't get together.

G: Yes.

HMJr: But -- I mean; I don't want to be so detached that I lose interest in the thing.

G: Well, I didn't -- I didn't feel that way, Mr. Secretary. As a matter of fact, I thought in making these tour reports across the country to Mr. Bell, that I was saving your time in doing it.

HMJr: No, well, it -- you're wrong.

G: It would have been just as easy and more pleasant for me to call you and make the same reports to you that I made to him.

HMJr: Now, today is Wednesday and you're not going to be back until Saturday?

G: I'll be back Friday night.
HMJr: I see. Well, I'll look forward to seeing you.
G: All right, sir.
HMJr: Right.
G: It was nice to talk to you. Bye.
HMJr: Good bye.

May 3, 1944
2:28 p.m.

43

HMJr: Hello.

Operator: Mr. Hannegan is out of the city until late tomorrow afternoon.

HMJr: All right.

Operator: They do expect to hear from him if there's a message.

HMJr: Well, you ask him whether he'd like to have lunch with me on Friday.

Operator: Friday?

HMJr: Yeah.

Operator: All right.

HMJr: At one o'clock.

Operator: All right.

HMJr: Have you got the other call?

Operator: No, sir. He hasn't returned from lunch yet.

HMJr: Thank you.

Operator: Yes, sir.

HMJr: Tell Fitz about the Friday luncheon.

Operator: Right.

May 3, 1944
3:30 p.m.

CABLE TO WINANT

Present: Mr. Smith
Mr. White
Mr. Bernstein
Mr. Luxford
Mrs. Klotz

H.M.JR: I have sent a message to the Air Corps Intelligence. I asked them why they don't bomb Luxembourg and the Italian chemical plant of Pirelli's.

MR. WHITE: Does that go to the Air Chief?

H.M.JR: To the Air Corps Intelligence.

MR. WHITE: It would be interesting to hear their reply.

The Ambassador was going to see you tomorrow, Halifax, and I gather that with Opie what he is going to do is to plead for a delay, but I am not sure.

H.M.JR: You take some extra spinach for breakfast. What is the name of that man--

MR. WHITE: Popeye.

H.M.JR: I think I told you all coming down on the train the other day this fellow says, "I want two orders of spinach." Yes, sir. He waited until the line was almost through and then came to the fellow. They had no spinach at all. He just didn't give him any spinach.

What do I do about Halifax?

MR. WHITE: I think we ought to get this out before we see him.

- 2 -

H.M.JR: Have they asked you to see him?

MR. WHITE: Opie asked me whether I thought Halifax could see you. I said I was sure that the Secretary would always see the Ambassador if he wanted to be seen.

I asked him to get in touch with Fitzgerald and make the arrangements if he wanted to be seen. I presume he either did or will.

I think we had better get this off first.

H.M.JR: I got you, Harry. You interrupted me by telling me about Halifax and all that.

MR. WHITE: I was going to interrupt you again, because this is kind of pleasant. A man from the French Underground who was chief of the Underground Movement with ten divisions until the thing got so hot for him that he had to leave--he left by plane to England--told me--I will cover it in a couple of sentences--that in the central part of France there is a very large area--an extremely large area--in which there are no Germans at all, and in which the French come and go as they please with planes. They have constant communications with London. He was in constant communication with London. In his own division he said they had forty receiving and transmitting stations to London. They have substantial amounts of small arms and small artillery, mostly grenades, however.

H.M.JR: Did this fellow come to see you?

MR. WHITE: Yes.

H.M.JR: Through Monet?

MR. WHITE: He works for Monet now. He escaped through London and was then sent to Algiers and put on Monet's staff because he is supposed to be a timber expert.

H.M.JR: Does he speak English?

- 3 -

MR. WHITE: Pretty well.

H.M.JR: Why couldn't I see him?

MR. WHITE: I am sure he would be delighted--any time.

MR. LUXFORD: I guess they will allow you to see him.

H.M.JR: Listen, you think that is funny! It isn't. Harry's sources of information are as to Donovan as black is to white.

MR. WHITE: In other words, the Secretary is trying to convey to you that the source of some of my information is pretty poor.

H.M.JR: No, so super, super that it is easy to get something out of Donovan.

MR. WHITE: I think you would be interested in talking to him, because on the whole what he has to say was to me surprisingly encouraging.

This is a redraft that I think comes close to what you had in mind.

(The Secretary reads draft of cable to Winant aloud.)

H.M.JR: Have you cleared that?

MR. WHITE: No.

H.M.JR: It is all right.

MR. WHITE: There are some changes.

H.M.JR: I don't care.

MR. WHITE: We can get something like this by Dean Acheson.

H.M.JR: Did you see my conversation with Dean?

- 4 -

MR. WHITE: Yes, I did.

MR. LUXFORD: I think they are going to give you the goose egg.

H.M.JR: That means nothing! Oh! Well, they will give me the goose egg, if that is the expression.

MR. LUXFORD: I asked them to show you the cable that came through from Armour.

MR. BERNSTEIN: It is on the way to your office now through Mr. White's office.

H.M.JR: No, I didn't see it.

MR. LUXFORD: State is worried sick for fear Perlinger will come out on top, and they are now appeasing Peron.

H.M.JR: I am going to do this: If Mr. Hull says no, I am going to say, "All right, Cordell, I want to go back to where we were last January; last January you were willing to do this thing, and everything since then has gotten worse. And I am not going to be a party. If you want to carry this responsibility, it is all right; the blood is on your head."

All right.

Draft

THE SECRETARY OF THE TREASURY
WASHINGTON

Please send the following cable to the American Embassy, London.

"To Winant from the Secretary of the Treasury.

"Refer to our No. 3390 and your No. 3507.

"The Soviet Government has now advised us of their intention to participate in the conference and send a delegation to the United States. Therefore, whether or not a conference is held depends entirely on the response of the British Government to the question as to whether they would participate. This means that the calling of the conference depends now upon your success in obtaining British participation. ↑ ?

"The President, as you know, has approved the calling of a conference at this time. While time is vital it may be possible to postpone the date of the conference a week in accordance with your suggestion. But if we are to proceed with the arrangements the President has approved, we must have a 'yes' reply without delay. Because of the tight time schedule, will you please telephone to me as soon as you hear from them.

"I am putting the problem before you in full because I know you appreciate the wider importance of the reply from the British Government. We are aware of the difference of opinion in the British Government with respect to wisdom of participating in a conference at this time. We wonder, however, whether there is full appreciation of the implication that might be drawn by the public from a decision by the British not to participate in a conference after the prolonged preparations and the announcement of agreement by the technical experts. Among a large segment of our people Britain's failure to participate in a United Nations conference at this time would indicate that the United Nations



- 2 -

are finding it difficult to agree on a policy of postwar collaboration, and will have an unfortunate impact on the favorable movement for international cooperation which has been developing in this country.

"From Secretary Hull. Please inform the Foreign Office of the substance of this message. Explain to them that I am in complete agreement with Secretary Morgenthau's message and indicate to them the important effect of the British decision on public opinion in this country."

Mr. White's office advised that State Dept.
transmitted this cable without any changes
cept to leave out the sentence "Refer to
our No. 3390 and your No. 3507"

50

Cable No. 3545 as sent by State Dept.
to Amb. Winant on May 3, 1944

51



THE SECRETARY OF THE TREASURY
WASHINGTON

No. 3545-

MAY 3 1944

Please send the following cable to the American Embassy, London.

"To Winant from the Secretary of the Treasury.

"The Soviet Government has now advised us of their intention to participate in the conference and send a delegation to the United States. Therefore, whether or not a conference is held depends entirely on the response of the British Government to the question as to whether they would participate. This means that the calling of the conference depends now upon your success in obtaining British participation.

"The President, as you know, has approved the calling of a conference at this time. While time is vital, I think it would be possible to postpone the date of the conference a week in accordance with your suggestion. But if we are to proceed with the arrangements the President has approved, we must have a 'yes' reply without delay. Because of the tight time schedule, will you please telephone to me as soon as you hear from them.

..... "I am putting the problem before you in full because I know you appreciate the wider importance of an affirmative reply from the British Government. We are aware of the difference of opinion in London with respect to a conference at this time. We wonder, however, whether there is full appreciation of the implication that might be drawn by the public from a decision by the British not to agree to a conference after the prolonged preparations and the announcement of agreement by the technical experts. Among a large segment of our people Britain's failure to agree to a United Nations monetary conference at this time would engender serious doubt whether the United Nations can get together on any definite program of postwar economic



- 2 -

collaboration, and will have an unfortunate impact on the favorable movement for international cooperation which has been developing in this country.

"From Secretary Hull. Please inform the Foreign Office of the substance of this message. Explain to them that I am in complete agreement with Secretary Morgenthau's message and indicate to them the important effect of the British decision on public opinion in this country."

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London
TO: Secretary of State, Washington
DATED: May 4, 1944
NUMBER: 3640

SECRET

THE FOLLOWING MESSAGE IS MARKED PERSONAL AND SECRET TO THE SECRETARY AND IS FOR TRANSMISSION TO THE SECRETARY OF THE TREASURY.

Reference is made herein to the Department's message of May 3, no. 3545.

I wish to convey my thanks to you for forwarding Secretary Morgenthau's message to me, which I received this morning, and for the supporting statement you added to it. Since that time I have talked with Mr. Eden, Lord Gatto, Lord Keynes, and Sir John Anderson and believe that progress has already been made. The subject will be discussed tomorrow by the Dominion Prime Ministers and the Cabinet and next Wednesday a debate thereon will be held in the House of Commons, to which the following resolution will be presented: there follows the substance of this resolution in paraphrase:

It is considered by this body that a suitable foundation for further international consultation is provided by a statement of principles contained

-2-

contained in Command Paper 6519 looking toward the improvement of monetary cooperation after the war has ended.

The foregoing information should be treated as confidential since no announcement of the scheduling of this discussion is being made here.

WINANT

LEG

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

May 3, 1944

8 p.m.

U.S. URGENT

EMBASSY,

LONDON.

3545

The Secretary of the Treasury has asked me to transmit the following message to you:

BEGIN QUOTE The Soviet Government has now advised us of their intention to participate in the conference and send a delegation to the United States. Therefore, whether or not a conference is held depends entirely on the response of the British Government to the question as to whether they would participate. This means that the calling of the conference depends now upon your success in obtaining British participation.

The President, as you know, has approved the calling of a conference at this time. While time is vital, I think it would be possible to postpone the date of the conference a week in accordance with your suggestion. But if we are to proceed with the arrangements the President has approved, we must have a "yes" reply without delay. Because of the tight time schedule, will you please telephone to me as soon as you hear from them.

DEPARTMENT OF STATE
DIVISION OF
MAY 5
COMMUNICATIONS
AND RECORDS

-2- # 3545, May 3, 8 Paris to London.

I am putting the problem before you in full because I know you appreciate the wider importance of an affirmative reply from the British Government. We are aware of the difference of opinion in London with respect to a conference at this time. We wonder, however, whether there is full appreciation of the implication that might be drawn by the public from a decision by the British not to agree to a conference after the prolonged preparations and the announcement of agreement by the technical experts. Among a large segment of our people Britain's failure to agree to a United Nations monetary conference at this time would engender serious doubt whether the United Nations can get together on any definite program of postwar economic collaboration, and will have an unfortunate impact on the favorable movement for international cooperation which has been developing in this country. EMD QUOTE

Please inform the Foreign Office of the substance of this message. Please explain to them that I am in complete agreement with Secretary Morgenthau's message and indicate to them the important effect of the British decision on public opinion in this country.

FMA:EGC:ja 5/3/44

HULL
(DA)

May 3, 1944

3:50 p.m.

JEWISH EVACUATION

Present: Mr. Pehle
Mr. DuBois
Mr. Luxford
Mrs. Klotz

H.M.JR: I tell you, this thing will be cleaned up tomorrow. You both know about the Argentine. If tomorrow they say, "Well, it is up to you to come and see Mr. Hull," or if they are going to stall me definitely, then I will ask for this.

MR. LUXFORD: I think so.

H.M.JR: I agree with Luxford, if you can tie these two things up, it won't do either any good. There is nothing for me to do on this, is there?
(Refers to Recommendations from the Board to the President)

MR. PEHLE: No.

(Mr. DuBois enters the conference)

H.M.JR: You are too late, Joe. Now, if you had only had Joe here you could have gotten your way. This way it is too bad.

MR. LUXFORD: We sold you down the river, Joe.

MR. DuBOIS: I will have to do it some other way, I guess. (Laughter)

H.M.JR: Well then, let's wait, and we will hear on the Argentinian thing tomorrow. If we don't hear, we will move forward. Right?

- 2 -

MR. DuBOIS: Why are they tied together?

H.M.JR: We don't want to tie them together, but I am waiting to see Mr. Hull. I said I wanted to clean up the Argentinian thing first. They said they would do it Monday, and yesterday he phoned please to wait. Today he phoned again. He has seen Hull. I gave him until tomorrow. If we don't get it tomorrow, then we will go forward on this.

In other words, I want to clean this up before the President gets back.

MR. DuBOIS: Yes.

H.M.JR: I want to see Hull before the President comes back.

May 3, 1944
4:29 p.m.

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HMJr: Oscar.

Oscar
Cox: Yes, sir.

HMJr: Do you remember some time ago you spoke to me
about Mr. Stevens over in the Navy Department?

C: Yeah.

HMJr: But he was tied up so closely with Mr. Knox I
never wanted to do anything.

C: Yeah.

HMJr: I wondered if you wanted to make some inquiries
about him.

C: Yeah.

HMJr: As to what his future plans are now that Mr.
Knox has passed away.

C: I know what they are.

HMJr: What are they?

C: Well, in the first place, I think, in terms of
dividing up Knox's work, he feels he ought to
stick around and not walk out on it until they
get that organized.

HMJr: I see.

C: Secondly, because of his great personal loyalties
to Knox, the likelihood is that he won't stay there
when they pick a new Secretary.

HMJr: Uh huh.

C: Thirdly, he has been offered a job to do some
work on the Chicago Daily News in Chicago, which
he's, by no means, sincere about.

HMJr: Yes.

C: And thirdly, we're interested in him in F.E.A.
and asked him not to

- 2 -

HMJr: That was fourthly -- you got mixed up.

C: Fourthly, not to make any decision if he could avoid it until we had a chance to talk to him in more detail.

HMJr: Yeah.

C: So, I should think it would be open season for you, too, if you're interested.

HMJr: Oh, I can't come in on it fifthly.

C: Well, make it Three-A, as far as we're concerned.

HMJr: No. Well, anyway I just wanted to check with you.

C: He's a very good man.

HMJr: Right.

C: All right.

HMJr: Thank you.

May 3, 1944

Dear Sumner:

I have just read your article in today's New York Herald Tribune, and I am writing to say thank you for the nice pat on the back that you gave me. As you know, a kind word of this sort comes rarely when one is in office.

With best regards,

Sincerely,

(Signed) Henry

Honorable Sumner Welles,
Oxon Hill Manor,
Oxon Hill, Maryland.

Dear Sumner:

I read your article in today's Tribune, and I just wanted to say thank you for the nice pat on the back that you gave me which, as you know, is rare while you are in office.

Sincerely yours,

Welles Sees Churchill Speeches Pointing Need of Allied Council

Deplores Lack of Post-War Plans for Germany and of Agreement on Trade Barriers; Praises Morgenthau World Currency Project

By Sumner Welles
Former Under Secretary of State

The statements made by Mr. Churchill on April 19 and on April 21, in their intrinsic interest to the people of the United States, are far more important than any political announcement which the Prime Minister has made for a long time past.

In the former, a reply made in the House of Commons to a question as to Allied war aims, Mr. Churchill announced that:

"Preliminary exchanges of opinion on post-war questions are constantly taking place between various members of the thirty-four United Nations."

He added that he could offer no hope that "any agreed statement will be made in the near future."

Other Allies Left Out

Put into even more blunt language than that which the Prime Minister cared to employ, this means that discussions of such vital problems as the future international organization, the treatment to be accorded Germany, and basic European territorial changes, are still being carried on in desultory fashion by the governments of the Soviet Union, Great Britain and the United States, and that no agreement in principle has yet been reached. It also means that so far none of the other thirty-one members of the United Nations have been permitted any real opportunity to take part in such discussions.

No one can foresee what the coming months may bring forth. But if, as a result of coming military operations, the collapse and surrender of Germany were to be brought about sooner than is generally anticipated, just what time of political preparation for that event would the United Nations then possess?

the United States, are far more important than any political announcement which the Prime Minister has made for a long time past.

This situation sharpens the anxiety which so many of us have felt at the failure of the major powers to create machinery which would bring together policy-making representatives of all of the United Nations in such a manner as to facilitate and expedite agreements between them for the attainment of those fundamental objectives which alone can make their common victory a victory for lasting peace. It makes the arguments advanced by spokesmen for certain officials in our own government, when they try to explain away the need for the establishment of an executive council of the United Nations, seem doubly unconvincing. For every week that passes makes it more plain that without the means for agreement and for initiative which only such a council can provide the conditions admitted by Mr. Churchill will persist until the time available for far-sighted planning for the day of victory will have passed.

Imperial Preference

The second statement made by Mr. Churchill was more precise—but equally momentous. In his speech in the House of Commons on April 22, while discussing his plans for knitting the British Empire more closely together, the Prime Minister emphasized most forcefully that Article VII of the Lend-Lease Agreement with the United States—the master agreement upon which all subsequent agreements have been modeled—did not commit the British government to the abrogation of the Ottawa agreements through which imperial trade preferences were

established between the United Kingdom and the Dominions.

Mr. Churchill also said that he had insisted upon the reservation to the great principles contained in the fourth article of the Atlantic Charter by which Great Britain and the United States promised all peoples equal access to raw materials and to international trade.

Mr. Churchill is, of course, entirely correct in stating that the words of that reservation, "with due respect for their existing obligations," were inserted in the Atlantic Charter upon his insistence.

But he did not mention the fact that both Article 4 of the Atlantic Charter and Article VII of the Lend-Lease Agreement were written in order to hold out the hope to peoples everywhere that in the post-war world autarchic trade systems and stifling forms of economic discrimination, such as the imperial preferences themselves, would be abolished and that the two governments signing these documents would assume the leadership in that endeavor. Unless the British government and the United States government cooperate in leading the way toward a leveling of trade barriers and the abolition of discriminatory commercial treatment there will be no hope of any healthy and expanding international trade in the years after the war.

Need for Understanding

Mr. Churchill may have intended his statement as a bargaining leverage in the event of a recrudescence of Smoot-Hawleyism in the United States. It may well be feared that such a pronouncement from him will strengthen, rather than weaken, the high-tariff forces in this country. But the incident, regretted by all who are anxious that there should be no cloud upon the horizon of Anglo-American relations, could not have occurred had there already existed some understanding between the United Nations upon the political and economic principles by which they will be guided in the post-war years.

In the face of these discouraging developments the announcement last week by Secretary Morgenthau of the agreement of the experts of all of the United Nations upon the principles through which world currencies will be stabilized after the war is especially heartening. There can, of course, be but little trade between nations in the post-war world unless international currency stabilization is secured. The chief credit for this accomplishment is due to Henry Morgenthau himself. He has for many long months been tireless in expediting the agreement which has now been perfected. He has believed that the way to achieve practical results in bringing about a United Nations Organization is through actions rather than through words. He has made it clear that the propitious moment to obtain fundamental agreements between the United Nations is before, and not after the victory is won.

REPUBLIQUE FRANCAISE
COMITE FRANCAIS DE LA LIBERATION NATIONALE

5-5-44 65 ✓
Original to Mr. White
Photostat to Mr. Bell

1783 R STREET, N. W.
WASHINGTON 9, D. C.
TELEPHONE: DECATUR 7938

FRENCH SUPPLY COUNCIL

No. 106/D.

May 3rd., 1944.

Mr. H. Morgenthau, Jr.,
Secretary of the Treasury,
WASHINGTON, D.C.,

Dear Mr. Secretary:

I wish to acknowledge receipt of your letter of April 28th., advising me that the Treasury is prepared to proceed with our order for the printing of an additional 255 million individual franc notes.

I have duly noted the various remarks contained in your letter and I wish to take the opportunity to convey to you my sincere thanks for the cooperation that you and the Treasury have given us in this difficult matter.

Very truly yours,

Gene Stansel

THE WHITE HOUSE
WASHINGTON

3 May 1944

MEMORANDUM FOR:

The Secretary of the Treasury

The following message from the President was received in the White House Map Room this date:

"From the President for Secretary Morgenthau.

"Replying to your message of May 2nd, paragraph 4, please take no action until we have an opportunity to talk over the problem.

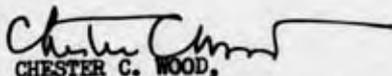
"I am inclined to believe that granting a loan to Holland on good security in this country to be used for purchase in America of reconstruction materials would not establish an undesirable precedent.

"American industry in the post-war period may probably need all the foreign orders that can be safely accepted in order to benefit employment and dispose of surpluses.

"From information now available to me it appears that the implied threat can be ignored.

"In view of the above, I should like to have us both give further consideration to the matter presented in your message and also talk with State."

Respectfully,



CHESTER C. WOOD,
Captain, U. S. Navy,

Assistant Naval Aide to the President.

May 5, 1944

Mr. Ernest L. Olrich,
Washington, D. C.

Sir:

You are hereby appointed an Assistant to the Secretary in the Procurement Division, with compensation at the rate of \$1.00 per annum, payable from the appropriation "Federal Property Utilization Program, Procurement Division, 1944," effective today.

Very truly yours,

.....
(Signed) H. H. Hargraves, Jr.

Secretary of the Treasury.



TREASURY DEPARTMENT
PROCUREMENT DIVISION
WASHINGTON 25



OF THE DIRECTOR

May 3, 1944

MEMORANDUM TO THE SECRETARY:

Discussed with Mr. E. L. Olrich the present activities related to the disposal of surplus property and described generally the existing organization.

Mr. E. E. Black, Territorial Director of the Office of Civilian Defense for Hawaii and Mr. Irwin B. Silverman, Counsel for Division of Territories and Island Possessions, Department of the Interior, called this afternoon relative to certain farm equipment purchased by the War Department and distributed through the Office of Civilian Defense to the farmers because of a possible emergency food situation, which equipment the Army has now requested the Office of Civilian Defense to pay for. The Office of Civilian Defense in turn have indicated their intention to declare this property surplus so that it can be sold to the growers.

The point was also made that there will be other property declared surplus by the Office of Civilian Defense in fairly substantial quantities which will be of the type handled by the Procurement Division as the disposal agency. Mr. Black specifically referred to the equipment purchased to furnish a 500-bed hospital for emergency purposes which they are prepared to declare surplus along with the other similar property acquired for defense purposes, subject, however, to War Department approval.

Mr. Black stated that he would advise us as soon as decisions are reached relative to declaring this property surplus, and in this connection, referred to the possibility of other property being declared surplus in the near future by various Federal agencies located in the Territory of Hawaii.

Clifton E. Mack
Director of Procurement



OF THE DIRECTOR

TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON 25



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May 3, 1944

AM

MEMORANDUM TO THE SECRETARY:

We are having delays with the purchase of textiles for the Middle East and Australia which may necessitate requesting WPB compliance orders to obtain all available goods to be applied to these needs.

The requirements were not furnished sufficiently in advance to make purchases from current production, but we have obtained information from the War Production Board as to existing production and are issuing priority ratings with orders, and in the event of failure to deliver, we will then request compliance orders which will enforce the application of goods not covered by higher ratings to our orders.

We have sent the Chief of the Purchase Division, the Commodity Group Chief for Textiles, and his assistant, to New York City to do all possible in this matter.

John E. Mack
John E. Mack
Director of Procurement

May 3, 1944

Dear Mr. Secretary:

I have received your letter of May 1, advising me that you cannot continue to make available to the Treasury Department the services of Sergeant Paul Dudley.

When I wrote you on April 28, what I had in mind was simply to advise you that Sergeant Dudley had proved himself extremely useful to the Treasury Department in preparing radio programs in connection with the war finance effort and that if he were available for continued work of similar character we should like very much to retain his services.

However, I agree completely and emphatically with the policy you announce of utilizing for combat service all physically fit men who are available. I would not for a moment wish to use the services of Sergeant Dudley on propaganda work, no matter how great its importance, if it conflicts with such a policy.

Sincerely yours,

(Signed) H. Morganthau, Jr.

Secretary of the Treasury

The Honorable Henry L. Stimson

Secretary of War

HEC:pm

WAR DEPARTMENT

WASHINGTON, D. C.

1 May 1944.

The Honorable

Henry Morgenthau, Jr.,

The Secretary of the Treasury.

Dear Mr. Secretary:

I have been apprized of your desire to utilize the services of Sergeant Paul Dudley in connection with a radio program sponsored by the Treasury Department.

*Copy to
Steel*

The Army is so hard pressed to find men to fill combat units scheduled for early overseas shipment that I am forced to restrict rigidly the many requests which the War Department is receiving to furnish military personnel for tasks which can be performed by personnel not in the Army. If I yield to your request, I will be forced to accede to innumerable other pleas for assistance from other Government agencies. It is with regret that I inform you that the services of Sergeant Paul Dudley cannot be made available to the Treasury Department.

Sincerely yours,

Henry H. Eisenhower

Secretary of War.



APR 28 1944

Dear Harry:

The War Department has been most cooperative in making available to the Treasury Department for the past several months the services of Sergeant Paul Dudley to assist in the preparation of broadcasts for our War Bond drives. Sergeant Dudley has exceptional talent in this field, and his contribution has been most valuable.

Our Fifth War Loan drive will commence in June, and I had hoped to introduce a new radio approach on bond sales. In contemplation of this, arrangements had been made for Sergeant Dudley to be assigned to us on a full-time basis rather than on a part-time basis, and plans are already under way which will have to be sacrificed unless we can depend upon his assistance.

I have just learned that Sergeant Dudley has been ordered to report back to his Army station at Yale University, apparently in accordance with the regular policy of curtailing outside assignments for service men. It would be of incalculable help to me and to our coming drive to have the benefit of his talent until July 1, and if you are able to grant this request I shall be most grateful.

Sincerely,

(Signed) Henry Morgenthau, Jr.

Honorable Henry L. Stimson,
Secretary of War,
Pentagon Building,
Arlington, Virginia.

