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December 19, 1944¹
10:25 a.m.

HMJr: Stettinius. He said that Dean Acheson told him that all the precedence was for having the State Department head up Finance Committees with other Governments. Hello.

Dan Bell: Uh huh.

HMJr: So I told him my impression was that that was not true; that all the precedence I knew was the other way, like the Debt Commission and things like that.

B: Uh huh.

HMJr: What I'd like you to do, if you would today, yourself or give it to somebody -- go back as far as you can where there were things between Governments and that you know of -- I mean, before my time -- and where the Treasury headed it, if they did, or who headed it. You see?

B: Uh huh. All right.

HMJr: I mean, you could have somebody do that, can't you?

B: Yep. Sure. We had, oh, Crosby I think was at the Peace Conference as a financial advisor.

HMJr: Well, if you would go into the thing and then maybe tomorrow

B: Okay.

HMJr: give me a memorandum.

B: All right.

HMJr: Well, he's -- because I think he's all wet.

B: As a general proposition, I suppose, that's true, but there are such cases where it is not true, such as the Debt Commission and the Wadsworth Commission on Army occupation cost and things like that.

HMJr: Well, if you could go into the thing

B: All right.

HMJr: Thank you.

B: I will.

December 19, 1944
10:44 a.m.

HMJr: Hello.

Morris
Rosenthal: Hello.

HMJr: Mr. Rosenthal.

R: Yes, sir.

HMJr: Are you in your office?

R: No, sir, I'm home with a slight attack of the
grippe.

HMJr: Oh - oh. Well, you can talk anyway.

R: Yes, sir.

HMJr: Now, Charlie Riegelman called me up yesterday
and said he had had a long and heated conversation
with Mr. Strasser; so much so that Mr. Strasser
got quite angry with him, about your coming down
here. And he said he'd gone as far as he could.
And he told me that Strasser put in \$2 Million
into the business on the assumption that you
were going to manage it. Now, I don't know
whether this is true or not.

R: No, that's quite true, Mr. Secretary.

HMJr: That is true? And now, he said further that he'd
gone as far as he could; that the rest was up to
me to try to get hold of Strasser and you, because
he didn't know whether you really wanted to come
down here.

R: Well, I had quite a conversation with Mr. Strasser
yesterday afternoon and I finally got a letter off
to you in the evening....

HMJr: I see.

R: in which I told you that I had gone as far
with Strasser as I could. I even went further
and in view of the promise -- absolute promise I
made last July, than I had a right to

HMJr: Yes.

R: but I did go ahead and raise hell with him.

HMJr: Yes.

R: And he simply stood flat-footed on my commitment to him.

HMJr: Well, is there any use in my calling him?

R: Well, I would like very much to have you do it, but frankly, I don't think so. I mean, I'm eager enough to want to do it to say that, sure, I'd like to have you do anything you could, but he layed it down to me yesterday afternoon that I was practically -- that I could not break my word to him. I mean, it came down to that that I either broke it or I didn't.

HMJr: Yes.

R: And I don't feel I can do that.

HMJr: Yes.

R: But Strasser and I also had a rather heated conversation. Now, I'd love to have you call him but I -- he was awfully stubborn on it.

HMJr: What's his first name?

R: Arthur L. Strasser.

HMJr: Arthur L. Strasser. How old a man is he?

R: Sixty-two.

HMJr: Sixty-two. Well, I'll call him and -- Arthur L. Strasser.

R: Yes, sir.

HMJr: But -- now, as to seeing you people Thursday, I don't know -- with the grippe, will you be coming down.

R: No, but the other members of the Committee will.

HMJr: Well, I think they'd better let this go over, because I'm just up to my neck now, and I don't want to see them unless I have time.

R: Well, supposing I tell them, then that you feel that it should go over then until after the holidays.

HMJr: That's right.

R: Okay.

HMJr: Because I just haven't got time to give them a couple of hours and less than that, I don't think is worthwhile.

R: Right. Well, I will tell them that.

HMJr: Will you do that?

R: You bet.

HMJr: Well, I'll call up Mr. Strasser now.

R: Thank you very much.

HMJr: Thank you.

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December 19, 1944
10:51 a.m.

HMJr: Hello.

Operator: Arthur Strasser.

HMJr: Hello.

Operator: Go ahead.

Arthur L.
Strasser: Arthur Strasser speaking, Mr. Secretary.

HMJr: This is Henry Morgenthau, Jr.

S: Yes, sir.

HMJr: I sort of feel I've met you at one time or another, Mr. Strasser.

S: Oh, I'm sure we've met at -- through Lillian or Charlie or George Naumburg or somebody.

HMJr: That's right. Mr. Strasser, I'm sure you know what I'm calling up about.

S: Yes, indeed.

HMJr: Morris Rosenthal.

S: Yes.

HMJr: Well, Mr. Strasser, I've got a "helluva" job down here on this surplus property and we've practically been given the job of handling all of the surplus property, other than plants, and I wrote the President and asked him whether he wouldn't give it to somebody else and he said, "No"; that it was a dirty job but it was up to me to do it and that he thought we could do it better than anybody else, so I'm stuck with it. Now, I've put Mr. Pehle in there and he knows Mr. Rosenthal. And he's made an excellent record down here, and there're not many business men that we can get that we feel have the business judgment and the correct attitude the way Mr. Rosenthal has. And I realize from what both he and Charlie Riegelman have said that -- but I'm asking something of you in the name of the Government -- and that I'm asking a lot and that you've put a lot of money into this, but there's a war and you can see from the papers that it's far from over or won. And all of us down here are up against it for getting men of

HMJr:
Cont'd.

sound business judgment and integrity. And, therefore, in the name of the Government, I -- I'm going to ask you to let me have Mr. Rosenthal for one year.

S: Mr. Secretary, I think I appreciate your position.

HMJr: Yes.

S: And I think, to an extent, you appreciate mine.

HMJr: Yeah.

S: But the men who have got their money in that business -- two out of the three -- the third is a sister

HMJr: Yeah.

S: one is in the Navy and the other is in the Army.

HMJr: Yes.

S: And when the president of the company died, the present reorganization was going on -- and leaving practically all of the money the family has got in that business -- it was done on condition that a man -- that Mr. Rosenthal, just because of all the qualities you described

HMJr: Yeah.

S: was going to stay there and run it.

HMJr: Yeah.

S: And it was not -- it's just one of those things that I just can't go to them and "back-water" on, because it would be the winding up of the business.

HMJr: Is there nobody there who can run it?

S: There's nobody there who can run it. If I were ten years younger, I'd say that if I could get Charlie's consent, I probably couldn't -- that I'd leave this office for two years and go up there.

HMJr: Well, I think Charlie would give it to you.

S: Well, I know, but I'm sixty-four years old and I'm not taking over the running of a big business at this time.

HMJr: Well, a lot of people sixty-four are doing things that they didn't think they'd do a couple of years ago.

S: I know that, but I -- I -- it's very difficult and it's very hard but it's just one of those things that isn't in the works. If the boys were there -- if they were free, they'd go into the thing, and be willing to take their own responsibility but they're not and I'm in legal parentage -- their father was my brother and, as I say, we're in the throes of a terrific reorganization in that business to make it go. And we've got well over \$2 Million in it, which represents almost all the money that family's got. And I just can't jeopardize that. It's just one of those things. The company let Mr. Rosenthal go to Washington for almost two years and he just can't go now. And it's a terribly hard thing for me to say.

HMJr: Yes. Well, you yourself, I'm sure, could run the business.

S: Oh, no. (Laughs)

HMJr: What?

S: It's very kind of you, but I doubt it very much.

HMJr: Well, there's nothing -- I don't see what else I can say.

S: I know that and nobody deplores it more than I do.

HMJr: Yeah.

S: It's just one of those things. It's probably a situation that doesn't arise once in a thousand times.

HMJr: Yeah.

S: It meant a good deal to us when we let him go down there in the first place because my brother had just died.

HMJr: Yes.

S: The head of the company was then seventy years old. But at that time we were quite willing to let him go.

HMJr: Yes.

S: But there just isn't anybody there. There are only two men there that run the business at all and the other man just isn't anything like Mr. Rosenthal, in my judgment, because he's on a different angle -- he's on the purely technical angle end of it, and as I say, we've just taken over one of the subsidiaries in Chicago which we paid a million and a half for and we're trying to integrate the two companies. It's a nationwide organization and -- I don't want to stress these points but I just want to tell you what the picture is.

HMJr: Yes.

S: And for every reason you want Mr. Rosenthal, we've got to keep him.

HMJr: Yes. Well, I'm sorry, but

S: I'm sorry too, but if I knew any way out -- I was thinking about it over the week-end. I wanted to try to meet you because, as you say, it's the Government calling.

HMJr: That's right.

S: But I just can not do it.

HMJr: Well, thank you anyway.

S: And I appreciate more than I can tell you your calling me.

HMJr: Thank you very much.

S: Thank you.

December 19, 1944
10:58 a.m.

HMJr: Hello.

Operator: Stettinius.

HMJr: Hello.

Secretary
Stettinius: Hello, Henry.

HMJr: Ed, how are you?

S: Good, sir. How are you this morning?

HMJr: Ed, there are two separate memoranda that you gave me yesterday. One, the development and planning for Germany

S: Yep.

HMJr: I wonder whether this would be agreeable to you. Within the last week I made Luxford and DuBois Assistants to the Secretary.

S: Luxford?

HMJr: Yes. And DuBois.

S: And DuBois?

HMJr: DuBois was General Counsel of the -- of the Refugee Board. Hello? Hello?

S: Yes, sir.

HMJr: Now, what I'd like to ask you: would it be agreeable to you if they would come over to the State Department and read those lists of documents of directives.

S: Why, of course.

HMJr: Could they come over?

S: Of course.

HMJr: And you could give them a little desk somewhere where they could

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S: Well, they -- yeah -- if they'll -- if they'll come to Doc Matthews, he's got all these papers in his office.

HMJr: Well, Matthews knows them, but they've been promoted so now they're Assistants to the Secretary.

S: All right.

HMJr: So I vouch for them.

S: All right, sir.

HMJr: And the one thing there that kind of set me back on my heels was the quote with -- from the President where he said, "come back industrially to meet their own needs but not to do any exporting."

S: Yeah.

HMJr: Well, that's something new from the President because if they're going to let them manufacture and come back industrially, hell, they can make anything under that.

S: Yeah.

HMJr: So

S: Henry.

HMJr: Yeah.

S: If I didn't tell you yesterday, I should have, but the President -- the President still has -- is working -- he's still working himself on the re-draft of the over-all memorandum on this thing.

HMJr: I see.

S: And he's still got it in his papers.

HMJr: I see.

S: And so it's still -- nothing is jelled.

HMJr: Well, I'd like very much to get in on it with you and

S: Well, now, I'll have -- if you'll have Luxford call

HMJr: And DuBois.

S: Yeah, but Luxford and DuBois, which one will call Matthews?

HMJr: Luxford.

S: Well, I'll have -- call -- if you'll have Luxford call Matthews in a few minutes, he will set a time and go over everything with him.

HMJr: And I -- if it's agreeable, I will hand to them the memorandum which you gave me.

S: That's correct.

HMJr: And they'll take that over. What I'd like to have is for them to see the underlying documents on that.

S: All right, old boy.

HMJr: Thank you so much.

S: Thank you, Henry.

December 19, 1944
2:15 p.m.

INTERVIEW WITH MR. BOETTIGER - TREATMENT OF GERMANY

Present: Mr. Bernstein
Mr. D. W. Bell
Mr. Glasser
Mr. Luxford
Mr. DuBois
Mrs. Klotz

H.M.JR: Who is missing?

MR. LUXFORD: I guess it is DuBois.

H.M.JR: Where is he?

MR. LUXFORD: He had some outside people with him.

H.M.JR: I can't over-emphasize the secretiveness of what I am going to say. See? So this is for nobody except in the Treasury. You can tell White about it, but I don't want any leaks.

Lieutenant Colonel Boettiger was here for an hour and three-quarters this morning. He was sent over by McCloy.

(Mr. DuBois enters the conference.)

I will just repeat what I say for the benefit of everybody. I can't over-emphasize that I want secretiveness, because Boettiger was talking most of the time as a friend, that this isn't his business to say what the policy of the Army is, nor his business to tell John McCloy. But McCloy did tell him to come over to see me and he said part of it is criticism of the Army. Well, I can't give it all. Is there a pad over there behind you, Joe, with some notes on it?

MR. DuBOIS: Yes.

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H.M.JR: The point is, he has been over there--I will try to make it as brief as possible; he was here for an hour and three-quarters--he was in Aachen for several days and our men are doing, he said, the best they can without quite understanding what is wanted of them. He said nowhere, from the officers at Aachen right up to the top people, have they really known what is wanted, that they don't have--haven't been able to find any Germans coming out of the underground who are sympathetic to the Allies. If there is any underground they have not run into it yet--it just did not exist.

They went to the Catholic Bishop there and asked him to recommend someone, which he did--the Mayor--and the recommendation in back of this man was that he had gone into Court to defend fifty to sixty Nazis who were on trial.

He said there is the C.I.C.

MR. BELL: Counter-Intelligence.

H.M.JR: They have done an excellent job on checking all of these people. Now, if the thing you find there--certain streets have been cleared by our Army because they needed them for traffic. The Germans don't want them cleared; they complain; they say, "You do it if you want to." They want to open a bank. They found some money in one bank which was bombed. Another bank which had no money--they wanted to open it. They didn't know whether they should or shouldn't open it. It isn't clear. There is no money for the city to pay anybody. They don't know whether they should or should not ration people.

He said that there isn't a building in the whole of Aachen which has a roof on it. He said, "Nothing I saw in France or Italy compares with the thing there." He said he thinks that we ought to tell the Germans what they should pay for wages, prices, and supervised distribution to keep them from going into chaos, and that the economists, whatever they are--people in the War Department say that Europe needs the coal from Germany in order to maintain. He said that after coming out he saw Bernstein. Bernstein is recognized throughout

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the theater as representing my viewpoint, but he is also supposedly the fellow who gave me the Handbook, because I got my stuff from Bernstein. He first said that Bernstein's position was a very difficult one. Then he said that nobody was taking it out of Bernstein. But he said that Bernstein is an extremist, and he told him about this thing, should they open this bank or shouldn't they, should they give the city money or shouldn't they, should they place Germans on rations, say twelve hundred grams, or let the Germans ration themselves and have two thousand grams?

He said there was a lot of food in Germany. Should we build up the mines, or shouldn't we? If we build up the mines, we have to feed the people who do the mines. We have to transport the coal out. He thinks that we should have a very tough administration of the Germans.

MR. LUXFORD: This is Bernstein?

H.M.JR: No, Boettiger. He says we have to supervise lower-down wages, prices, and distribution, or throw Germany into the hands--into complete chaos--let them stew in their own juice, have revolutions, and all of Europe will have a revolution.

He thinks there is a happy medium and that is, you can treat them tough, not completely destroy them. He asked if Bernstein represented my viewpoint. This fellow is a star reporter on interviewing, and I know him from the days of Farm Credit when he and Lindley got me off in a corner trying to get me to tell the story about a farm cooperative group of grain elevators owned in Chicago. Lindley and this fellow from the Chicago Tribune went after me. I know this fellow from way, way back. He was a police court reporter for the Tribune. But this boy is very quiet and very suave. They don't change. But he wanted to know--well, I said I didn't know just what he meant.

He said, "Well, do you believe that we should build up this thing, supervise their prices, distribution, and so forth?"

I said, "Well, now that I understand what you mean, without going any further, my answer is no, sir. We don't want that responsibility. That is the position in the Treasury."

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I said, "I understand it. That is what the President has been saying right along, 'Let the Germans decide that thing; we don't want to be responsible for the price of the mark.'" The President didn't want to be responsible for the price of the mark. He didn't want to put any price on the mark.

"Well," he said, "when I go back can I tell McCloy that if he comes over here that you are willing to discuss with him this question of distribution, and so forth, and take this matter up fresh?"

I said, "You can tell McCloy I will be delighted to see him, but as of today my position hasn't changed one iota." But I said, "I don't want you to go away saying I want to destroy Germany; I don't want to destroy Germany. I want them to take care of themselves as we leave it."

"Well," he said, "if you don't do something, there is going to be this complete chaos." Well, then he went on to say, "They keep discussing the Morgenthau plan and it is worth thirty divisions to the Germans."

I said, "That has been completely exploded by Mr. Stimson," and so forth, and so on.

He said, "Well, that is what they think."

"Well," I said, "what do they think about Mr. Churchill when he says he is going to hand East Prussia over to the Poles? I suppose that doesn't bolster German morale."

Well, he resented it very much. He went all through this thing about the fact that I got the Handbook--"Why didn't you take it up with the Army? - Why did you give it to the President? - That wasn't the way to do the thing. - Why did I go to Quebec with a plan? -Why didn't I tell the Army and State about this plan?"

Of course, I gave him all the answers.

"Well, that wasn't the right way, to put Mr. Stimson in a bad position, and, of course, there had to be leaks on a thing like this."

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He resented having the stenotype operator here, and he particularly resented Pehle, (to reporter) not you personally, but your machine. It makes him nervous.

MRS. KLOTZ: His conscience must bother him.

H.M.JR: So that is the way. What I tried to say to him--I said, "Well, now, look, why don't you come back with Army and State and we will get together for a couple of hours--this is what we found--and discuss it?"

I said, "I understand the President's position has been since Quebec that he wants to wait and see." Well, now, we can see a little bit and take a look at this.

He said, "Well, there is no use coming over here and having a tough wrangle."

Then he said, "Henry, this thing to the President--this thing he sent over--and the various things that State sent to Winant--"

I said, "I have only seen references to them."

Well, he said, "I suppose they don't want to show them to you because you will start something!"

Well, all through this I get the feeling that while they dislike us heartily, there is a wholesome respect and General Hilldring's attitude is, "Well, we are going along as we are; why start anything? Why try to get anything. Let's go along as we are until the President or Stettinius or Morgenthau or somebody says something else." He is a soldier, and he doesn't want to change 1067. And they just don't want to start anything with me.

Of course, I said, "How many people see the State Department stuff that comes over?"

He said, "Well, those of us in the Administrative Section, we all see it." But he was quite surprised that they don't send it to me. But in a very suave, a very persuasive manner, he tried to get me back in a corner that I didn't agree with

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Bernstein, Bernstein didn't represent us.

I said, "Do you mean to say Bernstein is supposed to represent the Treasury?"

He said, "Oh, no, he is a good soldier; he obeys orders, but he is supposed to represent the Treasury philosophy over there," and that Bernstein was an extremist.

Well, anyway, the other thing, of course--this German coal thing--I said, "My impression was they could mine enough coal in England to take care of all Europe." I didn't know offhand.

MR. LUXFORD: We have talked from time to time in our offices, Mr. Secretary, and think perhaps they ought to mine the coal and ship it to somebody else.

H.M.JR: He said they would have to send German prisoners to England to mine it. He said at the very beginning that in this country State and Army have rewritten 1067 into a diplomatic form for presentation to the European Advisory Committee and he was sure that Glasser had seen it.

MR. GLASSER: No, sir.

MR. BELL: It was rewritten in the early days. I don't know what 1067 is, but the document the Secretary brought back--

MR. GLASSER: 1067 is the Interim Directive.

MR. LUXFORD: That is what we agreed on, and now they are rewriting it.

MR. GLASSER: That was submitted to London for British consideration, and the British have never discussed it.

H.M.JR: But have you seen it in the diplomatic form?

- 7 -

MR. GLASSER: No, sir.

H.M.JR: You boys can make a note of that. Was it in the stuff that Stettinius gave me?

MR. LUXFORD: No, indeed. He merely said that McCloy had said he was going to show it to you when they had agreed on a revision of it.

H.M.JR: Well evidently it is gone.

MR. LUXFORD: In the revised form?

H.M.JR: Yes, it has gone in. Have you been over to see Matthews?

MR. LUXFORD: No, we called right away and Matthews wasn't back from the War Department.

H.M.JR: Well, when you go over there you can ask for that, among other things. Now, a few more things like this morning and you can get a dust-bin, Mrs. Klotz, and just dust me off.

MRS. KLOTZ: You will find me there first.

H.M.JR: Well, this fellow, I gave him my word I wouldn't get him in any trouble and I don't want to refer to it as a Boettiger interview or anything else, do you see, because he said, "Gee, I have gone way beyond my uniform or anything else in talking with you."

MR. LUXFORD: Don't you think he came over here with the idea that he told McCloy he could bring you around if he had a chance to talk to you?

H.M.JR: I wouldn't be surprised. He said the last thing, "Can I tell McCloy you have taken a look at this thing?" I said, "No." But as I said, when you go up against a fellow like that, you are going up against something and you can't forget that he eats one or two meals a day with the President. Do you see? It is getting loner and loner, but I think we ought to get together. What I wanted him to do and he didn't want to do this, is, make a list of the things you don't think are going right in Aachen. Let us study it and get together.

- 8 -

MR. BERNSTEIN: What did he mean by taking a fresh look at it?

H.M.JR: That we would say that we are for assuming the economic control of Germany, do you see, that the Government should assume the economic control of Germany?

Now, as I understand it, that is the one thing the President doesn't want to do. He said, "Let the Germans run themselves." That he has been very clear on.

MR. LUXFORD: More than that, we are opposed to it on our own, too, on the grounds that will just dump the responsibility on us for what is going to happen.

H.M.JR: He said, "Supposing the thing busts, supposing you pay for it in military currency?" You simply say, "Well, too bad the Germans won't obey the law, carry out the wishes of the Americans."

But there are two definite schools of thought there, one, we say to the Germans, "O.K., Germany is yours, now you run it with the resources that you have."

The other thing is--what Boettiger wants to do is, we go in and somebody like Leon Henderson--he didn't mention him by name--he said that is the kind of fellow over there waiting to jump in and to set up an economy for them. Now, it is just the idea of how far you want to go and as soon as you begin to set up their economy, tell them how much they can eat, and so forth; then it is our responsibility. I would be glad to listen.

MR. BELL: That is what I was coming to. You said you would not be willing to take a fresh look at it.

H.M.JR: That isn't correct reporting. It is awfully hard to state it. He didn't want them to come over here and have a meeting unless I would say in advance that I was sympathetic to assuming the responsibility for the German economy. That would be better reporting. But if I still was where I was when they were over here before, then there was no use in meeting with them. Does that explain it?

- 9 -

MR. BELL: That is better, yes. I was thinking you refused to take another look at the picture.

H.M.JR: Oh, no, but unless I would say in advance that I would be sympathetic to their viewpoint, there is no use. Of course, he doesn't swing the whole War Department.

MR. GLASSER: Mr. Secretary, I think I should report that I was called to a meeting that Mr. Bell knows about in General Hilldring's office this morning. It is the first meeting in which we have discussed German affairs for months. At this meeting, General Hilldring decided to set up a committee, with a representative from Treasury--

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

December 19, 1944
2:35 p.m.

HMJr: Hello.

Operator: McCloy.

HMJr: Hello.

Operator: Go ahead.

John
McCloy: Hello.

HMJr: Jack.

M: Yeah.

HMJr: I had an hour and three-quarters with Lieutenant
Colonel Boettiger this morning.

M: Oh, you did?

HMJr: Very interesting -- very educational.

M: What did you -- what are your general thoughts
about it?

HMJr: Well, I just think this, that -- I think that
I -- I'd like to get more material -- you know,
you said I could have

M: Yes.

HMJr: this as background.

M: Yes.

HMJr: Any additional material that you have coming
out of there.

M: Yes. I told Hilldring to get the reports --
whatever reports we had and let you have them.

HMJr: And then if there were any questions in your
mind or Hilldring's as to things which weren't
going well

M: Yeah.

HMJr: if we could have a list of those

M: Yes.

HMJr: Then I'd like to sit down with you and review it.

M: Right.

HMJr: How does that sound?

M: Fine.

HMJr: See?

M: Fine.

HMJr: But the thing that I'd like Hilldring or you or somebody to point out the things that you don't think are going well.

M: Right. right.

HMJr: And give us the chance to study in advance.

M: Yeah.

HMJr: And I'd like to take a couple of hours and sit down with you.

M: Yeah. Why don't we have a -- plan to have a -- really take an evening at it, say, a week hence?

HMJr: You mean next year?

M: Yes. Yes.

HMJr: That's all right.

M: And get the things together and -- and tell you what the problems are as they -- as they lie in our line as we go along.

HMJr: Now, if you could get me those -- that material by Saturday, I'm going up country.

M: Right.

HMJr: And I could study it.

M: Right. Right.

HMJr: And I'll be back here the end of next week.

M: Okay.

HMJr: And the week of New Year's I'd like to spend an evening with you.

M: Well, that's -- that's what I think we ought to do.

HMJr: But I'd like to study the stuff in advance.

M: We haven't -- we haven't got -- we sent off a cable as -- largely as the result of your call the other day.

HMJr: Yeah.

M: I asked what we had and I found we had these weekly cables on the general situation that didn't amount to very much, so we sent a telegram over to -- to SHAEF to give us more detailed reports as to what was going on actually in Germany.

HMJr: Yeah.

M: So I haven't got a great deal of stuff that you can -- you can mull over but what we've got we'll let you have.

HMJr: Well, as I say, whatever you have and whatever comes through and doesn't -- uh -- I think at regular intervals we should do that.

M: Right. Right.

HMJr: And maybe we can get Stettinius to join us.

M: Maybe.

HMJr: What?

M: Maybe so.

HMJr: I think it would be worth an evening on his part.

M: Sure. Sure, no question about it.

HMJr: Yeah.

M: I -- I also want to talk to you some day about the -- the war crimes business.

HMJr: Any time.

M: Well, I'll get this material to you before Saturday.

HMJr: Yeah.

M: And then

HMJr: And then if you could keep it up.

M: And then we'll -- we'll keep it up and then have a meeting now -- every now and then.

HMJr: I thank you.

M: All right. Fine.

HMJr: Good bye.

- 10 -

H.M.JR: In the War Department they had a cable--cable report. It is unbelievable, isn't it?

MR. DuBOIS: He said they had these weekly reports.

H.M.JR: Go ahead, I am sorry to interrupt you.

MR. GLASSER: This committee will consist of representatives from Treasury, State, and FEA, and will nominate personnel for the Control Commission in Germany. We will have primary responsibility for the financial side; State, political; and FEA, economic.

H.M.JR: I must have started something.

MRS. KLOTZ: You always do.

H.M.JR: It looks that way.

MR. GLASSER: It came with a letter to Mr. Bell about four days ago.

MR. BELL: This is a result of a meeting that was held here about six months ago when, you remember, Hilldring and McCloy suggested that we be thinking about the civilian personnel to go abroad and follow the Army when they let go, and Hilldring wrote me a letter last week--

MR. GLASSER: No, the real origin of the Control Commission in Germany was the instructions from the President. You remember, the President sent the letter about a month ago telling Treasury, FEA, and State to get together--

MR. BELL: There was a meeting here in which they talked about civilian personnel.

Anyhow, he wrote a letter saying there would be a meeting this week, and I asked Harold to go.

H.M.JR: All right.

MR. BELL: It seems to me there ought to be a happy medium here somewhere. The two views are too extreme, and

- 11 -

I don't see how you can avoid some control if you have an army of occupation. The people in control have to comply with the army of occupation. You don't have to have the control of prices and everything down the line, but you do have to give it some supervision from the army of occupation standpoint. I should think there would be a happy medium between the two extreme views.

MR. LUXFORD: We had a long argument with the War Department and State on that precise score. The language we ended up with was they could take as many controls as they needed for their purposes. Whatever the Army needs for its purpose it may control, but when they cease to need controls for those purposes, they don't use them for the German economy. We are not trying to deprive them of any control we need in the occupation.

MR. GLASSER: The opposition to that directive came from the British. It was agreed upon by all of the American agencies.

MR. LUXFORD: But the State Department fought it bitterly.

H.M.JR: Dan, I want you to read this; these two men gave it to me last night. Put it in the safe tonight, will you? It is on the Finance Committee. It has to do with other governments. When White comes back I will give it to him. There are two sections; Stettinius gave me one, that one, and the other has to do with dealing with Germany. There are several from Winant on dealing with Germany, and one from the President. I asked whether these two men should come over and see everything. (Refers to Mr. DuBois and Mr. Luxford.)

He said yes, so they are going over and see Matthews. He said they could see everything. The only other thing which has come to light is this revised diplomatic form of 1067.

MR. LUXFORD: They have said in their memorandum that McCloy would give you that, not that State would do it. We will see if we can't get it.

- 12 -

H.M.JR: I know, but you see what you can get.

But, again, boy, this is very quiet. We will see. There are only two things I keep saying to myself to keep from getting too depressed. These people have a wholesome respect for the Treasury opinion; that is number one. Number two is, I am tickled to death that all of this stuff is breaking about Europe and all the unilateral stuff and everything--it is coming now so the American public is aware of it, and they are not going to be aware of it ten years after the peace is written, so the American public has time to prepare itself as to what they want to tell their Senators what they do or don't want. The last time we didn't wake up to what happened at Versailles until I don't know how long afterwards.

MR. LUXFORD: I think your book will be a powerful force, too, on this score.

Joe
O'Connell: Hello.

HMJr: Joe.

O: Yes.

HMJr: I'm sending back to you my letter to Nunan on this question of giving Mr. Stimson what he wants.

O: Yes.

HMJr: You send for him and tell him that this is what I want but I thought you ought to do it personally.

O: That I ought to do it?

HMJr: That you ought to hand him my letter.

O: Oh.

HMJr: Hello?

O: Yes, I'm not sure that I understand you and I

HMJr: Look, you know this thing Stimson wanted us to help him out on some tax investigations on

O: Yes.

HMJr: people who have got rich in China.

O: Yes.

HMJr: Nunan has been opposed to it.

O: Yes.

HMJr: I wrote a letter to Nunan ordering him to do this. Wait a minute.

O: I hadn't known that because I sent him one before that.

HMJr: Wait a minute -- to Stimson? Hello? Did you

O: You have a letter to Stimson

HMJr: Yeah.

O: saying we'll do it?

HMJr: Yeah, and you've okayed it.

O: That's right.

HMJr: Have you seen Nunan's letter in which he says why he doesn't want me to do it?

O: Yes.

HMJr: And still you okayed it?

O: Yes, surely. As a matter of fact, Mr. Secretary, before you talked to Elmer Irey yesterday, I had sent a note to Mr. Nunan, two days before, suggesting that he write such a letter.

HMJr: Oh, fine.

O: So I think you ought to sign the letter.

HMJr: I -- I ought to?

O: Yes.

HMJr: I have but I'm sending it back to you.

O: Right.

HMJr: I'll repeat myself. I'd like you to send for Nunan and explain to him

O: Right.

HMJr: just -- not just do it formally, I mean, send for him and hand it to him.

O: All right, sir. I'll do it. He's going to be here in about five minutes.

HMJr: Who?

O: Mr. Nunan.

HMJr: You mean be in your office?

O: That's right.

HMJr: In five minutes?

- 3 -

O: That's right.

HMJr: Okay.

O: Thank you very much.

DEC 19 1944

My dear Mr. Secretary:

Further reference is made to your letter of October 14, 1944, in which you suggest that Special Agent James W. Dowling of the Security Intelligence Corps, United States Army, be designated a special agent of the Bureau of Internal Revenue, without compensation, in order that he may cooperate with agents of the Internal Revenue Service in investigations involving numerous persons alleged to have been engaged in black market operations in China and India.

I am pleased to inform you Mr. Dowling is being designated as a special agent, Internal Revenue Service, without compensation, in accordance with your request.

Very truly yours,

(Signed) H. Morgenthau, Jr

Secretary of the Treasury.

Honorable Henry L. Stimson
Secretary of War
Washington, D. C.

Copy attached.



TREASURY DEPARTMENT
WASHINGTON

OFFICE OF
COMMISSIONER OF INTERNAL REVENUE

December 19, 1944

ADDRESS REPLY TO
COMMISSIONER OF INTERNAL REVENUE
AND REFER TO

MEMORANDUM FOR SECRETARY MORGENTHAU.

In accordance with your direction, there is attached a letter for your signature addressed to the Secretary of War complying with his request that Mr. James W. Dowling be designated as a special agent of this Bureau.

I am still of the opinion that the action taken is unwise for the following reasons:

- 1st It will establish a precedent which will be difficult to avoid in the future in the event any other branches of the Government should make similar requests.
- 2nd It creates a difficult situation inasmuch as further similar designations will be requested, and it is apparent that it cannot be known whether these men will be working for the Secretary of War or the Secretary of the Treasury. In the event they are working for the Secretary of the Treasury it will be impossible from a practical viewpoint to give any direct supervision.
- 3rd It will create a situation where an Intelligence Agent of the War Department will be engaged in investigations of tax matters in which the Commissioner may not have knowledge, thus allowing persons not under the supervision of this Bureau to engage in income tax investigations with the authority of revenue officers.
- 4th There is no action that these men can take which cannot be as effectively handled by the regular force of internal revenue agents upon receipt of information which the War Department may submit.



5th The morale of the Military Service would be lessened if it were known that persons assigned to military matters were conducting income tax investigations or obtaining information under the guise of an internal revenue officer. While it is stated that the purpose of designating this man as an Intelligence Agent is to investigate smuggling, theft and black market operations in China and India, the viewpoint of the military personnel will be that they are being subjected to income tax scrutinies while they are fighting a war.


Commissioner.

OCT 20 1944

My dear Mr. Secretary:

I am in receipt of your letter of October 14, 1944, in which you refer to the report of Commanding General Joseph W. Stilwell, China Burma India Theatre, concerning the presence of large scale smuggling, theft, and black market operations in his area by military personnel and civilian employees of the China National Aviation Corporation and the American Volunteer Group.

This matter has been under discussion for some time by Colonel Cooper and Sergeant Dowling with officers of this Department and the two groups have been working together in the development of evidence in these matters.

Your suggestion that Mr. Dowling be commissioned as a Special Agent of the Intelligence Unit, Bureau of Internal Revenue, without compensation, to assist in the development of this work, will be given consideration and I shall be pleased to advise you promptly of our action.

Very truly yours,

(Signed) H. Mergenthau, Jr.

Secretary of the Treasury

Honorable Henry L. Stimson
Secretary of War
Washington, D. C.



TREASURY DEPARTMENT
WASHINGTON

OFFICE OF
COMMISSIONER OF INTERNAL REVENUE

October 18, 1944

SENDING COPY TO
COMMISSIONER OF INTERNAL REVENUE
AND BUREAU OF

MEMORANDUM FOR MR. GASTON.

Reference is made to the communication addressed to the Secretary of the Treasury under date of October 14, 1944, by Mr. Henry L. Stimson, Secretary of War, requesting that James W. Dowling, formerly a special agent of this Bureau, now a special agent in the Security Intelligence Corps, United States Army, be designated a special agent of the Intelligence Unit, without compensation, in order that he may be in a position to cooperate with agents of this Bureau in investigations involving numerous persons alleged to have been engaged in black market operations in China and India, including military personnel and civilian employees of the China National Aviation Corporation and the American Volunteer Group.

It would be objectionable, for obvious reasons, to allow persons not under the supervision of this Bureau to engage in income-tax investigations with the authority of revenue officers. I do not believe that it would be wise to designate Mr. Dowling a special agent of this Bureau under the circumstances, nor do I consider this necessary to accomplish the purposes which the War Department has in mind. Information furnished by Mr. Dowling with respect to certain individuals is now receiving attention in this Bureau, and it is the intention to pursue diligently the investigations of these and other related cases if the facts indicate that this should be done.

You understand, of course, that if it is considered in the Treasury that the request of the Secretary of War should be complied with, I shall offer no objection.

Commissioner



SECRET

WAR DEPARTMENT
WASHINGTON

60 1 1944

The Honorable,

The Secretary of the Treasury.

Dear Mr. Secretary:

General Joseph W. Stilwell, Commanding General, China Burma India Theatre, has reported to the War Department the presence of large scale smuggling, theft, and black market operations in China and India by military personnel and civilian employees of the China National Aviation Corporation and the American Volunteer Group. Investigations by the Theatre Provost Marshal have disclosed huge profits derived by this personnel through the violation of the custom laws of these governments and the Articles of War. There is also substantial evidence of violation of United States income tax and customs statutes. Such evidence has been and will continue to be furnished the Treasury Department for appropriate action.

Most of the offenders have returned to the United States and have transmitted or personally brought their spoils to this country. Consequently, General Stilwell has ordered Colonel Harry Cooper, Theatre Provost Marshal, and Special Agent James W. Dowling, Security Intelligence Corps, to complete these investigations in the United States. Colonel Cooper, who is in charge of the investigations, was formerly a supervising agent of the United States Secret Service. Special Agent Dowling is a former special agent of the Intelligence Unit, Internal Revenue Bureau, on leave for military service.

The proper conduct of these investigations requires such close coordination between the War Department and the Treasury Department that it is considered imperative that the authority of both Departments be marshaled behind the investigating agent. Accordingly, it is requested that Special Agent Dowling be commissioned a special agent of the Intelligence Unit, Internal Revenue Bureau, to serve in that capacity without pay in the development of these investigations.

Sincerely yours,



Secretary of War

SECRET

Regraded Unclassified

December 19, 1944
3:41 p.m.

38

HMJr: Hello.

Operator: Mr. Gamble. Go ahead.

HMJr: Gamble.

Ted
Gamble: Yes, sir.

HMJr: God, you sound full of beans.

G: Well, I am.

HMJr: Or is it Chick-a-book cheese, if that's the way you pronounce it.

G: Tillamock.

HMJr: Tillamock?

G: That's right.

HMJr: You'd better not offer me cheese 'till you speak to your wife first.

G: (Laughs) Oh, I can deliver it.

HMJr: Your wife? (Laughs)

G: Huh? (Laughs)

HMJr: (Laughs) Well, anyway, how did it go up there on the War Bonds?

G: Very good.

HMJr: I mean on the radio?

G: Well, I had a meeting with the CBS people and they were interested. In fact, they were very much interested.

HMJr: Yeah.

G: They thought there were two or three -- that it posed two or three problems.

HMJr: Yes.

G: One, a matter of policy with respect to whether that was something they were going to have to meet with Congressmen and other Cabinet Officers or not, and what the Network policy ought to be.

HMJr: Yeah.

G: They said that they had never made a decision like that before and that these -- that when the Bowles thing came up, that it had been done on a spot basis and not on a continuous -- regular and continuous basis, and that they would like to discuss it and get in touch with me in a couple of days.

HMJr: Good.

G: But they were very much interested; in fact, they had a couple of good ideas

HMJr: Good.

G: which they threw into the hopper, so I left it at that for the time being.

HMJr: Good.

G: I brought back a very nice gift for you.

HMJr: Good.

G: The Motion Picture Industry sent you a little Christmas memento.

HMJr: It looks like solid gold, isn't it?

G: That's right.

HMJr: Boy, what did you get?

G: The same thing. (Laughs)

HMJr: I thought yours might have had diamonds in it.

G: No, no, it's just -- they're just alike.

HMJr: If you could get that round plaque off of the front of it, I might be able to use it.

G: Might be able to use it -- I'll have it cut off.

HMJr: Listen, young fellow, somewhere around your office there's a letter from Trippe to me which I asked you to answer.

G: Yes, I have it right on top of my desk.

HMJr: Well

G: I sent it back and they sent it back again with a note that you did want an answer. I thought Mrs. Klotz' answer took care of it but I'm preparing an answer for you now.

HMJr: For my signature.

G: All right, sir.

HMJr: And how do the "E" Bonds look tonight?

G: They -- we gained another million dollars on the beam.

HMJr: And the Navy's has not yet come in?

G: It has not yet come in.

HMJr: You're carrying that in your vest pocket.

G: Yes, sir.

HMJr: All right.

G: We're going to go close to twenty-one.

HMJr: Right -- What? How much?

G: Close to twenty-one.