CSB:cm
4-28-44

DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON

51564 73
original to Mr. J. M. Smith
Photostats to Mr. J. M. Smith

3 May 1944

Dear Henry:

The attached dispatch on the Fifth War Loan Drive has been sent today to all Naval Establishments in the United States. As you will see, wording similar to that suggested in your letter of April 25 has been included.

Sincerely yours,

James Forrestal

James Forrestal
Acting Secretary of the Navy

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

NAVY MESSAGE		NAVY DEPARTMENT	
Ext. No.	5145	ADDRESSEES	MESSAGE PRECEDENCE
From	ACTING SECRETARY	TO: CHIEFS OF ALL BUREAUS AND HEADS OF ALL DIVISIONS AND OFFICES, NAVY DEPARTMENT COMMANDANT, U.S. MARINE CORPS COMMANDANT, U.S. COAST GUARD COMMANDANT, NAVAL DISTRICTS SEA FRONTIERS AND RIVER COMMANDS COMMANDING OFFICERS, MAJOR AND MINOR SHORE STATIONS IN CONTINENTAL UNITED STATES	PRIORITY <input type="checkbox"/>
Released by			ROUTINE <input type="checkbox"/>
Date	3 MAY 1944		DEFERRED <input type="checkbox"/>
Unless classified RESTRICTED this dispatch will be classified PLAIN.		ACTION INFORMATION	PRIORITY <input type="checkbox"/>
If CONFIDENTIAL or SECRET use special blank.			ROUTINE <input type="checkbox"/>
			DEFERRED <input type="checkbox"/>

Indicate by asterisk addressees for which mail delivery is satisfactory.

Unless otherwise designated this dispatch will be transmitted with DEFERRED precedence. Originator fill in date and time for DEFERRED and MAIL delivery. Date _____ Time _____ G. C. T.

TEXT:

MAILGRAM

TREASURY DEPARTMENT WILL OPEN THE FIFTH WAR LOAN 12 JUNE AND CONTINUE IT THROUGH 8 JULY X THE IMPENDING DRIVE FOR SIXTEEN BILLION DOLLARS IS LARGER THAN ANY OF ITS PREDECESSORS AND REQUIRES EVERY POSSIBLE SUPPORTING EFFORT SO THAT WAR EXPENDITURES, WHICH NOW ARE REACHING A PEAK, MAY BE MET BY FULLEST COOPERATION, IN ANY FEASIBLE MANNER, SHOULD BE GIVEN THE WAR FINANCE DIVISION, TREASURY DEPARTMENT, BY GRANTING REQUESTS FOR NAVAL PERSONNEL AND MATERIAL IN THEIR WAR BOND SALES CAMPAIGN.

THIS SPACE IS FOR ABSTRACT OF PREVIOUS REFERENCES. IF THIS IS A REPLY, REFERENCE NUMBERS OF INCOMING DISPATCH MUST BE SHOWN HERE.

Work copy for File Room. Remove before sending back to Communication Office. (See Art. 51, Navy Department Regulations, 1938.)

May 3, 1944

My dear Chairman Doughton:

I was very much pleased to receive your letter of April 27th expressing your appreciation of the aid rendered by the Treasury's technical people in the preparation of H. R. 4646.

I want to compliment the Committee on Ways and Means and you as its Chairman on the excellent job done by the Committee in the preparation of this bill, and also to thank you for the fine consideration shown to the Treasury's representatives during the process of the formulation of the bill.

I agree with you fully that the friendly and cooperative spirit manifested in connection with the preparation of this bill forms an excellent pattern for future joint efforts which will hold forth the greatest promise of continued improvement of the revenue system.

With cordial personal regards, I am

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

The Honorable R. L. Doughton
Chairman, Committee on Ways and Means
House of Representatives
Washington, D. C.

HEG:pm

See ltr to Pres B. H. T.
Sending him copy of Cong Doughton's
letter

TO:

3:37 P.M.
5-2-44

76

Mr. Gaston:

Mrs. McHugh brought this in.
Said that the Secretary would
like to have you polish this.
(He would like to have it
back the first thing in the
morning).

ds

FROM: MR. GASTON

DRAFT

My dear Chairman Doughton:

It was with great pleasure that I received your letter of April 27th, and learned that you are pleased with the cooperation between the various technical staffs.

May I compliment the Committee on Ways and Means, and also the technical staff of your Committee on the spirit of cooperation which has been shown to the Treasury staff and also on the very excellent bill which the Committee has just recommended to the Congress. It is this kind of cooperation between the Ways and Means Committee, under your excellent leadership, which I feel leads to a more just and useful tax legislation.

Sincerely yours,

5/3/44

78

○ Photostats to: Mr. Blough
Mr. Surrey

SEVENTY-EIGHTH CONGRESS

- ROBERT L. DOUGHTON, N. C., CHAIRMAN
- THOMAS H. CULLEN, N. Y.
- W. W. COOPER, TENN.
- WALTER S. DIERNEY, OKLA.
- W. D. DONNELL, MICH.
- WILLIAM ROBERTSON, VA.
- LYON H. WEST, TEX.
- LEWIS D. MILLS, ARK.
- WALTER J. GREGORY, KY.
- ROBERT CAMP, GA.
- WALTER A. LYNCH, N. Y.
- W. J. FORAND, R. I.
- ANDREW F. WABIELEWICKI, WIS.
- W. M. MALONEY, LA.
- IRVING P. EBERHARTEN, PA.
- ALLEN T. TREADWAY, MASS.
- HAROLD KNUTSON, MINN.
- DANIEL A. REED, N. Y.
- ROY O. WOODRUFF, MICH.
- THOMAS A. JENKINS, OHIO
- DONALD H. MCLEAN, N. J.
- BERTRAND W. BEARHART, CALIF.
- FRANK CARLSON, KANS.
- RICHARD M. SIMPSON, PA.
- CHARLES S. DEWEY, ILL.

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES
WASHINGTON, D. C.

April 27, 1944

Honorable Henry Morgenthau, Jr.,
 Secretary of the Treasury
 Treasury Department
 Washington, D. C.

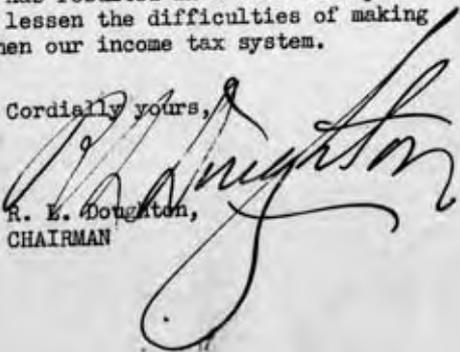
Dear Mr. Secretary:

May I extend to you and to your staff my appreciation for their sincere and helpful aid in the preparation of H.R. 4646, the Individual Income Tax Simplification Bill recently reported by the Committee on Ways and Means. I think the results of our deliberations on this bill show how much can be accomplished by having our staff and the Treasury staff, including the staff of the Bureau of Internal Revenue, work together in the formulation of suggestions to be presented to our committee. Through their joint efforts, the greatest good can be accomplished in assisting our committee in formulating tax legislation. I am more than gratified with the way in which your staff cooperated with our staff in the preparation of this legislation.

Now that we have seen the results which can be accomplished through such cooperation, I hope we shall be able to have it continued in connection with future revenue bills.

We have the utmost confidence that this joint effort and cooperation of all members of the committee, and those who have aided them in its preparation, has resulted in a bill that provides simplification that will lessen the difficulties of making income tax returns and strengthen our income tax system.

Cordially yours,


 R. E. Doughton,
 CHAIRMAN

LIBRARY OF CONGRESS
WASHINGTON

OFFICE OF THE LIBRARIAN

May 3, 1944

My dear Mr. Morgenthau:

The Provident Trust Company has submitted offers for two pieces of property owned by the Library of Congress Trust Fund Board. The first offer is \$4,500 for the property at 1262 North Frazier Street, Philadelphia. The second is \$2,800 for the property at 702 Ritner Street, Philadelphia.

Both offers have been considered by the Under Secretary of the Treasury who favors the sale in accordance with the pending proposals. I recommend acceptance of the offers.

Faithfully yours,

Archibald MacLeish
Archibald MacLeish
The Librarian of Congress

I vote (in favor of) acceptance of the offer.
(~~opinion~~)

The Honorable
Henry Morgenthau, Jr.
Chairman, Library of Congress Trust Fund Board
Secretary of the Treasury
Washington 25, D.C.

swb *M. M. ...*

SECRET

MFG-527

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

Algiers

Dated May 3, 1944

Rec'd 7:35 p.m.

Secretary of State,

Washington.

1449, May 3, 9 p.m.

FOR MORGENTHAU FROM SAXON.

Mendes-France expects depart Friday.

DEPARTMENT OF STATE
DIVISION OF

MAY 4 1944

COMMUNICATIONS
AND RECORDS

CHAPIN

WMB
EEC

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Mission, Algiers
TO: Secretary of State, Washington
DATE: May 5, 1944
NUMBER: 1450

CONFIDENTIAL

FROM ACKERMAN FOR ATTENTION OF WRB.

No. 17.

In connection with the rescue of Hungarian refugees, MacVeagh in Cairo reports that information has been received from the British Embassy indicating that Marshal Tito has promised support. Tito will assist them to join his forces or to be evacuated when possible.

The help that Tito can furnish partly depends upon the assistance given him in my opinion.

In order to get more information on shipping and related problems I will leave for Italy on the advice of Kallech as soon as arrangements are completed. While there will also follow up Tito proposal.

Since reception facilities in Italy are again becoming overtaxed the Army here is issuing a directive prohibiting temporarily the transport by Allied vessels of Yugoslav refugees. The directive will slow up the refugee flow, but it will not be stopped. Arrangement of additional evacuation areas in France or British North Africa will depend on whether the Army restriction will be relaxed. An immediate effort will be made to arrange such additional areas.

CHAPIN

PARAPHRASE OF TELEGRAM RECEIVED

FROM : American Mission, Algiers
TO : Secretary of State, Washington
DATED : May 3, 1944
NUMBER : 1453

CONFIDENTIAL

FOLLOWING IS NO. 16 FROM ACKERMAN FOR WRB.

The question of admission of additional Sephardic Jews had already been informally discussed by me with a member of Comite prior to the arrival of your Algiers no. 5, dated April 25, 1944. Beckelman talked with Massigli after your cable arrived and Massigli replied that there would be no change in the original agreement providing for admission of 2000. This has been confirmed by us by note and we asked for reply to make the understanding certain and definite.

Taking request to the French regarding admission of about 750 Jews now in Italy to Fedhala is being considered by AFHQ. I am requesting Robert Murphy and others concerned to consider relative priorities of further Sephardic Jews as the group in Italy plus refugees arriving soon from Spain will practically fill the quota. Please inform us how many more Sephardics might be rescued from occupied territory, if it is possible to do so. In order
that Schwartz

-2-

that Schwartz can inform us as to his information on the question, we have repeated the foregoing message to Lisbon as our cable no. 97.

CHAPIN

CABLE TO AMERICAN EMBASSY, LONDON

The War Refugee Board requests that you deliver the following message to Albert Cohen, World Jewish Congress, 55 New Cavendish Street, London, England:

QUOTE Most anxious receive urgently detailed report your conferences Spaak Dentz and other officials concerning rescue Belgian and Dutch Jews, what agreement reached, what instructions sent, what contact people appointed. Also what latest suggestion made by Boris. World Jewish Congress Leon Kubovitski UNQUOTE

RECEIVED
 MAY 3 1944
 DEPARTMENT OF THE INTERIOR
 BUREAU OF INDIAN AFFAIRS
 WASHINGTON, D. C.

May 3, 1944

4:40 P.M.

cc: Misc

CABLE TO AMERICAN EMBASSY, LONDON

This is WRB Cable to London No. _____. Refer to your 12822 of December 18, 1943, 1708 of March 2, and 3033 of April 14, 1944.

The Department and the War Refugee Board have been apprised by Minister Harrison at Bern that the Vatican had attempted to work out relief measures for Polish and other European Jews in German-controlled territory who hold Latin American documents but who face deportation and death owing to the lack of confirmation of these documents by the countries in whose name they were issued. Cuba is reported to have replied to the Vatican that passports issued in the name of Cuba to Jews in German-controlled territory would be recognized by Cuba if no (repeat no) objection is made by Great Britain and the United States.

Ambassador Braden in Habana has been instructed to convey to the Cuban Authorities the Department's appreciation of Cuban attitude and the assurance that the United States has no (repeat no) objection to Cuban recognition of such documents. Please approach the appropriate officials of Foreign Office with the request that it give a similar assurance to Cuba.

For your confidential information, this Government is asking all Latin American countries concerned for their consent to the United States initiating through proper channels negotiations with Germany for an exchange of nationals on a hemispheric basis for which refugees holding Latin American passports would be eligible. Assurances have been given to the countries concerned that in event of exchange they would not (repeat not) be expected to grant physical admission to persons involved but that such persons would be routed elsewhere. Among the Latin American countries approached, Honduras and Venezuela have already acceded to all our requests in this matter.

May 3, 1944
12:15 a.m.

BAksin:LSLesser:als 5/1/44

SECRET BY COURIER

87

A-738

May 5, 1944

2:00 p.m.

SENT BY SECRET AIRGRAM

AMERICAN MISSION,

HABANA (CUBA).

FOR THE PERSONAL AND CONFIDENTIAL INFORMATION OF THE AMBASSADOR

Reference is made to your 6149 of March 1. Department has been apprised that Papal Nuncio at Bern informed Minister Harrilson that Vatican had attempted to work out relief measures for Jews in German-held territory who face imminent danger of deportation to Poland and death. It is understood that some of these Jews have been found, or may be found, to hold passports or consular documents issued in the name of Latin American Republics. Where such documents have been given recognition by country in whose name they were issued, they have in the past afforded some protection to the persons holding them.

In view of this Government's policy with respect to victims of enemy oppression, the Department has been particularly gratified to learn from the Bern report that when approached by the Vatican, Cuba replied that passports issued in her name to Jews in German-held territory, would be recognized by Cuba if Great Britain and the United States have no objection.

Please verify above information. If correct, please convey to Cuban authorities the Department's appreciation of Cuban attitude and the assurance that the United States has no objection to Cuban recognition of such documents.

Department understands that, in approaching Cuba, Vatican raised the question of eventual immigration as result of possible exchange in addition to the question of recognition of documents.

It is not clear what position Cuba took on this point. Please ascertain Cuba's attitude. If Cuba is not agreeable to the admission of such persons holding Cuban documents, please emphasize that Department's request with respect to opening discussions concerning exchange does not involve immigration but, on the contrary, contains assurances that Cuba will not be expected to admit persons concerned even on a temporary basis. At any rate, we hope that Cuba, in the interests of humanity, will postpone until after the war any questioning of said documents, and in the meantime, request Germany through the protecting power to record holders of documents issued in Cuba's name the same treatment that Germany hopes will be received by her

Habana A-738

-2-

nationals in the Western Hemisphere, and will also agree to the persons concerned being considered exchange material for German nationals held in this hemisphere provided such holders of Cuban passports are sent to havens elsewhere than in Cuba.

To acquaint you fully with this Government's attitude in this matter, circular airgrams of March 31, 1:05 p.m., of April 11, 11:00 a.m., and of April 22, 7:30 p.m. which have been sent to various Latin American republics, are being repeated to you, by separate circular airgram, and you are requested to urge Cuban authorities to act accordingly in connection with Jews and other Nazi victims in German-controlled territory who have been found, or may be found, to hold documents issued in the name of Cuba.

In the light of the above assurances, please impress upon the Cuban government the extreme urgency with which this Government views the necessity of acting favorably without delay on these proposals. You should impress upon Cuban officials that failure to act would almost certainly spell death for the persons involved. If appropriate, you may add that since no responsibility to receive the people concerned would result for Cuba from acquiescence in our requests, we would be sorely disappointed if Cuban authorities should not whole-heartedly cooperate with our efforts to save these people.

Please advise Department of the result of our efforts.

HULL

WRB:GLN:KG

AIRGRAM

(American Embassy)
FROM (San Salvador, El Salvador)
DATED May 3, 1944
REC'D May 5 1pm

Secretary of State
Washington

A-184, May 3.

The Peruvian Charde d'Affaires has informed me that he has now received a note from the Salvadoran Minister for Foreign Affairs stating that five of the persons to whom he had granted asylum and against whom no serious charges have been preferred may return to their homes without fear of molestation. The remaining three refugees, upon two of whom death sentences have been pronounced, will be granted safe conduct to proceed to Peru.

It is my understanding that the two refugees harbored in the Costa Rican Legation are also to be permitted to leave the country under safe conduct.

It is probably that the same procedure will be adopted with respect to the refugees sheltered in the Guatemalan and other diplomatic missions.

Repeated to American Embassies at Guatemala City, Tegucigalpa, Managua, and San Jose, and Lima.

THURSTON

800
ST/mgm

SECRET

AIRGRAM

VIA COURIER

FROM American Embassy
San Salvador, El Salvador
DATED May 3, 1944
ENC'D May 10 11am

SECRET

Secretary of State
Washington.

A-186, May 3.

The Salvadoran Minister for Foreign Affairs advised me this morning with respect to your secret airgram of April 22, 7:30 p.m. (received May 2) that immediately following our interview on April 15 (airgram no. A-164, April 18), he had addressed a note to the Spanish Minister in this city along the lines of my suggestions based on the Department's secret airgram of a few days before. He assured me that the Spanish Minister had acknowledged the receipt of this note and it is to be presumed that he duly informed Madrid.

THURSTON

711
WT/mgm

SECRET by Courier

AIRGRAM

From: Port-au-Prince, Haiti

Date: May 3, 11 a.m., 1944

Rec'd. May 6 a am

The Secretary of State,
Washington.

A-244, May 3, 11 a.m., 1944.

Department's circular April 22, 1944, 7:30 p.m.

Minister for Foreign Affairs now states that his Government has in final analysis been reluctant to take positive steps suggested through protecting power. He ascribes reason to ignorance as to whether any Haitian passports may be produced for recognition of validity by refugees concerned. If no such passports are produced, Foreign Minister states that gratuitous blanket statement of recognition at this time might later prove prejudicial to bona fide cases. He has constantly maintained negative position, however, of being willing to acknowledge validity if question is raised in specific cases. No requests of this nature have been currently received.

CHAPIN

VC/let

AIRGRAM

FROM Tangier, Morocco

DATED May 3, 1944

HEC'D May 15⁴p.m.

Secretary of State,

Washington.

A-76, May 3, 6 p.m.

Department's telegram No. 47 of April 14, 1944, 3 p.m.
and Legation's despatch No. 2042 of April 10 concerning shipment
of food parcels to internment camps in Czechoslovakia.

Mrs. Eunee Reichmann had already arranged with Mr. Mordecai
Kessler of the American Joint Distribution Committee at present in
Tangier, for the list of recipients to be submitted to Dr. Joseph
Schwartz in Lishna for checking against the list held by him in
order to avoid duplication. She is also bringing a copy of the
list to the Legation.

HEBRICK

840.1
FEG/gaa

CABLE TO LISBON

From War Refugee Board to Norweb for Dexter

Reference your WEB 8 of April 26.

Please deliver following message to Philip Conard from the American Friends Service Committee:

"Clarifying our position various projects affecting French relief Stop Stress urgency prompt shipment food supplies from Portugal recently licensed for children in France Stop Inadequately informed details project bring French children temporarily Portugal Stop Considering grave plight refugees children France believe other groups projects to rescue these children take precedence over temporary care French children Portugal"

THIS IS WEB LISBON CABLE NO. 11

May 3, 1944
3:12 p.m.

PH:lab 5/2/44

CABLE TO LISBON

Please deliver the following message to Minister Norweb, Lisbon, for Dexter, War Refugee Board Representative, from J. W. Pehle

Following discussions with Mr. Joy, and in the interest of simplifying accounting, arrangements have been made for the Embassy to pay you full-time salary of sixty-five hundred dollars per annum effective as of date you entered on duty as War Refugee Board Special Attache. Unitarian Service Committee has granted you indefinite leave of absence for this purpose and we assume you have no objection to this arrangement.

THIS IS WRB LISBON CABLE NO. 12

May 3, 1944
4:15 p.m.

WStewart; pdk 5/2/44

RECT-428

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

Lisbon

Dated May 3, 1944

Rec'd 3:30 p.m.

Secretary of State,

Washington.

1335, May 3, 5 p.m.

WRB 17:

Reference Department's 1223, April 29 . No information available re person mentioned. If further clarification sent might uncover something.

NORWED

WSB

MFM

cc: Miss Chauncey (For the Sec'y), Abrahamson, Aksin, Bernstein, Cohn, DuBois, Firedman, Gaston, Hodel, Laughlin, Luxford, Mann, Mannon, Marks, McCormack, Paul, Pehle, Pollak, Rains, Sargoy, Smith, Sandiah, Weinstein, H. D. White, Files.

BJR-528

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

Lisbon

Dated May 3, 1944

Rec'd 7:10 p.m.

Secretary of State,

Washington.

1341, May 3, 7 p.m.

FOR SECRETARY OF TREASURY FROM WOOD

War Refugee Board has no facilities of its own to make disbursements of pesetas in Spain. Office of Financial Attache has taken steps to effect payment 25,000 pesetas in Spain but does not desire conduct other such transactions without approval of Washington. Please inform Pehle of foregoing and advise me of how Board is arranging for financing and paying in Spain.

NORWEB

EDA
WMB

Miss Chauncey (for the Sec'y) Abrahamson, Aksin, Bernstein, Cohn, DuBois, Friedman, Gaston, Hodel, Laughlin, Lesser, Luxford, Mann, Mannon, Marks, McCormack, Pehle, Pollak, Rains, Sargoy, Smith, Standish, Weinstein, H. D. White, Files

DSH-860

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

Madrid

Dated May 3, 1944

Rec'd 5:54 p.m. 4th.

Secretary of State,

Washington.

1532, May 3, midnight

In accordance with instruction Department's 1008, April 12, Embassy herewith returns as unused one third of block quota numbers allotted for refugee children.

Following inclusive numbers returned: German 3505 to 3704, Polish 1798 to 1847, Belgian 243 to 252, Netherlands 485 to 511, Czech 541 to 560, French 459 to 485.

HAYES

EEC
EDA

BJR-531
This telegram must be
paraphrased before being
communicated to anyone
other than a Governmental
agency. (SCOO)

Stockholm

Dated May 3, 1944

Rec'd 7:51 p.m.

Secretary of State,

Washington.

1565, May 3, 7 p.m.

Following telegram has been sent American Embassy
at Ankara.

2, May 3, 7 p.m.

FOR WAR REFUGEE BOARD ATTACHE

Legation is informed that Kalman (repeat Kalman)
Gelber (repeat Gelber) with wife, small child and father
are presently in Bucharest to which they were evacuated
with aid of Swedish Legation.

Group has Swedish passport, Rumanian exit visa,
Bulgarian transit visa and Palestine immigration cer-
tificates. However group has been unable to secure
Turkish transit visa.

My 1565, May 3, 7 p.m. to Department repeats this.

Please endeavor on urgent basis to secure necessary
Turkish transit visas and have authority cabled to
Turkish mission in Bucharest. Upon arrival of group
in Turkey it will then be possible for them to pick up
immigration certificates, which Jewish Agency has issued,
and to have their Palestine visas stamped in passports.
This procedure is not possible in Rumania because
Palestine visa is stamped by British Consul.

JOHNSON

WEB
REP

CABLE TO AMERICAN EMBASSY, BERN

The War Refugee Board requests that you deliver the following message to Gerhard Riegner, 37 Quai Wilson, Geneva, Switzerland.

QUOTE Easterman and Rubenstein cable re Vittel that they have been in close contact with Red Cross who have reassured them concerning position which they are carefully watching. Please contact Red Cross and forward all information available. World Jewish Congress Leon Kubowitzki UNQUOTE

THIS IS WRB CABLE TO BERN NO. 14

MAY 3, 1944
4:40 p.m.

BAKsin:jp 5/2/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Bern
TO: The Secretary of State, Washington
DATE: May 3, 1944
NUMBER: 2798

Secret

The following message is from Sternbuch and refers to number 1174 dated April 6 from the Department.

For two months Mueller was a member of our committee and for private matters he misused his position. A short time ago he resigned in accordance with our wishes. Weil was requested by us to direct OPR French relief work in March and he displays much interest in cooperating although he is very busy with work for children. Due to illness he was not able to accept our appointment but we will do all we can to obtain his cooperation and we hope to see him very soon. Very soon we hope to give you further news.

HARRISON

DOR:MPL
5/5/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: May 3, 1944
NUMBER: 2799

CONFIDENTIAL

Reference my cable of April 19 no. 2467.

It is stated by Sternbuch that he has received from Shanghai a telegram signed by Szmulewicz, as follows:

Arrangement fifty Rabbis temporarily very difficult
Rosenheim's support urgent advance two months
save.

A request is made by Sternbuch that the Union of Orthodox Rabbis be advised of the foregoing.

HARRISON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMLEGATION, BERN,
TO: Secretary of State, Washington,
DATED: May 3, 1944.
NUMBER: 2800

CONFIDENTIAL

Department's telegram of April 22, 1944, no. 1402
is referred to herewith.

Given below is the substance of cable sent to
Lisbon on May 3, 1944 as no. 103.

Following for WRB's attention.

David P. Joffo, expected at Palace Hotel,
Lisbon, May 3, may be informed by you that Islambek
Khan has been contacted by Bern and Joffo's message
was delivered.

HARRISON

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMLEGATION, BERN
TO: SECRETARY OF STATE, WASHINGTON
DATED: MAY 3, 1944
NUMBER: 2803

CONFIDENTIAL

My cable of May 2, 1944, no. 2793 was crossed by the Department's telegram dated May 1, 1944, no. 1508.

Notification of approval of the entire list of medical supplies and foodstuffs in question is being given to IRC today by the Legation.

The foregoing was repeated as my no. 738 to London for the information of our Embassy there.

HARRISON

DOR:IDB:JTM

5/5/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM : The American Minister, Bern
TO : The Secretary of State, Washington
DATE: May 3, 1944
NUMBER: 2810

SECRET

In order to clarify the situation the possibility was discussed by me with Minister Bonna of obtaining permission for children to come to Switzerland. (Refers to your number 1459, WRB number 5, dated April 27.) According to Minister Bonna, it was his understanding that in approaching the French, Minister Stucki had attempted to secure general permission for the children to depart from France and had not restricted the request to exit permits for Spain only. Permission to come to Switzerland would have been included if this were true. Nevertheless, in order to be sure, Minister Bonna said he would inquire of Stucki who last week departed for Vichy. Children have been denied permission to come to Switzerland for a temporary sojourn (rehabilitation) for some time now, according to Minister Bonna.