HMJr: My God! All right.

G: You know we're up to nineteen, two, don't you?

HMJr: No.

G: Nineteen, two and a half.

HMJr: Wonderful.

G: And that's not tonight's sales.

HMJr: No.

G: That's last night's sales.

HMJr: No, I didn't know that.

G: Nineteen, two.

HMJr: Wonderful. Well, here's to more Chillamock cheese.

G: (Laughs)

HMJr: Is that the way you pronounce it?

G: Tillamock -- (T).

HMJr: All right.

G: Okay.

HMJr: Thank you.

G: Good bye.

December 19, 1944
3:51 p.m.

HMJr: what happened on my call?

John
Pehle: Yes, they did. I read the transcript and got the bad news.

HMJr: Right.

P: So we'll have to start all over again.

HMJr: Yeah. I don't see how I could put any more

P: No, you went

HMJr: Both DuBois and Lux were here and I looked at them and asked them and they didn't see how I could put any

P: Oh, no. I think you went as far as you were justified

HMJr: What?

P: I think you went as far as you were justified in going.

HMJr: You do? I think so.

P: Yeah.

HMJr: And

P: Do you know Filene up at Boston?

HMJr: Which one?

P: The old man.

HMJr: Sure.

P: Would he have any ideas?

HMJr: Well, Lincoln Filene is my first cousin by marriage.

P: Is he related to the

HMJr: The other one?

P: Yeah.

HMJr: Is the other one alive?

P: Yeah, he was up in -- he was at the meeting up in Boston when I was there.

HMJr: They're brothers.

P: I see.

HMJr: They're brothers. Well, one is Lincoln and one is Ed. Ed Filene.

P: Well, I -- I didn't know there were two.

HMJr: Yep.

P: I just wondered. I thought they were two people with liberal ideas and knew merchandising.

HMJr: Well, why don't you -- can I give you -- they're all right.

P: Yeah.

HMJr: But what's-his-name -- the man we were trying to get

P: Yeah.

HMJr: was coming down with a group of business men.

P: Yep.

HMJr: Now, maybe amongst that group, he might know somebody, because he was telling them we didn't just want another block, you know.

P: Yeah.

HMJr: Were you there when he told me?

P: Didn't want -- oh, yeah, sure.

HMJr: And he's got a group together.

P: Yeah, his top suggestion was Murray Latimer who is the head of Railroad Retirement and whom I hear very good things about, but I don't know whether we could get him or not.

- 3 -

HMJr: Well, White's been mentioning him but I had an unfortunate experience with him years ago.

P: Oh, I see.

HMJr: I don't -- I never could stomach Murray Latimer.

P: All right.

HMJr: On things of the Railroad Retirement Board. I wanted to ask him quite shortly who was he working for anyway. I just can't stomach him.

P: Uh huh. Well, we'll keep pushing away at it, Mr. Secretary.

HMJr: How are you coming?

P: Pretty good. It's a little hard in this sense to handle surplus and that is that Olrich brought some good people in here but he brought them in on a very temporary basis and they didn't take any steps to get people underneath them.

HMJr: Yeah.

P: So when people like Flemming, who was from Marshall Field, who has left, and Acheson go there isn't much below them.

HMJr: Yeah.

P: I had a talk with Brant Holme.

HMJr: Yes.

P: I'm quite impressed with that guy.

HMJr: He called up last night and he said he was going over to see you.

P: Yeah, I talked to him today for some time.

HMJr: He's a very forthright fellow.

P: Yeah.

HMJr: Did you like him?

P: I liked him, yeah.

HMJr: He some time ago had some heart trouble, but I gather he's quite all right now.

P: He seems to be working hard at his job.

HMJr: How's his end going?

P: It's going all right. I think he sees it -- he sees it much clearer than Mr. Mack does.

HMJr: Well, he's got a very good record behind him.

P: Has he?

HMJr: Yeah.

P: Well, I'll check him too.

HMJr: He's done -- oh, they've entertained the Russians and get along famously with them.

P: Yeah.

HMJr: His whole heart is in this thing.

P: Yeah, I like his attitude very much.

HMJr: And they've gotten to be great Roosevelt supporters.

P: That's good. We need them.

HMJr: Well, anyway, any time

P: All right, Mr. Secretary.

HMJr: Thank you.

December 19, 1944

Dear Mr. Sarazan:

Throughout the Sixth War Loan Drive, as well as all previous ones, I have observed with much interest, the excellent cooperation The Hecht Company has given our war financing program. Your advertisement of December 14, "Buy A V-Mail Bond," was especially impressive.

What your Company, and other retailers throughout the Nation have done in support of the War Bond program has been of inestimable value in helping us reach our goals in each Drive, and I want you to know that the Treasury very greatly appreciates the cooperation.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Mr. Bert M. Sarazan
Publicity Director
THE HECHT COMPANY
Washington 25, D.C.

DS:gr

photostat to Mr Gamble 12/20/44.

47

Washington, D.C.

December 19, 1944

Hon. Henry Mergenthau, Jr.
Secretary of the Treasury
Fifteenth Street and Pennsylvania Avenue
Washington, D.C.

Dear Mr. Secretary:

Nobody asked us to write this, but since you saw fit to tell us in person that the wire service coverage of the Sixth War Loan was the best yet, we'd like to say a word of our own.

Our relations with your War Finance Division have been excellent. We appreciate the intelligent cooperation of everyone concerned.

The outstanding thing about this job of press relations, in our opinion, was that the reporters were given an opportunity to understand what was going on, instead of just rewriting handouts. Ted Gamble held daily press conferences at which he and his associates talked fully and frankly about the progress of the drive and problems of public finance.

Sincerely,

Paul Harrison

UNITED PRESS

Erwin D. Sias

INTERNATIONAL NEWS SERVICE

Max Hall

ASSOCIATED PRESS

House

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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE Dec. 19, 1944

TO Secretary Morgenthau

FROM E. M. Bernstein

Subject: Report of Treasury representatives returned from abroad.

During the calendar year 1944 eleven Treasury representatives who report to Mr. White returned from missions abroad. This does not include staff people in a subordinate position who report through other Treasury representatives.

Of these eleven men, seven have made written reports, two made no written reports and two others have returned within the last few days and are still preparing their reports. The men who have returned, the date of their return, and the status of their reports are as follows:

Mr. Glasser returned from Italy on June 3, 1944. His assignment was to assist the Allied Control Commission in preparing a report. He sent you a special report on the same subject today.

Mr. Taylor returned from England on August 18, 1944. He made no written report on his work in London. During his stay, the Treasury was kept informed on all matters of Treasury business.

Mr. Hoffmann returned from North Africa on April 22, 1944. He prepared a full report on Treasury work in North Africa.

Mr. Adler returned from China on July 7, 1944. He prepared a full report on conditions in China and the report, I believe, was sent to you.

Mr. Casaday returned from England on June 23, 1944. He made no written report as the problems with which he dealt were settled by the Treasury with the U.K. Treasury representatives in Washington.

- 2 -

Mr. Friedman returned from China and India on November 30, 1944. He made a full report on conditions in China and on our gold transactions in India. I believe the report on China was sent to you.

Mr. Gunter returned from Egypt on November 3, 1944. He submitted a report on the work of the Treasury representative and on the need for keeping a representative in Cairo.

Mr. Mikesell returned from Egypt on May 17, 1944. He reported on the Middle East Financial Conference where he participated as one of the Treasury representatives.

Mr. Olsen returned from Sweden on December 1, 1944. I am informed that he has been working on a report which is not yet complete.

Mr. Saxon returned from France on December 18, 1944. Having returned only yesterday, Mr. Saxon has not had time to prepare his report.

Mr. Wood returned from Portugal on June 26, 1944. He prepared a full report on economic conditions in Portugal and on the work of the Treasury representative in Lisbon.

December 19, 1944

MEMORANDUM FOR FILES:

Mr. Frank Coe of the Foreign Economic Administration called me on the telephone to say that FEA has informed the Bureau of the Budget that it would ask to have the Export-Import Bank's funds increased to \$5 billion. Mr. Coe said there would be ample time for a further discussion before the figures are finally cleared by the Bureau of the Budget.

In the course of the conversation, Mr. Coe told me that Mr. Crowley expects to call the Secretary and to get together with him this week for a discussion of the relation of the Export-Import Bank program to the Bretton Woods program.

Mr. Coe mentioned the desirability of a further discussion of the prospective legislation on Bretton Woods. He asked when Mr. White would be back and I told him that he would be here Friday.

E. M. Bernstein

E. M. B.

DEC 19 1944

Dear Mr. Chairman:

Further reference is made to your letter of November 30, 1944, requesting the comments of this Department on H.R. 5552, a bill "To repeal the Act entitled 'An Act to prohibit financial transactions with any foreign government in default on its obligations to the United States' approved April 13, 1934."

In view of the fact that the political and economic relations of the United States with many of the foreign governments affected by the Act of April 13, 1934 involve factors that did not exist at the time that Act was passed, and the further fact that problems remaining from the first World War can be most advantageously resolved in connection with those that have arisen during the present war, it is the view of this Department that H.R. 5552 should be enacted.

The continuance of the restrictions of the Act of April 13, 1934, will increase the difficulty of dealing effectively with the international economic and financial problems of the post-war period.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Honorable Sol Bloom,
Chairman, Committee on Foreign Affairs,
House of Representatives,
Washington, D. C.

Treasury Department
Division of Monetary Research

52

Date December 15, 1944 19

To: ~~Mr. D. W. Bell~~

The Secretary

I want to call your attention to the fact that the President expressed the view before election that repeal of the Johnson Act was not necessary. This recommendation is not in accord with the President's view. Luxford claims nonetheless that this is for the Budget and it is expected that we should express our opinion even though it may conflict with the President's view.

H.D.W.

*Certainly the views in letter
are the correct ones to
be given by the Treasury*

DWB

MR. WHITE
Branch 2058 - Room 214-1/2

TO:

12/11/44

Mr. Lissford

I discussed this report on the Johnson Act with Messrs. White and Bernstein on Saturday. It was agreed that the sentence suggested by Mr. Bernstein should be added and no one felt troubled about the possibility of an inconsistency between this report and the proposal in the draft legislation on the Fund and Bank which would only be a qualified removal of Johnson Act restrictions.

RB

Mr. Brenner

TREASURY DEPARTMENT
General Counsel
Legislative Section

December 2, 1944

To: Mr. Luxford

Request of Chairman, Committee on Foreign Affairs
dated Nov. 30, 1944, for report on bill No. 5594

Subject: To repeal the Act entitled "An Act to prohibit
financial transactions with any foreign gov-
ernment in default on its obligations to the
United States", approved April 13, 1924.

In accordance with existing instructions, the
request for a report on the bill referred to above
is forwarded for your consideration and the prepara-
tion of such report for the SECRETARY'S SIGNATURE,
expressing the views of the Treasury Department.

The undated draft of your report, together with
8 carbon copies, this slip, and accompanying
papers, should be routed for signature through this
office.

This matter has been assigned to Mr.
of this office who will be glad to cooperate with
your office in the preparation of the report.

Legislative Section.

December 1, 1944

Dear Mr. Chairman:

Receipt is acknowledged of your letter of November 30, 1944, enclosing six copies of Bill H. R. 5552, "To repeal the Act entitled 'An Act to prohibit financial transactions with any foreign government in default on its obligations to the United States', approved April 13, 1934", and requesting a statement of this Department's views on this proposed legislation.

This matter will have consideration and a report thereon will be submitted to your Committee as soon as possible.

By direction of the Secretary:

Very truly yours,

(SIGNED) CHARLES S. BELL

Administrative Assistant
to the Secretary

Honorable Sol Bloom
Chairman, Committee on Foreign Affairs
House of Representatives
Washington, D. C.

GEF:tgd Original to Mr. Lynch

BOB BLOOM, N. Y., CHAIRMAN

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JOHN KEE, W. VA.
JAMES P. RICHARDS, S. C.
JOSEPH L. PFEIFER, N. Y.
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J. W. FULBRIGHT, ARK.
MIKE MANSFIELD, MONT.
JAMES A. WRIGHT, PA.

CHARLES A. EATON, N. J.
EDITH N. ROGERS, MASS.
ROBERT S. CHIPERFIELD, ILL.
JOHN N. VORTY, OHIO
FOSTER STEARNS, N. H.
KARL E. MUNDT, S. DAK.
BARTEL J. JOHNSON, MICH.
FRANCIS P. BOLTON, OHIO
JAMES W. WADSWORTH, N. Y.
CHARLES L. GERLACH, PA.
ANDREW C. SCHIFFLER, W. VA.

Congress of the United States
Committee on Foreign Affairs
House of Representatives
Washington

BOYD CRAWFORD, CLERK

November 30, 1944.

My dear Mr. Secretary:

I am enclosing herewith for any comment you may desire to make, six copies of H. R. 5552, a bill "To Repeal the Johnson Act", which I introduced yesterday and which has been referred to the Committee on Foreign Affairs.

Sincerely yours,

Bob Bloom

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

SB:Cv

78TH CONGRESS
2D SESSION

H. R. 5552

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 29, 1944

Mr. BLOOM introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

To repeal the Act entitled "An Act to prohibit financial transactions with any foreign government in default on its obligations to the United States", approved April 13, 1934.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Act entitled "An Act to prohibit financial trans-
4 actions with any foreign government in default on its obliga-
5 tions to the United States", approved April 13, 1934, is
6 hereby repealed.

78TH CONGRESS
2d Session

H. R. 5552

A BILL

To repeal the Act entitled "An Act to prohibit financial transactions with any foreign government in default on its obligations to the United States", approved April 13, 1934.

By Mr. BLOOM

NOVEMBER 29, 1944

Referred to the Committee on Foreign Affairs

UNITED KINGDOM TREASURY DELEGATION

BOX 680
BENJAMIN FRANKLIN STATION
WASHINGTON, D. C.

December 19, 1944

REFERENCE:

TELEPHONE EXECUTIVE 2020

39

Mr. E.J. Fitzgerald
United States Treasury
Washington, D.C.

Dear Mr. Fitzgerald:

This is a rather belated letter to say that I am forwarding to Lord Keynes in London Mr. Morgenthau's letter to him of the 15th December, which came to me.

Yours sincerely,

74lee

F. G. Lee.



THE SECRETARY OF THE TREASURY
WASHINGTON

December 19, 1944

My dear Mr. Secretary:

As you know, all shipments of rubber from the British Empire consigned to the Rubber Reserve Corporation in government to government transactions after July 1, 1943 have been provided by the Government of the United Kingdom on reverse lend-lease. On March 28, 1944, the Foreign Economic Administrator wrote to advise you that the Government of the United Kingdom was unwilling to waive its outstanding claim for \$11,847,328.46, representing unpaid charges on shipments of Ceylon rubber consigned to the Rubber Reserve Corporation before July 1, 1943, but that, pursuant to the suggestion of the British at the time, this claim was being left in suspense and any immediate settlement was being deferred.

In connection with the discussions with the British representatives which have recently been concluded, we had occasion, as representatives for the United States in the discussions, to consider the above-mentioned claim with respect to rubber. We have re-examined the status of the claim and are of the opinion that it would be desirable to have the claim paid now to the United Kingdom.

The Committee, therefore, wishes to recommend that you arrange with the proper representatives of the British Ministry of Supply Mission for the payment of this obligation at an early date.

Sincerely yours,

W. M. E. Murray
Secretary of the Treasury

E. A. Tamm
Secretary of State

W. E. C. C. C.
Foreign Economic Administrator



The Honorable,

The Secretary of Commerce.

My dear Mr. Secretary:

As you know, all shipments of rubber from the British Empire consigned to the Rubber Reserve Corporation in government to government transactions after July 1, 1943 have been provided by the Government of the United Kingdom on reverse lend-lease. On March 28, 1944, the Foreign Economic Administrator wrote to advise you that the Government of the United Kingdom was unwilling to waive its outstanding claim for \$11,847,328.46, representing unpaid charges on shipments of Ceylon rubber consigned to the Rubber Reserve Corporation before July 1, 1943, but that, pursuant to the suggestion of the British at the time, this claim was being left in suspense and any immediate settlement was being deferred.

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The Committee, therefore, wishes to recommend that you arrange with the proper representatives of the British Ministry of Supply Mission for the payment of this obligation at an early date.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Secretary of State

Assistant Secretary
of State
DEC 1 1944
MR. ACHESON 3

Foreign Economic Administrator

The Honorable,

The Secretary of Commerce.

ERBJr:RPH:JH
LWC:rl

FEDERAL RESERVE BANK
OF NEW YORK

December 19, 1944.

CONFIDENTIAL

Dear Mr. Secretary: Attention: Mr. H. D. White

I am enclosing our compilations for the weeks ended December 6 and 13, 1944, showing dollar disbursements out of the British Empire and French accounts at this bank and the means by which these expenditures were financed.

Very truly yours,

/s/ H. L. Sanford

H. L. Sanford,
Assistant Vice President.

The Honorable Henry Morgenthau, Jr.
Secretary of the Treasury,
Washington 25, D.C.

Enclosures

C O P Y

Regraded Unclassified

ANALYSIS OF BRITISH AND FRENCH ACCOUNTS
(In Millions of Dollars)

Week Ended December 6, 1944 Strictly Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)								BANK OF FRANCE (A)				
	D E B I T S				C R E D I T S				Total Debits (e)	Total Credits (e)	Net Incr. (+) or Decr. (-) in \$ Funds (d)		
	Total Debits	Gov't Expenditures (a)	Transfers to Official Canadian Account	Other Debits	Total Credits	Proceeds of Sales of Gold	Reservings (Official) (b)	Transfers from Official Australian Account				Other Credits (c)	Not Incr. (+) or Decr. (-) in \$ Funds (d)
War Years (a)													
First	1,793.2	605.6	20.9	1,166.7	1,828.2	1,356.1	52.0	3.9	416.2	+ 35.0	866.3 (f)	1,095.3 (f)	+ 299.0
Second	2,303.0	1,792.2	3.4	407.4	2,189.8	1,193.7	274.0	16.7	705.4	- 13.2	38.9	8.8	- 30.1
Third	1,235.6	904.8	7.7	223.1	1,361.5	21.8	5.5	57.4	1,276.8	+ 125.9	18.5	4.4	- 14.1
Fourth	764.0	382.7	170.4	280.9	1,072.3	-	0.5	155.1	916.7	+ 308.3	10.3	1.0	- 9.3
Fifth	1,197.7	300.4	61.4	835.9	1,369.6	-	-	253.0	1,116.6	+ 171.9	-	-	-
1944													
September	151.0	19.9	30.4	80.7	56.5	-	-	8.0	55.5	- 94.5	-	-	-
October	127.9	21.0	7.4	99.5	54.7	-	-	1.0	53.7	- 73.2	-	-	-
November	74.2	45.4	2.9	25.9	92.1	-	-	1.0	91.1	+ 17.9	-	-	-
December													
1945													
January													
February													
March													
April													
May													
June													
July													
August													
Week Ended													
November 15, 1944	7.9	3.4	-	4.5	30.0	-	-	-	30.0	+ 22.1	-	-	-
November 22, 1944	28.7	21.0	2.9	4.8	41.1	-	-	-	41.1	+ 12.4	-	-	-
November 29, 1944	21.2	10.7	-	10.5	7.3	-	-	-	7.3	- 13.9	-	-	-
December 6, 1944	16.0	7.3	-	8.7	21.5 (h)	-	-	1.0	20.5 (h)	+ 4.0	5.2	0.3	- 4.9

Average Weekly Expenditures Since Outbreak of War

France (through June 19, 1940) \$19.6 million
 England (through June 19, 1940) \$27.6 million
 England (through June 20, 1940 to March 12, 1941) \$54.9 million
 England (since March 12, 1941) 21.9 million

See attached sheet for footnotes.

- (a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.
- (b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to \$334 million.
- (c) Includes about \$85 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent current acquisitions of proceeds of exports from the sterling area and other accruing dollar receipts. See (k) below.
- (d) Reflects net change in all dollar holdings payable on demand or maturing in one year.
- (e) For breakdown by types of debits and credits see tabulations prior to March 10, 1943.
- (f) Adjusted to eliminate the effect of \$20 million paid out on June 26, 1940 and returned the following day.
- (g) For monthly breakdown see tabulations prior to April 23, 1941; October 8, 1941; October 14, 1942; September 29, 1943; September 6,
- (h) Includes \$ 12.2million apparently representing current and accumulated dollar proceeds of sterling area services and merchandise exports.
- (i) Transactions for account of Caisse Central de la France d'Outre-Mer included for the first time in week ended December 6, 1944.

ANALYSIS OF CANADIAN AND AUSTRALIAN ACCOUNTS
(In Millions of Dollars)

Week Ended December 6, 1944

Strictly
Confidential

PERIOD For Years (a)	BANK OF CANADA (and Canadian Government)								COMMONWEALTH BANK OF AUSTRALIA (and Australian Government)							
	DEBITS				CREDITS				DEBITS			CREDITS				
	Total Debits	Transfers to Official British A/C	Others	Total Credits	Proceeds of Gold Sales	Transfers from Official British A/C For Own A/C	For French A/C	Other Credits	Net Incr. (+) or Decr. (-) in Funds (b)	Total Debits	Transfers to Official British A/C	Other Debits	Total Credits	Proceeds of Gold Sales	Other Credits	Net Incr. (+) or Decr. (-) in Funds (b)
First	323.0	16.6	306.4	304.7	412.7	20.9	38.7	32.4	+ 181.7	31.2	3.9	27.3	36.1	30.0	6.1	+ 4.9
Second	460.4	-	460.4	452.0	246.2	3.4	123.9	88.5	+ 1.6	72.2	16.7	55.5	81.2	62.9	18.3	+ 9.0
Third	525.8	0.3	525.5	566.3	398.6	7.7	-	360.0	+ 40.5	107.2	57.4	49.8	112.2	17.2	95.0	- 5.0
Fourth	723.6	-	723.6	958.8	47.1	170.4	-	741.3	+ 235.2	197.0	155.1	41.9	200.4	-	200.4	+ 3.4
* Fifth	849.3	1.0	848.3	958.5	36.1	61.4	-	859.0	+ 283.3	298.6	251.0	45.6	287.7	-	287.7	- 10.9
1944																
September	74.5	0.1	74.4	91.8	-	50.4	-	41.4	+ 17.3(r)	5.8	1.0	4.8	7.3	-	7.3	+ 1.5
October	24.1	-	24.1	84.2	-	7.7	-	76.8	+ 60.1	20.5	1.0	19.5	21.0	-	21.0	+ 0.5
November	38.8	-	38.8	53.7	-	2.9	-	50.8	+ 14.9	3.4	1.0	2.4	5.8	-	5.8	+ 2.4
December																
1945																
January																
February																
March																
April																
May																
June																
July																
August																
Week Ended																
November 15, 1944	19.0	-	19.0	21.8	-	-	-	21.8	+ 2.8	-	-	-	0.5	-	0.5	+ 0.5
November 22, 1944	4.5	-	4.5	14.8	-	2.9	-	11.9	+ 10.3	0.1	-	0.1	0.8	-	0.8	+ 0.7
December 29, 1944	8.1	-	8.1	2.8	-	-	-	2.8	- 5.3	0.1	-	0.1	0.9	-	0.8	+ 0.8
December 6, 1944	8.1(c)	-	8.1	8.8(a)	-	-	-	8.8(d)	+ 0.7	3.1	1.0	2.1	3.5	-	3.5(e)	+ 0.4

Average Weekly expenditures for

First year of war	6.2 million.
Second year of war	8.9 million.
Third year of war	10.1 million.
Fourth year of war	13.9 million.
Fifth year of war	16.1 million.
Sixth year of war (through) December 6, 1944)	7.8 million.

- (a) For monthly breakdowns see tabulations prior to: April 23, 1941; October 8, 1941; October 14, 1942; September 29, 1943; September 6, 1944.
 (b) Reflects changes in all dollar holdings payable on demand or maturing in one year.
 (c) Does not reflect transactions in short term U. S. securities.
 (d) Includes \$ 0.7 million deposited by War Supplies, Ltd. and \$ 7.5 million received from New York accounts of Canadian chartered banks.
 (e) Includes \$ 3.0 million from Treasurer of U. S.

ANALYSIS OF BRITISH AND FRENCH ACCOUNTS
(In Millions of Dollars)

Strictly
Confidential
Week Ended December 13, 1944

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)								BANK OF FRANCE (1)				
	D E B I T S				C R E D I T S				Not Incr. (+) or Decr. (-) in \$ Funds (d)	Total Debits (e)	Total Credits (e)	Not Incr. (+) or Decr. (-) in \$ Funds (d)	
	Total Debits	Gov't Expendi- tures (a)	Transfers to Official Canadian Account	Other Debits	Total Credits	Proceeds of Sales of Gold	Securities (Official) (b)	Transfers from Official Australian Account					Other Credits (c)
War Years (g)													
First	1,793.2	605.6	20.9	1,166.7	1,828.2	1,356.1	52.0	3.9	416.2	+ 35.0	866.3 (f)	1,095.3 (f)	+ 299.0
Second	2,203.0	1,792.2	3.4	407.4	2,189.8	1,193.7	274.0	16.7	705.4	- 13.2	38.9	8.8	- 30.1
Third	1,235.6	904.8	7.7	223.1	1,361.5	21.8	5.5	57.4	1,276.8	+ 125.9	18.5	4.4	- 14.1
Fourth	764.0	32.7	170.4	260.9	1,072.3	-	0.5	155.1	916.7	+ 308.3	10.3	1.0	- 9.3
Fifth	1,197.7	300.4	61.4	835.9	1,369.6	-	-	253.0	1,116.6	+ 171.9	-	-	-
<u>1944</u>													
September	151.0	19.9	50.4	80.7	56.5	-	-	1.0	55.5	- 94.5	-	-	-
October	127.9	21.0	2.4	99.5	54.7	-	-	1.0	53.7	- 73.2	-	-	-
November	74.2	45.4	2.9	25.9	92.1	-	-	1.0	91.1	+ 17.9	-	-	-
December													
<u>1945</u>													
January													
February													
March													
April													
May													
June													
July													
August													
<u>Week Ended</u>													
November 22, 1944	28.7	21.0	2.9	4.8	41.1	-	-	-	41.1	+ 12.4	-	-	-
November 29, 1944	21.2	10.7	-	10.5	7.3	-	-	-	7.3	- 13.9	-	-	-
December 6, 1944	16.0	7.3	-	8.7	21.5	-	-	1.0	20.5	+ 4.0	5.2	0.3	- 4.9
December 13, 1944	27.5	23.1 (j)	-	4.4	6.2	-	-	-	6.2 (h)	- 21.3	50.1 (k)	1.0	- 49.1

Average Weekly Expenditures Since Outbreak of War
 France (through June 19, 1940) 19.6 million
 England (through June 19, 1940) 27.6 million
 England (through June 20, 1940 to March 12, 1941) 354.9 million
 England (since March 12, 1941) 21.9 million

See attached sheet for footnotes.

- (a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.
- (b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to \$334 million.
- (c) Includes about \$85 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent current acquisitions of proceeds of exports from the sterling area and other accruing dollar receipts. See (k) below.
- (d) Reflects net change in all dollar holdings payable on demand or maturing in one year.
- (e) For breakdown by types of debits and credits see tabulations prior to March 10, 1943.
- (f) Adjusted to eliminate the effect of \$20 million paid out on Jan. 26, 1940 and returned the following day.
- (g) For monthly breakdown see tabulations prior to April 23, 1941; October 8, 1941; October 14, 1942; September 29, 1943; September 6,
- (h) Includes \$4.3 million apparently representing current and accumulated dollar proceeds of sterling area services and merchandise exports.
- (i) Transactions for account of Caisse Central de la France d'Outre-Mer included for first time in week ended December 6, 1944.
- (j) Includes \$15.0 million paid to the account of Commodity Credit Corporation, U. S. Department of Agriculture, and \$ 2.0 million to the account of South Africa Reserve Bank.
- (k) Includes \$ 50.0 million paid to the Treasurer of the U. S. for account of Lend Lease Administration in payment for civilian goods delivered to French North and West Africa.

ANALYSIS OF CANADIAN AND AUSTRALIAN ACCOUNTS
(In Billions of Dollars)

Strictly
Week Ended December 13, 1944. Confidential

PERIOD	BANK OF CANADA (and Canadian Government)								COMMONWEALTH BANK OF AUSTRALIA (and Australian Government)									
	DEBITS				CREDITS				DEBITS				CREDITS					
	Total	Transfers to Official British A/C	Others	Proceeds of Gold Sales	Transfers from Official British A/C	For Own A/C	For French A/C	Other Credits	Net Incr. (+) or Decr. (-) in Funds (e)	Total	Transfers to Official British A/C	Others	Proceeds of Gold Sales	Transfers from Official British A/C	For Own A/C	For French A/C	Other Credits	Net Incr. (+) or Decr. (-) in Funds (e)
War Years (a)	Debits	A/C	Debits	Credits						Debits	A/C	Debits	Credits					
First	323.0	16.6	306.4	504.7	412.7	20.9	38.7	32.4	+ 181.7	31.2	3.9	27.3	36.1	30.0	6.1	-	+ 4.9	
Second	460.4	-	460.4	462.0	246.2	3.4	123.9	88.5	+ 1.6	72.2	16.7	55.5	81.2	62.9	18.3	-	+ 9.0	
Third	525.8	0.3	525.5	566.3	198.6	7.7	-	360.0	+ 40.5	107.2	57.4	49.8	112.2	17.2	95.0	-	- 5.0	
Fourth	723.6	-	723.6	958.8	47.1	170.4	-	741.3	+ 235.2	197.0	155.1	41.9	200.4	-	200.4	-	+ 3.4	
Fifth	849.3	1.0	848.3	958.9	38.1	61.4	-	859.0	+ 283.3	298.6	251.0	45.6	287.7	-	287.7	-	- 10.9	
1944																		
September	74.5	0.1	74.4	91.8	-	50.4	-	41.4	+ 17.3(r)	5.8	1.0	4.8	7.3	-	7.3	-	+ 1.5	
October	21.1	-	21.1	82.2	-	7.4	-	76.8	+ 60.1	20.5	1.0	19.5	21.0	-	21.0	-	+ 0.5	
November	38.8	-	38.8	53.7	-	2.9	-	50.8	+ 14.9	3.4	1.0	2.4	5.8	-	5.8	-	+ 2.4	
December																		
1945																		
January																		
February																		
March																		
April																		
May																		
June																		
July																		
August																		
Week Ended																		
November 22, 1944	4.5	-	4.5	14.8	-	2.9	-	11.9	+ 10.3	0.1	-	0.1	0.8	-	0.8	-	+ 0.7	
November 29, 1944	8.1	-	8.1	2.8	-	-	-	2.8	- 5.3	0.1	-	0.1	0.9	-	0.9	-	+ 0.8	
December 6, 1944	8.2	-	8.1	8.8	-	-	-	8.8	+ 0.7	3.1	1.0	2.1	3.5	-	3.5	-	+ 0.4	
December 13, 1944	3.9 (c)	-	3.9	3.0 (a)	-	-	-	3.0	- 0.9	0.6	-	0.6	0.3	-	0.3	-	+ 0.3	

Average Weekly expenditures for

First year of war	6.2 million.
Second year of war	8.9 million.
Third year of war	10.1 million.
Fourth year of war	13.9 million.
Fifth year of war	16.1 million.
Sixth year of war (through December 13, 1944)	7.5 million.

- (a) For monthly breakdowns see tabulations prior to: April 23, 1941; October 8, 1941; October 14, 1942; September 29, 1943; September 6, 1944.
- (b) Reflects changes in all dollar holdings payable on demand or maturing in one year.
- (c) Does not reflect transactions in short term U. S. securities.
- (d) Includes \$ 2.5 million deposited by War Supplies, Ltd. and \$ 0.5 million received from New York accounts of Canadian chartered banks.

DEC 19 1944

My dear Mr. Secretary:

I know that you will be pleased to learn that we have successfully terminated the rather difficult and arduous negotiations with Dr. Kung with respect to U.S. Army yuan obligations in China. In this connection, I would like to tell you that General Somervell, General Clay, General Carter and General Richards were most helpful to me.

In our settlement with Dr. Kung we agreed to the payment of \$210 million in settlement of all U.S. Army obligations incurred up to September 30, 1944. We also agreed to have quarterly adjustments and settlements with regard to yuan obligations of the U. S. Army incurred after September 30, 1944. I am now taking the necessary steps to obtain the information needed for the renewal of the negotiations in the near future for settlement of obligations incurred during the next quarter of 1944.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The Honorable

The Secretary of War

ISF/efs 12/18/44

70
DEC 19 1944

MEMORANDUM FOR THE SECRETARY

For Your Information

Congressman Spence called me today about the Bretton Woods legislation. He said that some one had told him I was drafting the legislation and he would like to talk it over with me.

I told him that we were working on the matter but to date we had nothing but a very rough draft which was in the process of being revised. I said that as soon as we had a reasonably satisfactory draft prepared we would appreciate the opportunity of discussing it with him in detail since I was confident that he could give us some very helpful suggestions.

He said that he was not thinking in terms of giving us advice on how to write the legislation as he would rely on us for that. He wanted me to come down and explain it to him so that he would better be able to carry the ball for us on the Hill. He said he was going to be relying on us for a lot of assistance in explaining the Bill, etc. I assured him of our full cooperation and told him that we thought the legislation itself might be comparatively short and simple.

He stated that he was hoping Congress would pass the legislation by a large majority to show the world that the country was behind both proposals. I agreed, but mentioned that we might expect some opposition from some of the bankers. He said he was not worried about them for it was his experience that their opposition never materialized when the chips were down.

AB

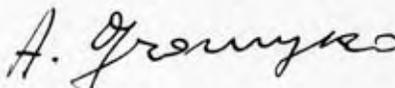
EMBASSY OF THE
UNION OF SOVIET SOCIALIST REPUBLICS
WASHINGTON, D. C.

December 19, 1944

Dear Mr. Secretary:

Hereby I acknowledge receipt of your letter of
December 15. I thank you for the information you
transmitted to me.

Sincerely yours,



Ambassador

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

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMERICAN EMBASSY, LONDON
TO: Secretary of State, Washington
DATED: December 19, 1944
NUMBER: 11247

SECRET

US URGENT.

The following message is for WRB and the Department.

In the agenda of the ninth meeting of the Executive Committee of Intergovernmental Committee on Refugees is included a request for confirmation of action lately taken in Belgium by the Director of IGC authorizing on behalf of the IGC the expenditure of 3,500,000 Belgian francs for the immediate maintenance of Austrian and German refugees in Belgium in dire circumstances because they are not allowed to work in Belgium at the present time. It is pointed out by the Director that the steps taken by him come within the general framework of the so-called credit scheme except that the original purpose of that scheme was the rescue of individuals from Axis-occupied territory and the preservation of individuals within territory held by the Axis. The Director's action in Belgium extended the scheme to the relief of individuals in territory lately liberated, which was outside the original authority and therefore, he requests confirmation of his action by the Executive Committee at its meeting the twenty first of December.

We request urgent instructions.

WINANT

DCH:MLG
12-20-44

CABLE TO AMERICAN CONSULATE, JERUSALEM, FROM WAR REFUGEE BOARD.

Please deliver following message to Judah Magnes from M. A. Leavitt
of American Jewish Joint Distribution Committee:

QUOTE WE CABLED PASSMAN CARE OF AMERICAN LEGATION CAIRO
AS FOLLOWS: INNERQUOTE SCHWARTZ JUST LEFT PARIS FOR
SWITZERLAND WHERE EXPECTS SPEND SEVERAL WEEKS AND THEREAFTER
HE PLANS RETURN PARIS FOR STAY AND POSSIBLE FLYING VISIT BELGIUM
BEFORE RETURNING LONDON WHICH MAY THEREFORE BE FROM SIX TO
EIGHT WEEKS FROM TODAY. IN VIEW ABOVE QUESTION WHETHER ADVISABLE
YOU GO LONDON TO AWAIT SCHWARTZ'S RETURN SINCE WE PRESSING CON-
TINUOUSLY YOUR ENTRANCE RUMANIA AND EXPECT TO GET CLEARANCE ANY
DAY. GLAD ADVISE YOU ICA BOARD APPROVES LEAVE OF ABSENCE FOR
YOU TO END JUNE 1945. END INNERQUOTE. UNQUOTE

10:00 a.m.
December 19, 1944

DGS-1554

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

Jerusalem

Dated December 19, 1944

Rec'd 4:36 p.m.

Secretary of State,
Washington.

185, December 19, 5 p.m.

The following message from Doctor Judah Magnes who requests that a paraphrase thereof be delivered to M. A. Leavitt American Jewish Joint Distribution Committee Relief Fund War Refugee Board.

"Replying to your telegram of 16th estimated total debt \$283,000 as follows: Maintenance Istanbul and rail Istanbul to Turkish border \$173,000 rail Turkish border to Palestine \$110,000. Only Istanbul can furnish data sea transportation. Only TOROS has arrived out of four boats ours December 2 total passengers 906. Their maintenance and land transportation included in above estimate of \$283,000. During December no further boat arrivals expected."

PINKERTON

MRM

CABLE TO AMERICAN LEGATION, LISBON, FROM WAR REFUGEE BOARD.

Please deliver following message to Robert Pilpel from

M. A. Leavitt of American Jewish Joint Distribution Committee:

QUOTE REMITTED \$35,000 SALY MAYER DECEMBER GRANT SHANGHAI.
REMITTED \$400,000 SALY MAYER. UNQUOTE

THIS IS WRB LISBON CABLE NO. 122.

10:00 a.m.
December 19, 1944

CABLE TO MINISTER JOHNSON, STOCKHOLM, SWEDEN

Amembassy Madrid reports that Spanish Charge d'Affaires left Budapest, and that there being now no Spanish diplomatic representative in Hungary, protection of Spanish interests there has been turned over informally to Swedish Legation.

In this connection, please endeavor to convey to Swedish representatives in Budapest the following information:

Spanish letters of protection have been issued to 2,300 Budapest Jews and 570 Jews, including 500 children, are in possession of visas to Spain and Spanish Morocco. Furthermore, Spanish Legation in Budapest was authorized to grant visas to 700 more Budapest Jews. Authentic information from Budapest dated October 23 indicates that several categories of Jews in Budapest, in possession of protective documents and visas from foreign governments, have been exempted from general treatment reserved for Hungarian Jews, excluded from deportation to labor camps, and held in Budapest under agreement with German authorities who are ready to grant them transit visas enabling them to leave Axis territory. But none of the Jews with Spanish papers or visas are mentioned as being accorded this special treatment except one family consisting of three persons.

Any action of Swedish Legation in Budapest to extend protection and special treatment to all Jews with Spanish papers and visas will be greatly appreciated.

THIS IS WRB STOCKHOLM CABLE NO. 273.

4:45 p.m.
December 19, 1944

CABLE TO AMERICAN LEGATION, BERN, FOR MC CLELLAND, FROM WAR REFUGEE BOARD.

Please deliver following message to Joseph Schwartz, c/o
Saly Mayer, St. Gall, from M. A. Leavitt of American Jewish Joint
Distribution Committee:

QUOTE RECEIVED FOLLOWING FROM MAGNES, SIMON JERUSALEM:
INNERQUOTE DESPITE REJECTIONS OUR PROPOSAL WE ADVISING
CHARLES PASSMAN JERUSALEM FLY LONDON NOW FOR THOROUGH FINAL
ENDEAVOR CLARIFY NEEDS OF SITUATION. WE URGE YOU AND JOSEPH
SCHWARTZ LONDON MAKE EVERY EFFORT MEET OUR VIEWS FOR SAKE
INCREASING JOINT EFFECTIVENESS. WITHOUT MORE SUBSTANTIAL
AUTHORITY WE CANNOT CARRY MORAL RESPONSIBILITIES WHICH GRAVE
EMERGENCIES ARE PLACING INCREASINGLY UPON US AS JOINT REPRESENTATIVES
WHATEVER COMMITTEE'S OFFICIAL TITLE MAY BE. WE AWAITING RESULTS
CHARLES PASSMAN'S JERUSALEM MEETING JOSEPH SCHWARTZ LONDON WITH
ANXIETY. END INNERQUOTE WE HAVE NOT YET REPLIED MAGNES. UNQUOTE

THIS IS WRB BERN CABLE NO. 331.

10:00 a.m.
December 19, 1944

DEPARTMENT

OF STATE
This telegram must be paraphrased before being communicated to anyone other than a Government agency.
(SECRET O)

OUTGOING TELEGRAM

December 19, 1944

11 P.M.

DIVISION OF COMMUNICATIONS AND RECORDS 78

1944 DEC 21 PM 3 58

AMEMBASSY,

CHUNGKING,

COMMUNICATIONS RECORDS (LIAISON)

1675

FOR GENERAL HURLEY FROM THE SECRETARY OF THE TREASURY

The negotiations with respect to U. S. Army yuan obligations in China have been successfully terminated on the following terms:

1. The War Department shall transfer to the account of the National Government of China or the account of such agency of the National Government of China as the National Government of China designates a sum of One Hundred and Eighty-five million U.S. dollars (US\$185 million), in addition to the Twenty-five million U.S. dollars (US\$25 million) already transferred, making a total of Two Hundred and Ten million U. S. dollars (US\$210 million), in settlement of all U. S. Army obligations incurred up to September 30, 1944.
2. This settlement does not include the yuan expended by the Government of the Republic of China for board and lodging of American armed forces in China. This sum will be credited to the National Government of China as reciprocal aid under Article VI of the Mutual Aid Agreement of June 2, 1942 at the request of the National Government of China.

Vertical stamp: RECORDED AND INDEXED

-2- #1675, December 19, 1944, 11 p.m., to Chungking

3. As stated in paragraph 1 above, this settlement liquidates all our obligations for U.S. Army expenditures in China up to September 30, 1944 (with the exception of paragraph 2 above) with the understanding that this settlement is without prejudice to the Chinese contention that the cost of the Chengtu airfields is not included in the amounts referred to in paragraph 1 but should be treated as an item of reciprocal aid under Article VI of the Mutual Aid Agreement of June 2, 1942.

In addition to the above it was agreed to have quarterly adjustments and settlements with regard to yuan obligations of the U.S. Army incurred after September 30, 1944. Mr. Adler, who has already departed for China, will give you more of the details of the agreement and the negotiations. He is also carrying for you a set of the documents relating to the financial negotiations.

Please repeat the above to General Wedemeyer.

FMA:FMcG:rak

12/19/44

STEPHEN JUE
(GL)

GA

Information received up to 10 a.m., 19th December, 1944.

1. NAVAL

MEDITERRANEAN. 15th/16th. Allied Coastal Craft probably torpedoed two F-lighters in Gulf of Genoa. 17th. One of H.M. Destroyers intercepted an assault craft and caique off Syri (Dodecanese). 27 prisoners taken.

2. MILITARY

WESTERN FRONT. In South position remains virtually unaltered. In area Wissembourg U.S. troops have advanced three miles on 9-mile front. N.E. of Sarreguemines U.S. troops advanced 1 mile on 8-mile front. Further north enemy has continued his counter attacks and met with some success. He has made substantial advances towards St. Vith and Malmedy.

ITALY. All but northern outskirts of Faenza cleared of enemy. West of town our troops are fighting forward across railway against determined opposition. Further south two bridgeheads established across Senio and although one later lost, the second, about 3 1/2 miles south of Castel Bolognese, has been established and is being extended. Several hundred prisoners captured in last few days.

GREECE. Situation has shown definite improvement, both in Athens and in Piraeus. Stadium, previously a Rebel strongpoint, has been cleared, as have other key points beyond our perimeter. Operations to open road from Athens to Faceron have started and proceeded successfully as far as Brewery, on outskirts of Athens. In Piraeus we control all peninsula south of railway and discharge of shipping can thus proceed in southern basin of port.

EASTERN FRONT. Russians report further progress to N. E. E. and N.W. of Miskolc.

BURMA. Arakan. Our troops advancing down coast now some ten miles south of Alethangaw. On their left forward troops of a West African Division advancing down east bank of Kalapanzin River now 4 miles S.E. of Buthidaung. Chindwin: East African patrols have found road Schwegyin-Pyngiang clear to point 10 miles east of Schwegyin. North Burma: Troops of British Division advancing down railway from Indaw have reached point 9 miles S.W. of that place.

3. AIR

WESTERN FRONT. 17th/18th. 1768 tons dropped on Duisburg; 1292 tons on Ulm and 903 tons on Munich. At Ulm and Munich bombing well placed and concentrated, but at Duisburg cloud prevented observation of results. 16 aircraft missing. 18th. 963 escorted Fortresses and Liberators despatched to attack railway targets in Western Germany, but owing to weather only 389 attacked, dropping through cloud 938 tons on railway centres at Mainz, Coblenz, Kaiserlautern and Cologne. Five bombers, 9 fighters not yet returned, but 5 fighters believed safe in Allied territory. 144 medium and light bombers dropped 266 tons on 5 defended villages south of Duren. Results unobserved. 1314 fighters and fighter bombers operated over battle areas. Over 600 road and rail vehicles destroyed or damaged. Enemy casualties 47,452 for loss of 15 fighters. 18th/19th. Bomber Command despatched 350 aircraft; the Pocket Battleship LUTZOW and shipping at Gdynia - 236 (4 missing), sea mining in Gulf of Danzig 14, Nuremberg 40, other operations 60 (1 missing).

MEDITERRANEAN. 17th. 573 escorted heavies and 33 mediums attacked targets in Germany, Austria, Czechoslovakia and Yugoslavia, including 2 oil refineries Blechhammer 453 tons, oil refinery Odertal 134 tons, railway centres at Wels, Salzburg and Villach 216 tons and communications N.E. of Podgorica 129 tons. Most attacks carried out by Pathfinder technique. Enemy casualties 48, 5, 7. 21 Allied heavy bombers and 6 fighters missing. 614 fighters and fighter bombers (2 missing) attacked close support targets in Italian Battle area and communications in enemy rear.

4. HOME SECURITY. To 7 a.m. 19th. 18th. In afternoon 1 long range rocket. 18th/19th. Two rocket incidents.

December 20, 1944
10:50 a.m.

FINANCING

Present: Mr. D. W. Pell
Mrs. Klotz

H.M.JR: Do you expect to sell from postal savings?

MR. BELL: That is right, and some from the two's.
We can sell from both of them.

H.M.JR: How much?

MR. BELL: I don't know; we entered the market rather slowly, but we wouldn't allow the market to go on up as it has been.

H.M.JR: Give me an idea of what you want to sell.

MR. BELL: I should think we would have to sell ten million from each one of these lots, and five million from this '50 area.

H.M.JR: You are not going to sell the two and seven-eighths?

MR. BELL: I don't think so, but I think we ought to plan to get rid of some of those--

H.M.JR: As of this morning, why not say it is all right to sell ten million postal savings, ten million FDIC from the '48-'50's and '52-'54's?

MR. BELL: That is all right, and after the first of the year I think we ought to take another look at the market. It wouldn't affect the market too much.

H.M.JR: It wouldn't be misunderstood if we did this right now while the drive is on?

- 2 -

MR. BELL: No, the drive is over, and I don't think that anybody looks at it at all, and the tax-exempt market is a separate market almost, and it would be done so there wouldn't be any publicity at all. I don't think there would be any harm.

H.M.JR: How many of those securities were sold in the mutual savings banks outside of the drive? You said you sold nine hundred million dollars to the banks.

MR. BELL: All banks that have savings bonds, one billion dollars.

H.M.JR: How much can each bank buy?

MR. BELL: Thirty percent, and not to exceed five hundred thousand. We agreed on that this time, and we put it on a new formula altogether.

H.M.JR: What is the new formula?

MR. BELL: The new formula is thirty percent of the deposits or five hundred thousand dollars, whichever is lower. Before we had ten percent of the deposits, not to exceed one hundred thousand; then it went to twenty percent, but not to exceed two hundred thousand. It was accumulative. That had no previous relation to the other.

The potential we figure is a billion, three, and last night it was just over the billion mark.

H.M.JR: They can buy any security?

MR. BELL: Just the two's, two and a half's, and F and G's.

H.M.JR: About five hundred thousand of F and G's?

MR. BELL: Not above one hundred thousand. They have to stay within the regulations. There was eighteen hundred and fifty million, I think it was, that went into the two's.

- 3 -

H.M.JR: And that does not include the mutual savings banks?

MR. BELL: No, they were separate. They were already in the drive.

H.M.JR: You let them buy in the drive?

MR. BELL: That is part--corporations. I think we had the mutual savings banks down--well, savings banks for seven hundred million, and last night they added up to about two billion, one.

H.M.JR: How much?

MR. BELL: Seven hundred million, and they took two billion, one, as I recall it. There is a lot of riding there, too.

H.M.JR: Let me ask you another question. What is the arrangement with the life insurance companies? Can they buy on time?

MR. BELL: Yes, they can defer. I am getting some figures on that. It may run six or seven million dollars. They can pay for them up to February 28. There is no limit on that amount.

H.M.JR: Where does Gamble get his figures on--who feeds him figures on expenditures?

MR. BELL: Is he talking about expenditures?

H.M.JR: He told me he figures that according to the way we were going by the first of June it would be five billion dollars.

MR. BELL: I think it is a little dangerous that he is talking.

H.M.JR: You see, that is something that we normally got.

MR. BELL: You see, he did a lot of talking before the campaign. That was Lindow's project.

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H.M.JR: Why don't you ask George Haas to find out. Ask George not to give those figures out, except to you, me, or Blough.

MR. BELL: George doesn't make them up; they are made up in my shop. Lindow works up his financing data and information on income from individuals based on the deficit and income.

H.M.JR: Where does Gamble get his?

MR. BELL: I think that whole memorandum was gotten up and given to Gamble by George, and he used it all over the country.

I think if we don't have any more bills and financing that our balance will be down on May 1, with this over-subscription in this drive, to about five billion, and that is on the reduced expenditure level. Now, our expenditures are holding up; they are liable to be higher this month than any other month.

H.M.JR: It was seven billion last month?

MR. BELL: A little over seven. We thought this month they would be seven billion, and next month six point eight.

H.M.JR: You think they will be down to five by when?

MR. BELL: By April.

It looks like the expenditures are turned back up because of this urgency in the War Department to produce more goods for the war fronts. I think we have to revamp our figures in the light of the war situation. And I understand that the Budget--they assumed that the war with Germany would be over on June 30, and they wanted to take another look at it this morning and change their estimates.

Here is another thing I want to talk to you about a minute. It was quite a shock when we found it out. When I was in New York recently I had a telephone call from

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the Farm Credit Administration to put out Federal credit bank debentures. They always come here on their rate, and they always get our advice as to whether or not there is any market. They called me in New York and told me that the banks wanted eighty-five hundredths on six-months debentures and ninety-five hundredths for nine months, and I said, "Well, isn't that higher than the previous month?"

They said, "Yes, that is five points more."

I said, "I think they are trying to up our rate, and I don't like it; I would like to look into it." I looked into the certificate market. It doesn't show up in your book or mine, because the chart is so small. So I had Murphy draw up a chart to show just what has happened. There is the chart showing--the red line is September, 1944. That is your curve (indicating). This is your line on December 1. You see that bulge in there? That certificate has gone from about thirty-four hundredths on a three to four months basis to sixty-five hundredths on the same basis and seventy-five hundredths on the six months basis, which is a little disturbing to me, not so much that it is wrong--

H.M.JR: Why didn't Haas run up a red flag on that?

MR. BELL: I think he did, but none of us thought it was going that far, and a lot of it has happened here in the last month since we have been talking about it. I talked to Eccles, House, and Sproul about it when I was in New York. I think that was the 15th of November. Some of it has happened since then, and they told me they would hold it and there wouldn't be any further change. There has been a change, and I had quite a talk with Eccles. He called me at five-thirty and I got off the phone at six-thirty, and quit then because I had a dinner engagement. I told him that upping the rate didn't worry me so much, but they violated the agreement. "We made an agreement in the Secretary's office that that line would be held and it wouldn't be changed without further consultation, but you have violated it."

I have had a lot of talks with some bankers and dealers that come in quite often, and they have all noticed it and

- 6 -

wanted to know what we were going to do about it.

I said I didn't know and asked them what they would do about it.

Some of them said, "Let it go, and it will right itself."

Sylvia Porter called me.

H.M.JR: Who?

MR. BELL: Sylvia Porter. She had been all over New York, and she said, "Mr. Bell, I find the bankers disturbed about it. It doesn't make sense to me that the bankers would have more confidence in the curve out at the two percent end than at seven-eighths percent."

H.M.JR: She is a swell girl.

MR. BELL: I said, "That makes sense to me, but I don't want you to quote me. You will have to draw your own conclusions."

She said, "I have drawn my own conclusions."

Also, Ted Goldsmith came to me and said he had talked to a number of bankers. It is getting around that the lower end of this certificate market is going to be let alone.

Rouse says that every time you shake the tree a lot of certificates come out. It isn't much of a market, although last week they bought four hundred and eighty-five million. I want to send a pretty strong letter to Eccles.

H.M.JR: And refer it to Sproul.

MR. BELL: I am going to do that. That is the purpose of writing it. I am going to send it to him as Chairman of the Open Market Committee, and not Chairman of the Federal Reserve Board, and also to Allan Sproul as Chairman--

H.M.JR: I have a suggestion as soon as you are through.

MR. BELL: I am through; go ahead.

H.M.JR: I am awfully glad you spoke to me, but I am surprised that George Haas didn't bring this to your attention.

MR. BELL: It wasn't bad in November.

H.M.JR: How long does he have to wait before he brings this to your attention?

MR. BELL: I wouldn't bawl him out.

H.M.JR: As far as I am concerned, his shop doesn't do another damn thing.

MR. BELL: I think that possibly I am as much to blame as George because I watched this thing, but on my chart it just doesn't show up.

H.M.JR: I will say this for him and his men; they do a damned good job on preparation of advance financing, but that is the only thing they do.

MR. BELL: I do a lot of work with George all through the period.

H.M.JR: But nothing else as far as George is concerned. I have a suggestion to make.

MR. BELL: It was done very gradually and skillfully.

H.M.JR: What is the Farm Credit thing? When do they want to do this thing?

MR. BELL: They have already done it, and I have this on that: I couldn't touch the three months stuff at eighty-five, because if I had, it would have gone below the Treasury certificate, but I said, "I am not just going to approve the ninety-five rate, and you can tell the bankers they can take it at ninety, or leave it alone."

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H.M.JR: How much does this involve?

MR. BELL: Only thirty to fifty million dollars. But they get about six hundred bids throughout the country.

H.M.JR: What I would suggest is, force them down, or we will buy.

MR. BELL: We have no authority to buy; we can't buy Federal credit bank debentures.

H.M.JR: Can the Federal Reserve?

MR. BELL: Yes.

H.M.JR: I will order them to buy them. Somebody has done a job on it, and I will order them to buy, and we will take that out of the market. They don't get that. They have thirty or forty million dollars looking for a market. We only have to serve notice on them once and the market will settle down. I know you don't want to do business that way.

MR. BELL: I don't.

H.M.JR: That is the way to treat these fellows.

MR. BELL: I wish we did have authority to buy these things.

H.M.JR: Look, Dan, this is a job they are doing on us. The way to treat them is--all you have to do--what is the fair rate to bring it back to the line, this thing you are talking about, this thing that is coming up?

MR. BELL: I think the fair rate for nine months will be eighty-five and the other ought to be eighty.

H.M.JR: What would be a fair rate?

MR. BELL: For us?

- 9 -

H.M.JR: No, on this particular issue.

MR. BELL: Somewhere between seventy-five and ninety.

H.M.JR: Would eighty be all right?

MR. BELL: Yes, eighty for the six months, and eighty-five for the rest. They have an issue every month. It is for December 1.

H.M.JR: Well, I will go a little bit below the fair rate and drive this thing down, and if we can't do it, you tell the Federal Reserve they have to buy it. Don't bring those things to me unless you expect me to be tough.

MR. BELL: It is something I thought you should know about. I am not through with the Fed. We still have some more conferences coming up.

H.M.JR: Is there anything else we can control?

MR. BELL: That is the only one.

H.M.JR: That is enough notice.

MR. BELL: The question has been raised as to why couldn't we try to straighten this line out a little bit by putting out another three-quarters percent certificate and just forcing it. I think Eccles will be in favor of it. He told me he would be in favor of doing three things, putting out a three-quarters percent one-year certificate, a six-months bill, and refund the bills that are taken into the Federal Reserve on the basis of a quarter.

H.M.JR: I want to go back to where I was two or three months ago. No fooling, see? And I would write this letter to the Federal Reserve, "You tell us what to do. Now it is up to you to do it to put us back where we were three months ago."

MR. BELL: I don't care if it doesn't go back; maybe forty-five hundredths was too low.

- 10 -

H.M.JR: We want it back. They shouldn't start monkeying with me.

MR. BELL: I think this is a poor time to start fooling with rates.

H.M.JR: I want to follow this from day to day. I am mad.

MR. BELL: I was a little mad myself, and one person being mad is enough.

H.M.JR: Let's get rough. It is the only language they understand. If you pull out that next issue and make the Fed take it, that is enough notice to the financial community, "Don't fool around with the Treasury on rates."

MR. BELL: I think there ought to be a little aggressive buying there. You give the banks the excess reserves through support of this market, and they go right out into the two's and shove that market up.

H.M.JR: Will you keep me posted, please?

MR. BELL: Yes.

H.M.JR: And get a little rough.

MR. BELL: Something funny was done, and I can't find out what it was. Bob can't tell us because he is working for the Committee, but when I was in New York I heard a telephone conversation between Piser and Miller. He said, "What in the devil did you buy those certificates for yesterday?" which indicated to me that something had come through indicating that they should lay off the certificate market. Now, whether that is true or not, I don't know, that is just an assumption.

H.M.JR: Dan, will you keep me posted? Don't waste any time on this thing, because we don't want the financial writers to criticize us.

- 11 -

MR. BELL: There has been no criticism so far. I think it has been more amazement up to the point that it was allowed to drift into this situation.

H.M.JR: Thank you very much.

December 20, 1944
12:17 p.m.

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Dan
Bell: I wondered if you'd mind if I called Miss Tully
on this inaugural medal.

HMJr: No, that's all right.

B: Davidson's in town and

HMJr: Fine.

B: if he could get the sketch of the President,
that would help a lot.

HMJr: Fine.

B: Okay, I'll do it.

HMJr: But you explain to her also that you'll have to
exchange letters -- he'll -- the President will
have to ask Senator Byrd.

B: Have to ask Byrd?

HMJr: Don't you, to get the money?

B: Yeah. We'll have to send a memorandum to Byrd
to pay for it, unless he wants to pay for it out
of his appropriation.

HMJr: Yeah, but explain that to Tully.

B: All right.

HMJr: Thank you.

B: Bye.



THE UNDER SECRETARY OF THE TREASURY

WASHINGTON

December 20, 1944.

TO THE SECRETARY:

In talking to you over the phone a few moments ago I had forgotten that yesterday was the last day of reporting on the non-marketable securities by the Federal Reserve Banks until the close of business Saturday. We usually stop the daily reports on subscriptions the third day after the Drive ends. I believe we might get as much as \$100 million more on the marketable securities when all of the mail reports are finally in.

We received today \$85 million in E bonds, which is \$20 million above our estimate, leaving us \$29 million under the beam. Following is a summary of our subscriptions on all accounts up-to-date and an estimate of what they might be at the end of the month:

Series E Bonds	\$1,962,000,000
Series F Bonds	115,000,000
Series G Bonds	422,000,000
Series C Notes	<u>2,055,000,000</u>
	4,554,000,000
Marketable securities - total	<u>15,440,000,000</u>
Total subscriptions to date in the Drive	19,994,000,000
Estimates for the balance of the month	
Subscriptions on Savings Bonds E, F & G	750,000,000
Marketable securities (delayed mail reports)	<u>100,000,000</u>
	20,844,000,000
Outside of Drive - commercial banks for	
savings accounts	1,004,000,000
Government trust funds (non-cash)	<u>762,000,000</u>
Total	22,610,000,000

Sub B



December 20, 1944
12:40 p.m.

HMJr: Hello.

Robert
Patterson: Hello, Henry.

HMJr: Bob.

P: This is Bob Patterson. Did you call me?

HMJr: I did. What I wanted to know: whether it would be possible for you to have somebody to explain to me just what the supply problem is in this country as to the shortages and so forth, and what we might look forward to, say, for the first quarter of this coming year.

P: Yeah. Inadequacy of Army supply?

HMJr: I'm talking Army.

P: Yeah.

HMJr: I mean what you've got and what you need or expect -- are you going to increase -- I mean, I'm thinking in terms of expenditures, but I'm particularly interested in the whole problem.

P: Yeah.

HMJr: If somebody could sort of lay it on the table and say, "This is the way it looks in view of what's going to happen and this is what we can expect as far forward as we can look."

P: When would you like that done?

HMJr: Oh, if I could have it tomorrow afternoon.

P: Yeah. I'll be glad to do it.

HMJr: Who -- who would do that for me?

P: Well, I think I'd better come over myself and bring along Somervell or Howard Bruce -- but Somervell I think.

HMJr: Well, is three o'clock a good or bad time?

- 2 -

P: Three o'clock is all right.

HMJr: Well, that would be fine.

P: I'll do that.

HMJr: I'd like to have Dan Bell present if that's all right.

P: Yes, indeed.

HMJr: Is that all right?

P: You bet. You bet.

HMJr: Because

P: Why,

HMJr: we just like

P: do you want it on a dollar basis?

HMJr: Well, if we could have it both ways. It doesn't necessarily have to be dollars but if it could be -- say, well, index numbers -- anything to give us an idea how the next -- the first quarter of this coming year, we'll say, will compare with the last quarter of this year.

P: Yep. Yeah. It will be figured.

HMJr: Yeah, and then explain to us just what are the shortages.

P: Yeah.

HMJr: And what's going to happen. Do you need any more plants? In other words, I'd like to have the whole picture if I could.

P: Yes, sir. All right, Henry.

HMJr: I mean, it doesn't have to be in dollars. If it could be in percentages, why, it would be all right.

P: Yeah. Yeah. Okay.

HMJr: Thank you. Three p.m. Thank you.

P: All right.

December 20, 1944
3:15 p.m.

TREASURY-STATE DEPARTMENT COOPERATION

Present:

Mr. Luxford
Mr. DuBois

H.M.JR: Tell me what has happened.

MR. LUXFORD: We went over again this morning and started looking at these Directives. I brought you up to date pretty well last night on what happened yesterday. We went back this morning to look at these seventeen or eighteen directives, which were on collateral points in which we haven't too much interest.

After reading them over for a few minutes and talking to Riddleberger about them, I mentioned to him that it seemed to me that State ought to have some basic economic memoranda to support the position that they had expressed to the President on several occasions, and maybe it would be a good idea if we could examine this thing to see their basic memoranda and not just some outline; if, after all, they had facts that we did not have, maybe we might exchange our views or vice versa. There must be some fundamental reason for our disagreement.

I was just trying to see what I could get out of them in the way of facts. He said, no, they did not have any basic memoranda, they just had a series of memoranda on the various phases of it; that they had never pulled them together in one place. We kept pressing them a little more and more on that score and on the fact that it seemed odd that since their position seemed to be fundamentally the same as ours, at least the way they were explaining it, that they were as anxious as we were to keep Germany from starting over, that we should come to opposite conclusions on the importance of the war industry or heavy industry to Germany's war potential.

- 2 -

He said there could not be any argument about that, either; that there is no question about it that we are better off without it but he felt we could not rely on that alone.

I said it was not a matter of relying on that alone, but we weren't trying to keep them from proposing other kinds of control, but a little more. We kept trying to feel them out on where they were going. It seemed pretty clear that at least so far as Riddleberger is concerned, he is the man who has been working with the Army, that he has not fully examined our case. In fact, he misunderstood a good part of it -- on the question of the significance of the coal to our whole program.

H.M.JR: Significance of what?

MR. LUXFORD: The fact that they could not export coal. He was making a great point out of that when it is really collateral to the basic problem. He had the idea that we wanted to withdraw all participation of the United States in the German Control Commission, and we just forced him to go back into the document and read it over and he found out that was not true, that he simply had not examined our position fully.

I think both of us sensed, too, that he was anxious to talk about this thing. They are very worried about Treasury's position and they are very worried about the lack of progress being made. We just kept feeling them out. I said it would be a nice thing, with Stettinius coming in now and with new assistants and the like if there could be a reconsideration of some of these points and that in effect it would be quite a feather in his cap if he could work one out so there would be agreement; that we did not seem to be too far apart. I said it would be unfortunate if there were any discussions of that kind at a formal level and they did not turn out successfully. I said, "With the two of us the core of the problem is whether you are really willing to reexamine this question of heavy industry as a part of the program. If you are not willing to reexamine it, then we better go along the way we are. If you are, maybe there is some basis for further discussion."

Well, he was not too hostile to that and he said, well, he would have to get in Despres, who is their economic man, and talk to him about the matter. He said that could be done informally and he would kind of like to have us there. Well, now Harold Glasser knows Despres and he says Despres is probably one of the best guys over there. They put him in charge of all German economic matters, and it might not be a bad idea just to sit down with those fellows without any authority and just shoot the bull to see whether there is a basis there for going forward, because I just have a hunch that they are under terrific pressure to try to get together if they can.

H.M.JR: With whom?

MR.LUXFORD: With the Treasury.

MR. DuBOIS: Put it this way: Suppose that you and Stettinius -- just suppose -- could send a joint memorandum to the President saying, "We have agreed upon the following." Stettinius would probably regard that as a real victory for himself.

MR. LUXFORD: That he had succeeded where Hull had failed. And also, vis-a-vis, they are just frantic because they cannot get anything out to London.

MR.DuBOIS: If what he told us is correct, Mr. Secretary, I might say McCloy has apparently been playing very straight with you, if what he told us is correct. For example, they try to make all sorts of changes in this Interim Directive. He said that they had a most difficult time with War, that War kept telling them Treasury would not even listen to this and that. In fact, a few of the points were not bad points.

MR. LUXFORD: Some were very good ones.

MR. DuBOIS: We went over the revised Directive. He said he was not supposed to show it to us. It definitely has not gone out, he says. He has not transmitted it yet. McCloy has it -- he only got it about a week ago -- to clear it with you before he says O. K. to State. Now, we went over the revised Directive.

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H.M.JR: The one that Boettiger said has gone?

MR. LUXFORD: It has not gone.

H.M.JR: Didn't Boettiger say it had gone?

MR. DuBOIS: You said so. He said it has not gone.

MR. LUXFORD: That was an early draft that went out. That would go out from State, not War.

MR. DuBOIS: The revised draft in a few places they have tried to cut down, but on the whole they have not made any substantial changes.

H.M.JR: Did you get the feeling --

DuBOIS: If what Riddleberger says is correct -- apparently he is very scared of you. Maybe that is it.

MR. LUXFORD: That is it. I don't think it is anything more than that.

H.M.JR: I don't know why he should be scared of me.

MR. LUXFORD: Where did they go before when they got in trouble with us? In other words, they don't want another broadside brought about by your going to the President.

H.M.JR: The more I thought about the Boettiger interview yesterday -- that was something! Boettiger was trying to win me over so he could say, "Well --"

Now was this group that you saw today -- Riddleberger and this other man -- formerly under Acheson?

MR. LUXFORD: No, I wouldn't say they were. Despres was in yesterday. He was not in on the discussion today.

H.M.JR: Who was their boss before?

MR. LUXFORD: I think Dunn or Matthews -- Matthews, probably. And Riddleberger is on the political side.

H.M.JR: But these seventeen things that went over --

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what has happened to them?

MR. LUXFORD: What happened there was that these documents that are being worked on in London on such things as what we are going to do with the German prisoners after the war, what we are going to do with enemy prisoners, with the religious side, with monuments, radio, and so forth -- they are tangent to the fundamental thing we are after.

H.M.JR: Who is this fellow Mosely who was over with Winant? Was he there when you were there?

MR. DuBOIS: He was in London when we discussed it.

H.M.JR: Boettiger seems to think he is pretty good.

MR. DuBOIS: He is very bad. Some of the remarks he made after the meeting to me were very bad.

H.M.JR: He thought Mosely was very good.

Well, now, where do we go from here, boys?

MR. LUXFORD: We would like to feel you out -- it is something we would like to talk to Harry about, too -- on the proposition of two or three of us sitting down with these fellows and talking just as we have been. They have not any authority at all -- but is it worth while to reexamine our position?

H.M.JR: What I was going to do is this -- I don't want to wait for Harry, it isn't necessary, anyway. You see, I want to give Stettinius every benefit of the doubt, and what I would like to do -- I am thinking out loud -- would be to call him up and say that I want to thank him for making it possible for you men to be there. And I think that I want to tell him that it is worth State's while and Treasury's -- I want to just treat him as frankly and openly as I can up to the time that he does something to me.

MR. LUXFORD: Right.

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H.M.JR: That I would like to have him and you and maybe White, and a couple of others, sit down -- I will give him the name of Riddleberger and Despres. Did you want Matthews?

MR. LUXFORD: I don't care.

H.M.JR: Anybody else he wants, and just rethrash this thing, because from what you men have seen there is room for misunderstanding on both sides.

MR. LUXFORD: Yes. Now, let me toss out one thing that bothers me about that. What we kept telling them was just jockeying with them, that we did not think that we ought to discard the discussion if there was some basis for thinking it would go through, and that the pivotal thing, therefore, was whether State was willing to reconsider its position on this industrialization. If they were not willing to recanvass that, then what is the use of talking, and we can probably get together on the other point.

Then he said, "Well, I can't tell you that alone. I have to get Despres and he is the economic man."

Now, the thought we had in mind is that if we could get them -- the two of them -- in their anxiety to get this thing working with Stettinius, to talking as though, well, yes, they would reconsider that on the side before you go to Stettinius, they have got a very good chance of getting these boys to agree.

H.M.JR: There is another way to do this. They undoubtedly report to their superior the way you report to me. They may not report to Stettinius. Why not let's see how far you boys can get without my going to Stettinius.

MR. LUXFORD: That is what I had in mind. This way there is no face lost. If we find we cannot budge him, there is no use in starting and failing again. But if there is a chance of budging him, then formalize it.

H.M.JR: Then why not keep on? What is the next move?

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MR. LUXFORD: Well, we will talk to them again tomorrow. This time, though, we will take Glasser in, because he is a good friend of Despres, and go to work on him on the economic side. We have made it very clear we did not have any authority at all to be talking about that.

H.M.JR: Do you think there is any use of saying anything to Stettinius about these memoranda they have been shooting over to the President based on supposed Russian opinion which is really just some Russian publications?

MR. LUXFORD: That is a trump we have got, that we know that what they have been saying is misleading to the President.

Now to tell Stettinius that would only sound as though we were snooping over there and spying on them. Meanwhile, we have got a powerful trump if we get into a fight and ultimately have to go to the President, to say that is what they had and make them acknowledge it.

H.M.JR: They report this thing -- I mean, they are trained to report everything. You know that.

MR. LUXFORD: I know that, but they know we know their secret.

H.M.JR: But I would like to know where this section is.

MR. LUXFORD: Matthews?

MR. DuBOIS: Riddleberger is under Matthews.

H.M.MR: Wasn't Riddleberger up at --

MR. LUXFORD: No, DuBrow.

MR. DuBOIS: Riddleberger was the one over in Harry Hopkins' office. I guess you were not there.

MR. LUXFORD: Harry went over there.

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H.M.JR: Well, I would continue.

MR. LUXFORD: I think it will work. You can't promise anything, but at least they are shaky. They are worried about their position vis-a-vis Stettinius. They are not sure he will back them up. They know we know about the Russian situation.

H.M.JR: What do you think of this just to say to Stettinius, "I appreciate the fact that our men have been shown everything that they have asked for and your men are very cooperative and they are continuing discussions over there"?

Why not just let it ride?

MR. LUXFORD: I would. I think in a day's time, if we go over there tomorrow --

MR. DuBOIS: He may be calling you.

H.M.JR: Let it ride, yes. I am the bad partner. Keep me in the background, an ace up the sleeve.

MR. DuBOIS: The whole deck is up the sleeve.

H.M.JR: All right, will you boys keep pushing?

MR. LUXFORD: Yes, we will. We will bring Harold in on it, though.

H.M.JR: Did you see this long document that Stettinius sent me on how to deal with the Italians?

MR. LUXFORD: Yes, I saw that.

H.M.JR: Have you had time to digest it?

MR. LUXFORD: Not fully, no, but I glanced at it. I think Harold ought to be in on that, too.

H.M.JR: All right. Will you remind me tomorrow?

MR. LUXFORD: Yes, sir.

- 9 -

H.M.JR: Do you have any other unfinished business?

MR. LUXFORD: Yes, I would like to talk to you about a couple of matters.

DEC 20 1944

Dear Harry Brandt:

Ted Gamble has delivered to me your thoughtful gift - one of the most attractive pencils I have ever seen. I understand that you presented each member of your Sixth War Loan Industry Committee with a similar token of appreciation.

I had expected by now to have had an opportunity to tell you personally how much we in the Treasury appreciate all that the Motion Picture Industry has been doing in this important Sixth War Loan drive. Also to tell you that you should feel very proud of the fact that under your leadership, producers, distributors and exhibitors have turned in one of their best performances

Please convey to your associates our sincere thanks for a job well done.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. Harry Brandt
Chairman
War Activities Committee
Sixth War Loan
1501 Broadway
New York, New York

TRG:rfp

SKS

DEC 20 1944

Dear Frank:

As my secretary advised you, I was out of the city when your letter of November 28th was received here. I have, however, read it with a great deal of interest and am happy to learn of your reactions to the handling of the Sixth War Loan news. I am particularly pleased to know of your continued interest and help in our war financing task.

The boys have told me on several occasions of the manner in which you check up on the press of the Nation, both with respect to their editorials as well as on their help to us. Your association with us as head of the Allied Newspaper Council has been a productive experience, as well as a most pleasant one, and I am sure that it will remain so for the duration of this most important job on the homefront.

With kindest best regards, I am

Sincerely,

(Signed) Henry Morgenthau, Jr.

Mr. Frank E. Tripp
General Manager
The Gannett Newspapers
Elmira, New York

TR/10/44

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December 1, 1944

Dear Mr. Tripp:

I know that the Secretary would wish me to thank you for your letter of November 28, which reached here after he had left Washington to be gone for a week or ten days.

I shall, of course, be glad to bring your letter to Mr. Morgenthau's attention upon his return, and also let Mr. Gamble know of your pleasant comments on the publicity of the Sixth War Loan Drive.

Sincerely,

(Signed) H. S. Klotz
H. S. Klotz,
Private Secretary

Mr. Frank Tripp
General Manager
The Gannett Newspapers
Elmira, New York

GEF:mn

The Gannett Newspapers

100
Gamble a.m.
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FRANK E. TRIPP
GENERAL MANAGER
Send Reply to Elmira, N. Y.

November 28, 1944

Hon. Henry Morgenthau, Jr
Washington, D.C.

Dear Mr. Secretary:

I am so full of enthusiasm for the press job that is being done in this Sixth War Loan that I cannot resist writing you about it.

I want you to realize that we who are close to it recognize you as the man who made it all possible, in this loan and the four preceeding. Your creation of the Allied Newspaper Council in March '43, the free hand you have given me as chairman, your prompt and fulsome cooperation and that of the man who, next to you deserves the credit for it all, Ted Gamble, have made the Treasury's war financing task the Number Two job of the newspapers of America, second only to war news itself.

The patriotism of the press has been crystalized into fabulous volumes of news and advertising which have done more than create bond sales. They have vied with the armed forces themselves in maintaining the morale and enthusiasm of the people. I wonder if you realize that Treasury material appearing in the press has exceeded better than two to one that of any civilian agency involved in the war?

In this Sixth Loan the acme of efficiency has been reached because Ted Gamble has effected a set-up projected by my right arm, S. George Little. There now exists, across the street from you, an expert news organization of very few people but of effectiveness never known before.

Cumbersome volumes of the unnecessary have been replaced by professional handling of the important. Ted Gamble's press conferences produce live news which press wires carry and amazingly often appear as first page features. The job flows according to common press practice, the papers are happy and the Sixth Loan is getting a news selling job never equalled in the history of journalism. The same big advertising job also goes on.

This didn't just happen. It was a lot of hard work but too often those who develop details lose sight of the sustaining force at the top. That's why I'm sending these orchids to you and Ted Gamble.

With kindest personal regards, yours truly

Frank Tripp

Frank Tripp

Hartford Times Rochester Times-Union Rochester Democrat & Chronicle Utica Observer-Dispatch Utica Press Albany Knickerbocker-News
Elmira Star-Gazette & Advertiser Elmira Telegram Oneida Times-Herald Plainfield Courier-News Ithaca Journal The Saratogian
Danville Commercial-News Ogdensburg Journal Newburgh-Beacon News Malone Telegram Massena Observer

DEC 20 1944

Dear Jim:

I am delighted at this opportunity to write you in commendation of the splendid assistance extended to the War Finance Division by the Bureau of Aeronautics in preparing the motion pictures for use during our Sixth War Loan campaign.

Not only were all commitments fulfilled in accordance with a rather severe schedule but the quality of the pictures is outstanding. The latter fact is liberally testified to not only by our own judgment, but by their reception in the field as well.

I believe Commander Robert S. Quackenbush, USN, Director of Photography, should be especially commended for the efficient performance of the Photographic Division. The manner in which the whole job was handled reflects the enthusiasm and cooperation accorded by the Division.

As in its other accomplishments the Navy has every right to take pride in this job well done. May I thank you for your help in this important phase of our war effort.

Sincerely,

(Signed) Henry Morgenthau, Jr.

Honorable James V. Forrestal
Secretary of the Navy
Washington, D. C.

DEC 20 1944

Dear Dr. Koussevitzky:

The tremendous success of your Boston Symphony Orchestra War Bond Concert on Thursday night, December 14, has been reported to me, and I want to thank you on behalf of the Treasury Department for this great donation to the Sixth War Loan.

You and the members of your orchestra can be very proud of the War Bond sale for this performance amounting to \$9,959,122 a great portion of which was in E Bonds. I am sure that you can also be proud of the concert as a long to be remembered contribution to the music-loving American public.

I want to express my personal thanks to you for the great part you have played in the Massachusetts Sixth War Loan Drive.

Kindest personal regards.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Dr. Serge Koussevitzky
265 Goddard Avenue
Brookline, Massachusetts

MSpriggs:hsh

DEC 20 1944

Dear Colonel Brown:

The glowing reports which have reached me about the Boston Symphony Orchestra War Bond Concert at Boston Garden on Thursday night, December 14, prompt me to write you to express the sincere appreciation of the Treasury Department for your contribution to this performance.

I know that you have contributed the Boston Garden facilities to War Bond activities many times heretofore, but in my opinion your contribution was climaxed in this great undertaking. The sale of \$9,659,122 in War Bonds for this performance, a great portion of which was E Bonds, is most gratifying to me.

Please accept my personal thanks for the fine cooperation you and the Boston Garden Arena Corporation have given the Treasury Department and particularly the Massachusetts War Finance Committee.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Lt. Colonel Walter A. Brown, President
Boston Garden Arena Corporation
Causeway Street
Boston, Massachusetts

MSpriggs:hsh

December 20, 1944.

Dear Marriner:

I have your letter of December 16, 1944, advising that the supervision of indirect bank subscriptions in the Sixth War Loan Drive was both difficult and harmful to member bank relations with the Federal Reserve Banks and suggesting that before the next War Loan Drive a meeting be held with the Presidents of the various Federal Reserve Banks and representatives of the Treasury and the Board of Governors with a view to formulating a uniform program of policing the subscriptions.