Developments will be reported.

HARRISON

DCR:MPL
5/5/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMLEGATION, Bern
TO: Secretary of State, Washington,
DATED: May 3, 1944
NUMBER: 2614

CONFIDENTIAL

Reference is made herewith to your telegram of April 29, 1944, no. 1503.

On April 14, we took up with the Foreign Office in person and in writing the subject matter of the Department's telegram dated April 10, 1944, no. 1221.

HARRISON

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE MAY 3 1944

TO Secretary Morgenthau
FROM Mr. Pehle

We have just been advised that the "S.S. Milka" arrived again in Istanbul on April 30th carrying 272 refugees from Constanza. This is the second voyage for the "S.S. Milka," which carried 239 refugees on its first trip early in April. The "Milka" is one of three small vessels which have recently been put in use for Black Sea evacuations. The "S.S. Maritza" arrived in Istanbul on April 10th with 244 refugees and the "S.S. Bellacitta" arrived in Istanbul on April 24th with 152 refugees.

During the month of April a total of 907 refugees were evacuated from Constanza to Turkey on these three small boats. All of the rescued people have been permitted transit through Turkey to Palestine.

We are still awaiting German safe-conduct for the "S.S. Tari" which we are advised will accommodate 1500 refugees.



CABLE TO AMBASSADOR STEINHAARDT, ANKARA, TURKEY FROM WAR REFUGEE BOARD

Please refer to your No. 725 of April 22 and our No. 377 of April 27 concerning the delay being encountered in obtaining a German safe conduct for the voyage of the SS TARI from Constanta to Haifa.

In view of the urgency of the matter we have been attempting to canvass all possibilities for breaking this impasse and putting the TARI into immediate service. In view of the suggestion made in your No. 725 that the Germans might grant a safe conduct for the TARI more rapidly if the voyage were to terminate at a Turkish port rather than at Haifa, we have discussed with Mr. Austrian of FEA the question of railroad facilities in Turkey. Mr. Austrian has given us an additional description of the many effective measures which you have taken in aiding the rescue of refugees, and in particular has mentioned your successful efforts to have the Turkish Government make available additional railroad facilities for the transportation of refugees through Turkey.

Mr. Austrian feels strongly that under existing circumstances railroad facilities in Turkey are sufficient to enable the transportation across the country from Istanbul of many more refugees than are presently being accommodated. This possibility was, of course, suggested in your No. 713 of April 19. As Mr. Austrian views the situation, the question is simply whether or not the Turkish Government is disposed to make these additional facilities available. Mr. Austrian's appraisal of the transportation situation apparently is based not only on the probability that rail traffic between Turkey and other European countries is likely to decrease, but also on the view that existing equipment is sufficient even if this traffic does not decrease as anticipated.

With particular reference to the case of the TARI we are inclined to believe that if the urgency of the matter is presented to the Turkish Government it may well agree to have the TARI unload its passengers at Istanbul from whence they could be taken by rail to Palestine. If it were not possible to take all of the evacuees in a special train the Turkish Government could be requested to add additional cars to the regular trains until all the refugees are transported. In the latter case the refugees could remain on the boat until transported by rail. If the agreement of the Turkish Government can be obtained for this arrangement you would then be in a position to have the TARI routed to Istanbul, and the Germans could be requested to grant a safe conduct on this basis.

We are aware of the fact that your knowledge of the railroad situation in Turkey is much greater than ours. However, we do feel strongly that the above mentioned possibility of obtaining promptly the use of the SS TARI should not be neglected. We are confident that you will take all possible steps to obtain from the Turks additional rail transport facilities.

This is WEB Cable to Ankara No. 33

May 3, 1944
6:40 p.m.

JRF:bbk - 5/3/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State,

TO: AMEMBASSY, Ankara,

DATED: May 3, 1944.

NUMBER: 388

SECRET

FROM WAR REFUGEE BOARD TO STEINHARDT

Please refer to your no. 725 of April 22 and our no. 377 of April 27, concerning the delay being encountered in obtaining a German safe conduct for the voyage of the SS TARI from Constanza to Haifa.

In view of the urgency of the matter we have been attempting to canvass all possibilities for breaking this impasse and putting the TARI into immediate service. In view of the suggestion made in your no. 725 that the Germans might grant a safe conduct for the TARI more rapidly if the voyage were to terminate at a Turkish port rather than at Haifa, we have discussed with Mr. Austrian of FEA the question of railroad facilities in Turkey. Mr. Austrian has given us an additional description of the many effective measures which you have taken in aiding the rescue of refugees, and in particular has mentioned your successful efforts to have the Turkish Government make available additional railroad facilities for the transportation of refugees through Turkey.

Mr. Austrian feels strongly that under existing circumstances railroad facilities in Turkey are sufficient to enable the transportation of the country from Istanbul of many more refugees than are presently being accommodated. This possibility was, of course, suggested in your no. 713 of April 10. As Mr. Austrian views the situation, the question is simply whether or not the Turkish Government is disposed to make these additional facilities available. Mr. Austrian's appraisal of the transportation situation apparently is based not only on the probability that rail traffic between Turkey and other European countries is likely to decrease, but also on the view that existing equipment is sufficient even if this traffic does not decrease as anticipated.

With particular reference to the case of the TARI we are inclined to believe that if the urgency

2

of the matter is presented to the Turkish Government it may well agree to have the TARI unload its passengers at Istanbul from whence they could be taken by rail to Palestine. If it were not possible to take all of the evacuees in a special train the Turkish Government could be requested to add additional cars to the regular trains until all the refugees are transported. In the latter case the refugees could remain on the boat until transported by rail. If the agreement of the Turkish Government can be obtained for this arrangement you would then be in a position to have the TARI routed to Istanbul, and the Germans would be requested to grant a safe conduct on this basis.

We are aware of the fact that your knowledge of the railroad situation in Turkey is much greater than ours. However, we do feel strongly that the above mentioned possibility of obtaining promptly the use of the SS TARI should not be neglected. We are confident that you will take all possible steps to obtain from the Turks additional rail transport facilities.

This is WRB Cable to Ankara no. 33.

HULL

NOT TO BE RE-TRANSMITTEDCOPY NO. 11SECRETOPTEL No. 142

Information received up to 10 A.M., 3rd May, 1944.

1. MILITARY

ITALY. Bridgehead. On 1st U.S. special troops in battalion strength raided objectives southwest of LITTORIA and three miles forward of our lines. Objectives found evacuated and all troops returned. Two tanks and a tank retriever ran into mines.

On 2nd in British sector strong German raid across the MOLETTA was repulsed, but an attack further west penetrated our positions which were later restored by local counter attacks.

2. AIR OPERATIONS

WESTERN FRONT. 1st/2nd. Total 1,597 tons dropped on railway objectives and 1,145 tons on other objectives as follows:

ST. GHISLAIN	546 tons H.E.
MALINES	525 tons H.E.
CHAMBLY	526 tons H.E.
LUON-BERLIET Works	351 tons H.E.

Crews reported seeing fires still burning at MAINTENON ammunition dump.

TOULOUSE Aircraft assembly plant	264 tons H.E.
TOULOUSE Explosive Works	250 tons H.E. and 25 incendiary
YOURS Aircraft Repair Works	187 tons H.E. and 35 incendiary

2nd. 687 aircraft - 3 missing - dropped total 550 tons and fired 535 rocket projectiles on Goods Yards and numerous other transport targets in Northern France. Escorted Liberators dropped 176 tons on military constructions. In attacks on airfields enemy casualties air and ground 15, 1, 2. Ours - one fighter missing.

2nd/3rd. Aircraft despatched:

LEVERKUSEN	29 Mosquitoes
Sea-mining	10
Intruders, etc.	12

6 enemy aircraft destroyed. All aircraft returned safely.

ITALY. 30th. Heister bombers dropped 277 tons on bridges in Central Italy and FLORENCE area and 215 light and fighter bombers attacked communications etc.

May 4, 1944
9:55 a.m.

Operator: Go ahead.

HMJr: Hello.

James Barnes: Good morning, sir.

HMJr: Good morning. Who is this?

B: This is Barnes.

HMJr: Oh.

B: How are you, sir?

HMJr: I'm all right.

B: I had breakfast this morning with Governor Bob Kerr of Oklahoma.

HMJr: Yes.

B: And he asked me to get in touch with you. You are going to be, as I understand it, on June 12th in Texarkana to launch a War Bond Drive.

HMJr: That's right.

B: He advises me that on June 9th, 10th and 11th the Army is going to put on a huge free demonstration in Taft Stadium in Oklahoma City.

HMJr: Yeah.

B: Of which fifteen hundred soldiers and many war planes and so forth will be there.

HMJr: Yeah.

B: They say they have never had a top-ranking individual come for any of their War Bond Drives and they wondered if one of those three dates, it would be possible, as long as you're going to be in that area, for you to be in Oklahoma City.

HMJr: Now, look, tell me this again will you please? I didn't quite -- when are they having their show?

B: They are having an Air Show.

HMJr: Yes.

B: Bob Patterson has got the Army to put on an air demonstration and soldier show in the Taft Stadium in Oklahoma City.

HMJr: Right.

B: And the show is going to take place for three days.

HMJr: I see.

B: The 9th, 10th and 11th.

HMJr: Oh, yeah.

B: And they'd like to embody that in a War Bond Drive.

HMJr: I see.

B: And as long as you're going to be in Texarkana the 12th, they'll be glad to fly you up from Oklahoma City to Texarkana if you want to come there. And they'd like very, very much -- they say Oklahoma has never had anyone outside of their State to come and make a presentation and to be there and they very, very much want you to come if possible.

HMJr: Well, now, let me tell you something. I was going to go originally to Texarkana the night of the 11th.

B: Yes.

HMJr: And then they told me there that it was a mistake to come there on a Sunday -- that that was a Bible Belt and we'd better not do anything there Sunday.

B: But Governor Kerr....

HMJr: Yeah.

B:who is in town now....

HMJr: Yeah.

- 3 -

B:and I had breakfast with -- says that if the 11th is satisfactory with you, the 11th would be fine for them.

HMJr: They don't read the Bible quite so assiduously in Oklahoma?

B: I can't under -- I don't know that.

HMJr: (Laughs) Well, look, in the first place, may I thank them for the compliment that they want me? That's number one. And number two: Ted Gamble will be back Saturday or Sunday....

B: Yes.

HMJr:who is in charge of the thing, and I will talk it over with him. I am seeing him on Sunday. And will it be time enough if I let you know Monday?

B: That will be fine. And I would like to see you do it. Bob Kerr is a great friend of ours.

HMJr: Right.

B: And you know that election that they put over down there....

HMJr: It was wonderful.

B:swung the tide, I think, psychologically, and helped down in Alabama and Florida, too.

HMJr: Well, if I can do it, and it fits in, as I say, it would be something that I'd like to do. But I just don't know what Gamble has in mind for me other than that one thing.

B: Well, that will be grand. If you'll let me know Monday, I can get word to them. That will be fine.

HMJr: Whatever I do, I'll do through you.

B: Thank you -- well, it don't make any difference about that.

HMJr: No, well, I'll be glad to.

B: Yes, sir.

HMJr: And what did you hear about Florida? Is Pepper across?

B: Well, the last word I had -- I talked to Brown, his secretary, and he told me he was. Of course, you never can tell on uncompleted returns.

HMJr: Well, that's fine. Thank you for calling.

B: You bet.

May 4, 1944.
11:15 a.m.

DISPOSAL OF SURPLUS PROPERTY

Present: Mr. C.S. Bell
Mrs. Klotz

H.M.JR: Tell me where we are now on Procurement. What happened?

MR. BELL: Well, I took Mr. Olrich down and left him - you took him down - with a pretty good organization to get started with. I gave him an organization chart of Procurement. I had him meet the administrative people down there - Paul King on Personnel, Tom Murphy on Budget and Transportation. Thurman Hill was out but he has met him already this morning, or late yesterday afternoon; and Thurman Hill will clear all of his signals and give him a memorandum on just what he can do and what he can't do. And those are the things that he wanted.

Now, this Mr. Olrich wants purely a sales organization; he doesn't want to get into the mechanics of Procurement. He wants to keep as far away from that as possible, and he wants no duplication. So we worked that out with Cliff providing him with every service that they have available down there.

There are only two spots where there isn't sufficient service. I don't believe their press relations would ever satisfy this gentleman. I think we should get a press relations man.

H.M.JR: What's-his-name has something cooking on this.

MR. BELL: I talked to Fred Smith and he has.

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Then I think he should have a good administrative man to contact these various fellows to keep him from having to bother with personnel problems, and the like. That is a very light individual, but he should have a very strong individual, a man that knows Procurement and has been in Procurement for a matter of years, that can tie in his program of work with Cliff's program of work. Otherwise he is apt to find himself all bogged up in a haze about inventories and getting this property made available to him.

So I have written him a complete memorandum covering everything that transpired yesterday. I thought I would give him a little organization chart outlining exactly what was agreed to yesterday, subject to his approval, and I have already dictated a memorandum covering every point that we discussed yesterday.

I think when this is done he is going to have a good working organization to start out with. There is a weak spot in Procurement, and that is on those inventories. They are bad. They are bad for a couple of reasons.

One is that the Army in reporting this material to Cliff is not using Cliff's code, they are using their own code. Cliff is trying to force them around to his code. Until that is done, we will never be able to properly identify this material.

Now, I am working on that today and I think we will have something worked out satisfactory to Mr. Olrich. I don't think he is interested in twenty-five thousand items; he wants general material at least to begin with.

Secondly, this inventory is weak because I don't believe they have an inventory. I am checking that today.

H.M.JR: Sullivan has been talking about it for two or three months.

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MR. BELL: They are talking about it in connection with an elaborate IBM system that hasn't been installed nor have the men been selected to install it and synchronize it: One, in connection with all of these phoney codes that are coming in to them; and two, synchronize it with their accounting method, and that is a matter of months, if it doesn't go into a longer period of time. I have talked to Cliff this morning and told him we would have to get away from that, and ask advice from Mr. Olrich. He has agreed.

I am working now on some system of providing Olrich with the information as red-hot as Cliff gets it.

Now, you have one difficulty there. Much of this stuff is offered to other Government agencies. I heard what you said on that the other day and took steps to hold back some of these sales to other Government agencies for the reason that Cliff is offering them lists of material. And these fellows that have unexpended balances in their appropriations are buying stuff that they could do without.

H.M.JR: Well, look, I caught the automobiles - where they were going to stockpile automobiles for the next fiscal year--

MR. BELL: Yes, sir, that was the Bureau of the Budget.

H.M.JR: I know. They are just as bad as anybody else. Let me just say this - I want to get this over to you - look how everybody in this room feels today that the points are off today and you can go out and buy something. Supposing in household goods, or something, you could begin to buy something. They say, "Gee, it is wonderful."

MR. BELL: We don't want to run into a situation where we would be buying for the Government, materials that we are selling cheaper. That is what I am working on now.

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H.M.JR: I know, but if some of this stuff can get into the hands - I will give you an example: Supposing in my house - it doesn't happen - I had a pipe that froze last winter and I wanted to buy the brass pipe. I can't buy it, but the junker--he gets it for ten cents on the dollar. I mean, how many people had frozen pipes last winter who didn't have enough heat? They can't buy a piece of pipe, and still we have it.

Now, I agree; I don't want to sell an article to an individual for two dollars and next day have the Government go out and buy the same thing for three dollars.

MR. BELL: I think we can get around that if we get these Government agencies to file a requisition with what they want in advance, and we will fill them. That throws it back to them.

H.M.JR: That is all right. Let me see your little chart.

MR. BELL: It is pretty rough.

H.M.JR: How much time did you spend over there?

MR. BELL: I came back, I think, at three o'clock.

H.M.JR: Did you have lunch over there?

MR. BELL: Yes, sir.

(Indicating) These are the forty and fifty thousand-dollar-a-year men who are going to come in here and help him. They are commodity specialists. We set up about fifteen jobs, fifty-six and sixty-five for him - for fellows who want a salary. Then he will have the service liaison; that will be primarily for the moment, anyway - this fellow Al Walsh, and the fellow Widmann who was there. But this will be no good to him unless he has his own coordinator to drive these fellows, and he won't have time to drive them.

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Then over in here I was very much impressed with this fellow Frey on Research there yesterday.

H.M.JR: Yes, well, I don't know how good or bad he did, but Harry White is very anxious that you take this fellow. Harry says he is tops. He recommends his own office be abolished, and Harry thinks - this is among ourselves - that I should have somebody there who will, very definitely, keep a line on it. I haven't told that to anybody, but Harry thinks we should have somebody. I have never met the man, but he thinks we should have somebody there who would be watching.

MR. BELL: And be a part of this organization.

H.M.JR: Under Research.

MR. BELL: All right, sir. I will have a good look at him.

H.M.JR: So have a look at him.

MR. BELL: I am getting details on the man down there now, this fellow Frey.

H.M.JR: The trouble with Frey is he is scared of his life.

MR. BELL: He is a little timid.

H.M.JR: I don't want a timid fellow.

MR. BELL: He is going to make a speech. I might get around to listen to him.

Then you have Cliff over here in a double job on strictly Procurement.

H.M.JR: But that line (indicating) shouldn't come between me and the Sales Director.

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MR. BELL: You have got a direct line to this man right here, and the only reason this line goes over to Cliff is for the reason he is going to use all of Cliff's services. Now, we have already established him with Tom Murphy, the Transportation and Finance man.

H.M.JR: Do you mind if I change this?

MR. BELL: No, sir. You know the Executive Order setting all of this up refers to the Procurement Division. I don't know that that is important.

H.M.JR: I think you can do it all right. I will use a name here, you see, Olrich and Mack.

MR. BELL: You don't want a line between those two, I see. That is really what you have here.

H.M.JR: I don't want the line to go between Olrich and me - Cliff up in between us. What is the matter with that?

MRS. KLOTZ: Because Cliff Mack is servicing Olrich.

H.M.JR: But they both go directly to me.

MR. BELL: All right, sir. This, as I told you, is rough. It hasn't been finished. Here is Cliff coming directly to you. That is the same thing you have there with a line in between these two.

H.M.JR: There is a difference. The difference is that Cliff breaks in between me and the fellow. I don't want that.

MR. BELL: I see. All right, sir.

H.M.JR: There is a difference.

MR. BELL: Well, this hasn't been finished. I am just roughing it.

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H.M.JR: I know, but I want to make sure there is nobody between Olrich and me.

MR. BELL: No, sir.

H.M.JR: Nobody between Mack and me. Now, eventually I have to get somebody in here. I haven't got that fellow yet.

MR. BELL: Maybe an Assistant Secretary; somebody who can take the burden off of you.

H.M.JR: I am sorry I can't use the word because the ladies are here, but it starts with a "b".

MR. BELL: He will use the six million dollars that was appropriated for this work. I have had them transfer out of that appropriation, to make available for this man, a sufficient appropriation. All of his services should be paid out of that six million dollars made available to Procurement for Surplus Property, and not out of Lend-Lease.

Paul King is good on personnel; Thurman Hill on legal clearances. I have talked to Joe O'Connell about that. Tom Lynch is going down today.

H.M.JR: Where does Tom Lynch fit in?

MR. BELL: He will sort of coordinate for O'Connell. They haven't decided what they are going to do about having certain cases sent over here. If they have a hundred-million-dollar sale, it may be that O'Connell will want to pass on that, or see it. Tom Lynch will work that out with Thurman Hill.

H.M.JR: Well, that relationship between Thurman Hill, whom I have never met, Joe O'Connell, and Lynch - I would like that straightened out in my own mind.

MR. BELL: Yes, sir, I am working on that.

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Press relations - we have to be careful the type of person we put in there. Murray, down there, hasn't the capacity for it.

H.M.JR: O'Connell, Lynch, Morgenthau relationship - I don't know about that.

MR. BELL: I will develop that. My girl was in the middle of drawing this up in the office. Then I will have down here all of the regional offices for his information.

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

May 4, 1944
11:27 a.m.

Operator: Go ahead.

HMJr: Hello.

Dean Acheson: Hello, Henry.

HMJr: Good morning.

A: This is in fulfilment of my obligation to tell you today.

HMJr: Yeah.

A: We had a very encouraging discussion this morning.

HMJr: Good.

A: And I think that we're making very distinct progress.

HMJr: Really?

A: We've got a program now which we're going to send down and get Armour's comments on and I think he wants -- I think the Boss wants to do something.

HMJr: Could I see it?

A: Ah

HMJr: Why not?

A: We haven't got it written down yet.

HMJr: Well,

A: We'll be glad to show it to you.

HMJr: Yeah, I wish you would. I mean, if you're going to send it down to Armour, I'd like to see it.

A: Yeah. I do not want to get this involved in your organization....

HMJr: That's all right.

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A:except for clearance and things.

HMJr: Well, when you come over, just you and me.

A: Yeah. That would be fine. And one thing that I'm terribly anxious to be careful about now is not to have any comment anywhere in the press.

HMJr: Well, you can be sure that there won't from this end.

A: Well, that's

HMJr: A lot of these things come out -- I can take care of my end.

A: Fine. Well, we're trying to cut down the people over here to a very small group.

HMJr: Yeah.

A: Because I think if anything does, it will just spill the beans. We won't get anywhere.

HMJr: When will you have this drafted?

A: Collado is working on it now. We'll have to show it to him probably toward the end of the afternoon.

HMJr: Yeah. Do you want an appointment for tomorrow morning?

A: I beg your pardon?

HMJr: Would you like an appointment for tomorrow morning?

A: Yes, I think it might be a good idea to get this off to Armour tonight.

HMJr: Yeah. Well, I just as -- or would you want to come over this afternoon?

A: If I can come over this afternoon, why don't I do that?

HMJr: Now, let me tell you what's happening and you're invited to this if you want to come. I don't know whether you want to come. Lord Halifax and Ople have asked to see me.

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A: Yes.

HMJr: And it's in connection, undoubtedly, with this World Monetary Conference.

A: Yes.

HMJr: I don't know whether you'd care to sit in on that or not.

A: What time does that

HMJr: That's four o'clock.

A: Would you like to have me? Or would you rather just sound them out?

HMJr: Well, I'd be glad to have you. I mean, I just don't know whether you think that

A: It might be better for you just to find out what it's all about without

HMJr: Well, how about four-thirty?

A: All right. I think I can get over at that time with it if we have gotten it cleared here. We're going to have a fight on it here but I think the battle will be over

HMJr: Well, let me do it this way....

A: If it isn't over then, I'll come over in the morning.

HMJr: Supposing I say -- I don't care -- I mean, I don't care -- I mean, I'm not so anxious to see it before it goes down, but I just want to see what goes down.

A: Oh, I see. Certainly.

HMJr: So, why not let's put it in the morning?

A: All right.

HMJr: Do you want to stop by on your way to work? Do you want nine o'clock?

A: Well, I won't have the thing. Let me come over -- I have a meeting of the Post-War Policy Committee -- let me come over there say about eleven-thirty.

HMJr: Eleven-thirty.
A: That's Friday.
HMJr: Friday.
A: Eleven-thirty. All right.
HMJr: All right. Hello?
A: Yes, sir.
HMJr: Eleven-thirty.
A: And then you can tell me what happened this
afternoon, too.
HMJr: Right.
A: All right, Henry. Thank you.
HMJr: Thank you.

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H.M.JR: Now where were we?

MR. BELL: He wants no salary. A dollar a year would make him a Treasury employee and puts him on that appropriation down there as Assistant.

(The Secretary signs letter of appointment for Ernest L. Olrich)

MR. BELL: Would you want to see a copy of the memo I wrote Olrich and this little organization chart when it is finished?

H.M.JR: Yes, sir.

Wait a minute. You act as though you are busy.

MR. BELL: I am just afraid you might be.

H.M.JR: That is all right.

MR. BELL: Yes, sir!

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

May 4, 1944
11:34 a.m.

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HMJr: Hello.

Operator: Mr. Olrich

HMJr: Hello.

Ernest Olrich: Good morning, Mr. Secretary. This is Olrich.

HMJr: How are you?

O: Fine, thank you, sir.

HMJr: How are you getting along?

O: Enjoying it very much and find I have a good nucleus for going forward and we've already made plans and started already to arrange for interviews with men that will be interested in joining the unit.

HMJr: Good. Any question you want to raise?

O: No -- none. The relationship, the set-up and everything is going to be very pleasant. The men that were left over are going to be very helpful. We've already had a long talk with Mr. Mack.

HMJr: Yeah.

O: And the only additional thing that's being saddled on this particular Division is a merchandising and selling organization. All other agencies of Procurement Division will be our agencies. There will be no duplication of any kind.

HMJr: You're just going to do the selling?

O: We're going to do the selling. It would be a mistake to attempt to duplicate any of their service. We'll use their personnel service. We'll use their legal department. We will set up our own statistical department as far as the records we need for our own staff experts. We will not duplicate any statistical work that's already being done.

HMJr: Fine.

O: We like the idea of an economist and we're starting to try to get one or two business economists rather than the Ph.D. type that are economists just for the sake of being economists....

HMJr: Yeah.

O:and see if we can anticipate some of the things that are being done.

HMJr: Well, have a look at that fellow that Harry White recommended.

O: Yes, I will.

HMJr: Yeah.

O: We'll do that one day next week.

HMJr: Good. So you're all right for twenty-four hours?

O: Yes, sir, enjoying it immensely.

HMJr: Don't boast too much, now.

O: We're not -- we're not talking. That's our....

HMJr: I ain't talking.

O: All right.

HMJr: I mean don't boast too much about having a good time.

O: No. Well, that -- the headaches will come.

HMJr: No, that's what I meant.

O: This is just the honeymoon.

HMJr: No, you misunderstood me.

O: I see.

HMJr: I mean, as an old man in Washington, I just say that I hope that your good time lasts as long as you're here.

O: Well, I'm going to try and make it so.

HMJr: Wonderful.