We shall, of course, be glad to have the meeting suggested. If you will advise me the next time the Presidents intend to be in town for one of their periodic meetings, I shall be glad to arrange for such a meeting.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Honorable Marriner S. Eccles
Chairman, Board of Governors
Federal Reserve System
Washington, D. C.

DWB:ew



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

OFFICE OF THE CHAIRMAN

December 16, 1944.

Honorable Henry Morgenthau, Jr.,
Secretary of the Treasury,
Washington 25, D. C.

Dear Henry:

As you may know, the Presidents of the Federal Reserve Banks met with the Board in Washington recently. They reviewed the progress of the Sixth War Loan Drive and members of the Conference reported that abuses arising primarily from indirect bank subscriptions continued in evidence and that the supervision of such subscriptions was both difficult and harmful to member bank relations, particularly as no uniform policing for the whole country had been formulated.

The Presidents, therefore, suggested that before the next War Loan Drive a meeting of the Presidents with representatives of the Treasury and of the Board of Governors be held, with a view to formulating a uniform program of policing subscriptions and, at their request, I am advising you of this suggestion.

Sincerely yours,

M. S. Eccles,
Chairman.

12-20-44 114

LUNCHEON GUESTS

December 20, 1944

William B. Warner
McCall Corporation

Fred Healy
Curtis Publications

Albert E. Winger
Crowell-Collier Publishing Co.

Al Cole
Reader's Digest

Philip Zach
Capper Publications

Earl McHugh
Hearst Magazines

Frank Braucher
Periodical Publishers Assn.

Roy Larsen, President
Time, Inc.

W. H. Eaton,
American Home.
- - - - -

TREASURY:

Fred Gehle, Chairman
New York War Finance Committee

Ted R. Gamble

Tom Lane

Jack Delehanty

Eli Harris, Periodicals Chief
War Finance

— 0 —
0

total 15

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

TO Mrs. Klotz

FROM Mr. Shaeffer *E.P.S.*

December 20, 1944

The attached press release is for the approval of the Secretary, please.

Mr. Harrison says the local papers have knowledge of his retirement, and requests early announcement from Washington.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, December 20, 1944.

Press Service
No. 44-49

Secretary Morgenthau announced today the resignation, effective December 31, of the Honorable Carter H. Harrison, Collector of Internal Revenue for the First Illinois District.

In accepting the resignation, the Secretary expressed appreciation for the outstanding manner in which Mr. Harrison has administered the collector's office at Chicago, which handles more tax returns than any other collector's office in the United States. ~~Approximately~~ Approximately 5,000,000 returns were filed in that district during the last fiscal year.

Mr. Harrison, who will be 85 years old next April, is a native of Chicago, and was mayor of the city for 12 years. He has been the Collector of Internal Revenue there since August 21, 1933.

-oOo-

DEC 19 1944

My dear Mr. Harrison:

As you requested in your letter of December 13, I transmitted to the President your letter of the same date expressing your desire to retire from office as Collector of Internal Revenue at Chicago, a position you have held throughout three successive terms of President Roosevelt. I am advised that the President has accepted your resignation, effective as of the close of business December 31.

In recommending the acceptance of your resignation I was mindful of the fact that, as expressed to Mr. Sullivan, it was your earnest wish to be relieved of the increasingly heavy duties of the office. All of us are most reluctant to see you leave the Treasury service. I know that the Chicago Collector's office under your jurisdiction has been one of the most efficiently operated offices in the country and that this has been due primarily to your own constant close supervision and capable management.

You have my most sincere good wishes, as well as my thanks, for the fine public service you have performed as an officer of the Treasury Department during my administration of it.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

The Honorable Carter H. Harrison
Collector of Internal Revenue
Chicago 4, Illinois

HEG/mah



TREASURY DEPARTMENT

INTERNAL REVENUE SERVICE

CHICAGO, ILL. 4

OFFICE OF THE COLLECTOR
FIRST DISTRICT OF ILLINOIS

IN REPLYING REFER TO

Col:CHH

December 13, 1944

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

My dear Mr. Secretary:

I am enclosing a letter to the President asking that the date for my retirement from the position of Collector of Internal Revenue for the First District of Illinois be set for December 31, 1944.

I am changing the date from December 15, 1944 to December 31, 1944 at the suggestion of Walter C. Sehmer, Supervisor in Charge, that the time is too short now for checking out the office.

I am sorry I expressed myself clumsily in my letter of December 11 last. What I wanted to do was merely to express a protest at my bond continuing in effect after I had left the office.

Respectfully yours,

Carter H. Harrison
Collector





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TREASURY DEPARTMENT

INTERNAL REVENUE SERVICE

CHICAGO, ILL. 4

OFFICE OF THE COLLECTOR
FIRST DISTRICT OF ILLINOIS

IN REPLYING REFER TO
Col:CHH

December 11, 1944

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

My dear Mr. Secretary:

I am enclosing my request for retirement from the position of Collector of Internal Revenue for the First District of Illinois which, as you have just suggested on the phone, should be addressed to the President and forwarded to you.

I am asking release when my successor has been appointed and qualified as I do not like the idea of quitting the post and remaining under my \$100,000 bond, responsible for the acts of almost 600 field deputies over whom I would have no control.

Perhaps, as I hope, there is a way of avoiding this complication.

Respectfully yours,

Carter H. Harrison
Collector



Enclosure

DEC 16 1944

Memorandum to the President:

I am enclosing herewith a letter from Carter H. Harrison, Collector of Internal Revenue for the First District of Illinois, expressing his wish to retire on December 31 and I am also enclosing a suggested draft of a letter accepting this as his resignation.

While resignations of Collectors are frequently accepted by the Secretary of the Treasury acting for the President, I think that in the case of this venerable and respected citizen, who was five times Mayor of Chicago as was his father, you will want to address a personal letter to him.

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Enclosures
HEG/mah

My dear Mr. Harrison:

I know how heavy the work of your office has become in the last few years and therefore I must yield to your desire to retire expressed in your letter of December 13. Accordingly I accept your resignation as Collector of Internal Revenue for the First District of Illinois to be effective as of the close of business December 31, 1944.

Your record of earnest and active work and self-sacrificing efficiency in this position over the last eleven years adds further distinction to your long career of high-minded public service to the people of Chicago, the State of Illinois and the Nation.

I wish you continuing good fortune and good health.

Sincerely,

The Honorable
Carter H. Harrison
Collector of Internal Revenue
Chicago 4, Illinois



TREASURY DEPARTMENT

INTERNAL REVENUE SERVICE

CHICAGO, ILL. 4

OFFICE OF THE COLLECTOR
FIRST DISTRICT OF ILLINOIS

IN REPLYING REFER TO

Col:GHH

December 13, 1944

Hon. Franklin D. Roosevelt
President of the United States
White House
Washington, D. C.

My dear Mr. President:

May I substitute this letter for my letter of December 11, 1944?

I would like to retire from the office of Collector of Internal Revenue for the First District of Illinois, to which I had the honor of being appointed by you in August 1933, on December 31, 1944.

Thanking you for the confidence you have reposed in me, I remain

Respectfully yours,

Carter H. Harrison
Collector





TREASURY DEPARTMENT

INTERNAL REVENUE SERVICE

CHICAGO, ILL. 4

OFFICE OF THE COLLECTOR
FIRST DISTRICT OF ILLINOIS

IN REPLYING REFER TO

Col:CEH

December 11, 1944

Hon. Franklin D. Roosevelt
President of the United States
White House
Washington, D. C.

My dear Mr. President:

I would like to retire from the office of Collector of Internal Revenue for the First District of Illinois, to which I had the honor of being appointed by you in August 1935, when my successor has been appointed and has qualified.

Thanking you for the confidence you have reposed in me, I remain

Respectfully yours,

Carter H. Harrison
Collector





TREASURY DEPARTMENT

WASHINGTON

December 20, 1944

TO THE SECRETARY:

The financial contacts between the United States and foreign governments during and after the first World War were undoubtedly the largest and most complicated in our history, prior to those arising out of the present war. Our files indicate that in all those operations the Secretary of the Treasury dealt directly by correspondence or by personal conversations with the representatives of foreign governments, and that it was not customary to clear such matters with or through the Department of State. During that period the Treasury had a number of special financial representatives in Europe and the Department maintained frequent cable communications with them. These cables were sent through the Department of State to obtain the benefit of their codes, but in all cases such cables were separately numbered with special Treasury series of numbers for purposes of identification.

A summary of some of the operations of the Treasury in the financial field involving direct contacts with foreign governments and their representatives is as follows:

LOANS TO FOREIGN GOVERNMENTS - 1917-1921

Under the Liberty Loan Acts the Treasury was authorized, for the purpose of more effectively providing for the national security and



- 2 -

defense and prosecuting the war, to establish credits for foreign governments and to purchase their obligations at par. The foreign governments were, therefore, required by the Treasury to state the purposes to be served in order to enable the Treasury to determine whether they were germane to the purposes indicated by the Liberty Loan Acts and whether and in what amount credits should be given.

In connection with advances the Treasury inquired in each case of the Department of State as to the authority of the representative to bind his government on such obligations. But in making advances to foreign governments the Secretary of the Treasury communicated directly with the representatives of such governments and made advances against obligations signed by such representatives.

In this connection the following letter was sent to the Secretary of State on April 24, 1917, when the first cash advance to Great Britain was under consideration. This set the pattern followed for all subsequent advances to this and other governments.

"In reply to your letter of this date, in which you state that the British Ambassador at Washington desires to be placed in communication with me so that negotiations may be taken up for a loan in the sum of \$200,000,000 with the British Government, I beg to say that I shall be pleased to see the British Ambassador at any time that may suit his convenience. Meanwhile, may I ask that you inform me whether or not the British Ambassador is duly empowered by his Government to enter upon the negotiations in question and to execute the necessary obligation or obligations in behalf of the British Government. I shall be glad if you will accompany your reply with such evidences of the authority of the British Ambassador in the premises as may be necessary."

INTER-ALLIED COUNCIL - JULY, 1917

The Secretary of the Treasury submitted to the President on July 10, 1917, his proposal in the form of a letter which he intended writing to each of the governments concerned providing for the prompt creation of an Inter-Allied Council on War Purchases and Finance to sit in London or Paris for the purpose of determining their respective needs and priorities in the markets of the United States and of making recommendations to the Secretary of the Treasury as to the amount of loans that shall be made from time to time by the United States. This Council was eventually created and Mr. Crosby, who was then an Assistant Secretary of the Treasury, was appointed by the Secretary of the Treasury as Special Finance Commissioner in Europe and in that capacity acted as President of the Council.

ALLIED PURCHASING COMMISSION - AUGUST, 1917

Arrangements were entered into in the latter part of August, 1917 by the Secretary of the Treasury, with the approval of the President, with the Governments of Great Britain, France, Russia, Italy, Belgium, and Serbia, whereby Messrs. Bernard M. Baruch, Robert S. Lovett, and Robert S. Brookings of the War Industries Board were designated a commission through whom or with whose approval or consent all purchases in the United States of materials and supplies by or on behalf of these governments shall be made.

The foreign governments agreed not to make purchases in the United States otherwise than through or with the consent of the Commission. The arrangements provided that nothing expressed or implied or anything done or omitted by the Commission should impose any obligation or

- 4 -

liability upon the United States whether to advance moneys, to establish credits, or otherwise.

On December 4, 1918, three weeks after the signing of the Armistice, the Secretary of the Treasury addressed letters to the representatives of the British, French, Italian and Belgian Governments terminating as from December 14, 1918 the existing arrangements with regard to the purchasing commission and notifying the Governments that matters concerning all purchases thereafter to be made out of United States credits would rest with the Treasury Department.

AGREEMENT WITH SPAIN, AUGUST 28, 1918 - 250,000,000 PESETAS CREDIT

Mr. Norman H. Davis, as special financial delegate and representing the Treasury, signed an agreement with the Spanish government and Spanish bankers for a credit of 250,000,000 pesetas to cover Army purchases in Spain for at least six months and also to give American banks pesetas they required for exchange operations.

PEACE COMMISSION - OCTOBER, 1918

A joint memorandum dated October 24, 1918, addressed to the Secretary, initialed by Mr. R. C. Leffingwell, Mr. Albert Rathbone, Mr. Albert Strauss and Mr. George O. May, referred to a memorandum addressed to the President suggesting the appointment of a representative of the Treasury at the Peace Conference. The joint memorandum stated --

"It is clear that a permanent peace and the future prosperity of this country are both in a large manner dependent on the wisdom with which the financial problems are solved and the bases of the fiscal policies of the belligerents which are laid down for the future. It is therefore essential that this phase of the negotiations should be dealt with by one who enjoys the intimate confidence of the President and who possesses unquestioned standing among his colleagues and among the representatives of the other nations."

- 5 -

While the President was attending the Peace Conference in Paris Secretary Glass became the new Secretary of the Treasury. President Wilson cabled Secretary Glass on December 23, 1918, stating:

"It will be very serviceable to have someone in whom you have the utmost confidence sent over here to represent you in these important matters."

In response to this cable Secretary Glass recommended Mr. Norman H. Davis (then representing the Treasury in Europe). The President notified Mr. Davis —

"That you hold yourself in readiness to supply such general economic and financial advice as I may wish from time to time during the Peace Conference."

In addition the President designated Mr. Davis to represent the United States in connection with the Armistice discussion at Spa.

At about the same time Secretary Glass cabled President Wilson regarding a more complete Treasury representation in Europe and asked his approval of a Treasury Commission composed of Mr. Albert Strauss as Chairman and Mr. Norman H. Davis and Mr. T. W. Lamont. The President approved. While they were working for the President they were available to express the Treasury viewpoint on all financial (and apparently economic) matters which arose at the Peace Conference.

EUROPEAN RELIEF NEGOTIATIONS - DECEMBER, 1918

Mr. Norman H. Davis kept the Treasury fully informed with respect to developments in Paris and London in December 1918, relative to European relief. For example, a conference was held in London on December 10, at which were present: Lord Reading, Sir Joseph McCloy, M. Clementel, M. Boret, and M. Crespi, being a committee appointed by the

- 6 -

Allied Premiers to discuss with Messrs. Hoover and Hurley the proposals of the President relative to European relief. Mr. Hurley being absent, was represented by Mr. Norman Davis, who also represented the U. S. Treasury, and Mr. J. P. Cotton was present, at the invitation of Mr. Hoover. By being represented on this Committee the Treasury was kept fully informed by its own representative of the financial burden to the United States of the contemplated relief program.

FINANCIAL REPRESENTATIVES IN EUROPE - 1919-1920

In January 1919, Norman H. Davis was appointed by the President finance commissioner, representing the Secretary of the Treasury in Europe and acting as financial adviser to the American peace mission until July 1919. Early in that year Albert Strauss and Thomas W. Lamont were designated as special representatives of the Secretary and were associated with Mr. Davis as financial advisers to the peace mission. In the following fall Albert Rathbone, then Assistant Secretary, acted on behalf of the Secretary of the Treasury as financial adviser associated with the peace mission, and after the return of the mission, acted as the United States representative on the committee on organization of the Reparations Commission. Upon the organization of the commission he participated in its deliberations as the unofficial representative of the United States, being succeeded by Roland W. Boyden early in April, 1920.

WAR DEBTS AND THE PEACE CONFERENCE - 1919

In March 1919 the Treasury learned that at a meeting of the Financial Drafting Committee, appointed by the Executive Council of

- 7 -

ten at the Peace Conference, representatives of the Italian government proposed as one of the financial questions affecting peace, the reapportionment and consolidation of war debts.

The Treasury immediately wrote to the Italian and French representatives with whom it was dealing in Washington and stated most emphatically that the Treasury "which, as you are aware, is clothed by the Congress with full authority to deal with foreign loans which it has made, will not assent to any discussion at the Peace Conference, or elsewhere, of any plan or arrangement for the release, consolidation, or reapportionment of obligations of foreign governments held by the United States." The President had previously agreed with this policy. The Treasury representatives in Paris were notified by Secretary Glass with respect to the matter and they replied that the Italians and French had been repeatedly told, whenever an occasion presented itself, that no one representing the Treasury of the United States was authorized to discuss the reapportionment of war debts and that Congress had made no power for the maintenance of such reapportionment and that whatever any government might desire to say on the subject to the Treasury must be said in the capital of the United States.

In a letter dated April 3, 1920, addressed to the Minister of the Italian Treasury in Rome, Secretary of the Treasury Houston notified the Italian government that Mr. Rathbone, then in Paris, had been charged with negotiations on behalf of the Treasury concerning the extension of the time of payment of interest during the reconstruction

- 3 -

period of say two or, in any event, not more than three years, on their obligations purchased by the Secretary of the Treasury. These communications were not sent through nor approved by the State Department.

BRITISH REIMBURSEMENT CLAIMS - 1919

In the Summer of 1919 Mr. George O. May on behalf of the Treasury, in collaboration with Assistant Secretary Rathbone, then representing the Treasury in Europe, conferred at length in London with representatives of the British Government for the purpose of arriving at final agreements with respect to the amounts due to the British Government in reimbursement of dollars expended by it for supplies and equipment furnished to France, Belgium and Italy.

THE BRUSSELS CONFERENCE - MAY, 1920

The Council of the League of Nations in February 1920 passed a resolution to "convene an International Conference with a view to studying the financial crisis and to look for the means of remedying it and of mitigating the dangerous consequences arising from it." This conference was to be held in Brussels at the end of May 1920. The United States was invited to be represented at the conference but the State Department replied as follows:

"This Government would not see its way to appoint an official delegation, but the Secretary of the Treasury will be glad to designate one or more unofficial representatives to attend the conference."

The conference was postponed from time to time but was finally set for September 1920. Roland W. Boyden, the unofficial representative of the United States on the Reparations Commission, was designated as the unofficial representative of the Treasury at the conference.

UNITED STATES LIQUIDATION COMMISSION

The United States Liquidation Commission--War Department was created February 11, 1919, "as the central agency" (1) to dispose of America's surplus war stocks in Europe, and (2) to settle all claims and accounts between Allied Governments and their nationals on the one part and the United States War Department on the other part, growing out of or in anywise connected with the war.

The duties and responsibilities of the Commission have fallen naturally into two general divisions: (1) Sales and (2) settlements of accounts and claims.

The Commission as originally formed consisted of four members, viz, Edwin B. Parker (chairman), Brig. Gen. Charles G. Dawes, Homer H. Johnson, and Henry F. Hollis. The organization meeting of the Commission was held in Paris on March 17, 1919.

This Commission settled claims aggregating \$394 million and sold property aggregating \$823 million. Neither the State nor Treasury Department ^{was} were represented on this Commission, although both were kept advised of its activities.

DEPARTMENT OF STATE - 1921

Apparently, upon the change of administration in 1921, some misunderstanding arose in connection with the Treasury's activities in dealing with financial matters. Assistant Secretary of State Dearing sent Assistant Secretary of the Treasury Wadsworth a personal note on April 19, 1921, enclosing copy of a memorandum which was being circulated

- 10 -

to the interested divisions in the Department of State. The memorandum started out as follows:

"It is desired that close contact be established and maintained with the Treasury Department with a view to friendly cooperation and mutual assistance in all questions having a financial aspect, particularly in matters growing out of the war, such as loans, credits and advances to associated governments, or matters relating to indemnities, restitutions or reparations to be made by enemy governments to the allied and associated powers."

The memorandum contained a concluding paragraph, as follows:

"For your information Mr. Harrison has been charged with the maintenance of liaison with the Treasury Department (Assistant Secretary Wadsworth) in connection with questions arising out of allied debts to the United States."

In Mr. Wadsworth's letter of acknowledgment he stated:

"I can assure you that we at this end will do everything we can to carry out the spirit and letter of this memorandum."

COSE OF AMERICAN ARMY OF OCCUPATION IN GERMANY - 1923

In 1923 Mr. Elliott Wadsworth, an Assistant Secretary of the Treasury, went to Paris to confer with representatives of the Governments of Great Britain, France, Italy and Belgium concerning the reimbursement of the cost of the American Army of Occupation in the Rhineland. As a result of this conference Mr. Wadsworth signed an agreement (May 25, 1923) on behalf of the United States whereby the United States would receive its total Army cost in twelve equal yearly instalments, the first to be paid on or before December 31, 1923.

It is not clear from our files whether this was considered a State or Treasury matter, but being financial in character, a Treasury representative was chosen to carry on the negotiations.

- 11 -

REFUNDING OF WORLD WAR DEBTS - 1921

The Congress, in the Act approved February 9, 1922, created a World War Foreign Debt Commission consisting of five members, "one of whom shall be the Secretary of the Treasury, who shall serve as chairman, and four of whom shall be appointed by the President, by and with the advice and consent of the Senate." The Commission was authorized, subject to the approval of the President, to refund or convert, and to extend the time of payment of any obligations of any foreign government then held or thereafter received by the United States. The members appointed by the President were the Secretary of State, the Secretary of Commerce, Senator Smoot and Representative Burton. An amendment to the act, approved February 28, 1923, increased the number of the Commission to eight members.

This Commission acted independently of the State Department and dealt directly with representatives of foreign governments.

SWB

More recently I might mention that you have handled all negotiations with foreign governments involving the Stabilization Fund.

THE SECRETARY OF STATE
WASHINGTON

photostat to Mr White
12/24/44

December 20, 1944

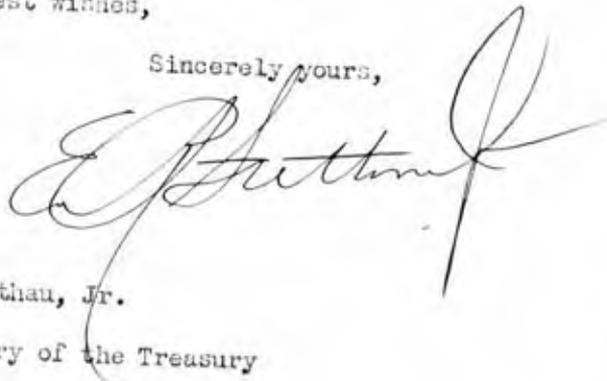
Dear Mr. Secretary,

Thank you for your letter of the 16th, relative to Mr. Acheson's recommendations that the assurances from Australia, New Zealand, and the Government of India regarding reciprocal aid for our armed forces be accepted.

I agree entirely with Mr. Acheson's recommendation and believe it should be followed.

With best wishes,

Sincerely yours,



The Honorable

Henry Morgenthau, Jr.

Secretary of the Treasury

(?) ←

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date Dec. 20, 1944

TO Secretary Morgenthau
FROM Mr. Saxon

Examination of the records of the Chase Bank, Paris and of Morgan and Company, France, have progressed only far enough to permit tentative conclusions and the revelation of a few interesting facts:

Chase Bank, Paris

- a. Niederman, of Swiss Nationality manager of Chase, Paris, was unquestionably a collaborator;
- b. The Chase Head Office in New York was informed of Niederman's collaborationist policy but took no steps to remove him. Indeed there is ample evidence to show that the Head Office in New York viewed Niederman's good relations with the Germans as an excellent means of preserving, unimpaired, the position of the Chase Bank in France;
- c. The German authorities were anxious to keep the Chase open and indeed took exceptional measures to provide sources of revenue;
- d. The German authorities desired "to be friends" with the important American banks because they expected that these banks would be useful after the war as an instrument of German policy in the United States.
- e. The Chase, Paris showed itself most anxious to please the German authorities in every possible way. For example, the Chase zealously maintained the account of the German Embassy in Paris, "as every little thing helps" (to maintain the excellent relations between Chase and the German authorities);
- f. The whole objective of the Chase policy and operation was to maintain the position of the bank at any cost.

Morgan and Company, France

- a. Morgan and Company regarded itself as a French bank, and therefore obligated to observe French banking laws and regulations, whether nazi-inspired or not; and did actually do so;

Division of Monetary
Research

- 2 -

- b. Morgan and Company was most anxious to preserve the continuity of its house in France, and, in order to achieve this security, worked out a modus vivendi with the German authorities;
- c. Morgan and Company had tremendous prestige with the German authorities, and the Germans boasted of the splendid cooperation of Morgan and Company;
- d. Morgan continued its prewar relations with the great French industrial and commercial concerns which were working for Germany, including the Renault Works, since confiscated by the French Government, Peugeot, Citroen, and many others.
- e. The power of Morgan and Company in France bears no relation to the small financial resources of the firm, and the enquiry now in progress will be of real value in allowing us for the first time to study the Morgan pattern in Europe and the manner in which Morgan has used its great power;
- f. Morgan and Company constantly sought its ends by playing one government against another in the coldest and most unscrupulous manner.

Mr. Jefferson Caffery, U.S. Ambassador to France, has been kept informed of the progress of this investigation, and at all times gave me full support and encouragement, in principle and in fact. Indeed, it was Mr. Caffery himself who asked me how the Ford and General Motors subsidiaries in France had acted during the occupation, and expressed the desire that we should look into these companies after the bank investigation was completed.

Recommendation

I recommend that this investigation, which, for unavoidable reasons, has progressed slowly up to this time, should now be pressed urgently and that additional needed personnel be sent to Paris as soon as possible.

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington

TO: AMERICAN EMBASSY, LONDON

DATED: December 20, 1944

NUMBER: 10593

SECRET

Reference is made herein to Embassy's cable of December 19, No. 11247.

On December 21, at a meeting of the executive Committee of IGC the War Refugee Board and the Department authorized confirmation of recent action of Director of IGC, in making available 3,500,000 Belgian francs for relief in Belgium of German and Austrian refugees.

STETTINIUS

DCR:MAS:CR
12-28-44

ALH-1977
Distribution of
true reading only by
special arrangement.
(SECRET W)

Caserta

Dated December 20, 1944

Rec'd 9:18 p.m.

Secretary of State

Washington

1847, December 20, midnight

FOR WWR REFUGEE BOARD

Ref. Department's 424, November 25.

Colonel Huntington who has just returned from Slovenia and Croatia reports that there are about 1000 Jews at Glina of which some 200 are not Yugoslav. At present the air strip is unuseable but it is planned to evacuate them over land. 5 who were especially asked for are already on the way out. These refugees are in no danger and are better supplied than the populace at large, which has resulted in a certain amount of ill will against them.

KIRK

WMB

CABLE TO AMERICAN LEGATION, TANGIER, FROM WAR REFUGEE BOARD.

Please deliver following message to Renee Reichman, 23 Rue Moliere,
Tangier, from Rabbis Aron Kotler and Abraham Kalmanowitz of the Vaad
Hahatzala Emergency Committee:

QUOTE AWAITING COMPLETE REPORT OF YOUR WORK PLEASE ADVISE
IF ADDITIONAL FUNDS NEEDED FOR EXTENSION OF WORK ENDEAVOR
SEND PARCELS TO FERDINAND FICHTELBERGER HANNCHEN FICHTELBERGER
BERTHA OPPENHEIMER IN THERESIENSTADT UNQUOTE

1:00 p.m.
December 20, 1944

CABLE TO HUDDLE, BERN, FOR MCCLELLAND FROM WAR REFUGEE BOARD

Reference your 8044 of December 9 and 8169 of December 16.

The restricted distribution by ICRC of SS Christina cargo and WRB's initial 15,002 parcels is deeply regretted by Board. Exchange of telegrams between us and ICRC with respect to distribution in past has made it evident that ICRC has been reluctant to distribute among potential beneficiaries on racial or religious grounds, but has repeatedly announced its determination to be motivated by need and accessibility. The argument reported in your 8044 with regard to JDC and World Jewish Congress programs and the proposed distribution scheme of further shipments suggested in your 8169 seem to us to represent unjustified discrimination and departure from the previously stated attitude of ICRC.

We are certain that the ICRC arguments and their new distribution proposal do not represent your personal views and the Board feels sure that you are in accord with its views. Accordingly, you are requested to advise ICRC that the Board feels strongly that arrangements for the distribution of the 224,328 parcels now enroute to Gothenburg and the 60,672 parcels awaiting shipment to Toulon be made on an equitable basis motivated solely by need and accessibility.

The Board is in agreement with the suggestion contained in your 8169 and hereby authorizes you to arrange for the forwarding of test shipments to Poland under the best obtainable distribution guarantees, but urges that no repeat shipments be forwarded to Poland until reasonable assurance is obtained that supplies from the test shipments have reached intended beneficiaries.

Regarding restricted interpretation of the term QUOTE camps UNQUOTE in your 8044, you are requested to urge ICRC to adopt a realistic view of the purposes for which the WRB parcel program was inaugurated. It is recommended that, for purposes of WRB'S parcel distribution to the unassimilated, the term "camps" be regarded by ICRC as implying all those places where the unassimilated are confined, detained or otherwise forcibly congregated and where some reasonable assurance can be obtained that the parcels will reach intended beneficiaries.

THIS IS WRB BERN CABLE NO. 332.

1:00 p.m.
December 20, 1944

OUTGOING TELEGRAM

PLAIN

December 20, 1944

AMBLEGATION,

BERN.

4289, Twentieth

The Department considers it advisable to amend category "G" of the priority grouping of persons eligible for exchange given in Department's airgram no. 540 of November 9, 1944 by the insertion of "of American citizens and " between the words "documentation" and "of alien residents".

Please inform Swiss Government accordingly.

STETTINIUS
(EAP)

EDW-112
Distribution of true
reading only by special
arrangement. (SECRET-W)

Bern

Dated December 20, 1944

Rec'd 10:47 a.m., 21st

Secretary of State,

Washington.

8233, December 20, noon.

FOR WSB FROM MCCLELLAND.

Kindly deliver following message from Schwartz to Leavitt of JDC: "We have discussed with Intercross and Commission Mixte purchase and transport commodities here for France, Belgium and eventually Holland. Committee advises possibly buy some quantities milk and cheese for immediate delivery and clothing and blankets for delivery end January early February. We authorizing expenditures here of \$50,000 out of appropriation you made for supplies France and suggest you appropriate additional \$50,000 to be spent here for purchases for Belgium. Intercross also sending for us some 12,000 parcels monthly to the Resienstadt and 5,000 to Bergenbelsen. We trying increase these quantities and also extend service to other camps. In addition Intercross sending bulk shipments to Poland, Yugoslavia and camp of Birkenau as well as the Resienstadt. For all these purposes and for medical supplies especially to Poland we have spent thus far this year 1,200,000 Swiss francs through Intercross. This does not include amounts spent in Lisbon, Istanbul and other places."

HUDBLE

WSB

EK-1965
Distribution of true
reading only by special
arrangement. (SECRET W)

Bern

Dated December 20, 1944

Rec'd 8:52 p.m.

Secretary of State,

Washington.

8238, December 20, 3 p.m.

FOR WRB FROM MCCLELLAND FOR LEAVITT OF JDC FROM SCHWARTZ.

"Fully agree one a time emergency grants as outlined your cable to London. Have already asked you transmit to Saly Mayer \$400,000 on account this grant. We agree also Passman be authorized purchase 20,000 pairs of shoes for use in Balkans but believe expenditure should not be charged against appropriations already made.

For your information Saly Mayer has established a credit of 4 million swiss francs through Intercross for use of Filderman in Rumania. Since October 2,200,000 of this credit have already been utilized yielding approximately 1 billion 4 hundred million lei. Budgetary request of Filderman amounts \$85,000 monthly. Have just received word from him stating that all refugee relief work as well as relief local population being financed exclusively with our funds and that not one dollar has been received from World Congress or other private organization. Also the organization of Emergency Assistance to Transylvania and for Hungarian refugees was undertaken (*) omes also.

Request exceedingly that Passman did not proceed immediately to Bucharst but went to London instead. Under circumstances I will have to get back to London in order to confer with him. At present time my plans are return to Paris and Brussels hoping reach London about January 10. Will keep you advised".

HUDDLE

JMS

(*) apparent omission

DGS-1899
Distribution of true
reading only by special
arrangement. (SECRET W)

Bern

Dated December 20, 1944

Rec'd 5:35 p.m.

Secretary of State,

Washington.

8240, December 20, 5 p.m.

FOR WRB FROM MCCLELLAND.

Please deliver to Leavitt of JDC following message from Schwartz: "We have made available to Jewish Community Bulgaria credit of \$50,000 which has now been almost fully utilized yielding approximately 20 million levas. At present time community urgently requesting additional credit since many in need and typhus, diphtheria and malaria prevalent. They also asking for shipment medical supplies and clothing which we have referred to Intercross who studying situation. Outlook for transport from here most unfavorable. Will inquire through Magnes whether medical supplies can be sent from Palestine.

Regarding northern Italy, we have made available 20 million lire during past five months. Must advise, however, present reports indicate all Jews in camps have been largely deported except about 70 in one camp and prison. All other Jews of northern Italy are in hiding numbers unknown. We have made additional credit available for help when and as possible.

In Croatia where 1200 Jews are in camps and 800 at large, we have been supplying relief at rate of 20,000 Swiss francs monthly yielding now 50 million kunas. In addition, we have been sending through Intercross food and clothing for internees.

In Slovakia new Intercross delegate authorized credits sufficient look after Jews still there either in camps or hiding exact numbers being unknown". 6665.

WMB

HIDDLE

ASB-1900
Distribution of true
reading only by special
arrangement (SECRET W)

Bern

Dated December 20, 1944

Rec'd 5:35 p.m.

Secretary of State,

Washington

8241, December 20, 6 p.m.

FOR WRB FROM MCCLELLAND FOR LEAVITT OF JDC FROM
SCHWARTZ

"For January Saly Mayer will require minimum \$1,000,000 for budget Switzerland and surrounding territories and Intercross work. Have just received urgent call for additional help from Budapest via Intercross for approximately 75,000 people still there mostly children old and sick people. Also received urgent request from Slovakia where only about 700 Jews left in camps, balance in hiding unknown number.

Relief programs other territories also require immediate action, therefore please make every effort transmit full amount early days January".

FROM MCCLELLAND FOR WRB: I have renewed offer to Mayer and Schwartz of 200,000 Swiss francs from WRB funds here if quick cash is needed particularly for Slovakia and Vienna. 3885.

HUDDLE

LMS

SECRET

COPY NO. 417

OPTEL No. 411

Information received up to 10 a.m., 20th December, 1944.

1. NAVAL

MEDITERRANEAN. 16th/17th. In Gulf of Genoa Allied trawlers and coastal craft attacked convoy of 8 ships and sank 3 armed lighters.

2. MILITARY

WESTERN FRONT. On First U.S. Army front there have been German penetrations at many points between Echternach and Monschau, but it now appears that the two main German thrusts are directed through Bastogne and through Malmedy towards Liege. Northern thrust has driven gap some 10 miles wide through U.S. lines between St. Vith and Malmedy. By 19th German armour had reached Hablemont and, according to later reliable but as yet unconfirmed reports, had also reached Marche, 35 miles further to the Southwest and Laroche. Flanks of this breakthrough appear to be held by U.S. troops less securely in South than in North. On Southern flank St. Vith remains in our hands and an attack northwards by U.S. armour from area west of St. Vith has been launched, results so far unknown. On Northern flank of breakthrough heavy fighting east of Malmedy during 17th and 18th has left U.S. positions substantially intact. Between Malmedy and Stavelot U.S. forces have attacked southwards and have recaptured Stavelot and are fighting in Malmedy. Further north slight gains have been made towards Duren on front of 2,000 yards. On 21st Army Group front positions unchanged but certain regrouping has taken place.

GREECE. 15th/16th. Considerable attacks launched by Imperial forces in Athens-Piraeus area. As result important roads between Phalerum and Piraeus and between Phalerum and Athens have been secured, but northern side of Piraeus still under rebel control. Rebel attack against Averof Prison has been held. Fighting in progress around Headquarters R.A.F.

EASTERN FRONT. Russians report slight advances southeast, south and southwest of Kosice, northwest of Miskolc and north and northwest of Gyongyos, 45 miles northeast of Budapest. Germans report continuation of Russian pressure in Kosice area, but state little progress made. They claim to have counter-attacked successfully northeast of Miskolc in face stiff Russian resistance, and to have checked Russian thrusts in general area S.W. of Budapest.

3. AIR

WESTERN FRONT. 18th/19th. 102 tons dropped in attack on pocket battleship LUTZOW and 706 tons on other shipping Gdynia, results unobserved. 19th. 29 escorted bomber Command heavies dropped 131 tons Treves through cloud, bombing concentrated. 206 U.S. heavies dropped 540 tons on communication targets between Duren and Treves, and 106 others dropped 281 tons on railway centres at Ehrang and Coblenz, through cloud. 41 escorting fighters scored 3,0,1. 3 missing, but all believed landed in Allied territory. Bad weather prevented bombing operations, but 625 fighter bombers and fighters operating mainly over Central and Southern sectors, scored 11,1,1 in air and 2,0,5 on ground for loss of 7. 120 tons dropped, railways cut in 18 places and 15 locomotives, 305 railway wagons and 132 M.T. destroyed or damaged.

MEDITERRANEAN. 18th. 647 escorted heavies, 23 missing, dropped 1183 tons on 6 oil targets and 2 railway centres in Germany, Austria, Czechoslovakia, Poland and Hungary and on communications in Yugoslavia. Results mainly unobserved. 148 fighter bombers and fighters attacked communications in Central Po Valley, cutting railways in 27 places and destroying or damaging 7 locomotives and 100 railway wagons. 137 aircraft of Balkan Air Force attacked M.T. concentrations Yugoslavia with excellent results.

4. HOME SECURITY

19th. 2 rockets reported. 19th,20th. 2 rocket incidents.

December 21, 1944
10:37 a.m.

HMJr: Hello.

Operator: Mr. McCloy.

HMJr: Hello.

John J.
McCloy: Hello.

HMJr: Morgenthau, Henry.

M: Good morning.

HMJr: How are you?

M: Fine.

HMJr: Look, Jack, I'd like to make a suggestion to you
and I'd only like you to take it if you think
it's all right.

M: Right.

HMJr: See?

M: Yep.

HMJr: And that is this: I'd like to have Bernstein
come back to this country so that we could talk
to him. We haven't talked to him now in months.

M: All right.

HMJr: And if you thought well of it, I would like him
to go to any villages that the English are
occupying in Germany.

M: Yes.

HMJr: And see how that is going.

M: Yes.

HMJr: See?

M: Yes.

HMJr: And bring back word how they are treating

- 2 -

M: Yeah.

HMJr: the Germans.

M: Right. I -- I'll send a telegram over to Eisenhower

HMJr: Yes.

M: but I'll do that

HMJr: Yeah.

M: and depending upon whether they feel they can spare him, why, we'll urge that he comes back.

HMJr: Fine. I think

M: I don't like to order anybody back

HMJr: No, no, no, no, no.

M: yet.

HMJr: But I think in view of this -- that we're all working on this thing, that he'd be useful, I think, both to the Army and to us over here....

M: Yeah.

HMJr: if we could have him to consult with.

M: Right. Right. But that would only be for a visit?

HMJr: Oh, if he was here for a week.

M: Yes. Right. Okay.

HMJr: For a week.

M: Right. I'll put it -- I'll put that up to Eisenhower. The -- it may -- it looks as if we may have a little time to breathe before we occupy all of Germany from the news this morning.

HMJr: Yeah, unfortunately.

M: Yeah, it's too bad.

HMJr: It doesn't look too good, does it?

M: No, it doesn't. It's just a heavy punch in the nose. There's no question about it, and I -- I don't know what the -- we haven't got enough dope over here yet to know what the full significance of it is.

HMJr: Yes.

M: They're getting pretty close to some important dumps of ours....

HMJr: Yeah.

M: that it would be very awkward if they got.

HMJr: Yeah.

M: It's -- apparently it was in the nature of a -- I mean, the extent of it was in the nature of a complete surprise to the -- to the people over there. They didn't have any idea that they were ganging up in such force. Now, it was staggering that they could deliver such strength so rapidly and in such completely concealed form.