- O: I've had some calls already from people on Capitol Hill. For instance Maury Maverick's office and some of the Minnesota Delegation and....
- HMJr: What do they want?
- O: Just to say "hello". Some of the people from those places have known me in work I've done in other divisions in industry.
- HMJr: Oh, do you know Maury?
- O: I don't know Maury but one of Maury's right-hand men....
- HMJr: Yeah.
- O:was an associate of mine many years ago.
- HMJr: Oh, good.
- O: And so he can simply tell Maury, "Well, we haven't got horns." And one of Judge Truman's right-hand men -- hello?
- HMJr: Yes, I hear you.
- O: One of Judge Truman's right-hand men is an old friend and I knew Truman from Independence, Kansas.
- HMJr: Oh. You mean Senator Truman?
- O: Senator Truman, yes.
- HMJr: Right. Well....
- O: We're keeping away from him except to let them know we're here and if they want us we're here again.
- HMJr: Well, if you get into any -- under any political pressure, that's part of my job to release you or protect you.
- O: Right. I will, maybe, need help along that line some day.
- HMJr: Well, don't....

O: It hasn't started but it will.

HMJr: Right.

O: All right, Mr. Secretary.

HMJr: Thank you.

O: Is there a meeting this afternoon at Mr. Clayton's office at three-thirty?

HMJr: Well, I

O: I think I'll have to take that up with Mr. Sullivan.

HMJr: Right. I'm not familiar with that.

O: Right.

HMJr: But Sullivan would know.

O: All right, sir.

HMJr: If you don't mind. I just never keep track of those.

O: Right. I'll talk to him.

HMJr: Thank you.

O: All right, sir.

HMJr: Bye.

O: Bye.

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H.M.JR: He is having a good time for twenty-four hours! (Refers to Olrich)

MRS. KLOTZ: I hope you won't have to say, "I told you so."

H.M.JR: That fellow is an experienced fellow. He has come up the hard way.

MRS. KLOTZ: But he still doesn't know Washington. There is a difference.

H.M.JR: I know, but he will learn. There are two fellows over there. I have met Walsh in New York. When I met him he certainly knew what he was talking about. The other fellow who is supposed to be the head of this Surplus Property--

MR. BELL: Widmann?

H.M.JR: Yes. This fellow will find out whether Widmann is any good.

MR. BELL: Widmann has very little experience.

H.M.JR: Widmann was a Forwarding Agent. He saw that the stuff got out. You are not going to bluff this fellow.

Do you enjoy taking something new like this? That is fun, isn't it?

MR. BELL: Yes, sir. Everything I do is fun. I make it fun.

H.M.JR: Now listen, I can't take it today.

MR. BELL: There are no exceptions.

MRS. KLOTZ: It is true. That is the quality he has.

MR. BELL: Yes, sir.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE May 4, 1944

TO Mr. Olrich
FROM Charles Bell *MM*

Following our discussion in the Procurement Division yesterday, you might find it helpful to have on paper, at least as a starter, the organizational facilities tentatively agreed upon, together with a few comments on how this would function.

As I am to keep the Secretary pretty well posted on administrative progress and make available for your purpose every possible green light, will you indicate if this general outline expresses the understanding reached yesterday.

(1) The attached organizational sketch provides only a top layer skeleton but embodies the principal suggestions made by Director Mack of Procurement and, I think, indicates a pattern for the successful development of marketing facilities which is distinguished from the servicing functions that will support the sales program.

(2) In terms of actual operations, the commodity specialists would use the research and planning group as their information developing body.

(3) The service liaison group should probably be headed by an experienced Procurement Division employee since the necessity for a tight and effective coordination between the sales and servicing operations cannot be overemphasized. The officer in charge of this service liaison should rank high in your group of specialists, inasmuch as his principal function will be to accept and translate into action the policies handed down by the Director of Surplus Sales. He, of course, will be expected to participate in overall planning to whatever extent is necessary to insure the best use of warehousing and inspection facilities and

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inventory methods, now a part of the Procurement Division. Added to your immediate staff should be a competent press relations man.

(4) The ordinary administrative services of personnel, budget, legal clearance on sales, etc., should continue to be handled by the present Procurement organization inasmuch as it would be an outright duplication to develop a parallel set of administrative offices serving only the surplus sales side of the business. This will necessitate the use of a good administrative assistant attached to the sales side and capable of transacting all of the necessary business with the regularly functioning Procurement units involved and who would keep the office of the Administrative Assistant to the Secretary fully advised on all matters of major importance, seeking advice and clearance as the occasion demanded.

(5) It may appear necessary for the sales organization to develop a field organization geared to the pattern set by Procurement. This organizational pattern should, of course, be in harmony with the desires of the Surplus War Property Administration; however, for the present at least field services of Procurement would seem adequate until stock piles are much in excess of the current actual and potential inventories for the next 60 days.

(6) The attached Executive Order provides the authority and working base for the entire sales program and it should be noted that it names the Procurement Division of the Treasury Department as the sales outlet for consumer goods. This apparently necessitates identifying the sales organization as a part of our Procurement Division if the terms of the Executive Order are to be adhered to in the present form.

SECRETARY

SURPLUS SALES DIRECTOR

DIRECTOR OF PROCUREMENT

COMMODITY SPECIALISTS

1. Automotive Equipment
2. Building Materials, Hardware
3. Construction Equipment
4. Etc.

SERVICE LIAISON

1. Procurement Division
2. Surplus War Property

Handling warehousing,
Rehabilitation Arrangements
Transportation, Inspection
Classification of goods

RESEARCH + PLANNING

1. Market Analysis
Potential Outlets
2. Declaration Estimates
Incoming Potential

GENERAL
REQUIREMENT
OPERATIONSFIELD
Regional Organization (Procurement)BUDGET FINANCE
TRANSPORTATION
Tom MurphyPERSONNEL
Paul KingLEGAL COUNSEL
Thurman Hill

PUBLIC RELATIONS

REGION I
BostonREGION II
New York CityREGION III
Washington DCREGION IV
CincinnatiREGION V
ChicagoREGION VI
AtlantaREGION VII
Fort WorthREGION VIII
Kansas CityREGION IX
DenverREGION X
San FranciscoREGION XI
Seattle



TREASURY DEPARTMENT
PROCUREMENT DIVISION



WASHINGTON 25

May 4, 1944

OFFICE OF THE DIRECTOR

AM

MEMORANDUM TO THE SECRETARY:

A representative of Treasury Procurement met with other members of the Space Control Committee, which drew up a tentative draft of an order to be submitted to Mr. Clayton for his signature and issuance. This order will formally establish the Space Control Committee and state its purposes.

Attended a short meeting of the Surplus War Property Policy Board.

Interviewed applicants for positions in the surplus property disposal organization and made arrangements to interview others.

A conference was held with representatives of the Treasury Department and the Bureau of the Budget for the purpose of coordinating the procedure relative to property accountability and reporting and with a view to expediting the completion of the field installation.

E. L. Olrich

E. L. Olrich
Assistant to the Secretary

May 4, 1944
11:45 a.m.

APPOINTMENT OF ASSISTANT SECRETARY

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

H.M.JR: I am sorry Dan Bell isn't here, but he is out. But John Sullivan told me yesterday that he is leaving the Treasury on the 1st of June.

I told Mr. White last night that after he leaves I am going to recommend to the President Mr. White be appointed Assistant Secretary in Charge of Foreign Affairs for the Treasury. Mr. White didn't object.

MR. GASTON: Nobody objects.

H.M.JR: So I thought you people would like to know that.

MR. WHITE: I am very pleased.

H.M.JR: Did you say your wife was pleased?

MR. WHITE: My wife was equally pleased, at least.

H.M.JR: And a little surprised, I gathered.

MR. WHITE: Yes, indeed.

H.M.JR: In talking with Harry, we were talking last night about who should handle Internal Revenue, and I want to get advice on having Roy Blough as assistant to me. I would like to see what you people think.

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Now, an alternative to that is getting some fellow from the outside like Murchison. Is that his name?

MR. GASTON: Charles Murchison.

H.M.JR: Of Florida, Jacksonville. He is a friend of John Sullivan's. He is a good, able New Dealer, managed Pepper's campaign, former regional director for six States for OCD, and liked by the Governors, and so forth, and so on--a total stranger.

MR. GASTON: You might not be able to get him. He has a very considerable and growing law practice.

H.M.JR: But I am just using him as an example, somebody from the outside that you might get.

MR. GASTON: By the way, that other man that you asked the name of in Chicago is Laird Bell.

H.M.JR: No, the man I wanted is pretty well spoken for.

MR. WHITE: Didn't Murchison just receive a good deal of publicity as being critical of the President? Or is that my mistake?

MR. GASTON: I don't know, Harry.

MR. WHITE: Maybe it is Michelson.

H.M.JR: No, this fellow comes from Jacksonville, Florida. I imagine he is a classmate of both John and Pepper, because they all went to Harvard together, Harvard Law School.

MR. GASTON: Yes, I think so.

H.M.JR: What do you fellows think of putting Roy in there?

MR. O'CONNELL: I will stick my neck out; I don't think that Roy would be a particularly good choice, although when I consider the alternatives, it is a little unsafe probably to take that position. Roy is, I think, a little on the

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academic side. I think he is a little out of character. To get away from the sort of operation he does so well in the Tax Research--I would think that the type of fellow to have to run the Bureau of Internal Revenue is a fellow with a little more iron in his soul than John Sullivan has.

H.M.JR: A little more what?

MR. O'CONNELL: A little more iron than John ever had with the Bureau. And I think Roy has--it seems to me that Roy is not tough enough to deal with people in the Bureau.

H.M.JR: Well, we get down to alternatives.

MR. WHITE: Is Surrey an alternative?

H.M.JR: No, Surrey is going into the Army.

MR. SMITH: Would Lynch be any good?

H.M.JR: No.

MR. WHITE: I think it is a question within the Treasury. Without, there must be many choices. We just haven't canvassed the field at all.

MR. GASTON: Harold Graves is pretty well settled in that job you have him in over there. You wouldn't want to move him back over here?

H.M.JR: Definitely not. There wouldn't be any addition. It would be just adding water.

MR. WHITE: Joe, I think Roy has a lot of backbone. I don't know how much is needed.

MR. O'CONNELL: It would be easier to consider it, if we have some definite alternatives. Of course, Roy is a very competent fellow, but I haven't visualized him--

H.M.JR: Roy has lots of Indiana Dutch in him.

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MR. SMITH: He apparently gets along with Doughton. That is a factor.

H.M.JR: That is recent.

MR. GASTON: Does he get along very well?

MR. SMITH: Since this last business--

H.M.JR: As long as you don't have to push the old man, you get along with him. As soon as you have to push him-- it wouldn't be very acceptable on the Hill, but what I am thinking of is a watchdog.

MR. GASTON: How about over in the Bureau?

H.M.JR: Nobody over there--

MR. GASTON: I mean, if Roy were selected, how would it set over there?

H.M.JR: Not very well. Whoever I put in, he would be over there to watch them.

MR. WHITE: The trouble is, if you get a new man, it will take him at least six months before--I mean, if he is not in the Bureau or here--it will take him at least six months before he knows the score. Six months will bring you to the end of the year. You have lost whatever value a man in that position could be to the Secretary during the remainder of this year.

MR. O'CONNELL: I don't agree with that. I think that the right kind of fellow might be as effective in thirty days operating in the Bureau as a man who had had ten years of experience behind him.

H.M.JR: That is one of the trickiest places.

MR. BELL: Plenty tricky.

H.M.JR: Look what I am up against when I want to change a letter. When I wanted to change a letter, there

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was such a major row--just because I wanted to change a letter. They know it all; they have all the answers. Paul said that this Schoeneman we put in there--

MR. GASTON: Yes.

H.M.JR: He says he is an awful dumb cluck. He thinks it was a major blunder, putting him in, one of the dumbest persons he knows.

MR. BELL: He knows the collector offices; he knows collection of taxes.

H.M.JR: He said he couldn't understand it. I said I didn't know; everybody who comes in wants him.

MR. BELL: I think it is a good selection for the type of work he is going to do.

H.M.JR: I don't know; I am just repeating Paul.

Now, to bring in one of the collectors from out of the United States--I don't think that would be good.

MR. GASTON: They haven't any that are good enough to bring in.

H.M.JR: I slept on this thought of Roy. I don't know whether he wants it; I haven't talked to him. You fellows sleep on it, and I will have a talk with you tomorrow.

MR. WHITE: I think something might depend on what Roy feels about the possibilities there. He is familiar enough with it, I should imagine, so that he either has some ideas or would have after he sat down for a few days and thought about them as to what kind of a program he envisages or what kind of a program you envisage.

It appears to me that a man in that capacity who isn't directly responsible for the administration--that is taken care of. The value lies in seeing how the whole thing can be improved or in making suggestions, using his imagination a bit, and not in direct administrative ability to see that

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people are working efficiently--I take it that is in the first place under the Commissioner, and in the second place probably taken care of--but to take a look-see at the whole thing from a fresh point of view.

H.M.JR: The main thing is to see that they stay straight.

MR. BELL: They have quite a few administrative problems.

MR. GASTON: Yes, I think the administrative responsibility is much greater than--

H.M.JR: Yes, but what has John done?

MR. BELL: I think possibly it was a little embarrassing for John to have worked under Helvering and then come over here and be over Helvering.

MR. WHITE: I don't think you are going to get anyone from the outside, in my judgment, who can step over a Commissioner who has a certain degree of independence in any case and interfere very much or attempt to influence very much the actual administration. I think any changes that can come from the outside with a man who is directly responsible to the Secretary is more in the realm of suggested changes, large changes, changes in policy, changes in approach, rather than an attempt to correct administrative defects.

H.M.JR: Well, anyway, you men think it over.

Charlie, will you tell Dan about this conversation to bring him up to date so when I talk with him again tomorrow Dan can sit in on it?

MR. BELL: Yes, sir.

H.M.JR: O.K.

Meeting in the Secretary's Office
Thursday, May 4, 1944
4:00 P.M.

Present: Secretary Morgenthau
Lord Halifax
Mr. Opie
Mr. White

Halifax and Opie, of the British Government, called to see the Secretary at their request. Lord Halifax began by saying that a number of cables ~~that~~ had been going back and forth from London and Washington at various levels dealing with the question of a conference on international post-war monetary problems and that he thought it would be useful if he could review the matter with the Secretary and Mr. White and make certain that we understood what was in London's mind and London understood what was in our mind.

He said there were two separate points that he would like to bring up with respect to the conference. One was the date and the second was the kind of conference. He said the date of May 26 was impossible for his government for two reasons: first, the question of security. He explained that the military restrictions on the departure and arrival of persons from England was extremely strict. Mr. Opie said that, for example, Mr. Butler, who was here in the United States was having great difficulty obtaining permission to go home to London. Lord Halifax said that the chief difficulty would probably be the granting of permission to members of the exiled governments to leave the United Kingdom for the conference.

The second reason why the May date was unacceptable was that the Dominions and many of the other countries had not had time enough to study the statement of principles and would not have enough time to prepare their views if the conference were held at the end of May.

Halifax turned to me and asked what I thought of the two reasons. I said I was afraid that I wasn't terribly impressed with either of the reasons. The British Government could adequately screen departures of the few members of the exiled governments who would be asked to come. There already were some men here who would doubtless be members of the delegation from the Polish, Dutch, French Governments and possibly the Belgian and Norwegian. In some cases higher officials would doubtless want to come.

With respect to the second point made by Halifax, I said that I didn't think it was fully appreciated that the representatives of the various governments had been discussing these points for many months and there was very little in the statement of principles that would be new to any of them, that most of the points that were new were matters

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which many of the delegates of the exiled governments had wanted in the first place. I didn't think they would need any additional time to become acquainted with the details of new material in the principles. The Chancellor said they would do everything they could to expedite consideration of the statement, as well as discuss in Parliament, but they would have to have in his opinion adequate time for reflection over the joint statement.

Lord Halifax wanted to know whether the date of the conference couldn't be postponed a couple of weeks. The Secretary's reply was non-committal. The Secretary then asked "Do I understand that your government favors a conference but the sole matter of issue was the question of the time" and Lord Halifax replied "Yes, the time and the nature of the conference."

We then went on to discuss the nature of the conference. He said the Chancellor, himself, could not attend at the end of May (Mr. Opie told me after the meeting that he seriously doubted whether the Chancellor himself would come even if the date were postponed. He thought they would send a small delegation.)

Lord Halifax said that it might be possible to arrange for a "conference of experts" early in June. Lord Halifax and Mr. Opie then discussed the distinction between a conference of experts and a conference of the character that the United States was contemplating. It was finally agreed that there was no difference, that the ministers or their representatives who would come would not come as plenipotentiaries expected to commit their government to support a program formulated by the conference. Secretary Morgenthau said it was definitely and clearly understood that the various governments were not committed to accept the findings of the conference, that he could not and would not commit his government and he assumed that the same was true of the British Government. It was agreed that the representatives attending the conference would be coming in a sense in their expert capacity though they need not be designated experts.

Lord Halifax suggested, "Why not have the meeting called of experts?" I pointed out the word might have a supplementary meaning. Secretary Morgenthau stressed the view that it would be much more desirable from our point of view and the State Department's point of view to have the delegates attending the conference referred to as representatives rather than experts. It was agreed that the conference should be referred to as a conference of the representatives of the governments.

Lord Halifax then raised the question of the Bank. He said he didn't know whether the Bank would be discussed at the same time or

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whether it was possible to discuss the Bank at the same time. I replied that the discussions were going forward with the representatives of some countries on the Bank and that we hoped to clear up some of the difficulties with the British representatives by cable. I said that there would doubtless remain some differences between our positions but that it would be possible to make sufficient progress during the period prior to the opening of the conference to warrant going on with it at the conference. It was expected that there would be a committee of representatives of some 10 countries or so coming to the United States two or three weeks prior to the opening of the conference to consider the agenda and prepare material for the conference. It was expected that during that period enough progress would be made in the discussions of the Bank to make it possible for the conference to proceed on the Bank at the same time as the Fund.

Lord Halifax asked the Secretary whether it was necessary for the conference to be held in the spring, couldn't it be held after the conventions or at some other time. The Secretary said "Well, frankly I haven't asked the President about that and I don't know what the President's views are. I myself feel that we ought to disregard the dates of the convention in fixing the conference but some of the men in the Treasury here feel doubtful about it." He said that the President had displayed greater interest in this matter than he would have expected, that the State Department and Secretary Hull were just as eager to go ahead with it. He said he couldn't give an answer to Lord Halifax's question. He would have to take it up with the President.

I said one of the dangers I saw in a postponement was that if the conference was held at any time during the Republican Convention that the Republicans might be quite resentful of that. The President had indicated he was going to appoint members of Congress as members of the delegation and members of the minority probably would be included. They would likely be important members of the minority party and they would be unable to attend both the conference and their own convention and they might suspect that the date was selected with that end in view.

Furthermore if the conference were postponed to some time beyond the Republican Convention then we ran the danger that the matter would be brought to the attention of the convention some way or other and a resolution might be forthcoming which would be couched in such terms as to tie the hands of the American representatives in the conference or place the American representatives of the conference in the position of knowingly disregarding the will of the Republican Party as expressed by the convention. I said that would be unfortunate. The Republicans might well make it a political issue and impose such restrictions as would render the conference unsuccessful because other countries would not accept the kind of conditions that they might impose. Therefore, I

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thought it was important to have the conference out of the way before the Republican Convention.

Lord Halifax said he was impressed with the point and would try to communicate with his government our feelings in the matter. The Secretary informed Lord Halifax that we had just received word that the British Cabinet was going to consider the matter the following day, i.e., Friday. He asked Lord Halifax whether he wanted the Secretary to find out from the President whether the date could be postponed so that he and Lord Halifax would be able to communicate with his government prior to their meeting of the Prime Ministers on Friday. It was agreed that there wouldn't be time for that. Lord Halifax asked the Secretary whether he and Mr. Opie might leave some notes of the discussion and the Secretary said he would like that and the appended was left by Mr. Opie as a gist of what Lord Halifax had come to convey to the Secretary.

H. D. White

Date of Conference

Chancellor could not himself attend at end of May and he believes that it is not feasible in any case to hold a conference then. Would the conference help Mr. Morgenthau for his purposes if it were possible to convene it two or three weeks later as the Chancellor had suggested to Mr. Winant?

The Chancellor's Statements

1. The first definite proposal for a formal conference of Finance Ministers was made in Mr. Morgenthau's message to the Chancellor of April 26th. Pressure of financial business would make it impossible for the Chancellor to attend. But two difficulties make it impossible to call the conference in May:

(1) Security regulations, the implication of which the Chancellor realised only a few days ago.

(2) Consideration of the joint statement by other governments (European Allies and Dominions) has just started. The Chancellor will do everything to expedite their consideration of the statement (as well as discussion in Parliament), but there is still a lot for them to think about and it is not feasible to give them proper notice for a conference by the end of May and at the same time allow them a decent interval for reflection.

But it might be possible to arrange for a conference of experts early in June.

The Kind of Conference

- (a) The conference must be one of experts.
- (b) If practicable, it will be a large conference comprising representatives of all the United Nations. If this is impossible, then a smaller meeting of experts to establish the details of a text.

3. Scope of Conference

The U.K. experts could simultaneously discuss with the U.S. Treasury the Reconstruction Bank, with a view to reaching an agreed statement of principles. The point is that H.M.G. want this prior discussion with the U.S. to reach an agreed statement before throwing the subject into the conference.

Personal telegram from the
Chancellor of the Exchequer
to Viscount Halifax, despatched
May 4th, 1944.

Please give the following personal message
from me to Mr. Morgenthau.

Message begins.

With the concurrence of the Minister of Food
(Colonel Llewellyn), I have decided to appoint
Robert H. Brand to be the representative of the
United Kingdom Treasury in the United States, in
succession to the late Sir Frederick Phillips.
I know that you appreciate the importance which I
attach to this appointment, and it was on my assur-
ance that the choice of Brand would best serve the
common interest of our two countries that the
Minister of Food agreed to an appointment which
deprives him of a valued representative in Washington
as head of the British Food Mission.

This is at present for your own personal in-
formation and I am deferring publication of the
appointment until I hear from Lord Halifax that he
has communicated this message to you.

Message ends.

May 4, 1944
5:20 p.m.

CONVERSATION WITH AMBASSADOR HALIFAX

Present: Dr. White
Mrs. Klotz

H.M.JR: Ambassador Halifax stayed behind at the meeting - this is the second half; Dr. White will take care of the first half.

He gave me a memorandum from the Chancellor of the Exchequer, in which he advises me that they are going to appoint Mr. Robert Brand as representative of the United Kingdom Treasury here.

He said, "I know how you feel about Mr. Brand, because we had a talk about him once before when Mr. Llewellyn was here."

MR. WHITE: I don't remember that.

H.M.JR: I remember when Llewellyn was here I spoke to him about Brand and Lazard Freres, and got nowhere.

So he said, "The Chancellor asked me about this, and I told him how you felt." But he said if he decided that he wanted to go along, he, Halifax, would say it was all right.

And so I said, "I don't know whether it is too late or not." He said, "No." And I said, "Well, I want to tell you that I have been here for eleven years, and it is the only eleven years in the Treasury that there hasn't been somebody in the Treasury who wasn't very close to the firm of Lazard Freres. They have always had somebody here who was their friend, and that is what they do in every capital."

And I said, "It was a very close call with the firm of Lazard Freres in New York, whether we should close

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them up and take them over, or let them put up a two million dollar bond, because they did business through a dummy corporation in Panama in which they got money into Switzerland to go into Free France."

I said, "It is very questionable - the whole business. But we decided that we would let them stay open. Mr. Frank Altschul, the head of the firm, got out. He is related to me by marriage, so I know him very well."

And I said, "I objected to the way they have done business. I had strong objections some years ago when they welshed on a purchase of ten million dollars worth of gold, and frankly I don't want anybody--"

I said, "You say Mr. Brand is a highly honorable man. I take your word for it. The Chancellor of the Exchequer says he is a highly honorable man. I take his word for it. But Mr. Brand will be entertained by members of the firm of Lazard Freres, just the way they entertained Mr. Bonnet. I'll not feel comfortable with the man."

"Now," I said, "you have a man - Mr. Opie. I don't know what his background is, but he is doing a good job here."

Well, they wanted an important person. I said, "As far as we are concerned, all we want is a man with an honest intellect."

So he said, "Well, Mr. Opie isn't of the Treasury, isn't of the Foreign Office. He is my economic adviser."

I said, "Take it from me, he is doing a good job; and we don't need somebody who is an important person."

He even wanted to send Lord Catto over; "he wouldn't have any more influence with us than Mr. Opie, because he is an honest intellect and Mr. White has confidence in him."

So he said, "Well, would you not accept him?"

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I said, "No, I want you to tell them how I feel."

He said, "Well, can I say that you are not saying they can't have him?"

I said, "I am not going to tell the British Treasury whom they can or cannot have."

"Well, can I say" - this isn't exact - "that you will do business with them?"

I said, "I have got to do business with them, but you are going to make things very much more difficult for me, and I can't give him my confidence because I don't know whom he is going to see over the weekends."

"After all," I said, "when the war is over, he goes back to work for Lazard Freres."

"But would you feel any better if I said he wasn't?" I didn't answer.

I finally said, "Look, Mr. Ambassador, with things as difficult as they are, what do you have to pick Mr. Brand for?"

MR. WHITE: Sure. He is already doing a job. It isn't as though he is unemployed.

H.M.JR: I said, "Why can't you give me somebody who makes it at least as easy as possible for me?"

He said, "I understand. I'll send a personal cable that you are not saying whom they can or cannot send. But this fact, this information, about Lazard Freres of New York had not been made available before to the British Government. You have told us now," etc.

And I said, "Don't forget Jose'Laval, either - or Madame Chambrun."

MR. WHITE: My memory slips me. How do you tie those two up?

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H.M.JR: Rene Chambrun is the Captain who came out right after Dunkirk. The President of the United States and Mr. Bill Bullitt took him down on his boat, and I had to stop everything while I saw Captain Rene Chambrun, who is married to the daughter of Laval. He went right down with the President. He since has gone back. He is one of the high members of the Vichy Government.

She happened to be on very intimate terms with one of the partners in New York of Lazard Freres. That is all - very intimate!

MR. WHITE: I see. I get it. Well, I think you are a hundred percent right. Here are the relations between two governments, and the mere fact that you even raise your eyebrows ought to be enough for them to pick somebody else.

H.M.JR: You know what is going to happen? I'll tell you. Mr. Brand will come as a representative of the Treasury.

MR. WHITE: You think so?

H.M.JR: Absolutely.