HMJr: Yeah.

M: Particularly when we had command of the air.

HMJr: Yeah.

M: I don't understand it myself.

HMJr: Well, of course, I don't but I think it's time certainly that all of us should stand back of the Army.

M: Oh, yes.

HMJr: And I think it would be a bad time to criticize.

M: Oh, yes, sure. It's just one of those things. Those fellows -- you -- I don't know whether you ever heard me make my speech -- it's been my passion almost in life -- the experiences that I've had with the Germans, and as I say, I've been competing with them, I think, probably more than -- consistently, than almost any other fellow in the United States....

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HMJr: Yes.

M: since young manhood.

HMJr: Yes.

M: They always bring you to the point of exhaustion before you prevail. They always have a final kick in the teeth

HMJr: Yeah.

M: just when you think that they're down, they come back with these staggering blows that shake your -- make your -- shake your back teeth, they're so heavy, but I feel that -- that they're moving according to pattern now and all you've got to do is to hold fast and come again and take advantage of the expenditures that they really must be making.

HMJr: But it must -- it can't help but make a difference of several months I should think.

M: No, it's bound to throw us off our schedule. There's no question about that. Okay.

HMJr: Thank you.

M: Good bye.

December 21, 1944
2:32 p.m.

HMJr: Hello.

Frances Perkins: Hello. Henry?

HMJr: Yes, Frances.

P: I have a problem on which I have to appeal to you.

HMJr: Please.

P: You have a man named Connally in your outfit.

HMJr: Connally?

P: Connally. I take it he's one of the -- one of your solicitors.

HMJr: Pardon? I don't hear very well.

P: I think -- I think he's one of your solicitors.

HMJr: Connally, yes.

P: It's about Internal Revenue.

HMJr: Yes.

P: You have another fellow named Nunan. Now, they have -- Mr. Nunan has run afoul of the Department of Labor in this way: he has ruled that homeworkers, that is, industrial homeworkers, taking embroidery and buttonholes home to do, you see, are not employees for the purpose of collecting Social Security taxes.

HMJr: Yes.

P: We have ruled that for the purpose of enforcing the labor laws, particularly the Fair Labor Standards Act, that they are employees and Mr. -- (Name inaudible) -- has agreed with us.

HMJr: I see.

P: But Mr. Nunan still says that they don't come under the Social Security Act.

HMJr: Yes.

P: When pressed for an answer he merely tells us that they -- he's just not going to be bothered collecting taxes from people like this.

HMJr: Yes.

P: You know, it is a nuisance; I can see that.

HMJr: Yes.

P: But they think that they are employees and we have sufficient claim for using them.

HMJr: Yeah.

P: If I ask these girls who belong to us and who will go forth on their own to do homework, why don't they get Social Security like everybody else? Now, we think we can adjust it if you will ask Mr. Connally to see our Solicitor.

HMJr: Don't

P: I don't think we've made any effort to do it. Now, we've always met Brother Nunan who is -- I guess, he's a good Collector of Internal Revenue, but he doesn't get very far with our people.

HMJr: Don't you mean O'Connell? Joseph O'Connell?

P: O'Connell -- Joseph J. O'Connell.

HMJr: Yes, he's our -- he's our General Counsel.

P: That's right.

HMJr: Yes.

P: Now, can -- can -- will -- will Mr. O'Connell see Mr. Maggs and Mr. Sherwood

HMJr: Sure.

P: and Mrs. Beyer of our Department?

HMJr: Sure. Who do you want us to see?

- 3 -

P: I want Mr. -- Mr. O'Connell to see Mr. Maggs and Mr. Sherman of the Solicitor's office.

HMJr: Well, I'll have him

P: And Mrs. Beyer of the Division of Labor Standards.

HMJr: Well, I'll -- I'll have him call Mr. Maggs in the next two minutes.

P: Oh, well, not quite so quick, Henry. Give him time to breathe, but -- you know.

HMJr: I'll have him

P: Thank you very much.

HMJr: He'll call Mr. Maggs within the next two minutes.

P: Fine. Thank you.

HMJr: Thank you.

P: Bye.

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BULLETIN
(RADIO)

WASHINGTON--THE RED CROSS HAS JUST RECEIVED AN URGENT APPEAL FROM
ARMY HEADQUARTERS IN FRANCE FOR HEAVY SHIPMENTS OF "O" TYPE BLOOD.
BLOOD DONORS ARE ASKED TO CALL DISTRICT 33-HUNDRED IMMEDIATELY
AND ARRANGE AN APPOINTMENT. TESTS WILL BE MADE AT THE BLOOD DONOR
CENTER TO SELECT THOSE PERSONS HAVING THE "O" TYPE.

THE RED CROSS EMPHASIZES THIS IS AN EMERGENCY APPEAL--AN EMERGENCY
CREATED BY THE GERMAN OFFENSIVE INTO BELGIUM. WE REPEAT--PHONE DISTRICT
33-HUNDRED FOR AN APPOINTMENT.

-0-

(RADIO EDITORS: THE RED CROSS ASKS THE COOPERATION OF ALL STATIONS
IN THIS APPEAL.)

12/21--S1219P

MORE RED CROSS
(RADIO)

THE RED CROSS ADDS THAT BLOOD SHIPMENTS WILL BE FLOWN FROM
WASHINGTON TONIGHT AND WILL REACH PARIS TOMORROW.

12/21--S1220P

Employees located in the Treasury Building who wish to have their blood typed should telephone Branch 679 and request an appointment with the Health Unit for ^{blood} typing.

Those who have "O" type blood will be sent to the Blood Donor Center for donation as soon as possible.

Those who already know that they have "O" type blood are urged to call District 33-hundred immediately and arrange for an appointment, or call ^{at} the Treasury Red Cross Room 1437.

~~Anybody who~~
 You can make an appointment to get the convenience of the Red Cross and will be give the necessary time off.

HMJr: Hello.

Operator: Go ahead.

Dr.
Cronin: Mr. Morgenthau.

HMJr: Speaking.

C: I'm sending a technician over from here.

HMJr: Fine.

C: And I think she'll be able to take care of whatever comes down there.

HMJr: How soon will she be there?

C: Oh, she's -- uh -- she was in the car just as I walked in the office here. She should be there in ten minutes.

HMJr: Ten minutes?

C: Yes, sir.

HMJr: Thank you very much.

C: And I'll call Dr. Hesdorffer and tell him that she's on her way.

HMJr: Thank you.

C: You're welcome, sir.

HMJr: What's her name?

C: Miss Holm.

HMJr: Miss Holm.

C: Yes, sir. H-o-l-m.

HMJr: Right.

C: All right, sir.

HMJr: Thank you.

C: Bye.

December 21, 1944
2:57 p.m.

HMJr: I'm calling you up to wish you the same and a
Happy New Year.
Commissioner
Nunan: Thank you. How is Mrs. Morgenthau?
HMJr: Getting along slowly but steadily she's improving.
N: Good. I'm glad to hear that. I hope by Christmas
she'll be well on the way to improvement.
HMJr: We're going up to the country with our friend over
the week-end.
N: Good. Well, I know that will be a pleasant trip.
And
HMJr: That's right.
N: When are you leaving?
HMJr: Well, you and I -- you
N: Never mind.
HMJr: Well, it's over the week-end.
N: All right. Tell me, none of my business.
HMJr: No, no, no.
N: That's all right.
HMJr: Well, it's on account of the company we keep.
I could tell you when I was leaving.
N: All right.
HMJr: If you get what I mean.
N: Yes.
HMJr: What?
N: Well, I -- I had called Edward yesterday and
asked him if you'd be available. I just wanted
to go over and shake hands with you.
HMJr: Oh, well

- 2 -

N: But I'll take this instead.

HMJr: I didn't know that you had called.

N: I called yesterday and ask Edward if he could squeeze me in.

HMJr: Asked who?

N: Edward FitzGerald.

HMJr: Oh.

N: If he could squeeze me in just to say "Merry Christmas" and to shake hands with you.

HMJr: He never told me. Edward must be slipping.

N: Well, he saw that -- I was very disappointed last night. If there's one picture I wanted, it was "National Velvet".

HMJr: Oh, you missed a wonderful picture.

N: Nick Schenck showed it up in New York and Mrs. Nunan was there and she told me it was a wonderful picture, but I had promised to play bridge with some of the boys over here and I hated to disappoint them. But that was one picture I wanted to see.

HMJr: All right.

N: I'll see it some other time.

HMJr: Happy Holiday.

N: In the meantime, Merry Christmas to both you and Mrs. Morgenthau.

HMJr: Thank you.

N: Thanks for calling.

December 21, 1944
3:55 p.m.

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HMJr: Hello.

Ronald
Ransom: Hello, Henry.

HMJr: Hello, Ronald.

R: How are you?

HMJr: Fine.

R: This is a purely personal matter. I went to ask you something about procedure.

HMJr: Please.

R: I am one of the directors of a very small corporation, owning a small hotel in Atlanta, in which my wife is a substantial stockholder.

HMJr: Yeah.

R: My brother-in-law, who is named Marian Smith, who is quite a distinguished lawyer of Georgia, and he has handled their tax matters for the last few years.

HMJr: Yeah.

R: The problem now comes up as to the invested capital. The building was built in 1903 so you see it's over forty years old. There was a determination through the Department of -- the Bureau of Internal Revenue in '21 as to what was the invested capital value. It was a very carefully conducted inquiry and there was only one living man who then knew anything about it, my father-in-law, who has since been dead -- has since died. Now, the agent down there, in his proper discharge of his duty, is inclined to find that the invested capital set up was not adequate, which means a \$20,000 tax in addition to what they have already paid, which is 95% of the income. Well, the agent down there can't do a thing with it -- about it, and as I remember, you once said that where a question of equity in taxation was involved, that you'd be glad to hear the story.

HMJr: That's right.

- 2 -

R: Well, I wondered if some time after the holidays
you could give my brother-in-law a few minutes....

HMJr: Surely.

R: to explain it.

HMJr: I'd love to.

R: Well, if

HMJr: If you'll get in touch with me early next year....

R: Yes.

HMJr:we'll make an appointment.

R: Fine. Thank you very much.

HMJr: I'll be delighted.

R: Thank you very much.

December 21, 1944
4:20 p.m.

PROPOSED BUSINESSMEN'S CORPORATION

Present: Mr. Pehle
Mr. Luxford
Mr. DuBois
Mr. Schimmel
Mr. Linder
Mr. Kramer
Mr. Sharer
Mr. Reubens
Mr. Maermount
Mr. Turman
Mrs. Klotz

MR. LINDER: Mr. Secretary, I just want to apologize for being late. You remember that we met you--some of us did--at the Waldorf at the businessmen's dinner, the businessmen for Roosevelt. Mr. Sharer gathered up some twenty-five hundred businessmen throughout the country, and we mean men who are in business for Mr. Roosevelt and feel the urgency of this organization. It will be businessmen who are in support of Roosevelt's program.

What we are concerned about is establishing a broad unit of big businessmen, small businessmen, and medium businessmen who all agree on the necessity of foreign trade, on high wages, low prices, and so forth. And in connection with setting in motion that organization, we want to form an economic corporation. But instead of formulating a corporation, we would like to put ourselves rather in the position of inviting some big businessmen to work with us. So we worked out with them--we need advice on matters of policy in connection with setting up our organization. But as important as anything else, we need advice and help in connection with setting up the basic--the front personnel of our organization. What we are concerned about is we should not be now a small or medium-sized business organization, we should be regarded as a real representative of

- 2 -

business in the country, and will be a purposeful economic and political factor in the life of the country.

Now, what persons we should invite into leadership of this organization at this moment is a question which we need help and advice on. We think that if such an organization as the kind we envisage is created, it can be a source of stupendous power and strength to the Administration, because the Administration now has no big business spokesmen who appear before Congressional Committees, except the AMA associate who knows nothing about Government regulations, except that the Government ought to stay out.

Our whole approach to Government is to approach business, labor, and the farmers and cooperate with the Government in working out our destination.

Now, who should be invited into the leadership of such an organization--what big businessmen are available--men of integrity who are liberals, and who can work with the fundamental problem, and who draft the perspectives. Fundamentally, what we want is some help from the Administration in setting this thing up, because we believe if it is set up correctly it will be a force of tremendous power and strength to the Administration.

H.M.JR: There is no question, if Mr. Roosevelt can get a group of businessmen who feel that this Government is working for them, not against them--your hired men, which we are--that a great deal can be accomplished, more than with a group that comes down to serve just some particular industry that wants to fight some particular regulation. And certainly right now with the war at the particular phase it is, the military end of the Government needs all kinds of support that they can get on production. General Somervell was here today, and it is no secret that they are short several hundred thousand men. Now, how are they going to get them? It is something that concerns businessmen as well as the Government, because they are together.

When you say to me, "Which businessmen?" - John Pehle would like a good businessman right now to head up Surplus Property for him. He is in charge of Treasury Procurement,

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and we are in search ourselves all the time. If you give us some names, we can tell you, as far as the Treasury is concerned, whether we think they are the people of our own experience, and whether these people are--

(Mr. Linder hands the Secretary a list of proposed names.)

MR. LINDER: We have a number of such names.

H.M.JR: I wouldn't attempt to do it right now, but--

MR. LINDER: What about the first two names on the list, Mr. Nelson and Mr. Kaiser?

H.M.JR: Mr. Luxford, Mr. DuBois, and Mr. Pehle--I am going to refer this to them, and then let them come back and talk to me. But we need a little time, and I am sure if we do this thing a little bit slower--

(Mr. Maermount and Mr. Turman enter the conference.)

H.M.JR: We have these three gentlemen who are available, and probably you want to take a little time with them now to go over this. Or would you people rather study this in advance?

MR. PEHLE: Either way.

MR. KRAMER: Why not study it in advance? I will be down again next week.

MR. PEHLE: That will be better.

H.M.JR: Then we can have a little time. It isn't so easy to answer, but I say, if you people could contact these people, give us a little time and maybe we can add some things.

MR. LINDER: Mr. Secretary, aside from the question of names, is there something that you can send us back home with that we can study and spend some time on in the formulation of our plans?

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H.M.JR: Well, I am not really prepared to just give birth to an idea. Knowing what you have in mind now, if you could come in, I would like to think about it. As I have said, there is no question as to the need of such an organization, but when you tell me to give you something to take home with you, that isn't so easy.

MR. LINDER: I want to leave with you a copy of the draft of the prospectus.

H.M.JR: Who is that Grannini?

MR. LINDER: Giannini. That is an extraordinary kettle of fish.

H.M.JR: I know the A.P., but when I saw Grannini here, I just didn't know.

Have you seen this list?

MR. SCHIMMEL: No. (Laughter)

MR. KRAMER: You are blushing. The members of this organization are just to show you the variety of support you have, that is all.

H.M.JR: Mr. Giannini didn't have to support Mr. Roosevelt. When you get to the water trough, he doesn't drink.

MR. KRAMER: It seems to me he drank plenty on Roosevelt; it seems to me he drank plenty under Roosevelt.

H.M.JR: He hasn't suffered.

You have a lot of good names here, Randolph Paul, for instance. That is a good name.

MR. LINDER: You notice we have Beardsley Ruml there. We had some difficulty in dealing with him on the tax bill.

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H.M.JR: We?

MR. LINDER: I mean all these people.

H.M.JR: Let's think about this a little bit. As I say, I don't want to go off half-cocked. I can only repeat myself in saying there is a great need for really independent businessmen who are public-spirited, and who are not just thinking of their own immediate pocketbook, but who are looking at this with a long-range view as to what is going to be good for all of the people and good for them.

MR. KRAMER: That is the slogan of it. That Chicago group has that slogan.

MR. LINDER: This is the draft of the prospectus (hands Secretary "Prospectus of Business Men of America, Inc.," attached).

H.M.JR: Why don't you leave this with us, gentlemen? Let me talk it over with my assistants. Who could we contact you through?

MR. LINDER: Mr. Kramer.

MR. SCHIMMEL: It is a little different--this is just the experts.

MR. TUNWAN: We insist that this be non-political.

H.M.JR: You mean anybody can come in as long as he is for Roosevelt? (Laughter)

MR. KRAMER: We want to get a couple Republicans.

MR. TUNWAN: Anybody can come in who is for Roosevelt's economic program.

H.M.JR: I will accept that. I think this is fine. This is very refreshing, and I think you gentlemen are very wise in looking at the long term--

MR. LINDER: May we leave this material with you? And Mr. Kramer, who is working with us, will be able to chat

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with your associates here in the next few days, and then maybe a few of us may come back in a week or ten days.

H.M.JR: Any time.

MR. LINDER: Or maybe around the middle of the month.

H.M.JR: Don't wait too long.

DONALD NELSON

HENRY KAISER

BASIL HARRIS

JAMES MCGRAW JR.

CHARLES E. NELSON

PAUL C. HOFFMAN

GERARD SWOPE

HARRISON TWEED

FLOYD ODLUM

GARDNER COWLES

BEARDSLEY RUML

JEREMIAH MILBANK

FRANK ALTSCHUL

ALBERT LASKER

WILLIAM S. PALEY

JOSEPH E. DAVIES

WARD CANADAY

EDWARD EAGLE BROWN

VIRGINIUS DAVNEY

FRANK WALKER

HENRY W. BRUERE

VINCENT ASTOR

MARSHALL FIELD

THOMAS W. LAMONT

RALPH PULITZER

WARD M. WARBURG

P. K. WRIGLEY

OWEN D. YOUNG

George
GEORGE S. FROMER

WILLIAM BLOW
FISHER (DETROIT)
W. AVERILL HARRIMAN
JULIUS LIEBMAN
CYRUS W. EATON
AMOS CARTER
BASIL BREWER
DONALD BLOOMINGDALE
KETTERING (DETROIT)
KERSTEIN (BOSTON)
MARK ETHERIDGE
M. LINCOLN SCHUSTER
A. P. GRANNINI
F. M. E. SCHAEFFER
NATHAN STRAUSS
ARTE BULOVA
RANDOLPH PAUL
MAURICE WERTHEIM

LOOO Club

Copies to Messrs. White, EM. Bernstein, Pehle, DuBois and Luxford

PROSPECTUS
OF
BUSINESS MEN OF AMERICA, INC.

OBJECTIVES:

To bring together enlightened business men to build an expanding economy of full employment and a higher standard of living, and to help shape a lasting peace among nations. The appeal is to business men who face the future confidently and want a larger voice in national and international affairs. They way to share with labor, agriculture and other groups in framing government policy for the common welfare—in taxation, in foreign policy, in all basic economic and political policies affecting the post war world. They want to work cooperatively with labor to secure higher output at lower prices and be able to pay higher wages.

They recognize the basic need to provide economic security for the nation and its families. They want to do something practical to provide jobs and opportunities for veterans and displaced war workers. They want to help stabilize agriculture.

And above all, they want to take a leading part in establishing policies that make for lasting peace with other nations, expanding trade and preventing clandestine rivalries and agreements that pave the way for new wars. And they want democracy to work.

They feel they can do these things as business leaders—if they know enough about improving business conditions, about economic and political problems, and if they know where and how to throw their weight—especially if they do something about it now in an organized way.

ORGANIZATION:

A national, non-profit membership organization, incorporated in Washington, D. C., which business men and professional leaders all over the country are invited to join.

HOW THE JOB WILL BE DONE:

The emphasis of this organization is that business men themselves, as individuals joined together for common purposes, must do the job. The organization services them and acts as a clearing house, but the services are only preliminary to the members themselves acting together on the dominant economic and political problems facing them.

I. SERVICES TO MEMBERS

A. Information:

1. Analysis of dominant economic and political trends and developments affecting business. Issues a weekly news-letter to all members giving critical information and analytical background which they do not obtain elsewhere.

2. Analysis of major legislative and administrative trends, as guides to action. Keeping score on Congress and government, and also keeping score on what other business, labor, farm and other groups are saying and doing--information numbers also concisely available.
3. Special analysis and reports on basic economic and political policies, e. g., reconversion, foreign trade, foreign policy, developments in labor relations, management, corporation trends, giving members the benefit of special research projects undertaken by organization.
4. Special economic and political information as requested by members on special topics.
5. Maintaining clearing house and directory for members of sources of information and government and private officials available on particular problems.
6. Special advice and consultation on labor relations.
- B. Hold management and business seminars from time to time on special managerial and corporate problems of members, inviting experts to discuss and exchange experiences.
- C. Maintenance of legislative representative in Washington for continuous watch on legislation and act for organization at all times.

II. ACTION BY MEMBERS

- A. Making prepared appearances before Congressional Committees, holding meetings with individual congressmen, senators and administration leaders. It is particularly important that entire membership from all sections of the country and in all industries be drawn into this work, to speak out on all those public questions, which affect public welfare and cut across individual industries--taxation, agriculture and labor policy, foreign policy, reconversion, social legislation, veterans' legislation. In every one of these broad fields business men who have an aggressive outlook should know where and how to express it most effectively.
- B. Conferences with other groups, nationally and locally, on specific problems--with labor, farm and Congressional leaders, and with consumer, professional and other business groups, to discuss policy problems of mutual concern and try to work out common approaches where possible. No canned conferences, but conferences in which members participate actively and hammer out issues.
- C. Special conferences of members to discuss and analyze policy questions and decide on actions to be taken and the best way to accomplish them.
- D. Publicity and educational campaigns to disseminate point of view of organization. Participation of members in radio forums and on special broadcasts, and in public appearances before other groups.

The organization seeks to stir its members into activity on the political front, to have them participate actively on all public questions, in the choice of political candidates, in the framing of platforms, in the making of legislation, both locally and nationally.

APPARATUS (PROVISIONAL PLAN)

Membership in national organization open to individual business and professional men and corporations who subscribe to its general purposes. Dues range from \$100 to \$1000 (or more). Equal voting rights to all members, irrespective of dues paid. Associate memberships, with dues of \$25 or less, with the right to elect delegates with voting rights at membership meetings.

Board of Directors of 50, 10 elected annually by the members.

Officers: President
 Chairman of Board of Directors
 Executive Vice President
 6 Vice Presidents, for 6 regions
 Secretary
 Treasurer
 General Counsel

Executive Committee, elected by Board of Directors, to conduct business between meetings of the Board of Directors.

Advisory Executive Council of 200.

Staff: Executive Director
 Public Relations Counsel
 Director of Economic Research
~~Director of~~ Labor Relations Consultant
 Legislative Representatives

Committees:

Organizational - membership, nominating and finance committee

Policy - Labor, Agriculture, Price Policy and Regulations, Foreign Trade, Reconversion and Post-War Policy, Taxation, Foreign Policy, Fair Trade Practices, Corporate Management and Practice, Banking, Investment and Insurance, Utilities, and Social legislation.

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE Dec. 21, 1944

TO: Mrs. McHugh

FROM: S. George Little *SL*

Re: Secretary Morgenthau's speech December 16.

In line with your request, herewith is report on how OWI handled Secretary Morgenthau's speech material.

The speech was made available to all reporters in the OWI press room. They distributed copies to all the press association representatives, and special correspondents.

A copy of the speech was placed on each of the 40 desks (which are used daily) in the OWI news room. Copy was also placed on the bulletin board which is located in a very favorable spot in the press room.

It is my understanding that the speech was given the same general handling by OWI that is afforded the speech material of other cabinet members and top Government officials.

In addition to the above, OWI also teletyped the speech to their New York office where it was fanned out for use in all OWI overseas broadcasts. OWI also collaborated with the Army, in the Army's handling of the speech material.

THE CURTIS PUBLISHING COMPANY

INDEPENDENCE SQUARE
PHILADELPHIA



THE SATURDAY EVENING POST
LADIES' HOME JOURNAL
COUNTRY GENTLEMAN



*Photostat to
Cable - 12/26/44
Kryz said man*

FRED A. HEALY
VICE-PRESIDENT AND ADVERTISING DIRECTOR

Philadelphia 5, December 21, 1944

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

Dear Mr. Secretary:

That was a very nice thing for you to do yesterday and everyone at the luncheon enjoyed it a great deal. The very fine and informal way it was conducted and the information which you gave to the boys from the publishers, I know was very much appreciated by them.

There is one thing I should have said yesterday but not being an officer in the Association, just a member, I did not feel at liberty to do it. So I want to tell you what a grand organization you have, headed up by Ted Gamble, in the sale of bonds. Their fine cooperation and their enthusiastic acceptance of an idea which appeals to them makes it a real pleasure to work with Ted Gamble, Tom Lane and their group. And I don't think any branch of war activity is doing a better job in any way that compares with the operation of this department of yours. I could say a lot more than that but it is not necessary.

With the best wishes of the Season,

Sincerely yours,

Fred Healy

FAH:EMS

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE Dec. 21, 1944

TO Secretary Morgenthau
FROM Paul McDonald

The attached list has been prepared to show by bureaus and divisions the professional and technical employees of the Treasury Department who have been sent abroad on special assignments during 1944. Assignments involving travel to territories of the United States, as well as certain others of a routine and recurring nature, have not been included.

Salaries listed are current and in some cases reflect increases made subsequent to completion of foreign duty.

PMcD

TREASURY PERSONNEL SENT OVERSEAS ON SPECIAL ASSIGNMENTS SINCE JANUARY 1944

Name	Dates		Countries	Program of work	Report
	From	To			
<u>Office of the Secretary:</u>					
Fred Smith \$9,000	8-5-44	8-17-44	England, France	Special assignment with No written report. the Secretary.	
<u>Division of Monetary Research:</u>					
Harry D. White P-8, \$9,000	8-5-44	8-17-44	England, France	Special assignment with No written report. the Secretary.	
Harold Glasser P-8, \$8,000	2-27-44	6-3-44	North Africa, Spain, Italy, Portugal	To make study of and report on problems of foreign exchange and other matters.	Report has been submitted to the Secretary.
Solomon Adler P-7, \$6,500	3-1-44 12-19-44	7-4-44 present	China	Treasury Attache.	Report has been submitted to Mr. White.
Lauren W. Casaday P-7, \$6,750	12-4-43	6-23-44	England	Special Assistant to the American Ambassa- dor.	No formal report; letters and cables.
William H. Taylor P-7, \$6,500	5-7-44 10-5-44	8-18-44 present	England England, Greece	Treasury Representa- tive to Combined Civil Affairs Committee.	No formal report; letters and cables.

Name	Dates		Countries	Program of work	Report
	From	To			
<u>Division of Monetary Research (continued):</u>					
Iver G. Olsen CAF-14, \$6,500	11-18-43	12-1-44	Sweden	Financial Attache to American Legation. To examine conditions with respect to foreign exchange, monetary developments, customs, foreign funds control, etc., in Scandinavian countries.	Report in progress.
Irving S. Friedman P-6, \$5,600	4-30-44	11-30-44	China	To substitute for Mr. Adler as Treasury Representative.	Report has been submitted to Mr. White.
John W. Gunter P-6, \$5,600	7-26-43	11-3-44	Turkey, Egypt	Financial Attache to American Embassy. To report on Middle East situation with respect to position of dollar currency, exchange rates, flow of gold, etc.	Report has been submitted to Mr. White.
Raymond F. Mikesell P-6, \$5,600	10-2-43	5-17-44	Egypt	Treasury Representative in connection with occupation work and Representative to Middle East Finance Conference.	Report on the Conference submitted to Mr. White.

Name	Dates		Countries	Program of work	Report
	From	To			
<u>Division of Monetary Research (continued):</u>					
James E. Wood P-6, \$5,600	5-12-43 8-22-44	6-26-44 present	Portugal	Financial Attache to American Legation. Handles matters relating to foreign exchange, monetary developments, customs, foreign funds control, etc.	Report has been submitted to Mr. White.
Gardner Patterson P-5, \$4,600	2-5-43	1-21-44	Algiers	Treasury Representative assigned in connection with occupation work.	No report necessary since he served in junior capacity.
Charles D. Glendinning P-4, \$3,800	5-27-44	present	England	Assistant to Special Assistant to American Ambassador.	No report necessary since he served in junior capacity.
<u>Foreign Funds Control:</u>					
Michael L. Hoffman CAF-14, \$6,500	3-1-43	4-26-44	North Africa	Senior Treasury Representative in North Africa. Handled Treasury's day-to-day problems in the area.	Periodic letters and cables: an over-all report was written on Treasury experiences in N. Africa for guidance in future liberated areas.
	8-5-44	present	England, France	Treasury Representative in Paris.	Periodic letters and cables.

Name	Dates		Countries	Program of work	Report
	From	To			
<u>Foreign Funds Control (continued):</u>					
James J. Sexon CAF-14, \$6,500	3-1-43	8-15-44	North Africa	Treasury Representative in North Africa.	No formal report; periodic letters and cables.
	9-15-44	12-18-44	France	Instituted and is working on investigation of French branches of American banks.	Report will be submitted to Mr. Schmidt and Mr. White when investigation is completed.
John S. Richards CAF-13, \$5,600	8-26-44	10-7-44	England, Spain, Portugal, Sweden	To discuss with the U.S. diplomatic and investigative staffs the importance of the problem of uncovering and dealing with enemy and looted assets held in or through neutrals.	No formal report submitted; oral report made to Messrs. White, Pehle, Luxford, DuBois and Schmidt.
Theodore H. Ball CAF-13, \$5,600	11-30-44	present	France	Working on investigation of French branches of American banks.	Report will be submitted to Mr. Schmidt and Mr. White when investigation is completed.
Jerome Sachs CAF-13, \$5,600	12-8-44	present	France	Working on investigation of French branches of American banks.	Report will be submitted to Mr. Schmidt and Mr. White when investigation is completed.

Name	Dates		Countries	Program of work	Report
	From	To			
<u>Foreign Funds Control (continued):</u>					
Donald J. McGrew CAF-9, \$3,200	7-15-43	8-22-44	North Africa	Assistant to Senior Treasury Representative.	No report necessary since he served in junior capacity.
<u>Office of the General Counsel:</u>					
Josiah E. DuBois, Jr. \$9,000	8-5-44	8-24-44	England, France	Special assignment with the Secretary.	Partial report has been written.
Lehman C. Aarons P-8, \$8,000	6-21-44	present	England, France, Belgium	Treasury Representative handling financial, monetary and related problems with military and British authorities.	Letters and cables to Mr. White.
Leonard E. Ackermann P-7, \$6,500	9-30-43	10-13-44	French North Africa and Italy	Treasury Representative assigned in connection with occupation work, and Special Representative for the War Refugee Board.	No report necessary on Treasury work since he served in junior capacity. Report on work of War Refugee Board submitted to Mr. Pehle.
Edwin F. Rains P-6, \$5,600	2-2-43	2-9-44	French North Africa	Treasury Representative assigned in connection with occupation work.	No report necessary since he served in junior capacity.
Joseph H. Murphy P-5, \$4,600	2-2-43	1-13-44	French North Africa	Treasury Representative assigned in connection with occupation work.	No report necessary since he served in junior capacity.

Name	Dates		Countries	Program of work	Report
	From	To			
<u>War Finance Division:</u>					
Peter H. Odegard) CAF-15, \$22.22 p.d.)					
Frank N. Isbey) Volunteer worker)	8-22-44	10-22-44	England, France, Scotland, Italy, and Ireland	Investigation of War Bond program in the European theater of operations and sub- mission of promotional ideas.	Report was furnished the Secretary.
Charles L. Whittier) Volunteer worker)					
Harold B. Thomas) Volunteer worker)					
<u>Bureau of Accounts:</u>					
Gilbert L. Calk CAF-14, \$6.750	2-28-44	4-25-44	England, Italy, and Algeria	Member of a joint finance mission repre- senting War Department, General Accounting Office, and Treasury. Developed information to assist in deter- mining foreign fiscal policies and procedures for military government activities.	Joint report was prepared for War Department, G.A.O., and Treasury.

Name	Dates		Countries	Program of work	Report
	From	To			
<u>Bureau of Internal Revenue:</u>					
Eldon P. King P-7, \$7,500	4-16-44	8-20-44	South Africa, England	Engaged in negotiations looking toward formu- lation of treaties to eliminate double taxation.	Written report sub- mitted to Mr. Blough.
<u>Bureau of Customs:</u>					
S. J. Kennedy CAF-13, \$5,600	9-1-44	12-1-44	England, Spain, Switzerland, Portugal, and France	Survey to determine if and when Treasury offices abroad should be reopened.	Written report sub- mitted to Mr. Johnson.

December 21, 1944

My dear Mr. Rosenthal:

I appreciate your very kind letter of December 18th. I also am very sorry and disappointed that we cannot have the benefit of your services.

I hope that you have recovered from the grippe, and that the next time you are in Washington you will drop in to see me.

- Yours sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Morris S. Rosenthal,
285 Madison Avenue,
New York, New York.

MORRIS S. ROSENTHAL
285 MADISON AVENUE
NEW YORK

December 18, 1944

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

Dear Mr. Secretary:

I spoke with Mr. Strasser this afternoon. He told me of his conversation with Mr. Riegelman and that he explained to Mr. Riegelman that he could not release me from the commitment which I made sometime ago despite my eagerness to accept the position that you offered me, to head up the Treasury Surplus Products Disposal.

I am deeply disappointed as I would have liked very much to have been able to undertake this work. As I explained to you, I promised that I would stay with the Company during its period of reorganization within the next two or three years, and there is nothing that I can do unless my associates are willing to give me their release.

I am grateful to you for your thought of me and for your confidence that I could do this work. When I spoke with Mr. Pehle I gave him the names of some others for him to investigate because I did not think that arrangements could be made for me to do the work. As you know, I shall be glad to be of any further help that I can be, although I realize that it is not the same as being able to do the job itself.

Again many thanks.

Sincerely yours,

Morris S. Rosenthal

MSR:JC

**BRITISH AIR COMMISSION**

1785 MASSACHUSETTS AVENUE
WASHINGTON, D. C.

TELEPHONE HOBART 9000

CASE QUOTE

REFERENCE NO.....

With the compliments of British Air Commission
who enclose Statements Nos. 165 and 166 --
Aircraft Despatched -- for the weeks ended
November 24th and December 1st respectively.

The Honourable Henry Morgenthau, Jr.
Secretary of the Treasury
WASHINGTON, D. C.

December 21, 1944.

STATEMENT NO.165

Aircraft Despatched from the United States
 Week Ended November 24, 1944.

BRITISH/U. S. SECRET

<u>TYPE</u>	<u>DESTINATION</u>	<u>ASSEMBLY POINT</u>	<u>BY SEA</u>	<u>BY AIR</u>	<u>FLIGHT DELIVERED FOR USE IN CANADA.</u>
<u>LOCKHEED</u> Fortress III	U.K.	U.K.		2	
<u>CONSOLIDATED</u> Liberator B VI	M.E.	M.E.		9	
Liberator B VI	India	India		1	
Liberator B VI	Canada	Canada			5
Liberator GR VI	India	India		4	
Liberator B VIII	M.E.	M.E.		6	
<u>NORTH AMERICAN</u> Mitchell III	U.K.	U.K.		5	
Mitchell III	Bahamas	Nassau		4	
Mustang	N.W. Africa	Casablanca	2		
<u>VEVA</u> Ventura GR V	S. Africa	S. Africa		1	
<u>DOUGLAS</u> Boston V	U.K.	U.K.		1	
Dakota IV	U.K.	U.K.		2	
Dakota IV	India	India		8	
<u>BEECH</u> UC-45 Beechcraft	India	Karachi		8	
<u>REPUBLIC</u> Thunderbolt	India	Karachi		12	
Thunderbolt	India	Madras		8	
<u>CURTISS</u> Kittyhawk	Australia	Sydney		25	
<u>NOORDUYN</u> Harvard	U.K.	U.K.		5	
Harvard	M.E.	Alexandria		7	
		<u>TOTAL:</u>		<u>67</u>	<u>43</u>
					<u>5</u>

Movements Freight I
 R.A.F. Delegation

December 2, 1944.
 mmh
 File V-17

STATEMENT NO. 166

Aircraft Despatched from the United States
 Week Ended December 1, 1944.

BRITISH/U. S. SECRET

<u>TYPE</u>	<u>DESTINATION</u>	<u>ASSEMBLY POINT</u>	<u>BY SEA</u>	<u>BY AIR</u>	<u>FLIGHT DELIVERED FOR USE IN CANADA.</u>
<u>LOCKHEED</u>					
Fortress III	U.K.	U.K.		1	
<u>CONSOLIDATED</u>					
Liberator B-VI	M.E.	M.E.		7	
Liberator GR-VI	India	India		2	
Liberator B-VIII	M.E.	M.E.		2	
Liberator GR-VIII	U.K.	U.K.		3	
<u>NORTH AMERICAN</u>					
Mitchell II	Canada	Canada			1
Mitchell III	U.K.	U.K.		4	
Mustang	U.K.	U.K.	6		
Mustang	N.W. Africa	Casablanca	25		
<u>DOUGLAS</u>					
Dakota IV	U.K.	U.K.		10	
<u>BOEING</u>					
Catalina IV B	U.K.	U.K.		2	
<u>REPUBLIC</u>					
Thunderbolt	India	Karachi	32		
Thunderbolt	India	Madras	6		
<u>CURTISS</u>					
Kittyhawk	Australia	Melbourne	21		
<u>NOorduyn</u>					
Harvard	U.K.	U.K.	7		
<u>VOUGHT-SIKORSKY</u>					
R-4B Helicopter	U.K.	U.K.	3		
Corsair	U.K.	U.K.	1		
(wooden replica) Corsair	India	Cochin	2		
<u>GRUMMAN</u>					
*Wildcat	India	Cochin	2		
<u>STINSON</u>					
Reliant	India	Cochin	5		
Total: 110				31	1

* With radio equipment.

Movements F 1
 R.A.F. Delegation

December 20, 1944.

Wah
 File V-27

*photostat by M. White
12/23 40 E. 11th St.*



THE SECRETARY OF COMMERCE
WASHINGTON

December 21, 1944

Gentlemen:

Your letter of the 19th received, and your recommendation that the \$11,847,328.46 be paid to the United Kingdom for unpaid charges on shipments of Ceylon rubber consigned to the Rubber Reserve Company before July 1, 1943 will be complied with.

For your information, the above amount includes \$2,848,731.87 as payment for 5,077.2 long tons of rubber on three ships lost at sea due to enemy action in the latter part of 1942.

Sincerely yours,

James Jones
Secretary of Commerce

Honorable Henry Morgenthau
Secretary of the Treasury

Honorable E. R. Stettinius
Secretary of State

Honorable Leo T. Crowley
Foreign Economic Administrator



December 21, 1944

My dear Jack:

Thank you very much for sending me copies of the posters. I think they are excellent.

Yours sincerely,

(Signed) Henry Morgenthau, Jr.

The Honorable John J. McCloy,
Assistant Secretary of War,
War Department,
Washington, D.C.

WAR DEPARTMENT
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, D. C.

*Hald -
Tomorrow*

The Honorable,

The Secretary of the Treasury.

Dear Mr. Secretary:

Attached are copies of posters which have been produced by the War Department and sent in quantity to General Eisenhower's Headquarters. These are part of the extensive campaign to orient American troops on the policy of non-fraternization with the German people. I am sure you will be interested in them.

Sincerely yours,



JOHN J. McCLOY,
Assistant Secretary of War.

encls.



EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD
WASHINGTON 25, D. C.

OFFICE OF THE
EXECUTIVE DIRECTOR

DEC 21 1944

My dear Mr. Secretary:

I am pleased to send you herewith a copy
of the report of the War Refugee Board for the week
of December 4 to 9, 1944.

Very truly yours,


J. W. Penle
Executive Director

The Honorable,

The Secretary of the Treasury.

Enclosure.