MRS. KLOTZ: I don't think so.

H.M.JR: Yes, he will. It is like the time, in my innocence, I wanted to send home this fellow who was here representing them on the sale of securities. I didn't know he was personal adviser to the Prince of Wales - not the present King.

MR. WHITE: That is right.

H.M.JR: I was so bold as to raise the question, as to advise that the Financial Adviser to David might have to be sent home if he didn't get busy!

You take it from me. Don't forget that Halifax went to Munich. I know. I'll bet you that this man

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will come as a representative of the British Treasury.

MR. WHITE: When Opie told me, I said, "Does the British Government recommend somebody tied up with Lazard Freres?"

Well, I don't know; you may be right.

H.M.JR: Believe me, I was just as emphatic as I am here.

MR. WHITE: He says he is an intimate friend of Halifax's.

H.M.JR: This is very interesting. Halifax said, "I may not like what you are saying, but at least I understand it."

MR. WHITE: Well, he is an intimate friend of his, and that probably explains it.

H.M.JR: "I may not like what you are saying, but -- "

And I said, "Don't forget, also, that I protested about Mr. Monet."

MRS. KLOTZ: Which - Monet or Bonnet?

H.M.JR: Monet; and Mr. Bath, of SKF. If they live long enough, they'll all come up, if the war lasts long enough.

MR. WHITE: Brand is a very able fellow.

H.M.JR: Wouldn't it be wonderful, having him here!

MR. WHITE: They make the mistake in their own interests.

MRS. KLOTZ: This is the cable from Winant. (Hands document to the Secretary)

H.M.JR: Please look up and see if France is the son of Anatole France.

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MR. WHITE: If he is, he'll be quite an illustrious gentleman.

I sent you a note on that League of Nations thing.

H.M.JR: I got it. What a wonderful day!

Halifax said he would send a cable, tonight.

MR. WHITE: Do you know, the first element in protocol of sending a representative from one country to another is to find out if he is acceptable to the man he deals with?

H.M.JR: They know now that he is not.

MR. WHITE: It would be surprising if they sent him. If he comes, we'll do business with him.

H.M.JR: We'll do it.

MR. WHITE: But he better be good!

H.M.JR: They had thought of sending Lord Catto. I'll show you how old this is. This was when Halifax was in England three or four months ago.

MR. WHITE: They haven't had any top man here.

H.M.JR: Isn't Opie all right?

MR. WHITE: Fine, because he does what he should do in the interest of his own country, and tries to understand what we are doing. He communicates back and tells us what his Government is doing. He does not belittle the interests of his own Government, but he is reasonable. It isn't a fencing match with him all the time. He very much would like that job.

You said something about his background. He used to teach here at Harvard. He was one of my colleagues there. I taught there when he did. He is now a Professor at Oxford.

Treasury Department
Division of Monetary Research

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Date... May 4, 1944.19

To: Secretary Morgenthau

You may be interested in reading
the full statement of Prime Minister
King on the International Monetary
Fund - Pages 2 and 3.

H.D.W.

MR. WHITE
Branch 2058 - Room 214-1/2

EMBASSY
~~XXXXXXXXXX~~

Ottawa, April 22, 1944

No. 987

Subject: Canadian Statement on Monetary Plan

The Honorable
 The Secretary of State,
 Washington, D. C.

Sir:

1/ I have the honor to attach hereto copy of the statement made by the Canadian Prime Minister in the House of Commons on April 21, 1944 in connection with the proposals for the establishment of an international monetary fund.

It will be noted that the Prime Minister again stressed that monetary plans only represent one part "of a general plan of international economic cooperation" and that "a reduction in the barriers to trade expansion" is necessary "if conditions favorable to stable monetary arrangements are to be achieved." Stressing the position of the Canadian Government further, the Prime Minister stated:

"The view which will ultimately be taken by the Canadian Government of any proposed monetary arrangements will be greatly, perhaps decisively, influenced by the progress which it is possible to make in achieving agreement on other aspects of international economic policy with which monetary arrangements are inseparably linked."

Accordingly, it may be anticipated that the Canadian Government will avoid taking a final position on any monetary arrangement until sufficient progress has been made along other economic plans to allow a reasonable expectation of the success of a monetary plan.

Respectfully yours,

For the Ambassador:

"The copy of the original signed by:

John Kwarts Horner
 Third Secretary of Embassy

JW/gc

861

Original and hectograph to Department
 (Copy to J. Graham Parsons, Esq.)

Enclosure:

1/ Abstract from House of Commons Debates, April 21, 1944.

M. Bernstein
 Regraded Unclassified

Enclosure No. 1 to Despatch No. 987
dated April 22, 1944 from the
American Embassy, Ottawa, Canada.

(extract from the House of Commons Debates, April 21, 1944)

INTERNATIONAL MONETARY FUND

Principles Governing Constitution and Operation

Right Hon. W. L. MACKENZIE KING (Prime Minister): I desire to take this opportunity of making an announcement which is being made to-day in other capitals.

Over many months, officials of a number of the United Nations have been giving close study to the international monetary arrangements which will be desirable after the war. The house will recall that on April 14, 1943, I tabled in the house a proposal by United Kingdom officials for an international clearing union and one by United States officials for an international stabilization fund. On July 12, 1943, the Minister of Finance tabled tentative draft proposals of Canadian experts for an international exchange union. These proposals were all directed to the same ends, namely, the achievement of international monetary arrangements compatible with the balanced growth of international trade and with domestic economic policies aimed at high employment and incomes, but there was a considerable divergence in the methods suggested for achieving these objectives. Since that time, continuous efforts have been made to reach a common view as to the principles to be followed in post-war monetary arrangements.

I am glad to be able to announce that as a result of discussions among experts of the United Nations there is now a consensus of opinion among those participating on the need for the establishment of an international monetary fund and a statement has been drawn up of the principles which should govern its constitution and operation. I wish to make available, with the permission of the house, a document setting out this statement of principles, but to conform to arrangements with other governments, it will be tabled when the house re-assembles at 8 o'clock.

In announcing this agreement on the principles which should govern the constitution and operation of an international monetary fund, I should like to make quite clear that what has been achieved is an agreement among experts. No government is in any way committed to this document or to the views of its experts. The statement is made public at this time in order that there may be public knowledge of the progress which has been made and informed discussion of the proposals before governments proceed further.

This statement of principles on international monetary relationships is conceived as part of a general plan of international economic cooperation, which as a whole will have for its objects the progressive expansion of international trade, high levels of employment, improved standards of living, reasonable stability of prices and machinery for orderly exchange arrangements. The Canadian Government is thoroughly aware of the importance of establishing international monetary arrangements favourable to the expansion of trade and employment, and is keenly sympathetic with the particular objects to

which

- 2 -

which this statement of principles is directed. It is equally anxious that common views should be reached on other parts also of a general plan of international economic cooperation, particularly on a reduction in the barriers to trade expansion, a reduction vital to Canada's welfare and necessary if conditions favourable to stable monetary arrangements are to be achieved. The view which will ultimately be taken by the Canadian Government of any proposed monetary arrangements will be greatly, perhaps decisively, influenced by the progress which it is possible to make in achieving agreement on other aspects of international economic policy with which monetary arrangements are inseparably linked.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

160

Date

May 4, 1944

TO Secretary Morgenthau

FROM Fred Smith FS

(1) I talked to Gallup yesterday and they are going to seriously consider making another survey on the cabinet. Attached is a copy of the last one. I am to be given a definite yes or no within a few days.

(2) Attached is a report Shaeffer gave me last night. The more evidence that turns up on this, the more it looks as though the newspaper men queried were carefully hand-picked to come up with the right answers. I don't believe LOOK knows that this is the case. I think if the working newspaper man of the city were given a chance, their answers would be much different. Bob Hannegan might consider having a third party make such a survey among six hundred newspaper men instead of fifty Bureau Chiefs and super columnists.

Attachment

The Gallup Poll

Washington Post

By George Gallup

Director, American Institute of Public Opinion

JAN 28 1943

Princeton, N. J., Jan. 28.—In a public opinion survey from coast to coast, Cordell Hull, Secretary of State, and Frank Knox, Secretary of the Navy, receive the highest votes from the public as Cabinet members who have done the best job with their departments during the past year.

Henry Morgenthau, Secretary of the Treasury; Claude Wickard, Secretary of Agriculture, and Henry L. Stimson, Secretary of War, likewise stand high on the list, the study shows.

The survey, conducted by the Institute, found overwhelming public sentiment in favor of a bipartisan Cabinet. More than three-fourths of all voters in the survey approve the idea of having some Republicans working with the President as Cabinet members.

To measure attitudes toward the Cabinet, interviewers for the Institute handed voters a card bearing the names of Cabinet members, and asked:

"Which of these Cabinet members has done the best job with his department during the past year?"

The vote is:

Hull	38%
Knox	18
Morgenthau	13
Wickard	10
Stimson	8
Others	6
Walker, Biddle, Perkins, Jones	Un'r 6%

No opinion 13

The percentages total more than 100 per cent because some respondents named two or more Cabinet members.

Secretary Hull's prestige in the public's eye extends back over many years. A similar Institute survey conducted as long ago as July, 1938, found him leading all Cabinet members in popularity.

Regardless of his information, or the lack of it, concerning present party affiliations in the Cabinet, the average American approves a bipartisan Cabinet, as the following shows:

"Do you approve or disapprove of having some Republicans in the President's Cabinet?"

Approve	77%
Disapprove	4
No opinion	19

The general attitude is expressed in such typical comment as those from voters:

"I don't think any party has a corner on brains."

"Mix 'em up; that's what makes America."

"The premium is on the man and his ability, rather than on the party."

When Secretaries Knox and Stimson were appointed by the President in the summer of 1940, the Institute found general public approval of this step to include prominent Republican leaders in the Cabinet.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

TO Mr. Fred Smith

May 3, 1944

FROM Mr. Shaeffer *ES.*CONFIDENTIAL

An extensive canvass of legitimate Washington newspaper men has produced not a single instance of agreement with the recent LOOK MAGAZINE poll. By "legitimate" I mean those who actually cover regular assignments, and exclude those who are allowed much editorial latitude such as bureau chiefs, columnists, editorial writers and others. I understand the questionnaire went only to bureau chiefs, the majority of whom write one story a day out of Washington along editorial, columnar or critical lines.

John MacCormac of the New York Times, a crack newspaper man and author of two books, was representative of the legitimate group in a conversation this afternoon. He said the survey was "very unfair" and appeared to him to be mainly the work of "idealists." He ventured the opinion the questionnaire went to people such as his own Arthur Krock, Frank Kent, David Lawrence, and John O'Donnell.

He said any fair minded person could never include Secretary Morgenthau in the second classification of the poll, pointing out Mr. Morgenthau's splendid success in originating Lend-Lease, as well as his unqualified success in financing the war thus far, as outstanding instances of his worth. MacCormac included the good efforts of Vice President Wallace, Attorney General Biddle, and Paul McNutt in his denunciation of the "tarnished ten."

I think it would be a splendid stunt to suggest that LOOK reverse the process now and let 52 government officials give their opinions of the 10 best and the 10 worst newspaper men in the Capital. This thought is original with me, but I can't do anything about it because I would be charged with taking up Secretary Morgenthau's cudgels at his behest. What do you think?

Apropos of nothing at all how about "Give our Ship of State a Bond voyage" as the slogan for the Fifth War Loan?

52 LEADING CORRESPONDENTS PICK **The 10 Most**

Men who run the war—and a Senator who checks up on them—outdistance home-front figures in poll by LOOK

LOOK asked a representative cross-section of the able corps of Washington correspondents to pick the 10 most useful officials in the nation's capital. Simple questionnaires were sent to 68 top-flight writers for newspapers reflecting every shade of editorial opinion from ultra-conservative to ultra-liberal. Replies came from 52, who devoted much time, much thought, to their selections. They were guided by Webster's definition of "useful" as "full of use; producing, or having power to produce good . . ."

Representatives of LOOK and affiliated publications did not participate in the poll, but taking part were many writers who serve as your eyes and ears in Washington. They question officials at press conferences, report the news, measure the reaction.

LOOK's rating (of 90 nominees) was based on total number of times an official was named in the first ten. In addition to leaders pictured here, the 10 runners-up were:

Senators Harry F. Byrd, Democrat, of Virginia; James F. Byrnes, Director of War Mobilization; Sam Rayburn, Democrat, of Texas, Speaker of the House of Representatives; Senator Robert A. Taft, Republican, of Ohio; Byron Price, Director of Censorship; Senator Alben W. Barkley, Democrat, of Kentucky; Chester Bowles, Administrator of OPA; Representative Joseph W. Martin, Jr., Republican, of Massachusetts; Rear Admiral Emory S. Land, War Shipping Administrator, and Judge Robert P. Patterson, Undersecretary of War.



1. General George C. Marshall

Army Chief of Staff and member of the Joint and Combined Chiefs of Staff, he directs war strategy.

On the lists of 44 correspondents, this great, grave general led LOOK's poll. Writers said he was a "cornucopia of military knowledge," and "effective in the prosecution of the war." Others added "his record tells the story," "he has the confidence of military and civilians," and "he, not the Commander-in-Chief, is running the Army." One reporter hesitated to rank him ahead of the President, but was convinced that "this military genius is more useful today."



2. Cordell Hull

This Tennessee-born statesman served 24 years in Congress, is in his twelfth as Secretary of State.

Soft-spoken Secretary Hull was listed by 33 correspondents. Their comments on his handling of diplomatic phases of the war included: "for his Latin-American and Russian victories," "standout of the cabinet," "stabilizing factor," "outstanding statesman," and "towers above everyone." Others said he is a "sound, courageous fighter." "not as good as some rate him, but able." One added that "his Moscow success should even convince Vice-President Wallace."



3. Franklin D. Roosevelt

Aged 62, he is the first third-term President of the United States, and its wartime Commander-in-Chief.

The President's name was on the most useful lists of 32 correspondents. It led more lists than any other—24. Writers commented: "The horse that can't be changed in midstream," "after all, he runs the show," and "meets the challenge of our times." One called him "useful but not indispensable," but another observed, "no available substitute." LOOK was told some correspondents omitted Mr. Roosevelt because they didn't think that he should figure in the poll.



4. Admiral Ernest J. King

He commands the U. S. Fleet, directs strategy as member of the Joint and Combined Chiefs of Staff.

Thirty-one correspondents picked Admiral King as among the most useful. "His record tells the story," was the simple explanation of one. Another measured the Navy leader against the definition of useful, with recent Pacific victories in mind, and found him "producing good." Others mentioned his "proven ability in naval operations," and noted that he "works well with Marshall and Arnold to make a team that ought to get generous treatment from history."



5. Donald M. Nelson

He is 55, chairman of the War Production Board, in civil life was chemical engineer and merchant.

For co-ordinating the tremendous task of producing war materiel for the United Nations, Nelson was recognized as a most useful official by 25 writers. They commented: "splendid job," "tough man in a tough job," and "wise in handling business and labor." Others indicated some reservations, noted "seems to have regained his balance and redeemed himself," and "delivered the goods after all." Another declared he was "doing a great job under a handicap."

Useful Officials in Washington



6. Charles E. Wilson

At 57, he is vice-chairman of the War Production Administration, former president of General Electric Company.

Sharing credit with Nelson for war-production achievements, Wilson was selected by 23 correspondents who called him "the most competent emergency official," "farsighted businessman" and "a doer with clear vision." Others commented that "he's really running the WPB," "he put efficiency into war production," and "he understands and inspires production." Wilson started work at 13 in General Electric's shipping department, became its president in 1940.



7. Bernard M. Baruch

Home-front trouble-shooter in two wars, at 73 he's special adviser to the Director of War Mobilization.

The financier who was chairman of the War Industries Board in the first World War is still going strong. Eighteen correspondents called him one of the most useful officials in this war. Comment included: "old man common sense," "balance wheel for government," and "a unique adviser." Writers said he is "the nation's best economic brain," "has real wisdom with power to foresee," and "people believe him." His reports on rubber and reconversion won praise.



8. Harry S. Truman

He is 59, Senator from Missouri and chairman of the Committee to Investigate the Defense Program.

Sole member of Congress among the top-ranking 10, Democratic Senator Truman was on 17 lists. The continuing inquiry of his committee keeps an eye on the men who run the war. Correspondents hailed him "for his committee investigating," "most effective critic of war-program conduct." They said his committee "helps Congress to win the war," and "checks waste and inefficiency." He was a World War I artillery officer, then a Missouri county official.



9. Jesse H. Jones

Texas builder, banker, publisher, as Secretary of Commerce he heads several government loan agencies.

Secretary Jones tied with Senator Truman with 17 votes. Lender of billions before and during the war, he was termed "a workhorse whose leadership has never been fully appreciated here," and "a great balance wheel." Others said he "sees through pipe dreams," "encourages sound business, hence employment," and "reminds you there are still courage and common sense." He quarreled publicly with Vice-President Wallace, seemed to emerge the winner.



10. Harold L. Ickes

Self-styled "curmudgeon of the Cabinet," at 70 he is Secretary of the Interior and Fuel Administrator.

Tart-tongued Secretary Ickes engages in frequent skirmishes with Washington correspondents and their editors, but 15 voted him one of the 10 most useful officials. They called him "FDR's best administrator," "most useful peck-horse in the Cabinet," "a mind that keeps alive," "occasionally wrong but usually right." Others acclaimed him "a good hatchet man," one who "fights our native Hitlers." Except for the President, he was the only New Dealer named.

Writers turn to home front for "least useful" officials

Today's hero in Washington may be given an impossible job, become tomorrow's target. Jobs as well as men were appraised by correspondents who also named for LOOK the officials they thought least useful. Lists differed widely, included 112 names, centered on home-front figures. Several writers said the men they named "never had a chance," or were by-passed by war agencies. Others disagreed with policies, theories. Ten officials listed most often were:

- Frances Perkins, Secretary of Labor and first woman cabinet officer.
- Henry Morgenthau, Jr., Secretary of the Treasury since 1933.
- Claude R. Wickard, Secretary of Agriculture since 1940.
- Henry A. Wallace, Vice-President of the United States.
- John E. Rankin, Democratic Representative from Mississippi.
- Joseph F. Guffey, Democratic Senator from Pennsylvania.
- Hamilton Fish, Republican Representative from New York.
- Harry L. Hopkins, Special Assistant to the President.
- Francis Biddle, Attorney General of the United States.
- Paul V. McNutt, head of War Manpower and Federal Security agencies.

Told Mr. Smith and Mr. Shaeffer that
the Secretary said he would be glad to co-
operate on this.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE May 4, 1944

TO Mr. Fred Smith

FROM Mr. Shaeffer *l.p.s.*

Partly because he thinks the Secretary was hit below the belt by LOOK MAGAZINE, Nick Gregory of the PHILADELPHIA INQUIRER is planning to do a piece for COLLIERS on Foreign Funds Control in which he will give the Secretary a very ardent pat on the back.

Nick points out that such an article would do much to offset the bad taste left by LOOK inasmuch as COLLIERS has many times the circulation of the picture periodical.

Also, he is completing a book on "Profiteering in War", and there are a few questions involved which he desires to discuss with Mr. Morgenthau.

He appreciates Mr. Morgenthau cannot service the Foreign Funds story, but feels he would be glad to issue a strong directive to the Division after hearing the outline of what Nick proposes to write.

Could such a conference with the boss be arranged?

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE MAY 4 1944

TO Secretary Morgenthau
FROM Mr. Haas
Subject: Current Developments in the High-grade Security Markets; Bank Earnings

I. Government Securities Move in Narrow Range

The market for taxable Government securities has moved within a narrow range during the present calendar year, but the general trend has been upward. A week ago, most taxable issues were selling at or near their highs for the year; but they have since registered modest declines.

Fluctuations in the prices of the partially tax-exempt securities have been somewhat greater than in the case of the taxable issues. Since reaching their highs for the year in the first week of March, partially tax-exempt bonds have declined as much as 1-7/32 in the case of the longest-term bonds which are now quoted at or around their lows for the year. The decline in prices of the medium-term issues has been more modest. It should be noted, however, that partially tax-exempt Treasury securities are still selling at prices substantially above their pre-Pearl Harbor levels.

II. Excess Reserves Near Ten-Year Low of March 29

On the last weekly report date in April, excess reserves of all member banks were \$640 millions, only \$10 millions above the 10-year low established on March 29 (Chart I). In that period of four weeks, Federal Reserve purchases of Government securities amounted to \$701 millions (net), more than enough to offset the effects of gold outflow (\$171 millions), increase of foreign deposits (\$65 millions), and increase of money in circulation (\$359 millions). However, the increase of required reserves resulting from the growth of deposits was nearly \$100 millions greater than the outflow of Treasury funds from the Federal Reserve Banks. This factor, together with small changes

Secretary Morgenthau - 2

in various subsidiary items, held the net increase in excess reserves to \$10 millions between March 29 and April 26.

It should be noted, however, that between the dates of these recent low points, excess reserves rose to \$986 millions on April 12. It is, of course, impossible to avoid week-to-week fluctuations, sometimes of considerable magnitude, in the excess reserves of 6,700 individual member banks. It would appear, however, that the average level about which such fluctuations occur has been allowed to fall in recent weeks, in which case the money market is approaching the Fifth War Loan in a less liquid position than it enjoyed before previous loans. This situation may be due in part to the diminishing supply of Treasury bills in the market. The Federal Reserve Banks held \$7.4 billions, or 57 percent, of the total outstanding on April 26. Weekly reporting member banks in central reserve cities held \$1.3 billions. The prospective increase in bill offerings should result in a more liquid position.

III. National Bank Earnings at New High

National bank earnings rose to a new high in 1943, the 5,046 national banks active at the close of the year reporting net profits, after taxes, of \$350 millions for 1943. This compares with net profits of \$243 millions in 1942 and the previous high of \$314 millions reached in 1936.

By far the most important factor contributing to the increase in bank earnings during 1943 was the increase in revenue resulting from the substantial expansion of bank holdings of United States Government securities. Interest and dividends on securities in 1943 were \$150 millions greater than in 1942. This increase was offset in part by a decline of \$67 millions of interest and discount on loans. Substantial gains in recoveries on securities and loans, and profits on securities sold or redeemed also contributed to the better earnings record in 1943.

Profits (after taxes) of national banks during 1943 represented a return of 8.9 percent on invested capital as of the end of the year. This rate of return was moderately below the rate of 10.0 percent earned in 1936, but has been exceeded in only a few years since national bank earnings figures first became available in 1869.

Secretary Morgenthau - 3

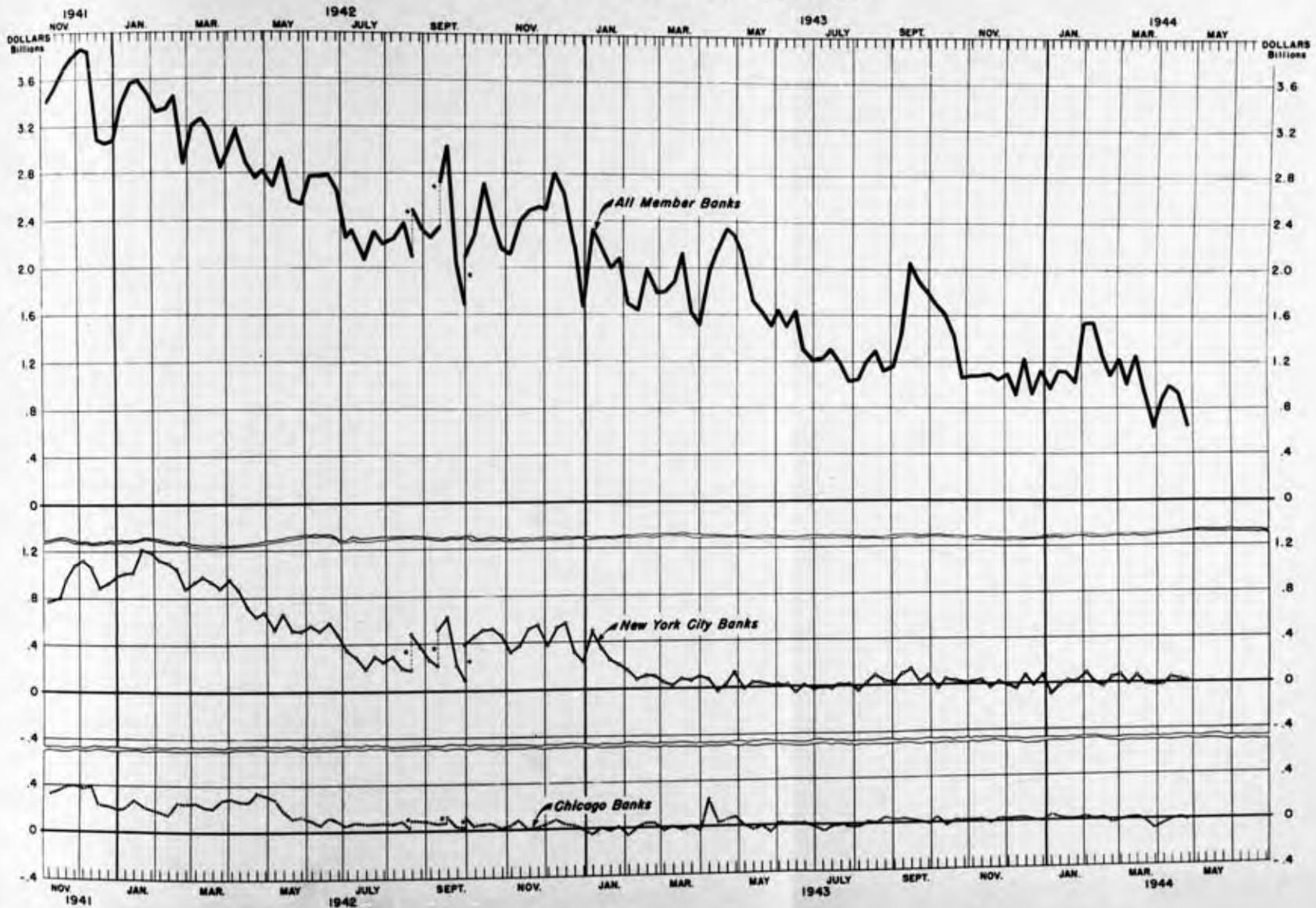
IV. Bank Stocks Continue to Rise

Since their lows at the close of April 1942, quotations for the capital stocks of banks located inside and outside of New York City have risen substantially. Stocks of banks in New York City are currently as high as they were in the latter part of 1939. Those of banks in other cities are now at their highest levels since the fall of 1937 (Chart II). The Dow-Jones Composite Average of sixty-five corporate stocks has also registered a marked rise during this period, but the performance of the bank stocks has been considerably better. The rise in bank stock quotations during the past two years would seem to indicate that the fears expressed in some quarters regarding bank earnings prospects have not been shared by those who have invested their funds in the capital of these institutions.

Attachments

Chart I

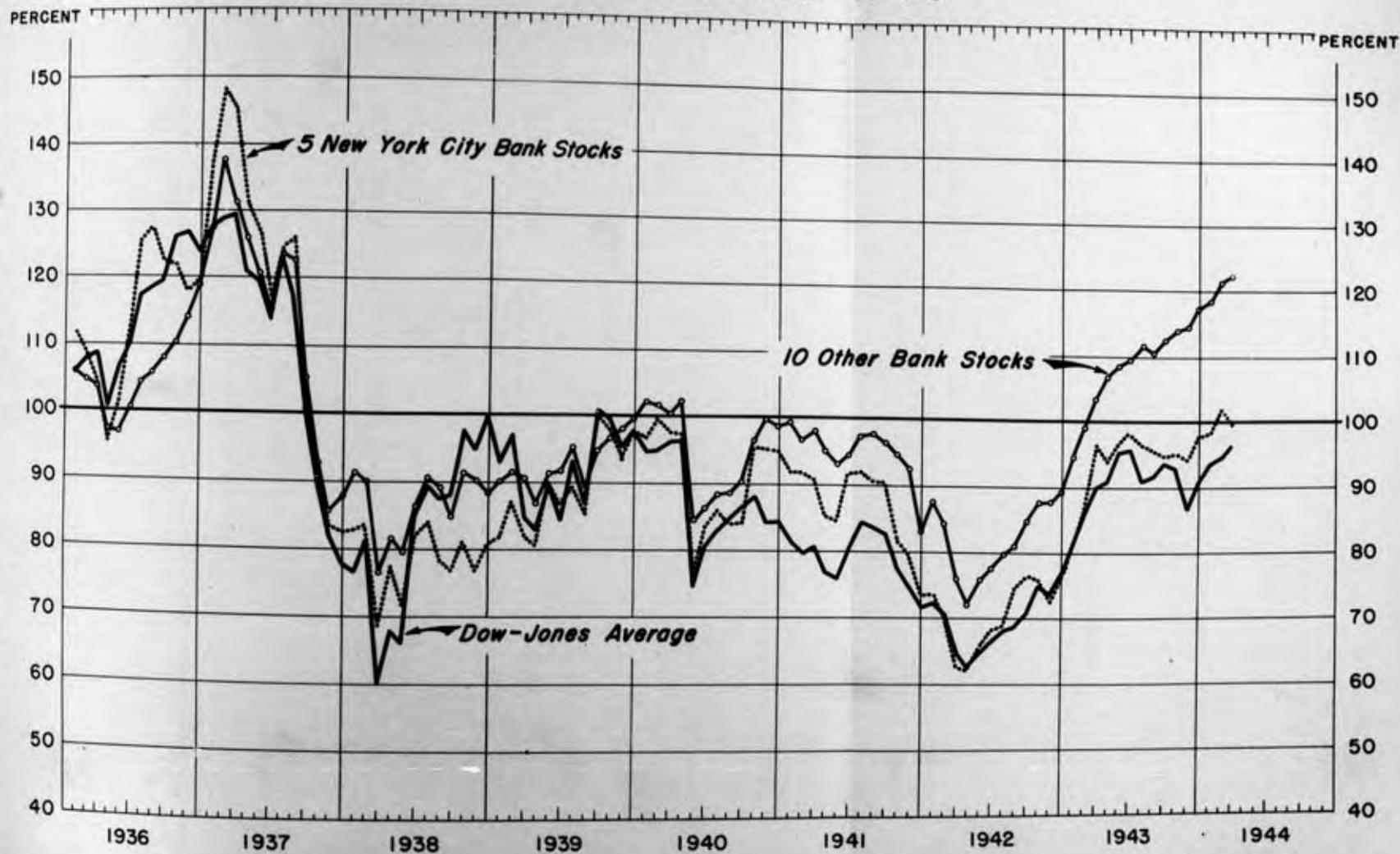
MEMBER BANK EXCESS RESERVES



* Change in reserve requirements

PRICES OF BANK STOCKS INSIDE AND OUTSIDE OF NEW YORK CITY AND THE DOW-JONES AVERAGE OF 65 STOCKS

End of Month Quotations, 1936 - '39 = 100



Secretary Morgenthau

Mr. Haas

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Secretary Morgenthau - 3

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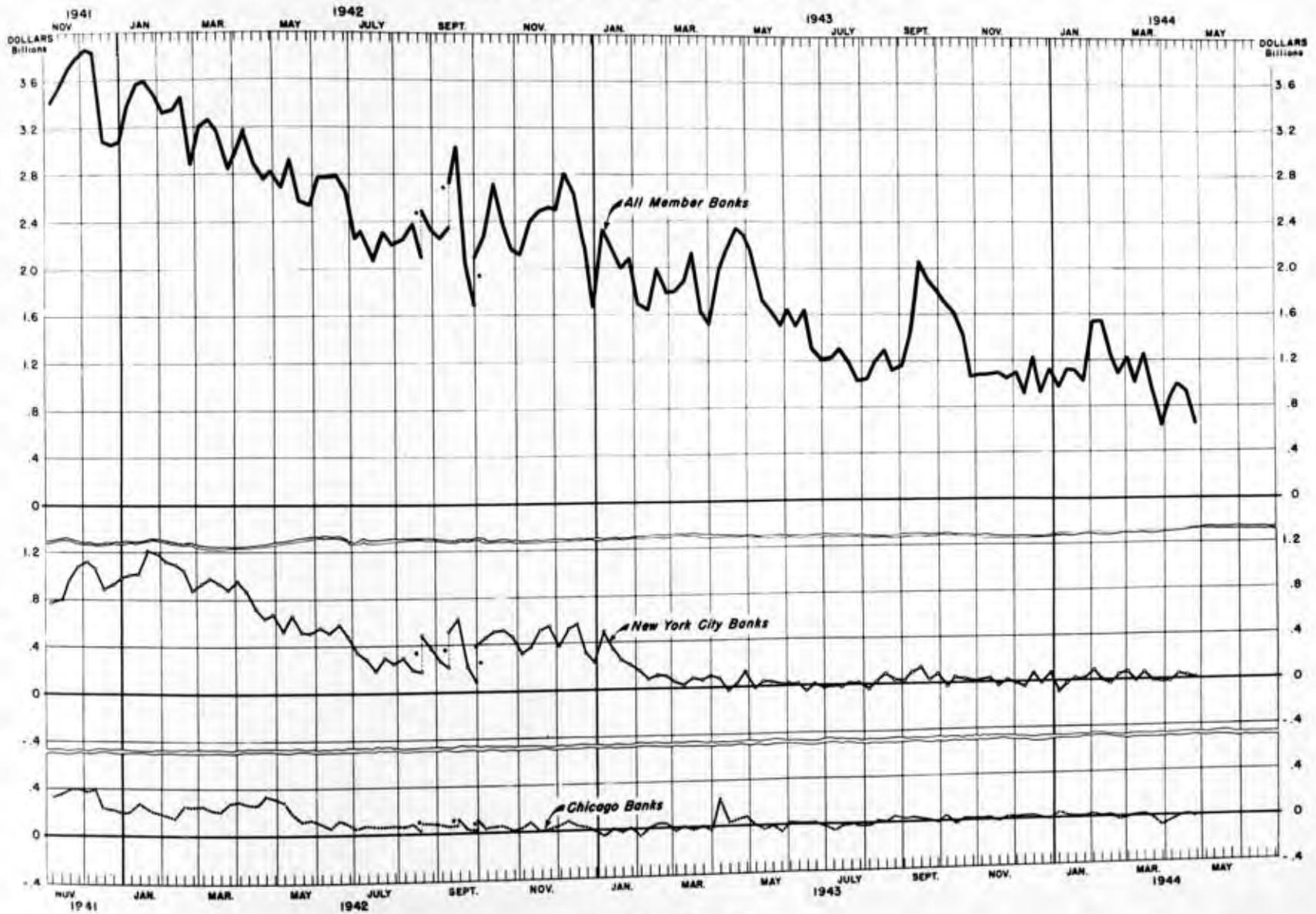
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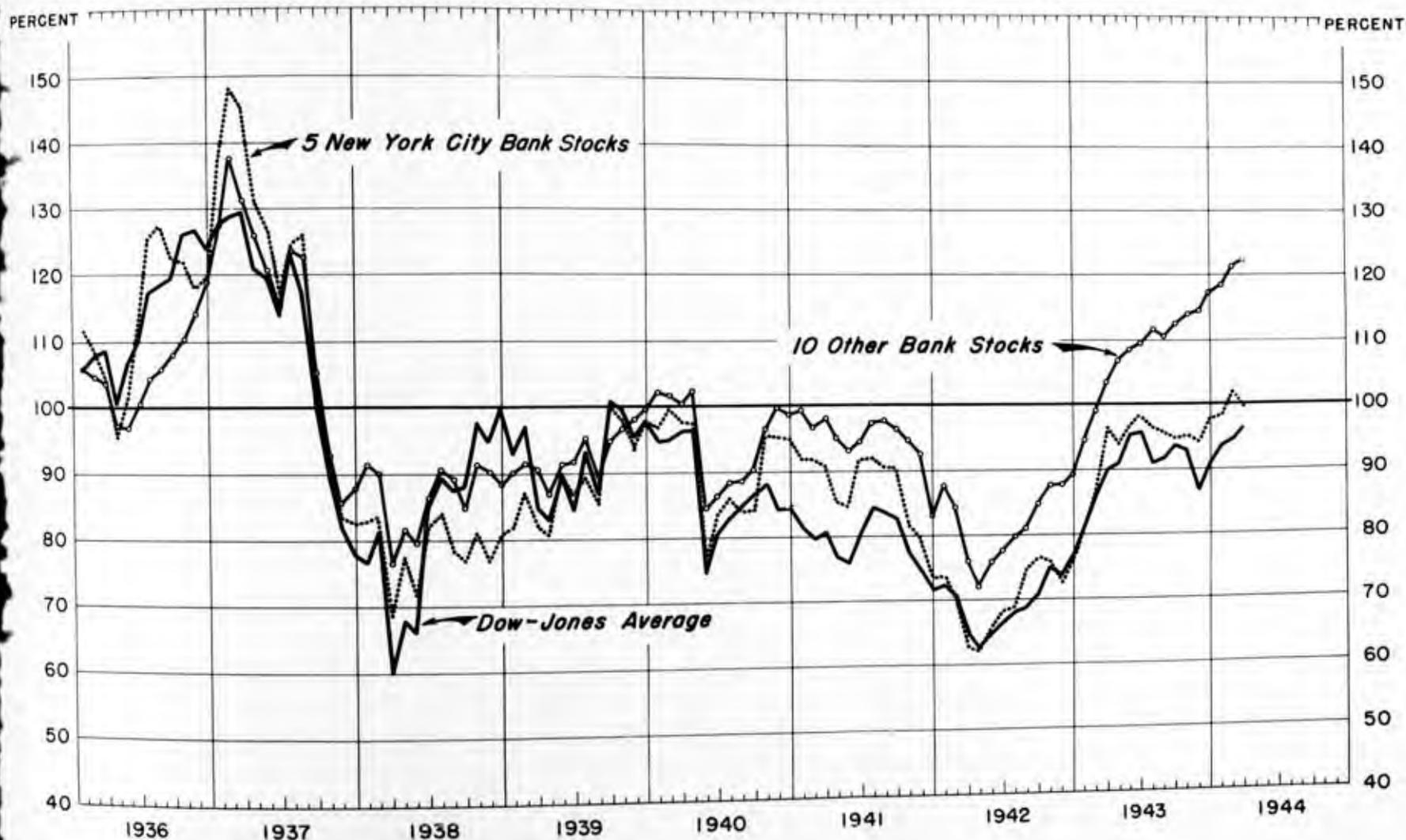
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*Change in reserve requirements

PRICES OF BANK STOCKS INSIDE AND OUTSIDE OF NEW YORK CITY AND THE DOW-JONES AVERAGE OF 65 STOCKS

End of Month Quotations, 1936 - '39 = 100



MAY 4 1944

My dear Mr. Secretary:

I have received your letter of April 21 regarding the use of area within the Washington Monument grounds to be used for the exhibition of captured enemy air combat equipment as a means to promote the sale of War Savings Bonds during the Fifth War Loan Campaign, the recruitment of Air Wacs and the stimulation of general morale.

After investigation by representatives of the Army Air Forces and the Treasury Department it is found that the alternate site suggested by you has many advantages over the original proposed area. I therefore want to thank you for your suggestion and cooperation.

The Treasury Department will take complete responsibility for the rehabilitation cost of the site at the conclusion of the show.

I assume that the Department of Interior (National Capital Parks Service) is agreeable to joining the Army Air Forces and the Treasury Department (D. C. War Finance Committee and the Welfare and Recreation Association) in the sponsorship of this exhibit, as suggested in my letter of April 14.

I again thank you for your kind consideration.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Honorable Harold L. Ikes
Secretary of the Interior,
Washington 25, D. C.

H Lynch/vb

THE SECRETARY OF THE INTERIOR
WASHINGTON

Apr. 21, 1944

My dear Mr. Secretary:

I have received your letter of April 14 requesting the use of the area within the Washington Monument grounds bounded by Fourteenth and Fifteenth Streets, Constitution Avenue and Madison Drive from June 4 to September 4, inclusive, for the exhibition of captured enemy air combat equipment as an instrumentality in promoting the sale of War Savings Bonds during the Fifth War Bond Campaign, the recruitment of Air WAC's, and the stimulation of the general morale.

This Department is anxious to cooperate with the Treasury and War Departments in the accomplishment of their objectives, but the use of the above-described area would be detrimental to the park values within the site. The large trees located therein were subjected to hard treatment during the "Back the Attack" show held in the Washington Monument grounds in September 1943, and it will require considerable time and care before they will regain normal vigor. The lawn also required rehabilitation and the new turf is just beginning to establish itself. It would be a mistake to subject the area to intensive use during the coming season.

I suggest, as an alternate site, an area immediately south of the proposed site. This area is within the Monument grounds and is bounded by Madison and Jefferson Drives, Fourteenth and Fifteenth Streets. It is an open space, a feature which should lend itself more readily to the installation of exhibits. Moreover, it has the advantage of being on a higher elevation and therefore would be more readily observed by the public. The conveniences of a comfort station are provided in close proximity to this area. It also is located within view of the Sylvan Theatre, which it is understood will be used for the presentation of special features in connection with the War Bond Drive.

I am agreeable to granting a permit for the use of the last-named area, provided that the Treasury Department will assume complete responsibility for its rehabilitation at the conclusion of the show. It has been estimated that the cost of rehabilitation would be approximately \$1,000.00.

Sincerely yours,

(SGD.) Abe Fortas

Acting Secretary of the Interior

Hon. Henry Morgenthau, Jr.

Secretary of the Treasury

WAR FINANCE COMMITTEE CHAIRMEN

W. Randolph Burgess	New York, New York
G. Ruhland Redmann	Philadelphia, Pa.
Renslow P. Sherer	Chicago, Illinois
Walter W. Head	St. Louis, Missouri
Philip J. Trounstone	Cleveland, Ohio
Robert H. Moulton	Los Angeles, Calif.
Merrill Cooley	San Francisco, Calif.
F. Winchester Denio	Boston, Mass.
Eugene C. Pulliam	Indianapolis, Ind.
Frank N. Iseby	Detroit, Michigan
Franklin D'Olier	Newark, New Jersey

(Secretary planned to phone these men, but
changed his mind)

5/4/44.



Original to Mr. Gamble
Photostats to Mr. Bell
Mr. Smith

WAR DEPARTMENT
WASHINGTON

MAY 4 1944

The Honorable,

The Secretary of the Treasury.

Dear Mr. Secretary:

Officers in the headquarters of service commands for liaison with the Treasury Department and State War Finance Chairmen have been designated as follows:

First	Major William T. Coloney, CMC
Second	Colonel George W. Hinman, Jr., GSC
Third	Colonel James P. Wharton, Inf.
Fourth	Major Harold A. Tyler, MI
Fifth	Major Joseph F. Deutschle, GSC
Sixth	Lt. Col. Oscar N. Taylor, GSC
Seventh	Lt. Col. Robert W. Reed, AGD
Eighth	Captain John L. Briggs, AUS
Ninth	Lt. Col. Irvin Clawson, Inf.
Military District of Washington	Colonel William F. Rehm, GSC

You will note that six of these officers served in a similar capacity during the Fourth War Loan Drive.

Let me again assure you of our desire to cooperate fully with the Treasury Department in the forthcoming drive.

Sincerely yours,

Henry L. Stimson
Secretary of War.



TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date
May 4, 1944TO Secretary Morgenthau
FROM Fred Smith *FS*

Re: Schenley Indictments

I think it is understandable that when we turn over evidence on such cases to the Department of Justice, the Department of Justice handles matters by itself up until the time the case breaks. It is too much to expect them to think of us.

I am suggesting to Shaeffer that our Public Relations enforcement man, Coffelt, get in touch with the Department of Justice, with the help of Joe O'Connell, and with the idea of cooperating on the publicity that results from such cases.

May 8, 1944

Fred Smith
Secretary Morgenthau

Re: Schenley Indictments

I cannot understand why in a case like this, where the evidence was furnished by us to the Department of Justice, that we do not get some credit for it in the newspapers. I wish you would look into this matter and report to me.

May 3, 1944

MEMORANDUM FOR SECRETARY MORGENTHAU

JLS

From: Assistant Secretary Sullivan

Re: Schenley Indictments

Mr. Dwight Avis of the Alcohol Tax Unit informs me that the Alcohol Tax Unit instigated the above investigations and carried them on to the point where it became desirable to have grand jury inquiry. The Alcohol Tax Unit then called upon the United States District Attorney of New Jersey to assist in the investigation through the use of a grand jury. The Department of Justice came into the case at our request.

TICKER NEWS
1:01 P.M.

WCNS

May 2, 1944

The Department of Justice announced that Schenley Distillers Corporation of New York and 11 other defendants have been charged with conspiring to deal in a liquor black market involving 15,000 cases of liquor and with falsifying Internal Revenue reports.

The indictment alleged a conspiracy based on an agreement between Schenley and another defendant to dispose of 15,000 cases of liquor over and above the monthly allotments assigned by Schenley to its regular distributors.

The indictment asserted that the bulk of the liquor passed into the hands of black market dealers in Georgia, Texas and Louisiana, where it was sold above ceiling prices.

May 2, 1944

MEMORANDUM FOR SECRETARY MORGENTHAU:

From: Assistant Secretary Sullivan

JHS

Re: Schenley Distillers, Inc.

This case relates to an alleged conspiracy to violate the Price Control Act by Schenley Distillers, Inc., Benjamin F. Pross, Executive Business Manager of the Wine, Liquor and Distillery Workers Union No. 1, Cluff and Pickering, a wholesale liquor dealer and principal Schenley distributor in New York City, the F & A Distributing Company, Newark, New Jersey, also a Schenley distributor, Frank Mayer & Company, a Newark, New Jersey wholesale liquor dealer, Edward Gottehrer, Jack Shapiro and Kenneth Levine, whisky brokers, by introducing into the black market approximately 10,500 cases of Schenley whisky at over ceiling prices ranging from \$6 to \$17 a case through sales to retail liquor dealers in the States of Georgia, Texas and Louisiana.

The conspiracy had its inception following a labor dispute which arose as a result of the efforts of the Schenley Company to dismantle the rectifying plant of the Oldtime Distillers, Newark, New Jersey, a subsidiary. After a strike was threatened, the dismantling of the plant was suspended and after negotiations between the representatives of the Union and certain officials of the Schenley Company, an

arrangement was arrived at whereby the Union agreed to the dismantling of the plant conditioned on the corporation's making a special allocation of 15,000 cases of whisky to one or more wholesale liquor dealers to be named by the Union. As a result of this arrangement 10,500 cases of whisky were allocated to Cluff and Pickering and on the insistence of the Company 4,500 additional cases to Austin-Nichols & Company, a New York wholesale liquor dealer, the liquor to be delivered to each concern in three equal monthly installments.

The Union's explanation of this arrangement was that these wholesalers had agreed at the insistence of the Schenley Corporation in light of this additional allocation to hire certain employees formerly employed by the Oldtime Distillers. The officials of the Schenley Corporation denied this allegation and insisted that the arrangements with Cluff and Pickering were effected by the Union. The investigation made by the Alcohol Tax Unit and the grand jury disclosed that it was impossible to identify the employees hired by these concerns. The inquiry further disclosed that Benjamin F. Pross, acting in his capacity as business manager of the Union, took advantage of the labor dispute to secure this allocation of whisky and through subsequent connivance with these concerns and individuals already referred to, channeled the whisky secured into the black market. The investigation did not indicate that any of the whisky allocated to the Austin-Nichols Company was channeled into the black market.

No evidence was developed indicating that any of the cash "side money" paid in connection with these transactions was received by the

- 3 -

Schenley Corporation or any official thereof. There was, however, evidence which indicated certain officials of the company either knew or should have known that the liquor in question was being channeled into the black market. This no doubt accounts for the grand jury naming the Schenley Corporation as a defendant.

This memorandum dictated by Stewart Berkshire, over telephone.

May 4, 1944

My dear Mr. President:

In answer to your memorandum of April 8th in regard to the appointment of Mr. Shivers, the work of the Collector of Customs in Hawaii during wartime is very important, and as far as I know is being well done by the present Acting Collector, a career employee. Because of the distance and difficulty of communication, the Bureau of Customs attaches value to having in charge there during the war period a man who is thoroughly familiar with Customs law and procedure. For that reason we have not made any recommendation for an appointment.

We have been informed that Mr. Shivers would like to return to Hawaii and more or less retire into the position of Collector of Customs. We have not investigated him, but all the voluntary reports we have had about him are to the effect that he is a man of fine character.

Sincerely yours,

(Handwritten) W. H. Hargrave, Jr.

The President,
The White House.

COLLECTOR OF CUSTOMS
AT HONOLULU

THE SECRETARY OF THE TREASURY
WASHINGTON

April 17, 1944

Memorandum to the President:

This refers to your memorandum of April 8 and its attachment, which I am returning.

The position of Collector of Customs at Honolulu has been vacant since May 5, 1941, when Collector Doyle died. The Democratic Territorial Central Committee submitted several names but we did not find any of the candidates fully satisfactory. Then came Pearl Harbor and we decided it would be unwise to disturb conditions by recommending any appointment. We have an excellent Assistant Collector, Harde C. Hiberly, who has been carrying on as Acting Collector. The office is doing an efficient wartime job.

Robert Snivers was formerly F.B.I. agent-in-charge at Honolulu. We are informed he sought transfer to the mainland because the strain had affected his health. He spent some time in Florida and is now, we understand, assigned to the Los Angeles office. He would like to return to the islands, where he has many friends. While we have made no formal investigation of him, the character of his recommendations indicates he is a high-grade man and probably would make a better-than-average Collector of an ordinary Customs district.

Honolulu is not, however, an ordinary district. It is the headquarters of an important theater of military operations. The closest cooperation with the military services is essential. Due to the distance and the difficulty of prompt communication the Collector must make many independent decisions on matters that normally would be referred to Washington. These are decisions that in general require broad knowledge of Customs law and procedure. The Bureau of Customs has confidence in the informed judgment of the Acting Collector, a career man of long experience in the district. It could not have the same confidence in the judgment of a new Collector without the specialized experience which the present



Acting Collector possesses, regardless of the candidate's general character and native ability.

For these reasons I have refrained from making any recommendation for appointment of a Collector at Honolulu and believe that an appointment should not be made there until after the war.

Secretary of the Treasury.

To:

April 18, 1944

Brought in by Mrs. McHugh.

"Secretary wants to talk to you about
this."

4/18 —

The secretary said
"Let's do nothing
in the present."

W.B.

✓ FROM: MR. GASTON

Peak

THE WHITE HOUSE
WASHINGTON

April 8, 1944.

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY ✓
THE ATTORNEY GENERAL

Can you do this?

F.D.R.

THE WHITE HOUSE
WASHINGTON

April 7, 1944

MEMO FOR THE PRESIDENT

Mr. Hung Wai Ching of Hawaii, came to see me this afternoon and he wants you to know that the Hawaiians, both Democrats and Republicans, are extremely anxious to have a Mr. Shivers of the F.B.I. appointed to a position which has been vacant for a year in the Customs Service in Hawaii. Everyone out there is in agreement on this.

The difficulty apparently is that Mr. Shivers is in the FBI and this is a Treasury appointment.

Mr. Shivers story seems to be rather unique. He is a Tennessean by birth and has served for many years in Hawaii for the FBI. He had the complete confidence of the Army and Navy and after the Pearl Harbor attack, they gave him complete control of the picking up of suspect people. He has the confidence of labor and the employers. The people of mixed backgrounds all trust him and they would like to have him in the post-war period as their soldiers come home. He will be glad to spend his remaining years in Hawaii. He has been twenty-three years with the FBI.

Governor Steinbeck and Rep. Farrington are for him. They beg you to talk to Henry Morgenthau and make this appointment now.

E.R.

MX

May 4, 1944

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

(For your information; no action required)

Attached is a summary discussion of the fourth interdepartmental meeting on the incentive effects of taxation, held in the Treasury, April 20, 1944.

RB

Attachment

Fourth Meeting on the Incentive Effects of Taxation

The fourth in a series of meetings on the Incentive Effects of Taxation was held on April 20, 1944 in the Treasury Department and was attended by representatives of various Government agencies (see attached list). The discussion of business taxation was continued from the previous meeting.

Additional consideration was given to the removal of the existing discrimination in favor of loan financing by broadening the tax base, i.e., by disallowing the interest deduction. The suggestion was made that the main step in the direction of equalizing the attractiveness of equity and debt financing would be the disallowance of interest on new capital. While it was admitted that the definition of new capital would raise problems, it was suggested that refunding or borrowing of new capital to meet maturing debt obligations should not be treated as new capital.