Report of the War Refugee Board
for the Week of December 4 to 9, 1944

SITUATION IN HUNGARY

We received from Representative McClelland the substance of a statement delivered by the Hungarians to the Swiss Legation in Budapest on November 8, in response to the message directed to Hungarian authorities through the Swiss setting forth the attitude of the United States Government toward the concentration of Jews in work camps and the implications of such measures. The Hungarians took the position that Jewish workers are needed in Hungary's total war mobilization and that the concentration of Jews fit for work is not discriminatory since it is based on a law of 1939 according to which all physically fit persons, without distinction as to race, nationality, or religion, are subject to military labor service under military discipline. It was denied that Jewish concentration and work camps can be considered as punishment camps, and it was asserted that actually the Hungarian and German Governments have consented to the visit of an International Red Cross delegate to camps where Hungarian Jews are performing labor in Germany, and that, furthermore, the protection of these Jews is appropriately provided for "according to the nature of the work performed." It was claimed that the solution of the Jewish question in Hungary was decided solely in the light of the interests of Hungary and that "foreign interests of whatever kind cannot change this principle." Jewish workers represent a part of all Hungarian workers and are used within the framework of the Hungarian war effort, it was said, in a form which appears appropriate to the Hungarian Government. The reply declared that the Government intends to treat Jews in a just and humane manner and alleged that the standard of living for Jews will not be lower than for working classes, but warned that the measures applied to them depend upon the attitude of the Jews themselves and upon whether "further enemy terroristic attacks on the Hungarian civilian population occur since these provoke increased opposition from the Hungarian population." With respect to passports and other documentation issued by foreign missions in Budapest to Hungarian Jews for their emigration to neutral countries or to Palestine, the reply reiterated that the Hungarian Government is still prepared to recognize these papers and to allow the emigration of the Jews concerned "within the framework of the number of visas agreed upon by the German Government for transit through German territory in case normal diplomatic relations with the interested countries so permit."

Representative McClelland forwarded to us an English translation of a written statement made by an official of the German Legation at Budapest, a copy of which reached McClelland through confidential

channels from Budapest. While this document reflects the "liberal" attitude of the German Foreign Office, as contrasted with that of either the Gestapo or the SS, organs more actively concerned than the German Legation with the treatment of Jews in Hungary, it reveals that the intensive press campaigns and psychological measures in the program to relieve the situation of Hungarian Jews have had some of the positive effect to which they were directed. The document first summarizes developments in Hungary as follows: Pursuant to agreements reached after March 19, 1944, between the Hungarian and Reich Governments as a contribution to the solution of the Jewish problem, all Jews were transported out of the Hungarian provinces, under the direction of the Hungarian Ministry of Interior and through the instrumentation of the Hungarian gendarmerie and police with the advisory cooperation of the German Security Police, to Germany for labor service, family units being preserved. The subsequent decision of former Regent Horthy in August that no further transports of Hungarian Jews to territory of the Reich could be consented to was declared to have been made "obviously under the influence of foreign press attacks instigated by the enemy powers as well as due to the intervention of various foreign and enemy powers." The assurances which he gave at that time that an internal Hungarian solution with respect to the Jews remaining in Hungary, principally in the vicinity of the capital, would be effected by evacuating them from Budapest and concentrating them in camps for work service inside Hungary have not been carried out, presumably because suitable camps which would pass inspection by "intruded" international organizations in order to avoid renewed foreign press attacks could not be found. As a result, it was asserted, foreign press attacks against Hungary actually subsided, but Hungarian Jewry, particularly in Budapest, recovered from its initial intimidation and began to engage in even stronger subversive activity against the common interests of the allied (Axis) countries, to such a point that even under the Lakatos Government they felt themselves no longer bound by the Jewish laws promulgated by the Sztojay Government, left the houses to which they were assigned, and took off the insignia prescribed for them. At the same time, various foreign missions continued their interference to assume protection of individual Hungarian Jews. It was explained that no further steps were taken for a solution of the Jewish problem and that, because Hungarian Jewry remained in Budapest where it could always move about more freely, forming a constantly growing danger in the opinion of Hungarian and German circles conscious of their responsibility behind the fighting front, negotiations were reopened after October 16 "with the advisory cooperation of German organs with the purpose of bringing about a definitive solution of the Jewish problem in Hungary."

The statement then described the special attention paid by all agencies concerned in order to eliminate all justifiable complaints on the part of foreign states with respect to the treat-

ment of Jews in Hungary possessing foreign citizenship, a status which was recognized, however, only after a close examination of each case and presentation of convincing proof that the Jew in question legally possessed the nationality claimed before March 19, 1944. The acquisition of a foreign nationality by Hungarian Jews after that date was termed a violation of international law, so that nationalities thus acquired could not be taken into consideration. Nevertheless, foreign missions in Hungary persisted in "temporarily" granting citizenship of their countries to Hungarian Jews or "protecting" them with a view to their emigration, and as a result of these intercessions and in recognition of the difficult situation of Hungary with respect to these foreign demands, an agreement was reached between the Sztojay Government and the German Legation to permit the repatriation or emigration of a certain limited number of foreign or Hungarian Jews. These concessions, however, would be realized only at such time as the Jews remaining in Budapest should have been, for reasons of security, definitively evacuated. The measures agreed upon were as follows:

1. Issuance of Hungarian exit and German transit visas for the emigration to Sweden of some 400 Hungarian Jews who, on the basis of personal or business connections with Sweden, had been granted so-called temporary or protective passports by the Swedish Legation in Budapest after March 19, 1944.
2. Emigration of about 7,000 Hungarian Jews who have received Palestine certificates through the Swiss Legation in Budapest.
3. Emigration to Portugal of nine Hungarian Jews who have been given temporary Portuguese passports and entry visas by the Portuguese Legation in Budapest.
4. Emigration to Spain of a family of three Hungarian Jews who have, for special reasons, been granted entry visas by the Spanish Government.
5. Transportation of 1,000 minor Jewish children to Palestine or to an enemy country; permission for foreign organizations to send parcels to Hungarian Jews performing labor service in Reich territory.

It was pointed out that these measures have not been carried out because the evacuation of Budapest Jews upon which they were conditioned has not been effected. However, since the evacuation of Jews from Budapest can be expected without further delay, the Government of the Reich is prepared, in view of the measures which have already been initiated by international organizations and in order to avoid renewed foreign press attacks against Hungary, to issue transit visas for the fulfillment of its agreement with respect to the groups mentioned in points one to four. In connection with point one, it was stated that the emigration of further holders of Swedish protective passports which the

- 4 -

Swedish Legation has, contrary to its original assurances, issued to over 4,000 individuals, cannot for the moment be authorized, but the Reich Government is open to new negotiations regarding these persons. With respect to the second point, it was indicated that, in view of present conditions, Switzerland can be considered as a country of provisory destination only and that the German Government cannot, as a matter of principle, consent to the further emigration of Hungarian Jews to Palestine. In addition to the nine persons in group three, it is known that the Portuguese Legation has issued further protective passports to Hungarian Jews whose emigration it seeks, and the German Legation is ready to negotiate concerning their emigration on condition that a reasonable limitation be set as to the number of German transit visas to be granted. The German Legation is also empowered to continue negotiations with respect to the measures mentioned in point five, which are still in a state of preliminary discussion. The statement concludes with the observation that, after the steps described have been taken, the only Jews of foreign nationality who will remain in Hungary are nationals of enemy countries or persons claiming a nationality which cannot be recognized. It is the view of the Reich Government that these remaining Jews are fundamentally subject to Hungarian law and are to be included with all other Hungarian Jews in the measures recently taken by the Hungarian Government regarding their concentration for labor service inside Hungary.

Representative Mann cabled us that news items from Swedish sources appearing in the London Times and London Evening Standard on December 4 told of efforts being made by the Hungarian Quisling, Szalasy, to barter the lives of 4,500 Hungarian Jews for recognition of his government. The Swedish Government was reported to be seeking a way to save the lives of these Jews without submitting to Szalasy's blackmail. Immediately after the appearance of this story, representatives of a private organization in London approached the Swedish Legation there and were informed that Sweden does not intend to recognize the Hungarian Government but "will negotiate and play for time." In making this statement, the Legation requested that the information be held in strictest confidence to avoid undue publicity and public inquiries which could serve only to defeat the plan to play for time, since the Hungarian Government would feel obliged to keep up its prestige and would probably try to force a quick decision.

The Jewish Agency representative in Switzerland visited the Swiss frontier early this month and obtained more precise information, which McClelland conveyed to us, concerning the deportation of Jews from Budapest. According to this report, 25,000 persons, roughly 70% women and 30% men, were brutally assembled in a tile factory on the outskirts of the city by Arrow Cross party members

- 5 -

between November 8 and 19 and were forced to set out on foot from Budapest. There were children as young as ten included and persons ranging up to 80 years of age. They were sent out in groups of from 2,000 to 2,500 per day along the main highway between Budapest and Hegyeshalom, via Piliscsaba, Szony, and Győr, and were expected to cover 20 to 30 kilometers a day. Food which they were given and the supplies which they were allowed to carry with them were totally inadequate, so that 15% to 20% of the deportees died or fell out from complete exhaustion along the way, and of those who reach Hegyeshalom, 109 kilometers from Budapest, 80% could scarcely be considered capable of physical labor.

A neutral courier who returned to Switzerland from Hungary by car early in November described the deportation march as follows:

"A long, straggling column of Jews of both sexes (although men seemed to be in the majority) and of all ages, I should say from 15 to 65, was strung out for kilometers along the main highway between Budapest and Győr. They were a sad sight as they trudged along in the autumn rain carrying odd bundles and bags of the few personal belongings they could take with them. At one point I passed a column, four abreast, of women and girls, which must have been 500 meters long. Fifteen kilometers out of Budapest, the older people were beginning to fall by the way side. A small proportion of them were picked up by a motor ambulance service organized by the Hungarian Red Cross and brought to special wayside stations set up in old factories. This service, however, was much too limited to really cope with the situation. I should estimate that fully 80,000 Jews had to set out on this march and I am sure that 20 to 25 percent never reached their destination."

The Jewish Agency representative reported that, in addition to these deportations conducted by the Arrow Cross, another 13,000 Jews, the majority men, were sent to Austria on foot by the SS "Special Kommandatur" in Budapest. The head of the latter informed the Agency representative that the Germans planned to deport from Budapest 20,000 Jews as labor for fortification work (Schanzjuden), 20,000 male Jews from Honved labor camps (Arbeitsdienstler), and 18,000 "assorted civilian Jews." The Agency representative stated that the Arrow Cross party was loud in its expressed desire to see all the remaining Jews in Budapest, reliably reported to be about 100,000, deported. Jewish organizations in Budapest have succeeded in hiding some 5,000 Jewish children, many of whom have been placed in homes under the protection of the International Red Cross; 3,500 young Jews, including many men who escaped from military work companies in the provinces, have also been hidden in Budapest.

Ambassador Hayes advised us of the clearance of telegraphic instructions to the Spanish Legation at Budapest for the issuance of 700 visas for Spanish Morocco to Jews in Hungary to give them the same form of protection which is operating successfully for 500 children and 70 accompanying adults assembled at Budapest. It was indicated that the International Red Cross and the Tangier Jewish Community will handle the implementation of this program. The Ambassador confirmed that these 700 visas are apart from the 2,300 Spanish protective papers reported last week. We advised Ambassador Hayes that authentic information from Budapest, as reported above, indicates that several categories of Jews in Budapest in possession of protective documents and visas from foreign governments have been exempted from the general treatment reserved to Hungarian Jews, excluded from deportation to labor camps, and held in Budapest under agreement with German authorities who are ready to grant them transit visas to enable them to leave Axis territory at a later date, but that of the Jews with Spanish visas, only one family of three persons has been included in this concession. We requested that he urgently endeavor to obtain energetic intercession on the part of the Spanish to have such exceptional treatment extended to the 2,870 persons with Spanish documents, as well as to the 700 Jews for whom visas have just been authorized. We suggested that, in view of the circumstances, it would appear desirable that the matter be taken up by Spain with German representatives in Budapest, Berlin, and Madrid, as well as with Hungarian officials in Budapest. We also advised Representative McClelland of this situation and asked that he ascertain through available channels the reasons for the omission of Jews with Spanish protective documents and visas from the exceptional treatment reserved to holders of similar papers issued by other governments.

Evacuation of Hungarian Jews from Bergen Belsen

Representative McClelland cabled us of the arrival in Switzerland of 1,355 persons, representing the remainder of the group of Hungarian Jews who were interned at Camp Bergen Belsen. They crossed the frontier at St. Margarethen on the night of December 6 to 7 and are at present temporarily housed near St. Gall under the control of the Swiss Army.

SITUATION IN SLOVAKIA

Mr. Myron Taylor cabled the substance of a note which he received from the Vatican stating that the Nunciature in Bratislava has unfortunately not been able to secure information concerning the whereabouts of the 400 Jews who were transferred to Germany from Slovakia about the middle of October. Repeated questioning of the Slovakian Government by the Nunciature and local representatives of the International Red Cross Committee invariably evoked the response that it was ignorant of the present whereabouts of the individuals in question. It was stated that the

- 7 -

Holy See has lately renewed its appeals to the Slovakian Government through the Nunciature that the Jews in Slovakia be treated in a humane and Christian manner and has similarly approached the Slovakian Legation at the Vatican expressing regret that the removal of Jews should have occurred contrary to assurances previously given. The note concluded with the statement that the Holy See will continue its efforts along these lines.

SITUATION IN POLAND

Our Embassy in London cabled us the following message, published in the London Times, received from a British airman who was assisting the Polish resistance forces in Warsaw and who is now known to be safe:

"The Germans are giving no help to Polish population evacuated from the capital. Medical supplies are very short, and badly wounded people are to be seen lying by the roadside. Tens of thousands of the citizens are sleeping in the open fields. Food is short. The Germans are rounding up all men from 16 to 40 years of age and sending them to Reich."

The following item by a Polish correspondent in London also appeared in the Times:

"An official announcement disclosing new German atrocities against population deported from Warsaw has been issued by the Polish Government in London. It says in part: 'The Germans have arrested males between the ages of 16 and 40 and have deported them in the direction of Germany. Some were separated from the rest and directed straight to the infamous death camp of Oswiecim. Up to October 14, 12,400 of those deported from Warsaw had been sent there and are now threatened with death. On October 7 the Germans began mass execution of Polish prisoners in Oswiecim by means of poison gas either in gas chambers or in motorvans.' A report from Poland has been received concerning a rising in Oswiecim camp. It says that on October 7, when mass executions of political prisoners began, the Polish prisoners, who were in a majority in the camp, attacked the Germans. In the course of the unequal struggle, during which the Germans machine-gunned the barracks, the Poles succeeded in killing 6 German executioners. More than 200 Polish prisoners perished in the fight."

SITUATION IN RUMANIA

Representative Katzki advised us that he had received a telegram from Bucharest describing the desperate relief situation in Rumania, which is aggravated by a steady influx of refugees from Hungary and Transylvania. While the relief problem in Rumania

- 8 -

is not within the scope of the Board's activities except to the extent that it may hinder the reception of further refugees, Representative Katzki will explore the situation in the light of its relation to possibilities for accelerating the movement of refugees from Hungary.

SITUATION IN BULGARIA

According to reports received in Istanbul from Bulgaria and relayed to us by Representative Katzki, medicaments of all kinds are urgently needed for the Bulgarian Jewish people. The need for winter clothing also is great, but medicines must be had without delay. It was indicated that, although medicaments are generally unobtainable in Bulgaria, the lack is particularly acute for the Jews because of the oppressive circumstances under which they have lived for the past four years and their present condition. The high incidence of malaria among men released from labor battalions and an isolated outbreak of typhus and diphtheria which has already occurred in one group of Jewish people it was feared might develop into a grave situation as a result of the over-crowded and unsanitary conditions under which the Jews now must live. Local organizations in Bulgaria were said to be preparing lists of the basic medicine requirements, and it was suggested that the problem be made known to interested agencies here.

EVACUATIONS THROUGH TURKEY

A cable from Representative Katzki brought the information that the Turkish vessel "Toros," which left Constanza on December 3 under Rumanian Red Cross safe conduct, arrived in Istanbul on December 5 carrying 905 emigrants from Rumania, all of whom were without transit visas or Palestine entry certificates. The passengers included 350 children repatriated from Transnistria to Rumania, Rumanian nationals, forced laborers from the Bor mines in Yugoslavia, and a large proportion of refugees from Hungary, some of whom were reported to have escaped from Hungary as recently as November 15. Palestine entry certificates and Turkish and Syrian transit visas were issued in Istanbul, and the entire group departed from Istanbul for Palestine on December 8 aboard a special train provided by the Turkish authorities.

ASSIMILATION OF CIVILIAN INTERNEES

Representative McClelland advised us that he had been assured by the president of the International Red Cross that the German Foreign Office definitely was approached by a committee on October 2 with the request that the Reich Government consider extending to so-called "schutzhaeftling" (persons detained for security reasons) the treatment granted to enemy nationals in Germany and German-occupied territory by analogy to the Geneva

Prisoner-of-War Convention of 1929. As of December 1 no answer had been received from the Germans. The question was thoroughly discussed with a delegate of the German Red Cross when he was in Geneva late in November, and the German Consul at Geneva was also recently urged by Intercross to press the German Foreign Office for an answer.

McClelland indicated his personal view that little or no positive results will come from this approach, past experience with the Germans on similar questions, particularly with respect to Jews, having shown fairly conclusively that neither the German Foreign Office nor the German Red Cross exercises any real control over political detainees and deportees, both non-Jewish and Jewish, control of such groups being in the hands of the SS Chief Security Office in Berlin.

In connection with a similar intercession initiated through the Papal Nunciature in Bern to be undertaken under the leadership of the Vatican in association with neutral countries, McClelland pointed out that it is important to note that this move is based on a desire to secure reciprocal treatment of German civilians in territory already or shortly to be occupied by Allied forces, such reciprocity to be based on the Geneva Convention and guaranteed by the neutrals and the Vatican. In return for such a guarantee, it is hoped that various concessions could be secured from the Germans concerning the treatment of non-assimilated detainees under their control.

LATIN AMERICAN PASSPORTS

Recent developments in connection with Ecuadoran, Salvadoran, and Honduran documents issued to persons in enemy territory indicate a newly developed strict approach on the part of the Swiss to the validation of citizenship documents. We therefore asked Representative McClelland to explain to appropriate Swiss officials that, correct as such an approach is in normal conditions, its application under the present circumstances is a matter of deep regret, and to express this Government's hope that they will resume their former attitude of liberally interpreting all grounds upon which they could continue their humanitarian function of saving innocent lives.


J. W. Penle
Executive Director

GEK-217

PLAIN

London

Dated December 21, 1944

Rec'd 4:58 p.m.

Secretary of State,

Washington.

11339, Twentyfirst

Ninth meeting of Executive Committee of Intergovernmental Committee on Refugees was held this morning. Committee approved the action of the Director authorizing the expenditure of 3,500,000 Belgian francs for the immediate maintenance of Austrian and German refugees in Belgium. Committee also authorized the opening with the Riggs National Bank of two special checking accounts in the name of the Intergovernmental Committee. The director reported on his recent trip to Belgium, France and Switzerland and the Vice Director, reported on the operations of the London office during the Director's absence. The meeting was principally informatory in nature agenda and minutes will be sent by mail when minutes received.

WINANT

MRA

JMM-204

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

Rome

Dated December 21, 1944

Rec'd 5:10 p.m.

Secretary of State

Washington

1015, December 21, 2 p.m.

FOR ROBERT PILPEL FROM REUBEN RESNIK 9.

Yugoslav feed parcels supplies and relief reaching group in Tepuska through special Gettlieb committee Bari which presently adequately financed. Tepuska has community kitchen. Evacuation of group previously delayed by military considerations. We are now trying arrange evacuation group.

For your information group Tepuska includes over 1200 of whom about 600 Yugoslavs, 100 children and 400 Yugoslav nationals of non-military status. All accessible relief supplied by joint financing.

Leaving for south tomorrow pursue these and other matters.

Group of 140 in Split also receiving assistance similar auspices.

Sent Lisbon, repeated to Department as No. 1015.

KIRK

WMB

GEK-206

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

Rome

Dated December 21, 1944

Rec'd 5:25 p.m.

Secretary of State,

Washington.

1018, December 21, 3 p.m.

FOR ROBERT FILPEL FROM RUEBEN RESNIK

8. JDC clothing distributed today to following cities Italy: Rome, Bari, Naples, Potenza, Salerno, Ferramonti, Florence, Leghorn, Aquila, Perugia, Assisi, Ascoli Piceno, Teramo, Ancona, Macerata, Rimini, Pitigliano, Pisa, Lucca, Viareggio.

We are now exploring possibilities of securing clothing here from military and civilian relief channels some of which promising. Meanwhile order Magnes ship clothing sending me full details shipment instructions. Full report follows. Sent to Lisbon, repeated to the Department 1018.

KIRK

RR

CABLE TO AMERICAN LEGATION, LISBON, FROM WAR REFUGEE BOARD

Please deliver the following message to Robert Pilpel from
M. A. Leavitt, American Jewish Joint Distribution Committee:

QUOTE YOUR 128 VAAD HAHATZALA GREATLY DISTURBED BY MARGOLIS
DISCUSSION EHRENPREIS AND HIS SUBSEQUENT ACTION REGARDING
RABBINICAL GROUP SHANGHAI. PLEASE ASK MARGOLIS CABLE US
FULLY REASONS FOR HER CONVICTION THAT REQUEST FOR SWEDISH
PASSPORTS AND EVACUATION RABBINICAL GROUP WILL CAUSE HARD-
SHIPS TO ENTIRE REFUGEE POPULATION SHANGHAI. ADVISE MARGOLIS
WE RECEIVED HER VERY EXCELLENT REPORT ON REFUGEE SITUATION
SWEDEN WHICH CLARIFIED MANY QUESTIONS OUR MINDS. UNQUOTE

THIS IS WRB LISBON CABLE NO. 123.

2:15 p.m.
December 21, 1944

FH:hd 12/21/44

Distribution of true
reading only by special
arrangement. (SECRET-W)

December 21, 1944

8 p.m.

AMLEGATION

STOCKHOLM

2566

The cable below is WRB 273.

Amembassy Madrid reports that Spanish Charge d'Affaires left Budapest, and that there being now no Spanish diplomatic representative in Hungary, protection of Spanish interests there has been turned over informally to Swedish Legation.

In this connection, please endeavor to convey to Swedish representatives in Budapest the following information:

Spanish letters of protection have been issued to 2,300 Budapest Jews and 570 Jews, including 500 children, are in possession of visas to Spain and Spanish Morocco. Furthermore, Spanish Legation in Budapest was authorized to grant visas to 700 more Budapest Jews. Authentic information from Budapest dated October 23 indicates that several categories of Jews in Budapest, in possession of protective documents and visas from foreign governments, have been exempted from general treatment reserved for Hungarian Jews, excluded from deportation to labor camps, and held in Budapest under agreement with German authorities who are ready to grant them transit visas enabling them to leave Axis territory. But none of the Jews with Spanish papers or visas are mentioned as being accorded this special treatment except one family consisting of three persons.

Any action of Swedish Legation in Budapest to extend protection and special treatment to all Jews with Spanish papers and visas will be greatly appreciated.

STETTINIUS
(GHW)

WRB:MMV:KG
12/20/44

NOE

SE

WE

BHC-326
Distribution of
true reading only by
special arrangement.
(SECRET-W)

Stockholm

Dated December 21, 1944

Rec'd 9:15 p.m.,

Secretary of State,

Washington.

5216, December 21, 5 p.m.

Addressed to Rabbis Grosowsky, Kalmanowitz, Kotler and Lwowitz, Vaad Mahazalah Emergency Committee New York is following message from Rabbis Wolf Jacobson, Abraham Jakobsohn and S. Wolbe. This is our number 115 for WRB.

*Following message received through Swedish Foreign Office: In Shanghai there are at Mirer College 205 males, 18 females, 16 children, besides 148 males, 31 females, 51 children from the other connected institutions. They have no more money and ask for immediate money transfer calculating 120 Swiss francs per person each month, and further one extra ordinary support for Rabbi Lewenstein's relief fund "TAT".

During last few days we have also received cables from every college (Kamenitz, Klesk, Lublin, Lubawitsch, Radin, Wiladashkovno-Kolel, Rabbinical group) as well as from the older Mirer pupils with exasperated complaints. Leaders of the other colleges demand their support be sent directly to Rabbi Ashkenazi. Mirer pupils want their support sent to each student personally and want you to demand their signature on receipt for future transfers and also for past transfers.

Since August mail contact with Shanghai impossible.

We are working with relief appeal for the colleges. However even Swedish Government cannot obtain emigration allowance for Swedish citizens living in Shanghai. We will soon report to you again. Please don't make appeals to Swedish authorities without first consulting us.

We cannot do anything concerning Rabbis deported from Lithuania.

JOHNSON

WSB

CABLE TO HUDDLE, BERN, FOR MCCLELLAND FROM WAR REFUGEE BOARD

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

QUOTE PLAUT REPORTING FOR DUTY DECEMBER 26 AND AFTER THREE TO FOUR WEEKS WILL BE READY LEAVE. PLEASE ADVISE COUNTRY HIS ASSIGNMENT IN ORDER REQUEST NECESSARY VALIDATIONS HIS PASSPORT. LINDER PLANNING DEPART MID JANUARY ALSO EXPECT FISHZOHN DEPARTURE FOR TURKEY SAMETIME. WE REQUESTING FRENCH VISA FOR MARGOLIS. IF PASSMAN LEFT CAIRO FOR LONDON WE ALL FEEL MOST IMPORTANT HE COME HERE FOR SHORT VISIT FOR CONSULTATION AND CLARIFICATION BASIS OUR WORK NEAR EAST PROVIDED MAGNES AGREES SINCE WE ASSUME YOU MAY WISH SPEND LONGER TIME SWITZERLAND AND FRANCE AND USELESS PASSMAN WAITING LONDON FOR YOUR RETURN. WHAT ARE YOUR VIEWS. WE ASKED SOMMERSTEIN HAVE YOUR RUSSIAN VISA SENT TO SOVIET EMBASSY LONDON BUT WE HAVE NO CONFIRMATION THAT THIS DONE. PASSMAN ADVISES HE PURCHASED \$460,000 SUPPLIES TEHERAN TO BE USED FOR PARCEL SERVICE ALSO BULK SHIPMENT TO POLAND. HE EXPECTS PARTICIPATION POLES TEHERAN AND FROM SOUTHAFRICAN JEWISH APPEAL. UNQUOTE

THIS IS WRB BERN CABLE NO. 333.

2:30 p.m.
December 21, 1944

FH:hd 12/21/44

CABLE TO HUDDLE, BERN, FOR MCCLELLAND FROM WAR REFUGEE BOARD

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

QUOTE PLEASE CABLE YOUR VIEWS VALIDITY STERNBUCH PROPOSAL
RESCUE LARGE NUMBERS MONTHLY STOP WE APPLYING LICENSE
REMIT TO SALY MAYER \$78,000 BALANCE RETURNED BY SIMONDS
INTERNATIONAL RED CROSS DELEGATE TURKEY FOR RELIEF PURPOSES
JEWISH DEPORTEES INTERNEES THROUGH INTERCROSS UNQUOTE

THIS IS WRB BERN CABLE NO. 334.

2:30 p.m.
December 21, 1944

FH:hd 12/21/44

TR-268

Distribution of true
reading only by special
arrangement (SECRET-W)

Bern

Dated December 21, 1944

Rec'd 6:50 p.m.

Secretary of State

Washington

8253, December 21, 4 p.m.

FOR WRB FROM MCCLELLAND

PLEASE DELIVER FOLLOWING MESSAGE TO LEAVITT OF
JDC FROM SCHWARTZ.

"Have received from Valobra following account of
dollar claims for period March 1941 to February 1942:
'Rikard Ghyron 10,000; Fritz Bieler 5,000; Mina Hechter
17,500; Albert Levy 2,500; Manuel Romanin Jacur 2,500;
Georges (*) 11,000; Clemente Hazen 5,630; E. Emile
Offenbacher 600; Manuel Goldstraj 4,500; Moritz Mayer
8,750; Hella Strickler 1,020; Hernani Troccoli 14,000;
total \$83,000.'

All these people except Moritz Mayer are said to
be in USA. In addition funds were borrowed by Delasem
on our credit during subsequent period but Valobra
does not have names and amounts here, although he
assures us that records are intact and will eventually
be available." 4385.

JT

HUDDLE

(*) Apparent omission

JP-259

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

Bern

Dated December 21, 1944

Rec'd 6:30 p.m.

Secretary of State,

Washington.

8255, December 21, 6 p.m.

FOR WRB FROM MCCLELLAND.

Kindly deliver the following message from Schwartz to Leavitt of JDC:

"We sent to Shanghai in October 65, in November 80 and in December 91 million Chinese dollars. The committee is asking for an additional 70 millions for December which we had to refuse because our budget has already been exceeded. We did however grant 100,000 Swiss francs as a special one time grant for clothing in December and a similar amount for the same purpose for January. Committee reports that 12,000 people are now on full relief many of them sick and aged. There are also numerous cases of frostbite due to hard winter weather.

With present uncontrolled inflation and tremendously increasing prices we can look forward to ever increasing demand for additional help. Many refugees have been in Shanghai six years now without any new clothes, a one time grant therefore for this purpose was absolutely necessary. Also with rising prices committee wishes lay in some stocks now for coming winter months.

Believe you should figure budget beginning January minimum \$100,000".

HUDDLE

DU

PARAPHRASE OF TELEGRAM RECEIVED

211

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: December 21, 1944
NUMBER: 8272

SECRET

Please refer to message from this Legation dated December 16th, No. 8177.

There is given below the gist of the material part of note from Federal Political Department dated December 16th.

Some time ago the Legation of Switzerland in Berlin was directed to make vigorous representation to the Government of Germany in the interest of Jews, pointing out to that Government that refuge of a temporary nature could be found in Switzerland by Jewish emigrants. The Political Department, being motivated by considerations of a humanitarian nature, and within the framework of these representations, has not failed to ask the Swiss Minister in Berlin to examine into the possibility of another representation with a purpose in view that the people appearing on the lists transmitted be authorized to depart from German territory also. The Political Department at the same time is glad to take cognizance of the assurances so kindly given by the Legation in connection with its request, that the Government of the United States will make provision for the maintenance of all people admitted to Switzerland in this manner while they are waiting there to depart for the United States or for some destination other than the United States. If circumstances require it, Federal authorities reserve the right to make use of this offer.

Referring to the third from the last paragraph of telegram from the Legation to which reference is made above, the Swiss Federal Police have now declared in a formal manner their willingness to authorize the entry into Switzerland of those people above referred to either individually or collectively for whom United States immigration visas are available here in Switzerland. Nevertheless, this move would not go far toward solving the problem of locating these people or obtaining permission for their departure from Germany, in the opinion of the Swiss Federal Police. It was pointed out by the Federal Police that informing the Government of Germany through diplomatic channels that Swiss visas were available for such people and in this way acting de facto as a sort of protecting power would not be apt to have much effect on the Germans, as in the case of the Hungarians, and would in truth very possibly be rejected by the Germans as not being justified sufficiently. For this reason the Federal Police share the view of Division of Foreign Interests that declaring

these people exchangeable would probably afford to the Swiss a better possibility of according protection to them while they are still in the hands of the Germans, though the Federal Police are entirely willing to admit any of these persons, or all of them, into Switzerland.

HUDDLE

DCR:LCW:MLM 12-28-44

AIRGRAM

FROM

BERN

Dated December 21, 1944

Rec'd January 13, 5 p.m.

Secretary of State,

Washington.

A-858, December 21, 1944, 11 a.m.

Chilean Interests - Germany

Department's telegram 3403 October 3 (WRB No. 196)

Swiss note December 15 transmits copy of memorandum dated November 18 addressed by German Foreign Office to Swiss Legation Berlin. Latter states following in substance:

According to information received Mrs. Anna Frumkin and daughter and Mrs. Eugenie Gorlin are not at Bergen-Belsen or elsewhere in Germany. Mrs. Frumkin and her daughter and Mrs. Gorlin were not in possession of unquestionable documentation and were accordingly transferred on April 19, 1944, from the civilian internment camp at Vittel to Drancy, pending determination of their citizenship. Their return to Vittel could not be accomplished because of war developments and for the same reason further inquiries concerning their whereabouts and place of detention are not possible.

Swiss Foreign Office states that foregoing information also communicated to Chilean Legation at Bern.

HUDDLE

GT/TJH/hs

Miss Chauncey (for the Sec'y) Ackermann, Akzin, Cohn, Drury, DuBois, Gaston, Hodel, Marks, McCormack, Pehle, Files

NOT TO BE RE-TRANSMITTEDCOPY NO. 4SECRETOPTEL No. 412

Information received up to 10 a.m., 21st December, 1944.

1. NAVAL

Convoy of 30 ships from North Russia has arrived in Home Waters. A U.S. Destroyer and an LST were torpedoed yesterday in westbound convoy northeast of Azores. The LST sank without loss of life. Destroyer is in tow.

ADRIATIC. During night 17th explosive motorboats attacked Island of Ist, N.W. Zara. One grounded and remaining three driven off.

2. MILITARY

WESTERN FRONT. Advanced elements of the German armoured force which broke through between St. Vith and Malmedy have made further progress but position on both flanks has improved and reinforcements have arrived in threatened areas. Tank destroyer battalions of First U.S. Army have formed road blocks in an attempt to check German advance. Elsewhere on First Army front all German attacks held and some ground regained near Echternach by U.S. counter attacks. Troops of 3rd U.S. Army have made further progress towards Saarbrücken.

ITALY. Canadians still meeting strong resistance but small gains reported north of Bagnacavallo after a series of attacks and counter attacks. U.K. and New Zealand troops have advanced north between rivers Lamone and Senio and cleared a further stretch of latter north of Highway 9.

GREECE. Following vigorous ELAS attacks, R.A.F. rear headquarters Kifissia fell on 19th. Armoured and infantry relief detachments, provided with continuous air cover, rescued about 100 R.A.F. and Army personnel later in the day. Our forces have now evacuated Averof Prison taking many of the political prisoners with them. In S.W. of city area our troops have further consolidated their hold upon Phaleron Road.

BURMA. Further advance of about 3 miles made S.E. of Buthidaung. In Chindwin we have progressed 13 more miles east of Indaw and have occupied Wuntho and Nankan.

3. AIR

WESTERN FRONT. Fog prevented all operations during period except for a few reconnaissance sorties. No enemy activity reported.

MEDITERRANEAN. 19th. 469 escorted heavy bombers (6 missing) dropped 936 tons, mainly by Pathfinder technique, on 3 oil refineries, 9 railway centres and communications Germany, Austria, Hungary and Yugoslavia, including Blechhammer 248 tons, Rosenheim 107, Vienna 71, and Maribor 87.

4. HOME SECURITY

To 7 a.m. 21st. 3 rockets reported afternoon 20th, and 3 during night.

December 22, 1944
10:00 a.m.

GROUP

Present: Mr. D. W. Bell
Mr. Haas
Mr. Gamble
Mr. O'Connell
Mr. Blough
Mr. McDonald
Mr. Pehle
Mr. Luxford
Mr. Bernstein

H.M.JR: Will you give me a little report on the blood bank?

MR. McDONALD: We had one hundred and eighty-three people to go over from Treasury yesterday whose blood was type O. We had three hundred and forty-three people who registered to be typed. Yesterday we actually typed one hundred and twenty-nine. Mrs. Doyle went over this morning to talk with those people. We are a little disturbed by this fact that they will not be open on Sunday and Monday. It seems inexcusable to me if the blood is really needed, and people would certainly go on those days when they are not at work, I think--any number of people would. I don't know whether it is something you want to get into yourself with Mr. O'Connor or the President. It seems inexcusable. We have all been pushing hard on it, and it appears that they have been jammed with requests over there so that perhaps their facilities are loaded, but we do know there are mobile units that go around through the counties, Arlington, Montgomery, and so forth, and yet they don't seem to be willing to give us a mobile unit right here in the Treasury where our own people could come and donate blood in the health unit.

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H.M.JR: Supposing they sent a mobile unit here to our rooms.

MR. McDONALD: We could take care of it.

H.M.JR: How many people would come?

MR. McDONALD: I think that is difficult to tell at this point, but it would run into large numbers, I think.

H.M.JR: Is it just the Treasury proper?

MR. McDONALD: No, sir, there are people who have called in from this building and from some of the outside buildings near us here.

H.M.JR: How many?

MR. McDONALD: Three hundred and forty-three have registered.

MR. PEHLE: That is without much of a push. I am sure that down at Procurement we could turn out hundreds and hundreds.

MR. McDONALD: We had about a hundred from Procurement.

MR. PEHLE: If they had the facilities there, Mr. Secretary, we really could produce an awful flock.

MR. McDONALD: I think it would be excellent, sir.

H.M.JR: What is the matter? The soldiers fight on Sunday and Monday. I got a letter yesterday from Henry written at two a.m. Monday. He said, "I just suddenly realized that yesterday was Sunday."

MR. BLOUGH: I think those numbers would have been larger, but the telephone exchange, of course, was swamped with calls, and it was impossible to get through for a long period of time.

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MR. McDONALD: That is correct.

H.M.JR: Let me ask this, what about this thing of typing here and retyping--doing it all over again when they get there?

MR. McDONALD: I suppose actually we could discontinue it, although we have been doing it for the principal reason that we could pick out the O types and schedule them ahead of others beginning next week early.

H.M.JR: But they tell me they will take all types.

MR. BELL: But the appeal yesterday was for O types.

H.M.JR: You know why? The O type is the only type you can ship in fluid form. The other types have to be made into plasma. But this type is good for five days.

MR. McDONALD: I also understand from Doctor Hesdorffer that O type can be used by any person, so it is a universal type.

MR. BELL: And it is much better to use it in this form than the plasma form.

MR. McDONALD: We learned yesterday, also, Mr. Secretary, that they will fly it over tonight and tomorrow night. We were told that.

H.M.JR: Well, I will get Mr. O'Connor and talk to him about it. But our man down there was not overburdened with this information, was he?

MR. McDONALD: I think he did the best he could on it, sir. I think Mrs. Doyle was a little disturbed this morning at their attitude over at the center, not being willing to keep open at night, even all night if necessary.

H.M.JR: I will get him. I will make time to talk to him.

MR. BELL: Does this center down here come under O'Connor, or under the local chapter? The local chapter is right over there. He can use his influence.

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MR. McDONALD: Did you want to discuss the Saxon case?

H.M.JR: Yes, in view of the fact that he sneaked the files of J. P. Morgan and Chase out from under the nose of the French--

(The Secretary holds a telephone conversation with Doctor Dublin.)

December 22, 1944
11:12 a.m.

HMJr: Hello.

Operator: Mr. O'Connor is in New York. I have Dr. Louis Dublin, Vice-Chairman.

HMJr: All right.

Operator: Go ahead.

HMJr: Hello.

Dr. Louis Dublin: Hello.

HMJr: Dr. Dublin.

D: Yes, sir.

HMJr: Morgenthau.

D: Good. I'm so glad to talk to you, sir.

HMJr: Look, Doctor, I hope you won't mind my making a couple of suggestions. As the result of your request yesterday for "O" Type blood, we all got busy here in the Treasury and without very much trouble we got three or four hundred people -- three hundred and forty to be exact that would like to give their blood.

D: Yes.

HMJr: And we could easily, oh I think, double that. Now, our people would like to do it on Saturday and Sunday, you see?

D: Yes.

HMJr: When they have time, and I understand you're going to shut down on Saturday and Sunday.

D: Well, we can -- that's the usual -- that's the traditional procedure but we don't have to do that, do we?

HMJr: I shouldn't think so. Now, -- well, I say -- I mean Sunday and Monday -- that's when our people would like to do it. Now

D: You say, not Saturday but Sunday and

HMJr: I made a mistake, see, and corrected it -- Sunday and Monday.

D: Sunday and Monday.

HMJr: Now, there's a suggestion that I'd like to bring to your attention. You have these mobile units.

D: That's right.