Since this adjustment would have a very limited effect by preventing the present situation from getting worse, it was further suggested that the deduction of interest on old capital might be made contingent upon the application of the tax savings from the interest deduction to debt retirement. Or, instead of penalizing the company if debt were not reduced, a reward might be given by allowing a credit of a certain percentage of equity investment used to retire indebtedness.

Under the approach requiring liquidation of debt with the tax savings from the interest deduction, it was evident that a considerable length of time would elapse before existing debt was liquidated. For example, under a 25-percent tax it would take a hundred years to retire a 4-percent bond issue.

The question was also raised whether the impact of the disallowance of the interest deduction would, in fact, be mitigated if the tax savings resulting from this allowance had to be used for the reduction of indebtedness. If the objection to the disallowance of this deduction primarily stems from the fear of a cash shortage, this alternative requirement would be open to a similar objection, although with the same cash outlay the equity

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investment would, of course, be gradually increased. If, on the other hand, the transitional problem is rather one of avoiding a sudden increase in the tax burden on certain equity shareholders, the rule that reduction in indebtedness should be effected only to the extent of the tax saving is not especially relevant. The allowance of the interest deduction could be conditional upon the retirement of a stated percentage of outstanding debt. Or, an alternative standard to take care of hardship cases would be the use of a certain percentage of net income (after deducting interest) to be required for use in debt payment.

The question was raised whether the effect of these changes, by encouraging debt repayment, might not have a deflationary tendency, particularly under depressed circumstances. If funds which would otherwise have been spent in ways which would raise the level of employment are instead used to repay debt, the net effect may be deflationary. This result would be more likely to follow if the change in capital structures came about through a reduction in the level of capital rather than a relative shift in capital from equity to debt.

There was general agreement that, if tax revision was aimed solely at eliminating the discrimination between equity and debt capital, broadening the corporation tax base would be the more satisfactory method of achieving this result. However, if broader considerations are involved, such as the desire to eliminate the discrimination against certain kinds of unearned income, then an approach which would narrow the corporation tax base by integrating it with the individual tax base would need to be adopted. The discussion then turned to this phase of the problem.

The first question raised was whether or not undistributed corporate profits should be taxed. It was generally agreed that over time undistributed earnings should be taxed in the same way as other income. There were, however, differences of opinion as to the most appropriate time for the imposition of this tax and the point at which to levy it.

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It was held that retained earnings should not be taxed to the corporation if they were invested in new assets. However, the question was raised whether such encouragement of new investment should be tied up with any particular source of funds such as retained earnings. The point was also made that under this approach retained earnings would represent a very privileged source of investment funds. Their exemption would free them from any taxes, whereas other sources of investment funds would have to pass through the screen of the individual income tax. Furthermore, it was admitted that outright exemption of undistributed earnings would not be feasible since many corporations have used retained earnings to acquire control of other corporations rather than to acquire assets or reinvest.

The question then arose — if undistributed earnings are to be taxed, how are they to be taxed and to whom? It was pointed out that the British method of taxing corporations and the flat-rate undistributed-profits tax (given sufficient carry-overs) were identical systems of taxing corporations. Some advantages were claimed for the undistributed-profits tax on the grounds of greater ease of administration, and the elimination of the need to keep the corporation tax rate in line with the first bracket rate applicable to individuals.

The partnership method of taxing corporations was presented as the only way of retaining the progressive features of the tax system. Objections were raised to this method not only on the basis of the theory underlying it — control by stockholders over retention or distribution of earnings —, but also on administrative grounds. It was pointed out that the problem of allocating earnings to shareholders would be extremely difficult for large corporations, and that the introduction of averaging into the system would bring enormous complications.

Treasury Department, Division of Tax Research

April 29,
1944

List of people attending Interdepartmental Meeting
on Incentive Taxation, April 20, 1944

Federal Trade Commission	- Wm. H. England
Federal Reserve Board	- Evsey D. Domar R. A. Musgrave
Securities and Exchange Commission	- Roger Foster Leslie T. Fournier Walter Louchheim, Jr.
Department of Commerce	- Howard R. Bowen S. Morris Livingston
Bureau of the Budget	- Gerhard Colm
War Production Board	- P. Bernhard Nortman Herbert Stein
Office of Price Administration	- Walter Salant
Social Security Board	- Daniel Gerig
Department of Agriculture	- James G. Maddux Bushrod W. Allin
Board of Investigation and Research	- Ronald B. Welch
Federal Depositors Insurance Corporation	- Clark Warburton
Treasury Department	- Henry C. Murphy Louis Shere F. N. Campbell A. G. Hart M. Farioletti Walter Heller E. Gordon Keith L. S. Hellborn E. Cary Brown

SECRET

WAR DEPARTMENT
HEADQUARTERS OF THE ARMY AIR FORCES
WASHINGTON

SECRET	
By Authority of	
The Commanding General	
Army Air Forces AFIAN-JU	
MAY 4 1944	<i>JPT</i>
Date	Initials

200 ✓

MEMORANDUM FOR THE SECRETARY OF THE TREASURY

1. With respect to your verbal inquiry concerning the iron and steel industry in Luxemburg and the Pirelli Chemical Works in Italy, we have the following information.

2. The Pirelli Chemical Works, located in Milan, Italy, was engaged in the production of rubber, part of which was synthetic and from which tires were manufactured. This factory was hit by bombs the latter part of 1943 and in October 1943 was estimated to be two thirds destroyed.

3. The iron and steel industry in Luxemburg is estimated to produce approximately 2,000,000 tons of steel per year. There is no report of any of these factories in Luxemburg having been hit by bombs.

4. The efforts of the Eighth Air Force, as you probably know, have been directed primarily against targets where aircraft or aircraft components are manufactured and ball bearings are made, and more recently against communication targets, military objectives and airfields mostly in France, the Low Countries, and Western Germany. The iron and steel industry of Luxemburg, as you can readily see, does not fit into the type of target which now has priority on the Eighth Air Force's operations. In fact, the steel industry has never been a priority target of the Combined Bomber Offensive.

5. It may be of interest to you to point out that total German steel production is estimated to be approximately 35,000,000 tons per year, of which less than 20,000,000 tons are required for military purposes. 14,000,000 of these tons are produced in the Ruhr area. The quality of steel produced in the Ruhr is much higher than that produced in Luxemburg, primarily due to the use of Swedish ore and more modern processes and factories. The Ruhr area has been heavily attacked by the R.A.F. Furthermore, Luxemburg is one of the occupied countries of Europe and so far the R.A.F. has not attacked targets in such occupied areas.



SECRET

May 4, 1944

MEMORANDUM FOR THE SECRETARY'S INFORMATION

You requested that I furnish you with a summary of the January "freeze" of Argentine assets which I reviewed with you last night.

On January 12, 1944 Secretary Hull reviewed with you the Argentine situation. He stated that they were satisfied that the Bolivian revolution was inspired by Argentina. He said that within the next few days he would issue a statement on the matter and "rawhide" Argentina. Simultaneously they planned to recall Ambassador Armour and freeze Argentine assets.

On Friday, January 22, 1944, in your absence, several of us accompanied Mr. Paul to Acheson's office where we were informed that the President and Mr. Hull had agreed on the following Argentine program which was to be announced by Secretary Hull on Monday noon, January 24, 1944:

1. That we would not recognize the new Bolivian Government;
2. That we were aware of Argentina's part in fomenting the Bolivian revolution;
3. That we were recalling Ambassador Armour (Argentina) and Ambassador Boal (Bolivia);
4. That we were freezing Argentine assets.

Bonsal explained that the purpose of the meeting was to determine the type of freezing program we should adopt. He made it very clear that State was strongly of the opinion that we should announce the issuance of a general license covering Argentine trade at the same time we announced the freezing. Acheson in particular felt strongly about this.

- 2 -

We opposed the issuance of a general license covering trade and told State that we could guarantee 24-hour service on all trade applications. We agreed that we would not interfere with trade transactions without State's consent. We argued, however, that the simultaneous announcement of the general license would destroy most of the psychological effect of freezing and at the same time make it far more difficult for us to modify our program without public announcement. We also told them that you would have strong objections to the general license and we would have to consult you before we could agree to its issuance.

Finally Acheson stated that he would have to take the matter up with Stettinius. He returned shortly and stated that Hull and Stettinius preferred a general license but would yield to Treasury if we accepted the responsibility of not interfering with trade. We told Acheson we were prepared to accept this responsibility.

On Saturday, January 23, 1944 we sent the Executive Order by Secret Service Agent to Hyde Park for the President's signature. That same evening State sent a cable to all their Missions in Latin America informing them that Argentina would be frozen on Monday.

On Monday morning we received the signed Executive Order from the President and Stephen Early's clearance on the press release. While we were in Mr. Paul's office (about 10 o'clock) getting the various other documents signed, Stephen Early called Mr. Gaston and reported that he had received instructions to hold up the Executive Order and press release since no action might be taken. About that same time State called Mr. Paul and said that there might be a delay.

Mr. Paul advised you immediately. Shortly after 11 o'clock you called Mr. Paul and informed him that you had talked with Stettinius; that Stettinius had been in touch with Armour, who had reported that Argentina was about to break with the Axis and wanted us to hold up action. Just before 12 o'clock you called again and advised that you had

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spoken to Stettinius again, that Stettinius had discussed the problem with the President, and that it had been decided that freezing action would not be taken at that time.

Meanwhile we learned that State had issued its announcement but had avoided reference to Argentina and the recalling of Armour.

The next day Donald Hiss told us "off the record" that the Argentine Foreign Minister, Gilbert, had called Armour urgently (either Sunday night or Monday morning). He pleaded that we hold up our action and promised that Argentina would break with the Axis and take effective measures to wipe out Axis activities in Argentina. We also learned that Gilbert had called in the British Ambassador about the same time and made the same plea. It also appeared that Gilbert had been warned of the impending action, probably by the Brazilian Ambassador.

I have the further recollection that London (probably Churchill) cabled either the President or Hull urging us to hold up action.

Thereafter President Ramirez of Argentina did break with the Axis as promised and he was promptly forced to resign by Colonel Peron (dominant man in Colonel's clique) and Farrell was made the puppet President of Argentina. This was the end of Argentine cooperation with us in taking effective measures against the Axis and the beginning of a whole series of actions directed against American and British interests in Argentina.

State refused to recognize Farrell and Colonel Peron (who had been the chief antagonist against the United States and Britain) began to lose power in favor of General Perlinger, Minister of War, who was even more extreme than Peron in his hatred of the United States.

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Cable No. 1069 of April 26, 1944 from Armour reports that Perlinger's position is growing stronger and that Peron is apparently attempting to be more moderate toward the United States in an effort to strengthen his position. Armour concludes:

"A reorientation of the anti-American policy of this Government and the possibility of constructive changes in the Cabinet are diminishing. That we are engaged in an endurance test with a regime which appears to be confident it can hold out longer than the united front of the nations refusing to maintain normal relations with it is the situation which must be faced by us."

AS

MAY 4 1944

My dear Mr. Ambassador:

This will introduce to you Mr. William H. Taylor, who will serve as United States Treasury Representative on the Combined Civil Affairs Committee, London, under arrangements approved by the Departments of State, War and Treasury in Washington.

Mr. Taylor is thoroughly versed in the financial and monetary aspects of civil affairs problems. He landed with the invasion forces in North Africa and was Treasury Representative on the North African Economic Board until his return to Washington in March 1943. After his return, Mr. Taylor was given primary responsibility, under Mr. White, for the handling of all civil affairs problems affecting the Treasury.

You will also be interested in knowing that Mr. Taylor was alternate United States member on the Chinese Currency Stabilization Board, and served in that capacity until interned in Hong Kong in January 1942.

I have asked Mr. Taylor to act generally as Treasury Representative in London on all matters arising out of the anticipated military operations as well as on those matters specifically before the Combined Civil Affairs Committee. Mr. Taylor has been instructed to keep you fully informed and to consult with you about these matters. In order that I may be kept fully informed and that I may communicate with Mr. Taylor, I would greatly appreciate it if you would permit the transmission of cable messages through the Embassy for this purpose.

I have asked Mr. Taylor to cooperate fully with you and the members of your staff. Needless to add, I hope

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that you will not hesitate to draw upon his experience and his services whenever you feel that he can be helpful to you.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Honorable John G. Winant,
American Ambassador,
London, England.

LCA:meu
5/3/44

TREASURY DEPARTMENT

207 *7*

INTER OFFICE COMMUNICATION

DATE May 4, 1944

TO Secretary Morgenthau

FROM Mr. White

Subject: U. S. S. R. and the League of Nations

1. On December 11, 1939 the League of Nations requested the U.S.S.R. to cease hostilities and negotiate a settlement with Finland.

2. On December 12, 1939 in a note from Molotov to the Secretary of the League of Nations the U.S.S.R. stated "the Soviet Government thanks you Mr. President for the kind invitation to take part in the discussion of the Finnish question. At the same time the Soviet Government informs you it is not in a position to accept this invitation for the reasons given in the telegram of December 4 from the Commissariat of Foreign Affairs sent in respect to a communication from the Secretary General". (The December 4th telegram contained an explanation by the U.S.S.R. for the hostilities with Finland).

3. On December 13, 1939 a League of Nations Committee of 13 report, condemned the U.S.S.R. for aggression against Finland, urged cooperation and aid to Finland and alleged that Russia had by her own action placed herself outside the League Covenant. (This report was drafted by a sub-committee composed of representatives of Britain, France, Sweden, Bolivia and Portugal).

4. On December 14, ¹⁹³⁹ the U.S.S.R. was formally declared by resolution of the Assembly of the League no longer a member of the League of Nations.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

208

DATE May 4, 1944

TO Secretary Morgenthau

FROM Mr. White *JPW*

Subject: U.S. - U.S.S.R. Negotiations on Extension of Lend Lease Credits.

Summary of Agreement Reached to Date

A. No substantial agreement has yet been reached in the conversations held by Harriman with Mikoyan on the proposals put forward by the Foreign Economic Administration and the State Department with regard to the extension of lend lease credits under the Fourth Protocol for capital equipment of post-war utility.

B. The U.S.S.R. has expressed its satisfaction that reconstruction equipment which will aid in the further prosecution of the war will be made available under lend lease and has agreed to repay in full for such equipment as is undelivered at the termination of hostilities. No agreement has been arrived at, however, with regard to the terms of repayment - or the classification of equipment items as between those which are primarily of war or post-war utility.

C. The U.S.S.R. has agreed to transmit detailed information regarding equipment requirements under their long range reconstruction program, to the U. S.

A P P E N D I XSummary of Negotiations

A. Early in March, Harriman was informed that the FEA and State Department approved the continued shipment of such capital goods under lend lease as would contribute to the fullest prosecution of the war. It was proposed, that in view of the fact that some of the equipment may be undelivered at the conclusion of hostilities that the U.S.S.R. agree to take equipment in certain categories, undelivered at the conclusion of hostilities, under a separate contract calling for full payment with appropriate terms of interest and amortization. Harriman was also requested to procure a detailed list of items required by the U.S.S.R. under their long range reconstruction program.

B. After preliminary conversations, on the above proposal, the Russians suggested an interest rate of 1/2 of 1% with repayment not to begin until the 16th year; payments thereafter to be made in equal annual installments over a twenty-year period.

C. Harriman then advised the State Department that he concurred with the U.S. proposal that an interest rate approximating the present rate of U.S. Government long-term securities should apply to the Russian credits. He also recommended that an accelerated schedule of repayment should be adopted five years after commencement of the credits and the total credits extended should be amortized over 30-year period. Harriman advised that agreement would have to be reached on each lend lease item to be shipped as to whether it fell under Article II of the proposed agreement which covered direct war purposes, or Article III which covered post-war items. Harriman further recommended that the detailed terms of the proposed agreement be negotiated in Washington.

D. In response to Harriman's cable, the State Department set the following terms as the basis for further negotiations-- an interest rate equal to the present average rate of cost on the U.S. public debt or 2.1%; amortization over 20 years after a period of 3 years of grace.

- 3 -

It was estimated that the value of lend lease shipments to the U.S.S.R. under the Fourth Protocol for the next 15 months would aggregate \$300 to \$500 million.

E. When informed of the proposed terms for the Fourth Protocol, Mikoyan stated that he did not understand the distinction drawn between goods under Article II and Article III inasmuch as all projects submitted under the Fourth Protocol would be useful for the prosecution of the war and could be quickly installed. Mikoyan also stated that he hoped the financial terms now under consideration in Washington could be improved. Mikoyan then provided an estimate of U.S.S.R. equipment requirements under the Fourth Protocol, to be delivered by the end of 1945, valued at \$1 billion.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE May 4, 1944

TO Secretary Morgenthau
FROM Mr. White *HPW*
Subject: Exchange Rates for Western Europe

1. The Belgians have recommended a rate of 176.625 Belgian francs to the pound or 43.827 francs to the dollar (1 Belgian franc equals \$.022817).

The Dutch have recommended a rate of 10.691 Netherlands guilder to the pound or 2.6529 guilder to the dollar (one Netherlands guilder equals \$.37695).

These rates have been computed on the basis of the cross rate of \$4.03 to the pound.

2. The new rates set for the Belgian franc and for the Netherlands guilder represent a depreciation of about 30 percent as compared with the official pre-war rate.

3. The French are inclined to set the rate for the franc at \$.02. However, we have not received official word as to the official French recommendation with regard to the rate. M. Mendes-France, Minister of Finance for the French Committee of National Liberation, is expected in Washington on Friday to discuss the French rate of exchange with you.

4. The Treasury has not received any official word as yet from the Norwegian Government-in-Exile as to the rate of exchange it proposes to set. The British, however, have informed us that the Norwegian Government has proposed a rate of 20 Norwegian crowns to the pound or 4.9628 Norwegian crowns to the dollar. (The Norwegian crown equals \$.2015). This represents a depreciation of about 13 percent as compared with the pre-war rate.

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD

INTER-OFFICE COMMUNICATION

24 212 ✓
DATE

MAY 4 1944

TO Secretary Morgenthau
FROM Mr. Pehle

I am attaching herewith a copy of
the report of the War Refugee Board for April 24
to 29, 1944.



Attachment.

Developments during the week of
April 24 - 29, 1944

1. COOPERATION WITH OTHER GOVERNMENTS

(a) United Nations

(1) Great Britain

In a cable from Ambassador Winant we have been advised that, in line with our request, the British Government has been asked to approve the diversion of a Swedish ship from the Greek relief fleet for the purpose of carrying additional refugees from Constanza to Turkey. Because of the urgency of the matter, Winant simultaneously approached the head of the Relief Section in the British Ministry of Economic Warfare. Although the reply of the British Government has not yet been received, Winant reports that the MEW official has now agreed to such a diversion. Choice of the ship to be diverted would be left to the Swedes, though use of the "S.S. Bardalanda" seems most likely if Russian and German naval and air safe-conducts can be obtained.

We are asking Winant to take up with the Swedes the matter of the use of such a boat as soon as formal British approval has been obtained. We are also asking Winant to inform the Swedes that the necessary financial arrangements for the use of the vessel will be made by the Board.

In response to a line of action previously suggested to Winant, both the British Foreign Office and the Ministry of War Transport have now been approached on the matter of enlisting the assistance of the British representative on the Mediterranean shipping board (MEDBO) in exploring the possibility of arranging for the use by the Turkish Government of an Italian ship during the projected diversion to evacuation operations of a Turkish vessel. "Generally favorable" instructions are reported to have gone forward on this score.

Information available to the Board indicates that Switzerland and other neutral countries contiguous to enemy-held territory would be in a position to receive larger numbers of children and presumably of adult refugees from enemy oppression if facilities for additional imports of clothing and foodstuffs were granted. Accordingly, we are cabling Winant, asking him to undertake to obtain from the

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appropriate British authorities prompt concurrence in our position that definitive assurances should be given to the neutrals that additional food and clothing will be allowed through the blockade, subject to appropriate safeguards, in amounts sufficient to meet increased needs arising from their reception of refugees. We have been advised in this connection that a meeting held at the Ministry of Economic Warfare in London in March, to discuss with the Swiss the possibility of their receiving still more child refugees from German-held territory, touched upon this question.

Dorothy K. Brown (Mrs. La Rue Brown) has been named assistant to the Board's Special Representative in Great Britain. The Board's Special Representative for that country is yet to be named.

(ii) Russia

In a recent cable to Moscow we indicated to Ambassador Harriman that, subject to his approval, we proposed to name Robert J. Scovell, former representative of the American Red Cross in Russia and now on the headquarters staff of that organization, as Special Representative of the Board in the Soviet Union with the designation as Special Attache to the Embassy on war refugee matters. Harriman has replied that in his opinion it would be definitely inadvisable that such a representative be sent to Russia. Matters of this sort, he pointed out, must be handled with high officials of the Soviet Government who do not receive attaches or junior officers of the Embassy. It was also suggested that such a representative would not be permitted to travel about the country or to develop direct contacts with various agencies of the government. In the event of any substantial increase in the volume of war refugee work in Russia, however, Harriman indicated that he would wish to review the situation and at that time express his views as to the type of representative required for the work involved.

(iii) French North Africa

In a despatch from the U. S. Legation in Algiers we have been advised that the question of the issuance of special instructions by the French Committee of National Liberation to implement cooperation with this Government on war refugee matters has been discussed with a French official. The issuance of a declaration of policy similar to the President's statement of March 24 is also reported to be under consideration.

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(iv) Australia

According to a cable from Canberra the U. S. Legation there has sent a formal note to the Minister for External Affairs, stressing the urgency of the refugee question and asking for Australian cooperation. A reply stating the position of the Australian Government has been promised at an early date.

(v) India

We have been advised through the U. S. Mission in New Delhi that a reply has been received from the Indian Government in response to the Mission's note requesting cooperation in war refugee matters. India's refugee problem, according to this reply, is "probably greater than that of any other allied or neutral country." An official statement accompanying the reply indicates that in addition to some 500,000 evacuees from British colonies in southeast Asia and from China, an estimated 3500 Poles and a scattering of Europeans of various other nationalities have been given refuge in India since the outbreak of hostilities. The Indian reply points to the possibility of a "further liability for 8,000 additional Poles." It is also suggested that the advance of the Allied armies into Burma may well result in a renewed flow of refugees from Burma into India. "In the light of the present food and accommodation problems and the general economic situation" the Indian Government concludes that it is not in a position to accept more war refugees.

(vi) Greek Government-in-Exile

In a recent report from the American Consul General in Istanbul we were advised that the task of rescuing many hundreds of Jews in Greece now threatened with deportation and death is primarily a question of organization and financial support. We have in turn asked the Consul General to develop in greater detail his suggestions for the evacuation of Greek Jews and non-Greek refugees in cooperation with local patriots and Allied escape services operating in that area. We have also indicated that we believe it is possible to arrange for the necessary funds and assistance.

In a cable to Ambassador MacVeagh and Minister Kirk in Cairo we are indicating that, subject to their approval, we propose to appoint Charles R. Joy, acting executive director of the Unitarian Service Committee, as the Board's Special Representative for Greece, Egypt, and Yugoslavia, with the designation as Special Attache to both the Embassy and the Legation on war refugee matters.

(b) Neutrals(1) Spain

Ambassador Hayes reports that he has transmitted to the Spanish Ministry of Foreign Affairs a copy and translation of the President's statement of March 24, with the request that it be given the fullest measure of publicity in Spain. The only mention known to have been made on this subject in the Spanish press to date was that contained in a brief syndicated despatch appearing in Madrid newspapers.

We have recently asked Hayes to inform appropriate Spanish officials of the plight of the 400 Sephardic Jews, Spanish nationals recently interned in Athens. This approach toward obtaining their recognition as Spanish nationals and their consequent protection is in addition to that which we requested Tittmann to make through the Vatican.

(11) Portugal

We have asked Minister Norweb and Board Representative Dexter to lend all possible assistance to the representative of the American Jewish Joint Distribution Committee in Lisbon in his efforts to obtain a Portuguese ship for the purpose of evacuating refugees from Rumania to Turkey.

(111) Sweden

It has been reported that several Polish ships carrying food and clothing originally intended for the Polish civilian population have been tied up for some time at Stockholm. We are asking Minister Johnson and Board Representative Olsen to attempt to verify this report and, in the event it proves to be accurate, to report in detail on the ships and their cargoes.

(iv) Eire

Minister Gray reports from Dublin that an affirmative reply has been received from the Irish Department of External Affairs in response to our request that Eire guarantee to receive 500 Jewish refugee children from Switzerland. The Irish indicated, however, that so far they have had no success in securing permission for Jews to leave occupied countries. Accordingly, it was suggested that this Government ask the Swiss Government to obtain the necessary permits, even though the Irish Charge d'Affaires in Berlin has been instructed to make a similar request.

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(c) Latin American Countries

(1) Haiti

We have been advised by Charge d'Affaires Chapin at Port-au-Prince that a reply has been received from President Lescot with respect to Haitian cooperation in war refugee matters. Lescot pointed out that, contrary to previous reports, it was his intention that Haiti's contribution -- in the form of profits from the state lottery -- be made available to the National War Fund, United Nations Relief Wing, rather than to the War Refugee Board.

Lescot indicated, however, that the Haitian Government is now looking into the possibility of organizing through the state lottery a special drawing, from which all profits would be turned over to the Board.

(ii) Panama

The U. S. Embassy in Panama has transmitted a memorandum from the Panamanian Foreign Office in connection with the proposal that Panama cooperate with this Government in war refugee matters. In this memorandum the Ministry of Foreign Relations indicates that it will lend its "decided cooperation" to the realization of the principles represented in the Board's work.

(iii) Peru

In a cable from Lima Ambassador White reports that he has requested a statement from the Peruvian Foreign Minister on the matter of possible cooperation in the rescue and relief of refugees.

(d) Conditions in Hungary

In a cable from Minister Harrison in Bern we have been advised of a report from Budapest to the effect that while Jews are not now to be concentrated into a ghetto, they will be assigned to districts where "terroristic aviation attacks are to be expected." The Hungarian press early in April is said to have announced the evacuation of residential quarters in the exposed factory and other districts of the capital and its suburbs, and it is apparently into such areas that the 400,000 Jews reportedly residing in the Hungarian capital are to be moved.

2. RESCUE AND RELIEF PROJECTS

(a) Relief through Vatican to Jews in Rome

The American Jewish Joint Distribution Committee has asked the British Foreign Office to return to it the \$20,000 remitted some time ago to London in connection with the provision of relief to Jewish refugees in Rome. These funds are to be placed in a blocked account in the United States in the name of Delasem, the recipient organization in Rome. London and Bern have been requested to notify Delasem that the JDC is establishing an additional credit up to \$100,000 for the balance of 1944, against which Delasem is authorized to borrow in Italy.

(b) JDC Food Parcels

On April 26 the Treasury Department, upon our recommendation, issued a license to the JDC permitting it to send up to \$5,000 to its representative in Lisbon for the purchase in Portugal of food for individual parcels to be distributed to internees in enemy territory. This license will enable the JDC to send food parcels "on an experimental basis" to internees in a camp at Celle near Hanover, Germany, and is in addition to the food package licenses previously issued to the JDC permitting it to supply food parcels to internees for Czechoslovakia, Poland and the Netherlands.

(c) Evacuation of Children from France to Spain and Portugal

We have been advised by Minister Norweb of a report from the JDC representative in Portugal that six children have arrived in Spain as the first in a series of groups being brought through the Pyrenees by professional guides.

Board Representative Dexter has brought to our attention certain proposals on the part of Isaac Weissman, representative in Portugal of the World Jewish Congress, concerning the eventual destinations of refugee children arriving in Portugal from France. We are advising Dexter that the problem of where to send the children who are being rescued should be determined after they have reached safety, on the basis of facilities existing at that time.

(d) Evacuations from Spain to Lyautey

We have recently been advised through the JDC representative in Lisbon that the French are refusing to clear for admission to Camp Lyautey Sephardic Jews arriving in Spain after March 1 of this year. On the basis of the

- 7 -

reported ruling, 50 such refugees now in Perpignan, France, awaiting admission into Spain, as well as others still en route, would be excluded, since the Spanish Government will do nothing to rescue Sephardics unless it is assured that they will be removed from Spain soon after arrival.

In a cable to Board Representative Ackermann we are asking that the report be investigated. If the report proves to be correct, we are instructing Ackermann to take up at once with French representatives the matter of obtaining a reversal of the ruling.

(e) Evacuation to and through Turkey

Ambassador Steinhardt has advised us of the safe arrival in Istanbul of the "S.S. Bellacitta" with 152 Jewish refugees on board. We have also been advised of the safe conclusion of the second voyage of the "S.S. Milka" with 272 refugees on board. 907 refugees were evacuated during the month of April from Constanza across the Black Sea to Turkey. All of the refugees have been permitted transit through Turkey to Palestine.

Another report from Steinhardt indicates that information has reached the International Red Cross representative in Ankara to the effect that if the projected destination of the "S.S. Tari" were changed from Haifa to Iskenderun (Alexandrette), a German safe-conduct for the ship might be granted. Inasmuch as such a change of destination would involve reshipping the refugees from Iskenderun, presumably on some United Nations' ship, Steinhardt has advised the IRC representative that such a change would be agreeable only after all hope of securing a German safe-conduct to Haifa has been abandoned.

We are cabling Steinhardt that his action with respect to the proposed change of destination has our approval. For his information, however, we are relaying information received through the JDC to the effect that the Turkish representative of the Jewish Agency can probably arrange for coastal schooners to convey refugees from Iskenderun on to Haifa, if the voyage of the "Tari" were to terminate at Iskenderun. We are suggesting that Steinhardt explore this possibility, since expediting the German safe-conduct may become a paramount issue.

In connection with pressing for the German safe-conduct to Haifa, we have been advised that the IRC representative has now conferred with von Papen on three occasions; the

- 8 -

Turkish Minister for Foreign Affairs has also personally twice requested such a safe-conduct. Steinhardt indicates that he is satisfied that von Papen has in turn been pressing for the safe-conduct from his government.

(f) Evacuations to Italy and the Mediterranean Area

Board Representative Ackermann reports from Algiers that he has again discussed with a Yugoslav Partisan general the problem of evacuations through Partisan territory. We are advised that from 15 to 20 schooners with a speed of at least ten knots are needed immediately. The need for a number of smaller vessels for the journey from the Yugoslavian mainland to the Dalmatian Islands is also reported. Ackermann further indicates that it may be possible to obtain certain 200-ton ships, for evacuation purposes, provided their allocation can be arranged through MEDCO.

At our request, Admiral Land of the War Shipping Administration has agreed to instruct Kallock, the WSA representative in that area, to explore with Ackermann the shipping problems involved in the projected evacuations.

(g) Recognition of Latin American Passports

The U. S. Embassy in Caracas has at our request taken up with the Venezuelan Foreign Minister the matter of the reported deportation of internees from Camp Vittel. As a result, full Venezuelan cooperation has been promised in connection with the projected exchange against German nationals of internees holding Latin American passports or consular papers. The Foreign Minister has also promised that his government will approach the Germans, through the protecting power, with a demand that the rights of internees holding Venezuelan passports or claiming citizenship on the basis of Venezuelan consular documents be respected.

Ambassador Hayes has reported from Madrid in this connection that representations have been made to the Spanish Foreign Office with regard to the internees reportedly removed from Vittel. This approach to the Germans through the Spanish Government is in addition to representations previously made on our behalf through the Government of Switzerland. Hayes reports that although the Spanish Government indicated that it had no information on the matter, it has given assurance that it will attempt to learn the facts as soon as possible with a view toward endeavoring to arrange for the return of these refugees.

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Minister Harrison has advised us that, in line with the instructions despatched by State, he has requested the Swiss Government to extend protection to two internees in the Camp Vittel group who recently claimed U. S. citizenship, pending action on their claims.

(h) Reinstatement of Turkish Citizenship to Refugees in France

According to a JDC report, there are approximately 6,000 Turkish nationals in France, the status of whose repatriation to Turkey is still uncertain. We have recently been advised that approximately 800 Jews in this category are in increasing danger of deportation. Lists of these refugees are said to have been forwarded to Ankara by Turkish consuls, who are now awaiting a decision concerning their status. We are pressing the Turkish Ambassador in this country to lend every possible assistance in effecting the reinstatement of Turkish citizenship to these refugees, similar representations having already been made by Ambassador Steinhardt to the Turkish Minister for Foreign Affairs in Ankara.

(i) Joint Exchange Project

In order to clarify certain aspects of the joint exchange project which the World Jewish Congress has urged that we undertake, Minister Harrison in Bern has been asked to forward, if possible, more detailed information with respect to how the exchange proposal originated and with respect to the date and manner of the German Government's reported acceptance.



CABLE TO AMBASSADOR WILSON, ALGIERS, FOR ACKNOWLEDGMENT FROM WAR REFUGEE BOARD

Please refer to your No. 1337 of April 28, 1944.

As previously indicated, and after discussions with Hoffman, we are exploring all possibilities in Yugoslav situation as outlined by you and Sarun. There are, of course, numerous problems involved in the situation, some of which probably cannot be dealt with promptly. However, we have arranged for a sum equal to \$50,000 to be furnished to the Refugee Committee in Bari for the rescue and relief of refugees regardless of race, religion or nationality. In order that this amount may be made available promptly and in a manner to ensure its best use, it is suggested that you report immediately the form in which the remittance should be made. Specifically would lire be satisfactory? If so, it is contemplated that payment will be made in Bari by the Army Finance Officer there. If you consider it advisable that payment be made to a representative of the Board for transfer by him to the Yugoslav committee, so advise us.

This is END Cable to Algiers No. 7.

May 4, 1944

11:45 A.M.

JWP:SPR:DBK - 5/3/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Ciudad Trujillo
TO: Secretary of State, Washington
DATE: May 4, 1944
NUMBER: 219

CONFIDENTIAL

With reference to Department's April 15 circular airgram Foreign Office informed Embassy this morning that Dominican Government would receive a minimum of 1000 refugee children up to 16 years of age, and a maximum of 2000. Upon their arrival in this country, he stated that private institutions subsidized by the state would take care of them.

NEWEGIN

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: AMEMBASSY, London
DATED: May 4, 1944.
NUMBER: 3560

SECRET

CABLE TO LONDON

FROM WAR REFUGEE BOARD TO WINANT

Reference your no. 8224, April 19, 1944.

Please advise Finance Officer of British Foreign Office that American Jewish Joint Distribution Committee hereby requests return to them of 4,968 pounds eighteen shilling tenpence received by Foreign Office on March 8 from American Jewish Joint Distribution Committee for relief in Rome. This sum will be held by American Jewish Joint Distribution Committee in a blocked account on its books in name of Delasem until after war. Please request the Foreign Office to notify Delasem, Rome branch, of foregoing and that American Jewish Joint Distribution Committee is setting up in the same blocked account in the United States an additional credit up to \$100,000 for the balance of 1944 against which Delasem is authorized by American Jewish Joint Distribution Committee to borrow.

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London
TO: Secretary of State, Washington
DATED: May 4, 1944
NUMBER: 3641

SECRET

Following is for War Refugee Board's attention.

A copy of a cable from the Grunbaum Jewish Agency in Jerusalem concerning deportation of Jews from Hungary was left at the Embassy by Messrs. Locker and Linton, two representatives of the London office of the Jewish Agency for Palestine, who called here this afternoon. It is stated in this cable that deportation of Jews from Hungary has already begun and that 24,000 had been deported from Karpathgus to date, in addition to general deportation of Polish refugees whose names are known to the Hungarian police, according to information received. The Jewish agency for Palestine is urged by the cable from Jerusalem to do everything possible to prevent further deportation and it states that the influence of the Pope might be a decisive factor.

It was stated by Mr. Locker that the above facts had been given to Dr. Kullman of the other governmental committee in London and to the British Foreign Office but that since it was felt American influence in Axis Satellite States was considerable, he desired to bring the matter to the attention of the State Department and the War Refugee Board. The Embassy informed him that the matter would immediately be brought to War Refugee Board's attention.

WINANT

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMEMBASSY, LONDON,
TO: Secretary of State, Washington,
DATED: May 4, 1944.
NUMBER: 3642.

SECRET

FOLLOWING IS FOR WAR REFUGEE BOARD'S ATTENTION

Reference is made to my immediately preceding telegram dated May 4, 1944, no. 3641.

A copy of the cable from Heilech Neustadt in Tel Aviv was furnished to the Embassy by Mr. B. Locker of the Jewish Agency for Palestine, mentioned in my cable.

This cable which Locker provided stated in effect that 30 Romanian Jews are still confined in Bucharest and that it is feared their lives will be endangered if they are tried within the next few days as may happen. It is requested by Neustadt that everything possible be done through the Red Cross to increase pressure for the liberation of these Jews.

It was stated by Mr. Locker that these Jews are the remainder of a large group arrested in Bucharest for their activity in aiding the escape of Jewish refugees from Hungary and other areas. It appears that all but these 30 have been released and it was stated by Mr. Locker that the matter had been discussed with Dr. Kullmann of the IGC and it was hoped that it would be possible for the War Refugee Board to do something through their agents in behalf of these people as it was agreed that under present circumstances the Red Cross was not in position to bring adequate pressure for their release.

WYMAN

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMEMBASSY, LONDON
 TO: Secretary of State, Washington
 DATED: May 4, 1944
 NUMBER: 3653

SECRET

The Department's cable of April 26, 1944, no. 3434 from the War Refugee Board and the previous are referred to herewith.

With respect to the diverting of a Swedish vessel for the purpose of evacuating refugees, a favorable reply has now been received from the Foreign Office. The ban on code cables for foreign diplomats other than American or Russian has been put into effect since the receipt of War Refugee Board's cables under reference, in which the Embassy was requested to take the matter up with the Swedish Minister in London as soon as favorable reply was received from the British and we presume that the Swedish Minister would not be able to communicate with his Government in cipher regarding this matter. Consequently I hesitate to approach him and it is suggested that the War Refugee Board may under these circumstances desire to communicate with the Swedish Government directly either through our Legation in Stockholm or through the Swedish Legation in Washington.

It was stated by the Foreign Office in its reply that it has no objection to the BARDALANDA being used for this purpose and is willing to grant a safeconduct provided the Government of Sweden agrees and that safeconducts are obtained from the Russian Government and from the German Government on behalf of itself and its Allies. The letter from the Foreign Office states that it is understood that the BARDALANDA is at Piraeus at the present time and is due to return to Sweden, leaving the Greek relief service. The Foreign Office letter adds that the Swedes have put forward proposals that on her way home this ship should collect the cargo of various imports for Sweden.

We have not communicated with Ambassador Harriman concerning the procuring of a safeconduct from the Soviet Government.

WINAWT

San Salvador, El Salvador, May 4, 1944

No. 1531

CONFIDENTIAL

SUBJECT: Admission of Jews and other war refugees
into El Salvador.

The Honorable
The Secretary of State
.Washington

Sir:

I have the honor to refer to the Department's confidential circular airgram dated April 20, 7:35 p.m., and to report that I conveyed its purport to the Salvadoran Minister for Foreign Affairs at an interview on the morning of April 25, which was supplemented by a note later the same day, a copy of which is attached hereto.

I have now received from Dr. Avila a personal letter, the English version of which is transcribed below:

"San Salvador, May 2, 1944.

My dear Mr. Thurston:

I take pleasure in advising you that my Government views with sympathy and in principle is in agreement with the suggestion to which your esteemed letter of April 25 refers to the end that El Salvador would

- 2 -

grant refuge to orphaned or abandoned children now within the territory occupied or controlled by the enemy, and that to this end it would construct a suitable building; but, before reaching a final conclusion it would desire to know whether the cost of the building, the feeding and education etc. of the children would be borne by the War Refugee Board; and finally all the expenses which that Board would be willing to meet for more or less 100 children.

I beg you therefore to give me this information if convenient.

For your kindness I thank you in advance.

I am, as always your affectionate friend.

/s/ A. R. Avila"

When I spoke to Dr. Avila he made no mention of the fact that his Government might expect us to defray the cost of a building in which to lodge the refugees under consideration, but did inquire whether the War Refugee Board would defray all costs of transporting the refugees to El Salvador, maintaining them here for such time as might be decided upon, and of their eventual removal from the country. His letter makes no reference to the latter point and introduces the new one relating to the cost of the building.

Respectfully yours,

Walter Thurston

To the Department in
original and hectograph

Enclosure

Copy of letter to
Dr. Avila dated 4/25/44

711
WT/mgm

Enclosure to despatch no. 1531, dated 5/4/44, from the American Embassy at San Salvador, El Salvador, on the subject: Admission of Jews and other war refugees into El Salvador.

San Salvador, April 25, 1944

My dear Dr. Avila:

In confirmation of my statements this morning I take pleasure in advising you that my Government has now authorized the American consular officers in Switzerland to issue up to four thousand quota immigration visas to refugee children up to sixteen years of age without regard to religion, nationality or stateless status, to close relatives residing in enemy, enemy-occupied or controlled territory, or to the availability of means of transportation to the United States. The purpose of this authorization is to facilitate the escape to Switzerland of orphaned or abandoned children by giving assurances to the Swiss Government that these children will not remain in Switzerland after the termination of hostilities in Europe. The authorization contains provisions for the continued renewal of the visas until such time as adequate transportation facilities to the United States become available. Private sources have posted bond with the Attorney General of the United States to assure this Government that the immigrating children will not become public charges.

Should there be private agencies in El Salvador willing and able to undertake a program for the care of refugee children, the War Refugee Board is confident that it can make arrangements to provide these agencies with adequate funds for the maintenance, education and welfare of as many children as the Government of El Salvador would be willing to admit. Should it prove necessary, funds would undoubtedly be available to meet transportation expenses from Switzerland to this country.

With respect to the foregoing, it would be gratifying were the Government of El Salvador to give assurances to the Swiss Government of its willingness to accept a certain number of refugee children in a similar manner. It is conservatively estimated that there are in France alone eight to ten thousand abandoned or orphaned refugee children.

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Should the Government of El Salvador be willing to make this humanitarian offer, it is suggested that the Salvadoran representative in Bern issue the appropriate number of immigration visas and maintain their validity until suitable transportation facilities from Switzerland to El Salvador become available. The special representative of the War Refugee Board attached to the American Legation in Bern will be glad to cooperate with the Salvadoran representatives in this as well as in all other refugee matters.

I shall be grateful if Your Excellency will inform me as quickly as may be possible of the attitude of the Government of El Salvador toward this question and, if the suggestion above presented is favorably received, what number of children it is prepared to admit into this country.

Cordially and sincerely,

/s/ Walter Thurston

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Helsinki
DATED: May 4, 1944
NUMBER: 104

SECRET

War Refugee Board sends the following.

Refer your 341 of April 20. While granting the desirability of an official Finnish statement on victims of Nazi oppression and persecution War Refugee Board feels, and the Department agrees, that the political factors as reported by you may be considered to outweigh any advantages that might accrue through the issuance at this time of such a statement by the Finnish Government.

The Board would appreciate, however, your employing delaying tactics with the Foreign Office in the event that the statement might be considered opportune and of value at some later date.

With reference to movement from Finland to Sweden of various refugee groups and Finnish Jewish community listed your 303, April 3, Minister Johnson has just reported that Swedish Government does not believe that minority groups in Finland are in serious danger from the Germans but that refuge would probably be extended if Finnish Government requested Swedish Government to allow entry of these persons on ground that they may be in jeopardy in Finland.

Should circumstances so warrant, you are in your discretion authorized to approach appropriate officials of the Finnish Government in this connection. Please keep abreast of developments which may make desirable the movement from Finland of potential victims of the Gestapo in the event the Germans take action in Finland paralleling that taken by them in Hungary, Rumania and Bulgaria, and keep the Department advised.

Foregoing repeated as Department's no. 829 to Stockholm.

BULL

SECRET

AIRGRAM

FROM: Port-au-Prince, Haiti

DATE: May 4, 1944, 4 p.m.

Rec'd: May 8 8pm

The Secretary of State,
Washington.

A-248, May 4, 4 p.m., 1944.

Department's A-144, Mai, 1944, 10:45 a.m.

Minister for Foreign Affairs states that only occasions on which question of ultimate destination with respect to immigration and recognition of documents has arisen has been in recent conversation on the subject with me. He said Vatican Charge here had spoken to him only on very general lines of safeguarding refugees in Axis controlled countries and could ascribe report mentioned in Department's airgram to some perhaps distorted opinion expressed on the subject by the Haitian Charge in Bern. Minister for Foreign Affairs confirmed his understanding that there was no question of any physical admission of refugees into Haiti involved.

Despite foregoing he stands on previous position with regard to taking any positive steps in this connection. He cites the continuing efforts which had been made through the Swiss Government to recover all Haitian passports fraudulently issued or dishonestly acquired and states that his Government cannot now very well ask the Swiss Government to do the reverse. He refers to measures taken here to this end when notice of cancellation of citizenship was given by Decree in December 1942 (please see Embassy despatch no. 1623 of December 12, 1942, also no. 1578 of November 13, 1942). He also points to the case of Arpad Blesch (Embassy despatch 1576 of November 13, 1942 and previous) and recalls the efforts which had been made through the intermediary of the Swiss Government to have his Haitian passport taken from him.

On the other hand, the Foreign Minister stated that he remained entirely sympathetic with the motives which have prompted the United States Government to take this initiative and was prepared to accept any formula which could take above reservations into consideration. He said that he would be agreeable to any plan wherein the United States, as agents for the Haitian Government, took the immediate responsibility to implement the protection which the recognition of documents might afford the refugees in question. In other words he is entirely willing that the American Government act within

its discretion

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its discretion to obtain the desired objectives without/ having the Haitian Govt. to take any position on its own account which would only reverse its present position and might also be prejudicial to such bona fide holders of Haitian documents who might now or later claim full protection. (Embassy's A-244, May 3, 11 a.m.)

CHAPIN

VC/let

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Lisbon
DATED: May 4, 1944
NUMBER: 1252

SECRET

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:

We requesting Finance Office British Foreign office return \$20,000 to us which we will hold as blocked account for repayment after war. This done at request Delasem Rome. We also requesting London and Bern to notify Delasem that we setting up additional credit up to \$100,000 for balance this year against which they authorized borrow. Remitting \$5,000 to you for food parcels for internees Celle. This is experimental remittance and would appreciate your keeping us informed through Legation channels results transmissions. Remitted April allotment Jewish Agency. Do you recommend continuation? We have received no reports from Hirschmann or Resnik and believe you should be kept informed if grants are to be continued.

THIS IS WRB LISBON CABLE NO. 10

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM : AMLEGATION, Lisbon
TO : Secretary of State, Washington,
DATED : May 4, 1944.
NUMBER : 1343

CONFIDENTIAL

FOLLOWING IS FOR WAR REFUGEE BOARD'S ATTENTION

You are informed that no directives from Jewish Labor Committee for expenditure of funds mentioned in Department's telegram no. 1133, April 22, is possessed by Duarte. It is requested that you contact the Committee and ask them to send through the Embassy for the representative as complete directives as possible.

NORWEB

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Lisbon
TO: The Secretary of State, Washington
DATE: May 4, 1944
NUMBERS: 1344

SECRET

The following message is from Isaac Weissman for Rabbi Wise, New York, and WEB, as WEB number 19.

Joint has informed the War Refugee Board in Washington that Joint is rescuing persons from enemy territory at the present time, according to my information.

This is not true. Up to the present time Joint has not brought out a single person. However, to refugees brought over the border by Congress workers Joint lays claim. For support these refugees must then go to Joint.

The World Congress has an opportunity within a short time to save hundreds of children not to mention adults if funds for expenses are sent here. Our frontier organization so far built up and maintained by the Congress and the only one now in existence for this specific purpose will disintegrate if a large amount is not sent immediately for this purpose. Please answer by cable at once.

FORMED

DCB:MPL
5/5/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Stockholm
DATED: May 4, 1944
NUMBER: 831

SECRET

FROM WAR REFUGEE BOARD TO JOHNSON.

For Wilhelm Wolbe, 11 Olofsgotten Strasse, Stockholm,
from Rabbi Abraham Kalmanowits of the Vaad Habatsalla Emergency
Committee.

Your April 24th received please inform Szmulowicz that
85,800 Swiss francs remitted through Sternbuch Switzerland-
if this transfer method preferable, advisable temporarily post-
pone support additional fifty Rabbis. Greatly concerned fate
great Rabbis religious leaders in Lithuania - if possible
arrange courier to Lithuania endeavor rescue maximum number we
guarantee expenditures and necessary funds. Advise through
American Legation.

This is WEB Stockholm cable no. 8.

CABLE TO AMERICAN EMBASSY, BERN

The War Refugee Board requests that you deliver the following message to Gerhard Riegner, 37 Quai Wilson Geneva, Switzerland:

QUOTE We acknowledge receipt of your message of April 18th forwarded through American Legation. We discussed its contents with War Refugee Board.

Policy asking Hungarian population to hide and safeguard Jews has been accepted, and appeals are being broadcast in consequence.

We call your attention to important duties which International Red Cross may perform regarding Hungarian Jews detained or interned in camps. We trust that Hungarian Government may be induced to consider these Jews as civilian internees and permit these camps to be visited by Red Cross delegates and food parcels despatched to inmates. We expect your urgent and detailed report on this subject. World Jewish Congress Leon Kubowitski UNQUOTE

THIS IS WRB BERN CABLE NO. 15

May 4, 1944
10:00 a.m.

BAksin:jp

5/2/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM : Secretary of State, Washington
TO : AMLEGATION, Bern
DATED : May 4, 1944
NUMBER : 1551

CONFIDENTIAL

From War Refugee Board to Harrison
Reference your 2592 of April 22, 1944.

Please notify Delasem at once that (1) arrangements are being made for retransfer to blocked account with American Jewish Joint Distribution Committee in United States of \$20,000 credit established in London for Delasem and (2) American Jewish Joint Distribution Committee is setting up in same blocked account in United States an additional credit up to \$100,000 for the balance of 1944 against which Delasem is authorized by American Jewish Joint Distribution Committee to borrow.

Please advise Saly Mayer of foregoing.

THIS IS WRB BERN CABLE NO. 11

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: AMLEGATION, Bern
DATED: May 4, 1944
NUMBER: 1566

SECRET

FROM WAR REFUGEE BOARD TO HARRISON.

Please deliver the following message to Isaac Sternbuch,
3 Teufener Strasse, St. Gallen, from Rabbi Abraham Kalmanowitz
of the Vaad Habatzala Emergency Committee:

"Active Smulewicz that Rosenheim Agudas Israel
cannot give any financial support. All requests for
aid on behalf Rabbis, scholars, Kelleim families must
be directed to Vaad Habatzala Rabbi Kalmanowitz. Advise
him also 85,800 Swiss francs sent through you and arrang-
ing additional such transmissions - if this method is
preferable, advisable temporarily postpone support
additional fifty Rabbis".

THIS IS WEB CABLE NO. 13.

HULL

NOT TO BE RE-TRANSMITTEDSECRETCOPY NO 11OPTEL No. 143

Information received up to 10 A.M. 4th May, 1944.

1. NAVAL

Home Waters. 4th. One of H.M. Destroyers slightly damaged by aircraft off ISLE OF WIGHT.

North Atlantic 3rd. A U.S. Destroyer escorting Eastbound convoy torpedoed in .S.W. Approaches and is in tow.

2. MILITARY

Burma In KOHIMA area several attacks repulsed with high proportion of enemy casualties. Enemy remain in strength North of town and are digging in across KOHIMA-IMPHAL road.

3. AIR OPERATIONS

Western Front 3rd. 129 aircraft (3 missing) dropped 190 tons on military constructions in Northern FRANCE and attacked transportation targets. Escorted Typhoons bombed and hit a beached Destroyer off CHERBOURG Peninsula.

3rd/4th. Aircraft despatched:

Military Depot, MAILLY-Le-CAMP (50 miles S.E. of PARIS)	362 (42 missing)
MONTDIDIER Airfield	92 (4 missing)
LUDWIGSHAFEN and CHATEAUDUN	41
Sea-mining	32,
Leaflets	39
Bomber support and Intruders	32 (1 missing)

Good concentration in bright moonlight achieved at MAILLY-Le-CAMP in early stages, but later smoke obscured aiming point. Technical difficulties in operating bombers caused attack to be unduly protracted whilst enemy fighter activity over target and also on return route was intense.

Italy 1st/2nd. Wellingtons and Halifaxes dropped 75 tons on railway yards at ALESSANDRIA while 70 tons were dropped at SPEZIA, LEGHORN and GENOVA. 2nd escorted Liberators dropped 155 tons on SPEZIA and 225 tons in PARMA area. Enemy casualties 3:0:2: for loss of 5 aircraft.