HMJr: And we have in the Treasury proper a very good medical center under the supervision of Public Health.

D: That's right.

HMJr: And if you would send one of your mobile units here

D: That's right.

HMJr: we can run through four or five hundred people for you.

D: Well, that's an idea, isn't it?

HMJr: And after all, the soldiers don't stop for Sunday and Monday and our people would like to do it on Sunday and Monday.

D: Good.

HMJr: Uh

D: Now, let me look into the whole situation and call you back.

HMJr: If you would call me back within -- how -- what would be the time so -- I mean, because I'm going to be out.

D: Well, within -- would it be convenient to call

HMJr: Would you know within the next half-hour?

D: Well, I'll do the best I can.

HMJr: Well, if not, would you call Paul McDonald who is my Administrative Assistant?

D: Paul McDonald.

HMJr: Yeah.

D: Good.

HMJr: And it seems to me that inasmuch as you've made this dramatic call and our people want to do it

D: Right.

HMJr: that, if I may say so, I think Red Cross ought to meet them half way.

D: Well, fair enough.

HMJr: Now, we don't say they have to -- your mobile unit has to come here, but we're just suggesting that as a matter of convenience.

D: Very good. I will

HMJr: And I don't think there will be any trouble getting five hundred people for Sunday and Monday.

D: Good enough. Let me find out what the actual situation is and I'll call you back or talk to McDonald if you're not there.

HMJr: I'm available up to a quarter of twelve, and if it's between a quarter of twelve and -- after that if you'll call Paul McDonald.

D: Good. Thank you, sir.

HMJr: Good. Thank you.

D: Bye.

MR. PEHLE: He needs a little blood, himself.

MR. McDONALD: You were talking about Saxon.

H.M.JR: Oh, the question came up of giving Saxon an increase because I thought he had done something very outstanding and courageous. Then I found he was increased to sixty-five hundred in October.

MR. McDONALD: Yes, sir.

H.M.JR: And the only other thing was the impression that I have the right to give a meritorious increase of two hundred and fifty. Well, I don't know how many other people have done as well. I thought I would put it up to this group for suggestions, criticisms, comments, or agreement.

MR. McDONALD: Mr. Secretary, could I make just a few comments on what our experience has been since the Act was passed in August 1941, permitting these meritorious increases at the various salary levels? For the fiscal year 1942 there were one hundred and seven for the Treasury, which at that time had approximately eight thousand people, including the Coast Guard. For the fiscal year of 1943 there were fifty-two, and we had about seventy thousand employees, exclusive of the Coast Guard. In 1944 we had only five.

H.M.JR: What year?

MR. McDONALD: Fiscal year 1944. And we had about eighty thousand people on our rolls at that time.

During the fiscal year of 1945 we had eleven--that is up to date--with about ninety thousand people on our rolls, as an average.

Now, for the calendar year, that is from January 1 this year to date, there have been fifteen, and today we have about ninety-four thousand people on our rolls. We were severely criticized by the Appropriations Committee on the Hill, back

in December of 1942 for having made so many, one of the reasons being that they felt there had been a disproportionate distribution among the various bureaus.

Printing and Engraving, for instance, had, I think, fifteen, while the Bureau of the Mint with much smaller personnel had seventeen. Secret Service had a number, and there were a number in the Office of the Secretary.

H.M.JR: I thought you were going to tell me they all went to lawyers!

MR. O'CONNELL: I don't think we ever gave one.

MR. PEHLE: Wasn't there something about the Personnel Office giving it to itself?

MR. McDONALD: Yes, that came up, too.

MR. PEHLE: I take it at that point you stopped giving some of these.

MR. McDONALD: At that point it slowed down to five.

H.M.JR: It is a very interesting thing.

Are you through?

MR. McDONALD: I would like to add that I don't agree with the attitude of the Congress on it. I think with eighty-four thousand people we ought to encourage people to increase their production and do a better job and set an example. The Civil Service Commission, however, has set up criteria which are rather difficult. They are short--if I may read them: "One, an act of service in the public interest; two, related to the employees position or employment; three, over and above normal job requirements; four, of an unusual or distinctive character; five, that serves as an incentive to others," and here is one of the examples, "Heroism while on duty at risk of life or personal safety in time of emergency such as accident, fire, flood, or storm."

H.M.JR: You would have to be in the Coast Guard to qualify!

MR. McDONALD: That was perhaps one of the extreme examples. But, nevertheless, it is quite disturbing.

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MR. PEHLE: Saxon was shot down, too.

H.M.JR: Shot at.

MR. McDONALD: His plane, wasn't it?

MR. LUXFORD: The plane was shot down.

MR. McDONALD: I thought you would like to have that background.

H.M.JR: I think it is very interesting, and we will start in with what I refer to as the U. S. Government's number one civil servant, Mr. Daniel Bell.

MR. BELL: Well, I don't think we give enough meritorious promotions, but this meritorious promotion provision in the Act is unworkable, I think, the way the Civil Service has given out instructions on it. I think it is impractical, too, because you can't see the people down the line who really ought to have meritorious promotions. It has to be left to the section chief, and I think you ought to promote whenever you think people deserve it. You put it on that high plane of merit, and you just never get down in the lower realm on this basis that the Civil Service has put it on.

MR. McDONALD: May I interrupt a moment to say that seven out of the fifteen granted during this calendar year were people at grades two and three--\$1440 and \$1620 per annum.

H.M.JR: Who are the fifteen? I don't think I personally passed on any of them.

MR. McDONALD: I have it right here. I was going to say that seven out of the fifteen are people in the lowest grades - typists and clerks.

H.M.JR: Did they save any lives?

MR. McDONALD: No, sir, but their production was very high.

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H.M.JR: Just take a minute - I'd like to take the time. This is Christmas! Who were the fifteen?

MR. McDONALD: I am sorry the one who heads the list is an attorney, Joe! He is James D. Head, Jr., Head Attorney, P-7, \$6500.

MR. O'CONNELL: Bureau of Internal Revenue.

H.M.JR: What did he do?

MR. McDONALD: Would you like me to read it all?

H.M.JR: Yes.

MR. McDONALD: "By adopting labor and time-saving procedures and by otherwise systematizing his work, Mr. Head in one year has reduced the backlog of pending cases in his division by more than 33-1/3 percent. This has been achieved without loss of efficiency despite the fact that approximately one-fourth of his experienced personnel has been lost to the Armed Forces."

H.M.JR: Give us another.

MR. McDONALD: "Bureau of the Public Debt, William M. Buzan, Clerk, CAF-3, \$1620.

"A suggestion made by Mr. Buzan to the Suggestion Committee of the Chicago Office of the Bureau of the Public Debt was accepted and put into effect. The stenciled label combining information previously requiring two separate labels effected a yearly savings of \$111 in material and \$1,140 in labor."

Maybe you know about that one, Mr. Bell!

H.M.JR: Mr. Bell is proud of that one! (Laughter)

MR. McDONALD: "Bureau of Accounts, Jay L. Chambers, Executive Accountant, CAF-13, \$6500.

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"Mr. Chambers, representing the Bureau of Accounts, made valuable contributions to a program under which card checks are paid and stated for the Treasurer of the United States by the Federal Reserve Banks. It is estimated that this procedure will save the Government \$2,000,000 annually, based upon the present volume of work.

"As a result of a study and survey made by Mr. Chambers of the type of reports needed by the Lend-Lease Administration, a system of accounts has been adopted by the Procurement Division which reduces by approximately 50% the man-hours required to prepare the required monthly statistical reports."

H.M.JR: Well, he earned it!

MR. BELL: He earned it from the standpoint of saving money, but that is his duty - that is his function - to do that very thing. He is getting a grade fixed by the Civil Service Commission for doing that job. Now, because he does his job you give him a meritorious promotion.

H.M.JR: The answer is, somebody gave it to him, Dan.

MR. BELL: That is the point I am making.

MR. BERNSTEIN: It is obvious that even in the Bureau of Accounts not every man who makes \$6500 can save two million dollars a year every year, and when a fellow does it, he ought to get the increase.

MR. PEHLE: I think in low salary range they are much more important, because usually the work is dull and that is where the incentive is required. The regular civil servant is taught never to stick his nose in anything that isn't right in line. If you want them to give you suggestions, I think that is where it is necessary.

If Saxon gets recognition, will you call him in here or write him a letter?

H.M.JR: But how many people know how he got that? Is it circularized?

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MR. McDONALD: No, sir, I suppose we would be flooded with requests for hundreds of meritorious promotions.

MR. LUXFORD: Why not do it?

H.M.JR: If we do it, I think we ought to get out a bulletin.

MR. O'CONNELL: It seems to me in the lower grades, particularly, the value of the increase is the recognition, rather than the money, because the increase actually is about sixty dollars a year which is five dollars a month. So that it seems to me if it is a really meritorious increase the advantage is more psychic --

H.M.JR: I think the whole thought, as a personnel person, I say is to give the man publicity. But let's go on.

MR. BELL: In some of the other departments they have an appropriation from which they can give a man a lump sum for a good suggestion. We have been working on something like that here.

H.M.JR: This is interesting. I don't know who passes on this, but I will find out.

MR. McDONALD: "Clark R. Long, Assistant Director, Bureau of Engraving and Printing, sixty-five hundred dollars.

"Since much of the time of the Director of the Bureau of Engraving and Printing is being devoted to the production of allied currency and stamps, the administrative responsibilities of Mr. Long's position as Assistant Director have increased considerably. Also, he has been required to assume additional responsibilities in connection with the increased War Bond production work with its attendant manpower problems and the difficulties involved in the securing of necessary manufacturing materials. He has rendered especially meritorious service both in the active management of the Bureau and in the bond production program."

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MR. BLOUGH: That is in lieu of a reclassification he could not make, I assume.

MR. BELL: Later that job was reclassified so he is now a higher grade. But that was given Mr. Long for the reason stated. In addition, he was in a lower classification for about ten years than he should have been in my opinion. When the Director went up to Grade fifteen, he should have gone to fourteen and he was in thirteen for ten years. Then when he got into fourteen he was stuck because of the Ramspeck Act. He could not get a promotion for thirty months. So in view of the additional duty thrown on him, they gave him the meritorious promotion pending the reclassification of grade which was approved quite recently.

MR. McDONALD: "General Counsel's Office, Raymond F. Brown, Attorney P-7, sixty-five hundred.

"In handling an assignment of major importance and responsibility, Mr. Brown, as Head of the Claims Division, Office of the Chief Counsel, Bureau of Internal Revenue, has accomplished results above and beyond normal requirements. In the two and one-half years in which he has been Head of this Division he has reduced the backlog of cases over 43%, with a greatly reduced staff, about 72% of normal. This has been accomplished by adopting labor-and-time-saving procedures and other-wise systematizing the work, and is due in substantial measure to the ability of Mr. Brown to organize his work and his capacity to make important decisions. His personal efforts have served as an incentive to his entire staff."

"Bureau of Accounts, Bessie M. Buck." Here we get one of the lower grade people at fourteen forty per annum.

"This employee has proved from production records that she is outstanding as a check typist producing at least 25% more checks per day than the average employee with errors well under $\frac{1}{2}$ of 1%."

H.M.JR: Good!

MRS. KLOTZ: That is where they should get them.

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MR. LUXFORD: That is a thing that impresses me, as to whether this technique is getting low enough into the system.

MR. McDONALD: Seven out of the fifteen, Lux, are in this category -- Grade two and three.

MR. LUXFORD: But proportionately you may have ten to one in that grade in number.

MR. McDONALD: "Bureau of Accounts, Cecelia C. Feeney, Card Punch Operator, CAF-2. This employee is capable and industrious and her capacity for turning out more than the average amount of work with a minimum number of errors is outstanding."

"Bureau of Accounts, Ruth C. Ries, Addressing Machine and Graphotype Operator, CAF-2. This employee has had 13½ years previous addressograph experience. She is capable and industrious and her capacity for turning out more than the average amount of work with a minimum number of errors is outstanding."

The next is Martha E. Smith. "This employee has consistently typed more checks per day than the average of other typists in her office. During one month she averaged 1,423 card checks per day. Her percentage of errors for that month was .006."

✓
✓
H.M.JR: That is enough. I don't know who does this, but when I come back I would like to sit down with this Committee and meet with them and talk about getting out a house organ on this thing and letting people know why and what for and what they can do in order to get it, and that kind of thing. And I would like personally to pass on any future promotion. I would like to meet whoever the people are who are doing that.

Now, after hearing that, unless somebody has some objection I would like to give Saxon for not only what he did in France, but his whole record, starting with coming down on a submarine from the Philippines and everything else, a meritorious promotion. After all, this fellow wholly on his own swiped these files and got the

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thing. The man showed initiative, daring, and judgment.

MR. HAAS: That would be a good story to tell!

MR. LUXFORD: I don't know why we don't allow him to talk to a reporter about being shot down. That is a good story he had.

H.M.JR: That is all right. What about it, Bernstein?

MR. BERNSTEIN: Yes, sir, we are all for it. We think Mr. Saxon has done an excellent job.

✓
H.M.JR: Let's give it to him. We will go through a little ceremony from now on. Any of these people -- I will give it to them, myself, and the staff can come in with other suggestions of people they think have earned it.

✓
MR. PEHLE: Could I make a couple of suggestions? Could you do it once every three months so that instead of having these things come to you, that every three months they will present you a quota. In other words, you can't go too far with the thing, or you will be in trouble with Congress. But suppose you decide you will give a hundred a year and every three months they can come forward with twenty-five cases and you will pick out the ones you want, with the idea that most of them -- the great bulk of them -- ought to be down the line; I mean people way down the line. Then you can give it publicity, and the mere fact of coming in here is worth more than a promotion, anyhow. Then you can issue a statement to the press saying these are the people who got promotions, and their home-town papers will publish it and they will get a big kick out of it.

H.M.JR: That is all right. I think we ought to make a ceremony of it. It is a wonderful thing for the Civil Service -- this idea that they will turn out so many bonds a day over in the Bureau of Engraving and when they are through they just sit down on the job. If they are supposed to be through at four o'clock and they have turned out their thousand, at three o'clock they quit.

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MRS. KLOTZ: They have no incentive.

H.M.JR: That is what they will do over there -- they will print so many bonds a day, and if they have done their daily quota for the rest of the hour they do nothing.

MR. BELL: That is right. That is a Union understanding, that they will print about twenty-three hundred bonds a day and then quit. Some people could put out four thousand just as easily, but they don't do it.

H.M.JR: May I compliment you (Mr. McDonald) on your method of presentation? It was excellent.

MR. McDONALD: We are highly pleased that you are interested. Mr. Bell has been very much concerned with this and we have been talking about it for some time.

H.M.JR: Well, not enough of these personnel problems are brought to my attention. I just get them accidentally, like this one.

MR. McDONALD: There is one further remark. Mr. Bell made brief reference to it. Some of the other departments have asked for funds from the Congress to grant cash awards, which I think we ought to do. I don't know how you feel about it or the Staff, but we ought to make a formal request and not wait for a general bill which is pending in the Congress to come through.

H.M.JR: All right.

MR. BELL: I think that is more important than this meritorious promotion, and I think this meritorious promotion setup ought to be made more flexible or done away with. Take the girls in this group where the lady is an expert typist. They are all, probably, entitled to promotions. You just can't give them promotions when they do an outstanding job. You have to give them promotion for incentive purposes and when they do the outstanding job, they ought to get a bonus. It takes some of the larger bureaus like Internal Revenue. They have hundreds of grade classifications, and if an attorney is a P-3 and they want to promote him, they don't give him a promotion within the grade; they give him a P-4 which is a whole grade promotion.

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H.M.JR: Well, anyway, I will be very glad to sit with you fellows.

MR. McDONALD: Thank you, sir.

H.M.JR: Anything else?

MR. McDONALD: No, sir.

MR. BELL: The expenditures have fallen off in the last few days and it looks as though now it won't be too much above seven billion; and even in that figure there will possibly be two hundred million dollars of non-cash, because the Navy took some special currency for which the money is left in the Treasury, so that the expenditures are not going up as I thought they would last week.

H.M.JR: Do you have a little statement for me at Cabinet?

MR. BELL: If I can see you a moment after this --

H.M.JR: Sure.

I am not joking now. This article -- this is for you and Ted by Sylvia Porter on December 20, in which she says more or less that we put the war bonds across by letting these fellows make twenty-five or thirty cents a bond. I think it is a lousy statement. I'll refer it to you and Ted. The only way we put the thing across is through people buying the bonds in order to make the money. She knows better than that.

MR. BELL: Well, I think she is trying to be helpful. I think she is trying to shame the big boys in what they are doing.

H.M.JR: If she wants to be helpful, I would like to suggest to her how to be helpful! I know lots of ways of being more helpful than that.

MR. BELL: I don't know what she had in mind.

MR. PEHLE: Is there any truth in it?

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H.M.JR: Oh, yes. There is truth as to the profit, but I have always maintained I want my customers to make money so I can go back to them again. But I don't say that the profit motive is what put this bond drive across, and that is what she says. But if you are going to go back to these people over and over again, you have to let them make money or do what we did last time -- jack their interest rate every time. But they are priced so they can make some money.

MR. GAMBLE: In answer to Mr. Pehle's question, we will make all of the goals, Mr. Pehle, including the individuals -- the E's -- we will get more good money than in any previous drive. If you take out this big bank buying -- we have regulated all the people -- and the failure of the banks to be properly above the line has accounted this time for some buying that is not good -- but if you take it all out we have still gone over fourteen billion dollars.

H.M.JR: And the Federal Reserve Bank on our instructions have turned down millions and millions of subscriptions that they would not take because people borrow money.

MR. GAMBLE: Well, in the individual field alone we have probably turned down five or six hundred million dollars.

H.M.JR: But in the corporate field?

MR. BELL: We did not police the corporate field so much. That was almost impossible, but we did to a large extent eliminate the free-riding of individuals. That is where we may get some criticism. We eliminated the free-riding on the individuals and allowed the corporations to go ahead. This article probably will encourage free-riding if it is widely read.

MR. HAAS: I am afraid you are going to hear more of that, though, in the corporate switching.

MR. BELL: I think so; and I think Ted is a little low on his estimate of five or six million. Oh, you said

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you were going to make a fourteen billion dollar goal. I think you will have more free riding.

MR. HAAS: Do you mean switching?

MR. BELL: Yes, it is the same thing.

That is all.

MR. BERNSTEIN: I want to make one observation on the bond drive, as one who reads the newspapers and buys the E Bonds, because the E Bond drive runs a few weeks later than the regular bond drive, it is true that every time during the drive the E Bonds look very low. It then gives occasion for criticism of the Treasury in the E Bond quota and criticism of the public which may not be altogether warranted. If the same period could be taken in -- the same two months' period you have in mind -- by starting the E bond calculation earlier so that it terminates at the same time, you would then not have a sixty-three per cent fulfillment of the quota, but a hundred per cent at that stage.

H.M.JR: I am for you if you can get them to work it out.

MR. GAMBLE: That is a very simple thing to state, Mr. Secretary, but you can't sell fifty million people. It is a good reaction, but you can't sell fifty million people war bonds without having a drive, and if you are going to have a drive, you cannot start selling bonds before you get the atmosphere of the drive created. If you are going to make deductions from payrolls over six or eight weeks, you will have to include that period in your reporting. The worst thing that could happen to us is that we appear to be grunting and groaning a little to get through it. You just cannot run a war bond drive -- it is like the trouble they are having with the First Army at the present moment. These things cannot all be as smooth as we would like to have them, but the net result is tremendous and I think we have suffered very little bad press at this time.

That New York Herald-Tribune editorial you sent over

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this morning was magnificent.

H.M.JR: Have you seen that?

MR. GAMBLE: Yes, sir, but there is better understanding of our problems in this drive than in previous drives.

H.M.JR: Did you approve of what I told Little?

MR. GAMBLE: Yes, we decided to circularize it in the field.

H.M.JR: It is perfectly amazing -- the New York Tribune complimenting me on my fight on the volunteer method and all the rest of it. All the papers and the New York Tribune --

MR. GAMBLE: It was beautiful, and people are beginning to understand, Mr. Secretary, what is involved in raising two and a half or three billion dollars. We are so taken with these big figures, ourselves, that we forget how much two and a half billion dollars is in terms of forty dollars per person, and you have to cover a hell of a lot to get it.

H.M.JR: Bernstein is completely unsold!

MR. BERNSTEIN: Mr. Secretary, I was not being critical of the work done, but merely of the method of calculating.

H.M.JR: Could I interrupt you a minute? I understand it, see. Why don't you take five minutes with Gamble when the meeting is over and talk with him?

MR. BERNSTEIN: Yes, sir.

H.M.JR: Let him explain to you. It is like this stupid story of the fellow who was told that all the train accidents are in the last car. "Well, let's take the last car of the train off -- we wouldn't have any train accidents!" It is the same idea. No matter when you stop the drive you will need two weeks to count them, anyway. That is the point.

MR. GAMBLE: If you are going to give people credit

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for what they sell, that is true.

H.M.JR: Let him tell you the technical difficulty. The last time we ran it three weeks, being very conscious of this -- it was two weeks -- but you need so much time for the big corporations who are issuing agents to count their stubs and get the stuff in. But take five minutes with Gamble, maybe you have something.

MRS. KLOTZ: Maybe he will get a meritorious promotion!
(Laughter)

H.M.JR: If you can find a way that we can end it on the day and not go beyond, we will give you a meritorious award.

MR. BELL: We will have to convince Mr. Gamble.

H.M.JR: Would you recommend him for one?

MR. GAMBLE: We can go further than that. We can give him much more than that.

MR. BELL: You might take off the first car instead of the last one, as the Secretary suggests, and squeeze the period a little on the end.

MR. BERNSTEIN: That was my suggestion, Mr. Secretary, take off the last car and add it on the front.

MRS. KLOTZ: That is right.

H.M.JR: Anyway, I am sure Gamble would be glad to sit down with you for a couple of minutes. As Mrs. Klotz says, we will give you a meritorious award.

What else?

MR. BERNSTEIN: That is all I have.

H.M.JR: That is all right.

I thought White was coming back Thursday.

MR. BERNSTEIN: He was coming back this morning, but

- 19 -

the Southern trains are generally late, but today I think they will blame it on the weather. He ought to be in in a minute.

H.M.JR: That is all right. I wondered if he had taken my advice when I told him to stay away all week.

Is there anything else?

MR. BERNSTEIN: No, sir.

MR. LUXFORD: I have nothing.

MR. PEHLE: I have nothing.

MR. HAAS: I have nothing.

MR. BLOUGH: I have nothing.

MR. GAMBLE: I have a few rather important thank-you letters that I thought you would like to get signed.

H.M.JR: Would you mind giving Mr. Bell the right-of-way? I mean, Mr. Bell said he wanted a minute. Then you could come in second.

MR. GAMBLE: Fine.

H.M.JR: I thought you and Mrs. Doyle would wait (to Mr. McDonald). You come third.

MR. O'CONNELL: I am meeting with Mr. Maggs from the Department of Labor and his people at three o'clock. His name is Maggs -- not Baggs!

H.M.JR: It spoils my joke. I said it was in the bag!

MR. O'CONNELL: I think it is, really, but it actually is an eight-year-old fight between Social Security and the Labor Board. We are going to have a talk with him this afternoon.

MR. KLOTZ: She called him Baggs and she called you Mr. Connally!

- 20 -

MR. O'CONNELL: Maybe I should have let well-enough alone!

H.M.JR: What else?

MR. O'CONNELL: That is really all.

H.M.JR: All right, if you people don't mind waiting a minute or two, I will take Mr. Bell, then Mr. Gamble.

December 22, 1944
11:45 a.m.

DRIVE TOTALS

Present:

Mr. D. W. Bell
Mrs. Klotz

MR. BELL: I don't know just how you wanted these things, but those are the total figures in the drive set out by classes of securities plus the bank at the end with a little note at the bottom of the deferred payments. (Hands Secretary Attachment A)

H.M.JR: That is all right.

MR. BELL: We got nine hundred million deferred payments. They are included in the other totals. I thought you might like to have them by goals, too -- just the drive parts of it. The same figures are in the right-hand column. In the left-hand column you have goals, see? (Hands Secretary Attachment B)

H.M.JR: Yes. I see.

MR. BELL: At the bottom it tells you we are twenty million dollars under the beam. I think we will make that. We have one hundred and forty million, about, coming from the Army and Navy which is not considered part of the drive.

Now this is a letter from Eccles I talked to you about the other day. (Refers to letter of 12/16) I have also -- this is the conversation that we had also at that time.

H.M.JR: I will have to take it blind.

page 113

- 2 -

MR. BELL: I thought maybe you would like to read it. It is a good letter. (Hands attached letter to the Secretary)

H.M.JR: I will never be in the Treasury long enough to do the first page second. Very good, Mr. Bell.

MR. BELL: It's a good letter, isn't it?

H.M.JR: Very tough. (Secretary signs attached letter to Chairman Eccles)

MR.BELL: I'd like to send Allan Sproul and Bob Rouse each a copy of this letter.

H.M.JR: Very good.

MR. BELL: One is Vice-Chairman and the other is the Manager.

H.M.JR: Very good.

MR. BELL: We are in a fight.

MRS. KLOTZ: We are always in a fight, Dan.

SECURITIES SOLD DURING THE SIXTH WAR LOAN DRIVE
THROUGH DECEMBER 21, 1944

	(Millions)
<u>IN THE DRIVE</u>	
Series E Bonds	\$ 2,031
Series F Bonds	119
Series G Bonds	438
2-1/2% Treasury Bonds	2,700
2% Treasury Bonds	6,826
1-1/4% Treasury Notes	1,544
7/8% Certificates	4,384
Series C Notes	<u>2,078</u>
TOTAL	\$20,120

OUTSIDE OF DRIVE

Commercial Banks for Savings Accounts	1,004
Government trust funds (non-cash)	<u>762</u>
	\$21,886

Included in the above total of \$20,120 million are subscriptions from insurance companies, savings banks and state governments aggregating more than \$900 million on a deferred payment basis, payment for which must be made on or before February 28, 1945.

To Jan 12-22-45
DWB

RESULTS OF DRIVE COMPARED WITH GOALS

	<u>Goal</u>	<u>(Millions) Subscriptions to date</u>
Individuals		
E Bonds	\$ 2,500	\$ 2,031
All other individuals	<u>2,500</u>	<u>2,819</u>
	5,000	4,850
Insurance companies	1,600	3,182
Savings banks	700	2,282
All other corporations	6,700	9,750
Unallocated	<u> </u>	<u>56</u>
RESULTS OF DRIVE THROUGH DECEMBER 21, 1944 -	\$14,000	\$20,120

We are \$20 million under our "bean" but we expect to make this up in final returns. Furthermore, we expect about \$140 million from Army and Navy which were not considered as part of the "bean" so the total for E Bonds should be between \$2.6 and \$2.7 billion.

To Sen
12-22-44
DWB

O
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P
I

Dear Harriner:

As Under Secretary Bell has indicated to you from time to time during the course of the past month or so, the Treasury Department is concerned over the rise in the pattern of interest rates on certificates of indebtedness, particularly those of short term, which has been permitted to take place during this fall.

The extent of this rise is shown by the enclosed chart, which compares the pattern of rates on certificates of indebtedness as of September 1, 1942, September 1, 1943, September 1, 1944, and December 19, 1944. The point on the yield curve for certificates of three months' maturity, which was about 0.46 percent on September 1, 1944, had risen to about 0.68 percent by December 19. The September 1 yields, as shown in the chart, were in line with the pattern of rates which had been maintained for the previous two years; while the yield curve on December 19 was markedly out of line with that pattern. This rise in the yields of short-term certificates of indebtedness places them entirely out of line with the $\frac{3}{8}$ of one percent rate on three-month Treasury bills.

You will recall that, at the discussions leading up to the establishment of the present pattern of rates, both you and Mr. Sproul believed that short rates should be fixed at a level higher than was finally decided upon. Both of you agreed, however, at a meeting held in my office on March 20, 1942, that the Federal Reserve System could and would execute any pattern of rates which I might decide was required for the efficient and economical financing of the war. This has continued to be our understanding ever since that time.

During this period, the Federal Open Market Committee has proposed increases in short-term interest rates on several occasions. I have felt myself compelled, as the Government officer principally responsible for the financing of the war,

- 2 -

to reject these proposals in each case. As you know, I feel very strongly that this war should not be financed, as was the last one, at rising rates of interest. Up to the current rise in certificate yields, the pattern of rates set in 1942 has been held extremely well; and I have, from time to time, commended you and many of your colleagues upon your fine performance of the promise which you had made to me, and have told you what a major role it has played in the efficient financing of the war.

It seems to me that the present rise in the yields of Treasury certificates of indebtedness constitutes a departure from the pattern of rates which you had agreed to maintain; and I should, therefore, like to request the Federal Open Market Committee to take appropriate steps, over a suitable period of time, to bring the yields of Treasury certificates of indebtedness back to approximately their September 1 levels.

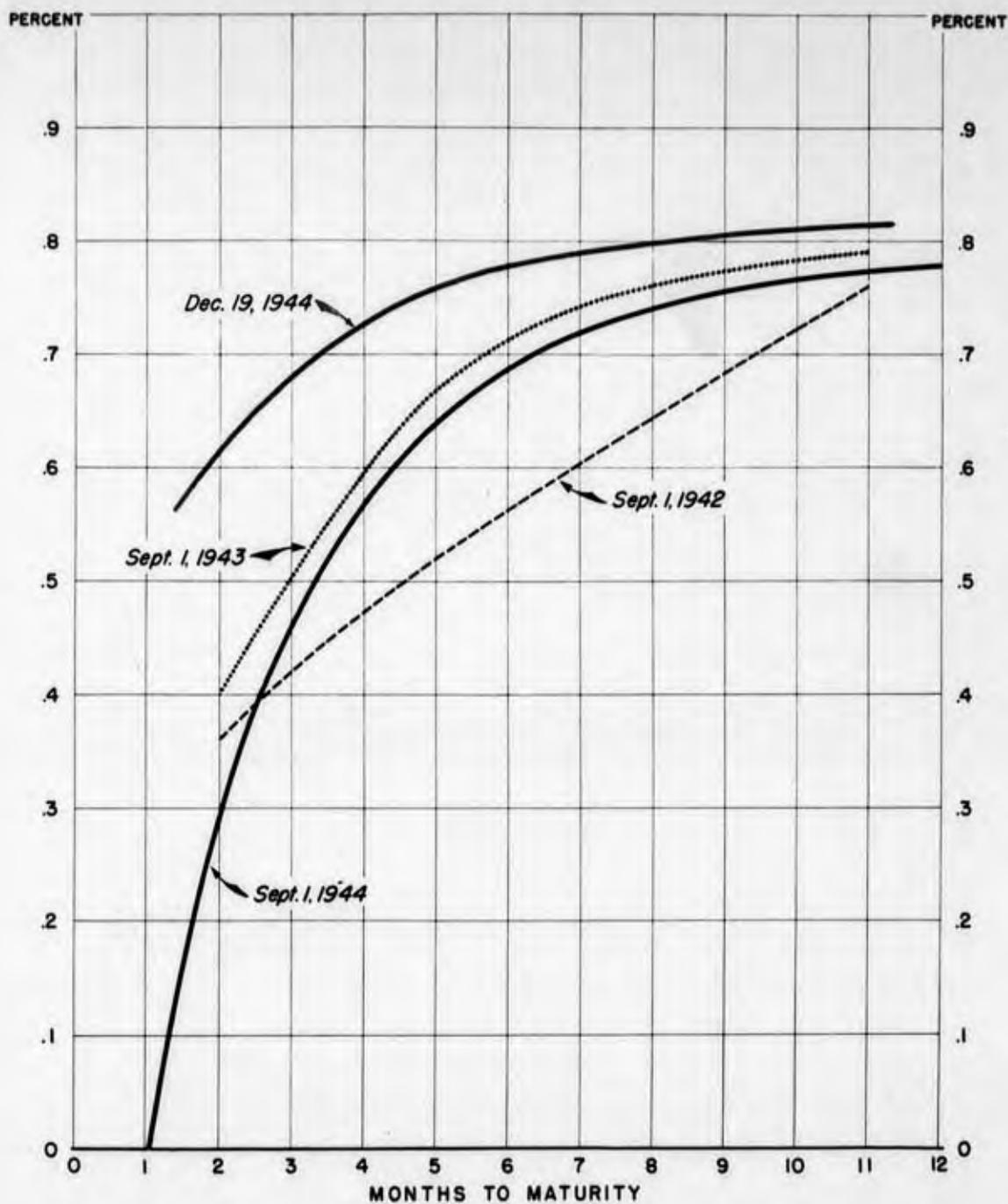
Sincerely,

Honorable Marriner S. Eccles
Chairman, Federal Open
Market Committee
Washington, D. C.

Enclosure

YIELDS OF CERTIFICATES OF INDEBTEDNESS ON SELECTED DATES

Based on Mean of Closing Bid and Asked Quotations



December 22, 1944
11:50 a.m.

LETTERS OF APPRECIATION - WAR BOND DRIVE

Present: Mr. Gamble
Mrs. Klotz

MR. GAMBLE: This is just some more important mail that I thought ought to be signed before you got away for your vacation.

H.M.JR: My God! I want you to know that the immediate Office of the Secretary of the Treasury with thirteen employees is now up to one hundred and thirty-eight percent.

MR. GAMBLE: Wonderful. We are probably not far behind in the War Finance Division.

H.M.JR: We are going up every day. After we eliminate John Sullivan and a few others--

(Mr. Gamble hands Secretary letters to the following individuals:)

Mr. Philip Hill - Santa Monica, California
Lt. General Ben Lear - Washington, D. C.
Major E. E. Isaac - Washington, D. C.
Major General Fred L. Walker - Fort Benning, Georgia
Major General Harry F. Hazlett - Birmingham, Alabama
Lieutenant Colonel Ernest M. Clarke - Washington, D. C.
Captain Wm. B. Cowen - Fort Benning, Georgia
Major Clive E. Dugan - Fort Benning, Georgia
Colonel Wendell Clemenson - Washington, D. C.
Lieutenant Colonel James W. Bellah - Washington, D. C.
Colonel Harold E. Potter - Fort Benning, Georgia
Captain Thomas W. Phipps - Fort Benning, Georgia

MRS. KLOTZ: Do you read these letters?

H.M.JR: I will. I guess they are all the same.

- 2 -

MR. GAMBLE: All of the military letters are substantially the same, and they compliment these people for putting these infantry units on the road for us, and also tell them something about the nature of the work.

H.M.JR: Didn't you think my suggestion to Little was all right?

MR. GAMBLE: Oh, very good.

H.M.JR: What I did was keep it regular--I sent for him through your office, and then told him to go back and report to you.

MR. GAMBLE: He did.

(Secretary signs above mentioned letters.)

H.M.JR: Mr. Gamble knows how to get letters signed.

MR. GAMBLE: I know you like to do this for people who have helped in the job, and they have done an awfully good job.

H.M.JR: I was thinking if we have to wait for the dinner in New York on advertising, that may not be until next May. I don't want to wait that long. Get Harold Thomas or somebody.

MR. GAMBLE: I hate to get him, because their operations are somewhat on the phoney side.

H.M.JR: Why not get this man who represents all the publishers?

MR. GAMBLE: I can do that. We can take this same group, Mr. Secretary. The reason I would rather do it is because these people, after all--they own and operate the publications, and it seems to me there is more substance to it than if a bunch of advertising agency people do it.

H.M.JR: That man that sat on my right--

- 3 -

MR. GAMBLE: He is wonderful.

H.M.JR: Between now and May, too much water will flow over the dam.

MR. GAMBLE: We can do it. As a matter of fact, it would be a good thing, probably, to increase interest in the campaign they are going to do for us in the 7th War Loan.

H.M.JR: You take it up with McCall, will you? You can do both, that is all right, but I just don't want to wait that long.

General Lear?

MR. GAMBLE: Yes, he personally was the fellow who made all this possible.

Now, there are two here I want to talk to you about. One is to Ed Friendly of the New York Sun. They did an outstanding job. I think they would like to reproduce this letter.

H.M.JR: In what capacity would it be, just his own publication?

MR. GAMBLE: Yes.

H.M.JR: I hate to do that.

MR. GAMBLE: I am only suggesting that it is a possibility, Mr. Secretary, because of the manner in which the request came in. It only comments on an activity that they themselves sponsored.

H.M.JR: What did they do?

MR. GAMBLE: They conducted this daily operation in New York City, and Gehle tells me it was one of the outstanding activities of their drive. Now, after all, if you write anybody a letter and thank them--they haven't asked to make the letter public--I am only guessing that--

- 4 -

but the letter has been written with that idea. In other words, you don't go so far out on the end of a limb so that it wouldn't be perfectly proper for them to at least run it in their news columns.

H.M.JR: I suppose if you follow the theory of the President you would be nice to those people who do something friendly for you. Nobody is more friendly to the Administration than he. I know Friendly is all right.

MR. GAMBLE: He is a good fellow.

H.M.JR: All right. (Signs letter to Mr. Ed Friendly.)

MR. GAMBLE: Now, this is the Columbia Broadcasting System. They have asked for this letter, and I am sure they intend to reproduce it (hands Secretary letter to Mr. Paul White - Columbia Broadcasting System).

H.M.JR: Well, as long as this thing doesn't get you in trouble otherwise.

MR. GAMBLE: It won't. We cover all the bases.

H.M.JR: All right, you have a hundred percent. (Secretary signs letter to Mr. White.)

MR. GAMBLE: Fine.

I have one other question. When you report to the President today, you need have no hesitation in telling him that we are going over the top in every security. We are going to go over the E's by at least one hundred and fifty million. We are going over the individuals by at least five hundred million.

H.M.JR: You don't have to pound it home.

MR. GAMBLE: We have over twenty billion now.

H.M.JR: Twenty billion, one hundred and twenty million. Is that all right? And with the outside drive twenty-one billion, eight eighty-seven?

- 5 -

MR. GAMBLE: That is right, and you will have twenty-one billion on the regular drive.

H.M.JR: Well, twenty billion is enough!

MR. GAMBLE: Now, am I going to see you again?

H.M.JR: I was going to tell the people who want to drop in tomorrow that I will be here. If they want to say Merry Christmas and a Happy New Year, I will be here.

MR. GAMBLE: I would like about five minutes tomorrow.

H.M.JR: All right, you call up.

MR. GAMBLE: Yes, sir.

H.M.JR: I will be in all day tomorrow.

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Citation

Philip T. Hill

Dated 12/20/44

Signed Henry Morgenthau, Jr.

DEC 22 1944

Dear Mr. Hill:

I want you to know that the Treasury Department appreciates very highly the V-Mail Christmas Bond letter for servicemen which you originated.

This promotion has become most popular and effective. It has been widely used throughout the Sixth War Loan by our War Finance Committees, and many corporations conducting interstate business. The V-Mail Bond announcement will do much to support the morale of our valiant soldiers fighting throughout the world.

I take great pleasure in presenting you with the enclosed citation for distinguished services to the Treasury's War Finance Program.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Philip T. Hill
Postmaster
Santa Monica, California

CC: Chairman Moulton
Los Angeles

CC: Mr. Schram

Typed 12/22/44
JMM/LMO:mf

DEC 22 1944

My dear General Lear:

I have followed with keen interest the report on the tours of the eight units of the Army Ground Forces troop demonstration during the Sixth War Loan.

You will be glad to hear that the units of "Here's Your Infantry" achieved their objectives in seventeen key states and one hundred twenty-three cities. Never before have we had such spontaneous and enthusiastic reports by our State Chairmen on the public reception of a military or non-military touring unit.

Here is a typical comment:

"Having witnessed the demonstration of Infantry Warfare entitled "Here's Your Infantry", I feel that I must tell you that in my opinion it offers by far the best appeal to the public to purchase War Bonds that has ever come to this community. It drives home a vital message with a punch that leaves no room as to the importance of the Infantry or why everyone should back up these boys and all the Armed Forces with their loans."

The planning, the coordination, the transportation arrangements, the production, script, the performance and the conduct of the personnel, well justified your confidence and personal interest in this project.

Our State Chairmen assert that the units of "Here's Your Infantry" were important in helping their states and communities to equal or exceed their quotas. The overwhelming success of the Sixth War Loan can give all who participated a great amount of satisfaction for a job well done.

I have written to Major General Harry F. Hazlett and to Major General Fred L. Walker to express our appreciation for their cooperation.

Again may I congratulate you on the fine performance of the personnel of the Army Ground Forces assigned to "Here's Your Infantry". They conducted themselves in a manner that was a credit to their country, the Army and to themselves.

Sincerely,

(Signed) H. Morgenthau, Jr.

Lt. General Ben Lear
Commanding General
Army Ground Forces
Army War College
Washington, D. C.

BJC:vgb
12-21-44

DEC 22 1944

My dear Major Isaac:

Now that the tour of the Army Ground Forces troop demonstration has been completed, I want to congratulate you on your part in making the tour successful.

Yours was an important and difficult task. The planning and coordination of the rail and truck movements during these trying days was perfect. The units arrived on time with equipment and personnel in one hundred twenty-three cities and seventeen key states. Only one performance was missed due to weather and only on the advice of State Police to cancel truck movements because of hazards involved.

Our War Finance Committee chairmen report that "Here's Your Infantry" helped them equal or exceed their quotas.

We at the War Finance Division are proud to have sponsored such a project.

I have written to General Lear and General Walker to express my appreciation for the work of all of the officers and enlisted men. I hope your contribution to the success of the Sixth War Loan becomes a part of your military record.

Sincerely,

(Signed) H. Morgenthau, Jr.

Major E. E. Isaac
Ground G-3 Section
Army Ground Forces
Army War College
Washington, D. C.
SJC:wgb
12-21-44

DEC 22 1944

My dear General Walker:

I am sure that you will be gratified to learn that the Army Ground Forces troop demonstration, developed at Fort Benning, successfully completed their objective during the 6th War Loan.

The cooperation of the Infantry School made it possible for "Here's Your Infantry" to cover seventeen key states and one hundred twenty-three cities.

Our state War Finance Committee chairmen report that "Here's Your Infantry" helped them to make or exceed their quotas. They say it is the most effective appeal they have used in selling War Bonds.

The planning, the coordination and the performance of these units was a credit to the Army Ground Forces and to the country.

I have written to General Lear expressing my sincere appreciation for the privilege of presenting this project to our country during the Drive.

The overwhelming success of the 6th War Loan should give each man who contributed his efforts to "Here's Your Infantry" a keen sense of satisfaction.

Sincerely,

(Signed) H. Morgenthau, Jr.

Major General Fred L. Walker
Commanding General Infantry School
Ft. Benning, Georgia

3701vab
12-21-44

DEC 22 1944

My dear General Hazlett:

The eight units of the Army Ground Forces troop demonstration have completed their tour in connection with the 6th War Loan. May I express my appreciation for your personal cooperation and that of your command.

I have followed with keen interest the reports by our War Finance city chairmen and they are most enthusiastic in crediting "Here's Your Infantry" which appeared in seventeen key states and one hundred twenty-three cities with having played an important part in helping them to equal or exceed their quotas.

The officers and personnel assigned to these units conducted themselves admirably. They cooperated in every instance with the committee in each state and city visited. The men were a credit to the Army Ground Forces and to their country.

I have written to General Lear expressing the sincere appreciation of the War Finance Division for your cooperation.

Sincerely,

(Signed: H. Morgenthau, Jr.)

Major General Harry P. Hazlett
Commanding General
Replacement and School Command
Birmingham, Alabama

SJC:vgb 12-21-44

DEC 22 1944

My dear Colonel Clarke:

May I extend my appreciation for a job well done. The Army Ground Forces troop demonstration was a success, due in a great part, to your splendid cooperation.

You shared the difficult task of coordinating the supplies of these units so that they could cover seventeen states and one hundred twenty-three cities without essential replacement of equipment.

The reports of our War Finance Committee Chairmen are most enthusiastic. They credit "Here's Your Infantry" with helping them to equal or exceed their quotas.

It is a tribute to your share of the planning that equipment provided no problem during this unusual mission.

I have written to General Lear, expressing the sincere appreciation of the War Finance Division for your cooperation. I hope your contribution to the success of the Sixth War Loan will become a part of your military record.

Sincerely,

(Signed) H. Morgenthau, Jr.

Lt. Colonel Ernest M. Clarke, G.S.C.
Ground G-4 Section
Headquarters Army Ground Forces
Army War College
Washington, D. C.

BJC:vgb
12-21-44

DEC 22 1944

My dear Captain Cowen:

I want to take this opportunity to thank you for your part in making the tour of the eight units of the Army Ground Forces troop demonstration so successful.

The reports from our State Chairmen indicate that the production was magnificent. As producer, your keen appreciation of the purpose of "Here's Your Infantry" is apparent in the splendid acceptance by large audiences. The fact that you devoted so much time to perfecting the production of most of the units by visiting them personally on several trips is most appreciated.

Chairmen of the War Finance Committees in seventeen states and one hundred twenty-three cities are most enthusiastic about the quality of production and the results in bond sales.

I have expressed to General Lear and General Walker my keen appreciation of the work done by the men assigned to "Here's Your Infantry". I hope your contribution to the success of the Sixth War Loan will become a part of your military record.

Sincerely,

(Signed) H. Morgenthau, Jr.

Captain William B. Cowen
THROUGH Commanding General Infantry School
Ft. Benning, Georgia

SJC:vgb
12-21-44

DEC 22 1944

My dear Major Dugan:

May I take this opportunity to thank you for your part in making the tour of the eight units of Army Ground Forces troop demonstration so successful.

You shared the difficult task of coordinating the supplies of these units. Due to the unusual nature of the mission, supplying these units in advance for everything they were to need during the entire trip required skillful planning.

The fact that these units were able to complete their tour in seventeen states and one hundred twenty-three cities with all equipment necessary is a tribute to your share of this planning.

Our War Finance Chairmen report that "Here's Your Infantry" helped them to equal or exceed their quota.

I have written to General Lear and to General Walker to express my appreciation for the work of all the officers and enlisted men. I hope your contribution to the success of the Sixth War Loan becomes a part of your military record.

Sincerely,

(Signed) H. Morgenthau, Jr.

Major Clive E. Dugan
THROUGH Commanding General Infantry School
Ft. Benning, Georgia

SJC:vgb
12-21-44

DEC 22 1944

My dear Colonel Clemenson:

I am sure that you will be gratified to learn that the eight units of the Army Ground Forces troop demonstration, "Here's Your Infantry", were of invaluable assistance in the success of the Sixth War Loan. Reports to me from our State War Finance Chairmen are enthusiastic both about the performance and the public reception of the units wherever they appeared.

I have written to General Lear expressing my sincere appreciation for the privilege of presenting this project to our country in connection with the drive.

Your constant support of the Treasury's promotional needs for the national radio network campaign as well as the needs of the eight units of "Here's Your Infantry" played a most vital part in the enormous contribution made by the Infantry to the Sixth War Loan.

I hope that your splendid personal contribution to the success of the drive is recognized as part of your military record.

Sincerely,

(Signed) H Morgenthau, Jr.

Colonel Wendell Clemenson
Through the Commanding General
Headquarters, Army Ground Forces
Army War College
Washington, D. C.
Typed 12/21/44
SCO:mf

DEC 22 1944

My dear Colonel Bellah:

I know that it will afford you personal as well as official satisfaction to know that the Chairmen of our State War Finance Committees report that the eight "Here's Your Infantry" units were responsible in a great measure for helping them equal or exceed their Sixth War Loan quotas.

I want you to know how sincerely I appreciate the creative concept which you gave to the project and the magnificent cooperation you gave our Special Events Section in carrying out the countless details necessary to the movements of the eight units. We have never had a finer reaction from both the public and our State War Finance Committees to a national War Bond event. We deeply appreciate the skill with which you handled the entire concept from start to finish. I hope that your splendid contribution to the success of the Sixth War Loan is recognized as part of your military record.

Sincerely,

(Signed) H. Morgenthau, Jr.

Lt. Col. James Warner Bellah
Through the Commanding General
Headquarters
Army Ground Forces
Army War College
Washington, D. C.

Typed 12/21 /44
SCO:mf

DEC 22 1944

My dear Colonel Potter:

The eight units of the Army Ground Forces troop demonstration have just completed their successful tour on behalf of the Sixth War Loan.

I know that it will afford you personal as well as official satisfaction to learn that our State Chairmen report that "Here's Your Infantry" was responsible in a great measure for helping them equal or exceed their War Loan quotas.

Your personal assistance in coordinating the organization of the various activities connected with the training, touring and equipping of these units is most appreciated by the War Finance Division.

I have expressed to General Lear my personal appreciation of the splendid cooperation of all the officers and personnel assigned or assisting in developing these units. The men were a credit to the Army Ground Forces and their country.

I do hope that your splendid contribution to the success of the Sixth War Loan is recognized as part of your military record.

Sincerely,

(Signed) H. Morgenthau, Jr.

Colonel Harold E. Potter
Executive Officer Infantry School
THROUGH Commanding General Infantry School
Ft. Benning, Georgia

SJC:vgb
12-21-44

DEC 22 1944

My dear Captain Phipps:

The eight units of the Army Ground Forces troop demonstration have helped to make the Sixth War Loan an overwhelming success.

Reports to me from our State Chairmen are most enthusiastic about the performance and the reception of "Here's Your Infantry".

I would like to take this opportunity to thank you for your contribution to this effort. The public response to these shows was due in a great measure to the successful script. Your skillful writing reflected a keen appreciation of the psychology of the audience to whom it was directed.

I understand that you accompanied many of the units on their tour to personally check and supervise the last minute details in connection with your script.

I have written to General Lear and General Walker expressing my appreciation of the work of the officers and the enlisted men.

It is my hope that your splendid contribution can become part of your military record.

Sincerely,

(Signed) H. Morgenthau, Jr.

Captain Thomas W. Phipps
THROUGH Commanding General Infantry School
Ft. Benning, Georgia

SJC:vgb
12-21-44

DEC 22 1944

Dear Mr. White:

On several occasions this past year your program, "Report to the Nation", has rendered exceptional service to the Treasury Department. The factual objectives and truthful dramatizations of the news of the day during these hectic wartimes has contributed much to the successful prosecution of all of our jobs at home.

The quality of the "Report to the Nation" program is in the highest traditions of Radio and as the Sixth War Loan campaign comes to a close, I wish to officially thank you for the help that you have given us at the Treasury whose job after all is serving 135 million Americans.

With every good wish for the New Year, I am,

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. Paul White
Chief, CBS News Division
Columbia Broadcasting System, Inc.
817 Earle Building
Washington, D. C.

TRG:han
12;22;44

Miss Chauncey

266

DEC 22 1944

My dear Mr. Judson:

Reports have reached me of the splendid manner in which you and your office have cooperated with the Treasury Department in the Sixth War Loan.

Miss Ruth O'Neil and others in your organization have given generously of their time and effort in assisting us in arranging for special War Bond concerts, which have been extremely successful in promoting the sale of bonds.

The artists under your management can be justly proud of their part in making the Sixth War Loan a success.

I want personally to thank you and your artists for their splendid spirit of cooperation.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Arthur Judson
Columbia Concerts Incorporated
113 West 57th Street
New York 19, N. Y.

Typed 12/21/44
TS:mf

DEC 22 1944

Dear Mr. Levine:

Reports have reached me of the valuable assistance which you have rendered the Treasury Department in the Sixth War Loan.

Mr. Lawrence Fitzgerald and others in your organization have been most generous in contributing their time and effort in arranging for special War Bond concerts which have been extremely successful in promoting the sale of bonds.

The artists under your management can be justly proud of their part in making the Sixth War Loan a success.

I want to express my personal appreciation to you and your artists for the splendid spirit of cooperation which has been displayed.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Marks Levine
National Concert and Artists Corporation
711 Fifth Avenue
New York, N. Y.

Typed 12/21/44
TS:mf

DEC 22 1944

Dear Mr. Friendly:

Throughout the period of the Sixth War Loan campaign I received many favorable reports of the "Rally Round The Gun" meetings that were held at Fifth Avenue and 48th Street, New York City, under the auspices of the New York Sun.

Certainly the direct results, the sale of \$13,291,375, in War Bonds is a splendid achievement but more than that I am sure the influence of your meetings was felt by many thousands of people and unquestionably helped us materially in the overall success achieved by the War Finance Committee for the State of New York and particularly for the City of New York.

I extend to you my sincere thanks and congratulations.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. Edwin S. Friendly
280 Broadway
New York, New York

TRG:hsh
12/22/44

December 22, 1944
11:55 a.m.

BLOOD BANK

Present: Mr. McDonald
Dr. Hesdorffer
Mrs. Doyle

MRS. DOYLE: Mr. McDonald, I guess, has brought you up to date. The Doctor and I went over there this morning.

H.M.JR: What was the Flight Surgeon's name?

MRS. DOYLE: He was not there. We talked to a Commander Frost, who was in charge. You (Mr. McDonald) have told him the situation--they are swamped. They are not going to be open Sunday or Monday. They cannot take care of the people.

It seems that last night the department stores broadcast to the shopping crowds the great need and urged the people to go from their shopping. They went, and as she said, "We had to tell the radio station to stop calling people because we close at eight o'clock."

Now, we got appointments for two hundred and fifty people for Tuesday and Wednesday, and we are still holding on to those. We got fifty-seven O's out of the group that were typed yesterday, and the Doctor thinks they will get forty to fifty O's out of what are typed today, so we will fill the appointments with the O's first.

Of course, yesterday you made the appeal and we got immediate response; they keep coming in, but there is a bottleneck.

Now, if there could be--as I understand it, you have asked Doctor Dublin--a way to do our own people here in the Treasury, it would be marvelous.

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H.M.JR: I asked him; I called him myself.

MRS. DOYLE: Do you think it is the next best thing?

H.M.JR: Yes, I think if Doctor Dublin could send a mobile unit over here Sunday and Monday we could run our own people through.

MRS. DOYLE: You could do that?

DR. HESDORFFER: Yes, certainly.

H.M.JR: The Red Cross is very hoity-toity, they won't accept anybody's typing, but run everybody through all over again. They said the Army, particularly, makes a lot of mistakes, and as I said, as far as we are concerned, they do it all over again.

MRS. DOYLE: Yes, they will not take it. But, of course, having done it these two days, we can feed them O's for a while.

Now, if this mobile unit doesn't come through--

H.M.JR: It will.

MRS. DOYLE: You think it will? And that will be right here in the Treasury?

H.M.JR: I don't know if it will be here, but I guarantee--the way I put the thing up is, I said, "After all, the soldiers don't take off Sunday and Monday." And if he doesn't come through, I will call up Basil O'Connor in New York.

MRS. DOYLE: Then the thing is to get hold of all the people on our list and their numbers.

H.M.JR: Let's do the same as they do here, that is, coffee and cookies, and things like that. The Red Cross has lots of money.

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MR. McDONALD: We can take care of it all right.

H.M.JR: I don't know how much it costs, but I am good for two days of coffee and cake myself, whatever it costs. If the Red Cross Treasury Unit hasn't any money, give me an estimate of how much coffee and cookies will cost for two days, and I will give you a check tomorrow.

MRS. KLOTZ: May we have cake if they have no cookies?

H.M.JR: They have nice National Biscuit things. They give you three of those.

MRS. DOYLE: If they decide to do it at their own headquarters, then, of course, I presume they will take care of all that, but if it is here, we will have the cake and coffee.

H.M.JR: Get some of the members of the Red Cross unit in the Treasury to come on down.

MR. McDONALD: Will you have difficulty in getting the nurses?

DR. HESDORFFER: No.

MRS. DOYLE: He has volunteers ready.

H.M.JR: And if we do it, I wouldn't keep our light under a bushel. Tell Charlie Shaeffer, and tell him what we are doing, that the Treasury employees want to do it on Sunday and Monday, and let the Treasury employees get the credit.

DR. HESDORFFER: I think so, too.

H.M.JR: If there are any reporters around, let them come down and see it.

MR. McDONALD: I am sure Charlie will be pleased.

H.M.JR: Let him take some pictures. This is what the Treasury wants to do--

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MRS. DOYLE: Yes, and we will continue to remind the offices about it, and so forth, just as soon as we know they are going to be here.

H.M.JR: When I come back from Cabinet, if you haven't a yes out of it, I will call Basil O'Connor in New York and I will get a yes. I will shame them into it.

December 22, 1944
12:02 p.m.

Operator: Go ahead.

HMJr: Hello.

Dr. Louis
Dublin: Hello, Mr. Secretary.

HMJr: Speaking.

D: This is Dublin.

HMJr: Yes, Doctor.

D: I've looked into this situation

HMJr: Yeah.

D: and it's just loaded with troubles.

HMJr: Good.

D: You see, the -- and my orders were to do it
and do it forthwith

HMJr: Yes.

D: but you -- you're up against a dozen stone
walls, and the worst of it is, you see, the whole
thing is managed by a bunch of volunteers.

HMJr: Yes.

D: And you can't -- it would just break up our
organization there to ask these people who have
worked all year to work on Christmas, and the
Surgeon General, whom we consulted, says there
are all kinds of troubles there. The whole
schedule of flying the stuff out is interfered
with. The whole thing has been set up on a
series of moves: A, B, C and D, and the nurses
are short. It involves us in all kinds of
difficulties and I would beg you, if you could
possibly do it, to have your people come in in
groups for the course of the next week.

HMJr: Now, let me ask -- give you this suggestion:
after all -- wouldn't you trust Public Health
to do this?

D: Well, it would mean setting up a new organization.

HMJr: No, just for two days.

D: Well, you mean your own staff?

HMJr: No, we'll put it up to Dr. Parran -- for two days to do this thing.

D: Well, I suppose they would do a sizable -- they would do a good job, but it's never been done that way.

HMJr: Well

D: We've carried it from the very beginning right under our own eyes and

HMJr: Well, don't -- we're not going to take it away from you. Supposing....

D: Oh, no.

HMJr: for two days Dr. Parran does it, I mean, we won't give any publicity to this thing. We want to get the blood for you.

D: Yes, but what are you going to do with the blood after you've got it?

HMJr: Give it to you.

D: But then -- but you can't fly it out. You see, that's just the point. If we got the blood, that would be the least of it. We can get the doctors all right, but it's the whole technical staff

HMJr: Well

D: which is a very complicated set-up. You see. And if we got the blood, it would hang around. It would be spoiled. The blood isn't much good coming after a -- a -- oh, well, it would be full of fat and all kinds of difficulties in view of the holiday situation. I've talked to the doctor in charge who has broken his neck to try to meet your requirement and I urged him and urged him to do it but he's just covered up with difficulties which take a lot of time to unsnarl and by that time the opportunity will be lost. I doubt -- I would urge you not to press it for the Christmas holidays.

HMJr: Well, I'm very disappointed.

D: (Laughs) You aren't any more than I. I wish it were possible for your people to come along, giving the little time during the course of the week.

HMJr: Oh, they'll do that, but here -- here's the personal satisfaction that each of these individual saying, "I'll do it on Sunday or Christmas".

D: Yes.

HMJr: I mean, the personal satisfaction they get in doing it.

D: Well, I appreciated that.

HMJr: Oh, they'll come just the same and it isn't -- it's not that we don't want to give them the time. I announced over the loud speaker they could have all the time they want.

D: Well, let's do it that way, Mr. Secretary.

HMJr: Well

D: It's a lot better.

HMJr: all right, but I'm frustrated.

D: Well, I -- I told these fellows to go ahead and do it -- they had to do it.

HMJr: Yeah.

D: They come back and say, "No can do".

HMJr: Oh.

D: You're dealing with these volunteers and you simply can't get them to give up the one day in the year which they hold Holy. You see, they canvassed the situation and it looks bad.

HMJr: Yeah. Well

D: Terribly sorry.

HMJr: Better luck next time.

D: Better luck next time. Tell me this

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HMJr: Yeah.

D: How's Ellie? I haven't seen Mrs. Morgenthau for the longest time and she's a dear friend.

HMJr: Oh, she's fine.

D: Good.

HMJr: She's fine.

D: I'm so glad. And father?

HMJr: He's well, thank you.

D: Good. My very best wishes.

HMJr: Thank you.

D: Bye.

December 22, 1944
12:09 p.m.

HMJr: Hello.

Mr. Shott
(Secretary
Stimson's
office):

Yes, Mr. Secretary.

HMJr: Mr. Shott, in talking yesterday with Mr. Patterson
He told me about this mix-up on closing the racing
near Los Angeles.

S: Closing racing near Los

HMJr: Yeah, the racing track.

S: Yes.

HMJr: Yeah, they've asked that the track be closed because
the people go there from the airplane plant and they
asked McNutt and somehow or other McNutt's deputy
issued the permit so that they're going to run races
down there.

S: Yes, sir.

HMJr: Now, I don't want to bring it up at Cabinet unless
Mr. Stimson would like me to. I think if you don't
mind using the language, it's a God-damned outrage
that the Government can't stop racing if it inter-
feres with war production. See?

S: Yes.

HMJr: And I think somebody ought to bring it to the
President's attention so he cracks down -- as an
example. And right now. I mean, if we can't stop
horse-racing when it interferes with the building
of airplanes, there's something wrong.

S: I see.

HMJr: I don't want to bring it up -- I -- I just suggest
that maybe Mr. Stimson wants to bring it up. If
he'll bring it up, I'll back him up.

S: I see. Well, I'll mention it to him then.

HMJr: Will you?

S: If he wants to bring it up -- I don't know whether Judge Patterson discussed it with him or not.

HMJr: Well, as I understand it, McNutt promised to do it and, he thinks, inadvertently his deputy has issued a permit so that they're going right ahead with horse-racing just the same.

S: I see.

HMJr: Well, I think -- the reason I'm -- I think the public needs some kind of a demonstration at this time that we're not going to stand for that sort of monkey business.

S: Well, I'll mention it to the Secretary, sir, and see what he says about it.

HMJr: And he can -- when I come over to Cabinet, then he can tell me, you know. I'll speak to him.

S: Fine. Okay.

HMJr: But you bring it to his attention.

S: Yes, sir, I'll do that.

HMJr: I thank you.

S: All right, sir.

Dan Bell

December 22, 1944

Secretary Morgenthau.

Please give me a memorandum on the Sixth War Loan by twelve o'clock today so that I can take it with me to Cabinet to explain where we stand as of noon today. Thank you. *Done -*

SECURITIES SOLD DURING THE SIXTH WAR LOAN DRIVE
THROUGH DECEMBER 21, 1944

IN THE DRIVE

	(Millions)
Series E Bonds	\$ 2,031
Series F Bonds	119
Series G Bonds	438
2-1/2% Treasury Bonds	2,700
2% Treasury Bonds	6,826
1-1/4% Treasury Notes	1,544
7/8% Certificates	4,384
Series C Notes	<u>2,078</u>
TOTAL	\$20,120

OUTSIDE OF DRIVE

Commercial Banks for Savings Accounts	1,004
Government trust funds (non-cash)	<u>762</u>
	\$21,886

Included in the above total of \$20,120 million are subscriptions from insurance companies, savings banks and state governments aggregating more than \$900 million on a deferred payment basis, payment for which must be made on or before February 28, 1945.

12/21/44

sub

RESULTS OF DRIVE COMPARED WITH GOALS

	Goal	(Millions) Subscriptions to date
	<u> </u>	<u> </u>
Individuals		
E Bonds	\$ 2,500	\$ 2,031
All other individuals	<u>2,500</u>	<u>2,819</u>
	5,000	4,850
Insurance companies	1,600	3,182
Savings banks	700	2,282
All other corporations	6,700	9,750
Unallocated	<u> </u>	<u>56</u>
RESULTS OF DRIVE THROUGH DECEMBER 21, 1944 -	\$14,000	\$20,120

We are \$20 million under our "beam" but we expect to make this up in final returns. Furthermore, we expect about \$140 million from Army and Navy which were not considered as part of the "beam" so the total for E Bonds should be between \$2.6 and \$2.7 billion.

12/22/44

swB

December 22, 1944
5:00 p.m.

APPOINTMENT OF ECONOMIC ADVISER - STATE DEPARTMENT

Present: Mr. White
Mr. Bernstein
Mr. Luxford
Mr. DuBois

H.M.JR: Hi, White!

Well, listen you fellows, since morning--did you have a good trip, Harry?

MR. WHITE: Very interesting trip. I made about six speeches. We are going to have trouble with the bankers, but a lot of other people are enthusiastic about it.

H.M.JR: I will see you tomorrow.

Mr. Stettinius has patiently waited for five days for the return of Harry White to say whether we think Jake Viner will be good as Chief Economic Adviser in the State Department. If not, why not, and whom do we suggest in place of him? Talk fast.

MR. LUXFORD: Harry is best qualified to talk on it.

MR. WHITE: Well, I don't really honestly know what to say, Mr. Secretary. I don't think that he is the kind of man they ought to have, but it will be impossible to demonstrate that to anybody. He certainly is technically competent. No one is more so. He knows the Government. This is his field. I don't see how we can turn him down. I am expressing the view of all here, and a number who aren't here, that all of them dislike him. We feel that he is ultra conservative, but he hides it with a facade of liberalism, and he is yellow-livered, besides. He always finds himself comfortable

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on the conservative side. He never will put up a fight unless it is on some minor technical grounds, so he is, from our point of view, an unfortunate choice. But I don't think that our objections would hold weight with anybody else, so I think if they are going to have him--

H.M.JR: Do you have any alternative?

MR. WHITE: Well, I would rather see Jim Angell. He would be a better choice from our point of view. His status is as high, though he is not as competent, analytically, but he is a professor at Columbia. International finance is his field. He has written some books on it. He is the son of President Angell of Yale. He would be better from our point of view, and they might accept him, but if a consideration is his getting along, well, of course, we can get along with anybody they pick.

MR. BERNSTEIN: When you pass the stage of technical competence that a man like Mr. Viner has, technical competence is of small significance. The difference between Viner and Angell is of no importance on questions that come up between the State Department and the Treasury. After that it is what they stand for that counts.

MR. WHITE: I wouldn't mind him in any other department, but in the State Department as their adviser--it is these technical problems that count for less, I mean, the difference. It is more a question of a man's attitude.

MR. LUXFORD: There are a couple more we would like to speak about.

MR. DuBOIS: I would like to say if we had heard about Viner's appointment, there would be a lot of merit to our not saying anything, but if Stettinius asked the Secretary for his views, and in the light of what you say as to his qualities, I think there is a lot of merit to telling Stettinius.

H.M.JR: I told him he had no backbone; I have already told him that.

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MR. DuBOIS: We could get along better with men such
as--

MR. LUXFORD: Bob Nathan or Leon Henderson.

H.M.JR: I don't care to recommend any of them.

MR. LUXFORD: Lauch Currie would be another.

H.M.JR: I wouldn't recommend him.

MR. LUXFORD: Another would be Harold Glasser.

H.M.JR: No, I wouldn't him, either.

MR. WHITE: That would be a good choice, really.

H.M.JR: What about Frank Coe?

MR. WHITE: Yes.

H.M.JR: All in?

MR. LUXFORD: Yes.

MR. DuBOIS: What do you think of Ellis?

MR. WHITE: I don't know him very well.

MR. LUXFORD: What about Seymour Harris?

MR. WHITE: Of Harvard University?

H.M.JR: I wouldn't recommend him. I know him
personally.

MR. WHITE: What about Maverick?

MR. LUXFORD: There is a man I think would be tops.

Mr. Secretary, there is this to be said, though, that
just as he told you and Leon Fraser, he wouldn't take a man

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like that without consulting you; this is a man that has to work with you, and to that extent if you say, "I can't work with this man--"

MR. WHITE: It wouldn't be the truth. The Secretary has worked with him, and so can we work with him.

MR. DuBOIS: Well, he could certainly say the men under him believe it would be difficult for them to work with him.

MR. WHITE: That doesn't do us justice. It wouldn't be difficult. We work with anybody. We don't like him.

MR. LUXFORD: But he doesn't like to work with him.

MR. WHITE: He is a yellow-bellied--he is what we would call in political science a trimmer, which means a little more than trimmer in the ordinary sense.

He may have some alternative choices in his mind; almost anybody would.

H.M.JR: What happened after you people left me with Morris Ernst and Canfield?

MR. DuBOIS: We went over the outline of the book with both of them very briefly, and Ernst read the foreword that we had prepared, and on the whole both of them, of course, are very favorably impressed by the general nature of it. Then I went over it in more detail, after Ernst left, with Canfield, some of the chapters and what they would contain. He said there was no question in his mind if this book was put out under your name it would be a best seller. He asked if he could borrow about five of the chapters which we had written for a few days, and I gave him my set. He will comment in a few days.

H.M.JR: That is Canfield?

MR. DuBOIS: Yes.

H.M.JR: If you boys will give me something tomorrow to take up to the country--I ought to have a little time to read up there.

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MR. LUXFORD: All right. We will give you, say, the first five.

H.M.JR: All right. Have it in good type, though, please.

MR. LUXFORD: We have five ready, haven't we?

MR. DuBOIS: We will get them ready.

H.M.JR: Would you bring Mr. White up to date?

MR. WHITE: He has, and I think it looks quite encouraging. I told them that I was not convinced by Stout's arguments, and that it shouldn't be under your signature, but they later told me that Ernst likewise agreed with that. But outside of that, I think the reactions of all of them are very promising.

H.M.JR: We made great progress this morning, because the fellow is willing to put it up in galley-proof and gamble on it. We can put it in galley-proof--you notice how he reacted on that Russian thing?

MR. LUXFORD: That was really what bowled him over, the Russian issue.

MR. WHITE: I am also surprised. I guess the boys reported to you on what seems to be a turn-about position of the State Department.

H.M.JR: Well, that is opportunism.

MR. LUXFORD: Riddleberger called me this afternoon. He said that he was going to talk to Dunn about this a little bit. He called this afternoon and said, "Now I think we ought to continue these discussions on a personal basis without getting the Departments involved." He said, "Now, I haven't talked to Stettinius about this," but he says, "I feel so confident that we could get together that I think we ought to take the time necessary to do it and not push this thing too fast."

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H.M.JR: Well, I told Stettinius that you fellows were having conversations which were very useful. He said, "Did they see everything?"

I said, "Yes."

Then he said something interesting. He asked me about how this thing came up, or I may have asked him, about this question of International Finance Committee. He said he had referred it to Acheson and Will Clayton. So I said, "Well, I guess we can let it go until I get back."

Then he said, "Have you seen ^{Jean} ~~Gene~~ Monnet who was over here?"

I said, "No."

He said he had told Monnet to come and see me, but then he said, "I suppose that this sort of discussion we are having will sort of settle the thing whether Monnet should see you or not." It wasn't quite as bold as that.

So I stopped him after Cabinet and said, "I don't understand what you mean. I have been thinking it over. Do you mean we shouldn't discuss these things with Monnet until it is settled which department is going to handle international finance?"

He said, "Oh, no, I meant the settling of it will make problems like Monnet is raising easier to handle."

But the interesting thing is, at Cabinet the question came up of these liberated countries wanting loans, and the President turned sort of very much to me and said, "Well, Henry, that is a problem you have to handle," or something like that. And it was not lost on Stettinius or Crowley. Do you see?

Have you people seen the paper that Dan Bell did for me on the question of precedent on this thing?

MR. LUXFORD: No.

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H.M.JR: Ask him for a copy.

He has invited Bell, White, Gaston, and me to have lunch with him the first Tuesday of the new year. I accepted for all of us. He said that it is just to be a meeting--a get together.

I said, "Well, don't you think maybe we ought to settle this committee business first?"

He said, "No, this is just to get the two Departments off. I am going to give a pep talk, and you can follow it up."

So I said, "All right." Before Cabinet I said, "How is your sense of humor?"

"Fine, fine," he said.

Then I said, "Well, why didn't Nelson Rockefeller produce the Rockets yesterday at your meeting?"

"Now, Henry," he said, "where did you see them?"

I said, "You never would guess--on the front page of the Post." He didn't like it at all.

Then he said, "Now don't tell that to Drew Pearson."

You know what he did, don't you?

MR. WHITE: No.

H.M.JR: He paid four thousand dollars personally, according to the story--of course, I don't believe it--for the big hall here in town, and had twenty-five hundred of the State Department employees and the Marine band and showed them a moving picture and everything, a general get-together. It was like a convention for the salesmen of the U. S. Steel Corporation, except he didn't serve them liquor.

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MR. WHITE: He is starting off with a bang there.

By the way, Mr. Secretary, do you know of, or know Mr. Hoffman who is running the CED--this big movement to assure employment after the war?

H.M.JR: Studebaker? I just know him by reputation.

MR. WHITE: He is very eager to meet with you and tell you what he is doing. General Greenbaum called me up in his behalf. He is going to be here just one day--January 3. I said I would try to get--the reason I am raising it now is because he would very much like to know today or tomorrow.

H.M.JR: January 3?

MR. WHITE: January 3. He wanted the 4th, but I told him you were tied up all day the 4th.

H.M.JR: Well, now, the 4th is this meeting--I haven't put it down. The 3rd is Hoffman at three o'clock.

(Miss Chauncey enters the conference temporarily.)

MR. WHITE: You said you would reserve all day the 4th, but I don't know.

H.M.JR: Oh, Mrs. Morgenthau drew my attention to what Ulric Bell is doing and whether he would be useful to us.

(Secretary dictates telegram to William C. Potter of the Guaranty Trust Company.)

H.M.JR: Send as a night letter.

"On January 4, Mr. Randolph Burgess, President of the American Bankers Association, and Mr. Robert Fleming, President of the Reserve City Bankers are going to present their views on Bretton Woods. We would like very much to have you here for that day. Henry Morgenthau, Jr."

Send the same to Edward Brown of the First National of Chicago.

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MR. WHITE: Could you make it, "Present their views to me," so they will know--

H.M.JR: "Presenting their views to me." I have set the whole day aside for that purpose.

MR. WHITE: Then they will feel it is important. You didn't think for the moment of inviting Eccles during that day? I think it would be very helpful if you could. He will hear about it.

H.M.JR: I had thought of having the whole committee here. Would you have the Hill here?

MR. WHITE: No--Eccles--

H.M.JR: Add Eccles.

MISS CHAUNCEY: Send the telegram to him?

H.M.JR: If you would, please. Thank you, Miss Chauncey.

The Russians sent me a rug. Send a note to Mrs. Klotz that I should thank them for it tomorrow. I don't know what the deuce I did with the card.

(Miss Chauncey leaves the conference.)

MR. WHITE: Could we ask you to set aside some time to see us on Bretton Woods program, what to do, for that week?

H.M.JR: Now, you boys can come in at nine-thirty on Thursday morning on Bretton Woods. I will give you the morning. My God! If you can't sell it to me then, I don't know when you can.

Happy birthdays to you all tomorrow.

December 22, 1944

My dear Bob:

I thought you might be interested in seeing the enclosed copy of a letter which I have written to the President.

Sincerely yours,

(Signed) Henry

The Honorable Robert P. Patterson,
Under Secretary of War,
War Department,
Washington, D.C.

December 21, 1944

My dear Mr. President:

Whenever you think it is the appropriate time to suggest a man on General Eisenhower's staff, to be in charge of civilian affairs, I would like to bring to your attention again the name of Robert Patterson, Under Secretary of War, for this position.

Sincerely yours,

(Signed) Henry Morgenthau, Jr.

The President,
The White House.

December 22, 1944

My dear Jim:

I can't begin to tell you how much I appreciate your letter of December 20th. I think that the country is most fortunate in having you as Secretary of the Navy in this most critical period in our history. I feel that your sincerity and enthusiasm for your work have supplied the right kind of leadership which we need so desperately to be successful in overcoming the enemy.

Through the eyes of my son, Robert, I have been able to see, at his level, just how efficient the Navy is, and it has given me great confidence.

We have been drawn much closer to the Navy through War Bonds than we would have been ordinarily, and I want to take this opportunity to thank you for the magnificent cooperation you have given us, not only during the Sixth War Loan, but during all the previous loans. I also wish to congratulate the Navy on their very excellent record in buying War Bonds.

I hope all of us will have a happier New Year. With warm regards, I remain

Sincerely yours,

(Signed) Henry

The Honorable James Forrestal,
Secretary of the Navy,
Washington, D.C.

THE SECRETARY OF THE NAVY
WASHINGTON
20 December 1944

My dear Henry:

At the end of the year I wish to express on behalf of the Navy and for myself appreciation for your help and understanding in the past year. To a novice like myself it has been a substantial asset to have someone I could turn to for honest and objective advice. I have done that frequently in the past and I expect to continue to do so in the future.

You have a close link to the Navy in that very fine son of yours so that I feel I am talking to a partner whenever I discuss Navy problems with you.

My best wishes for the holidays and for good health in the coming year.

Sincerely yours,

James Forrestal
James Forrestal

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

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 22, 1944.

Dear Henry:

As Marriner has gone to Utah to be with his family at Christmas, I want to acknowledge on his behalf and to thank you for your note of December 20 in response to his letter of December 16 with regard to formulating a uniform program of policing bank subscriptions in the next War Loan Drive. In accordance with your suggestion, we will advise you as to when the presidents of the various Federal Reserve Banks will be meeting here again so that you can make arrangements for a meeting of the presidents with representatives of the Treasury and the Board of Governors.

May I take this opportunity to express to you my best wishes for the Holiday Season.

Sincerely yours,


Ronald Ransom

Honorable Henry Morgenthau, Jr.,
Secretary of the Treasury,
Washington 25, D. C.



DEC 22 1944

Dear Mr. [redacted]:

As Under Secretary Bell has indicated to you from time to time during the course of the past month or so, the Treasury Department is concerned over the rise in the pattern of interest rates on certificates of indebtedness, particularly those of short term, which has been permitted to take place during this fall.

The extent of this rise is shown by the enclosed chart, which compares the pattern of rates on certificates of indebtedness as of September 1, 1942, September 1, 1943, September 1, 1944, and December 19, 1944. The point on the yield curve for certificates of three months' maturity, which was about 0.46 percent on September 1, 1944, had risen to about 0.66 percent by December 19. The September 1 yields, as shown in the chart, were in line with the pattern of rates which had been maintained for the previous two years; while the yield curve on December 19 was markedly out of line with that pattern. This rise in the yields of short-term certificates of indebtedness places them entirely out of line with the $\frac{1}{4}$ of one percent rate on three-month Treasury bills.

You will recall that, in the discussions leading up to the establishment of the present pattern of rates, both you and Mr. [redacted] believed that short rates should be fixed at a level higher than was finally decided upon. Both of you agreed, however, at a meeting held in my office on March 20, 1942, that the Federal Reserve System could and would create any pattern of rates which I might decide was required for the efficient and economical financing of the war. This has continued to be our understanding ever since that time.

During this period, the Federal Open Market Committee has proposed increases in short-term interest rates on several occasions. I have felt myself compelled, as the Government officer principally responsible for the financing of the war,

- 2 -

to reject these proposals in each case. As you know, I feel very strongly that this war should not be financed, as was the last one, at rising rates of interest. Up to the current rise in certificate yields, the pattern of rates set in 1942 has been held extremely well; and I have, from time to time, commended you and many of your colleagues upon your fine performance of the promise which you had made to me, and have told you what a major role it has played in the efficient financing of the war.

It seems to me that the present rise in the yields of Treasury certificates of indebtedness constitutes a departure from the pattern of rates which you had agreed to maintain; and I should, therefore, like to request the Federal Open Market Committee to take appropriate steps, over a suitable period of time, to bring the yields of Treasury certificates of indebtedness back to approximately their September 1 levels.

Sincerely,

(Signed) H. Morgenthau, Jr.

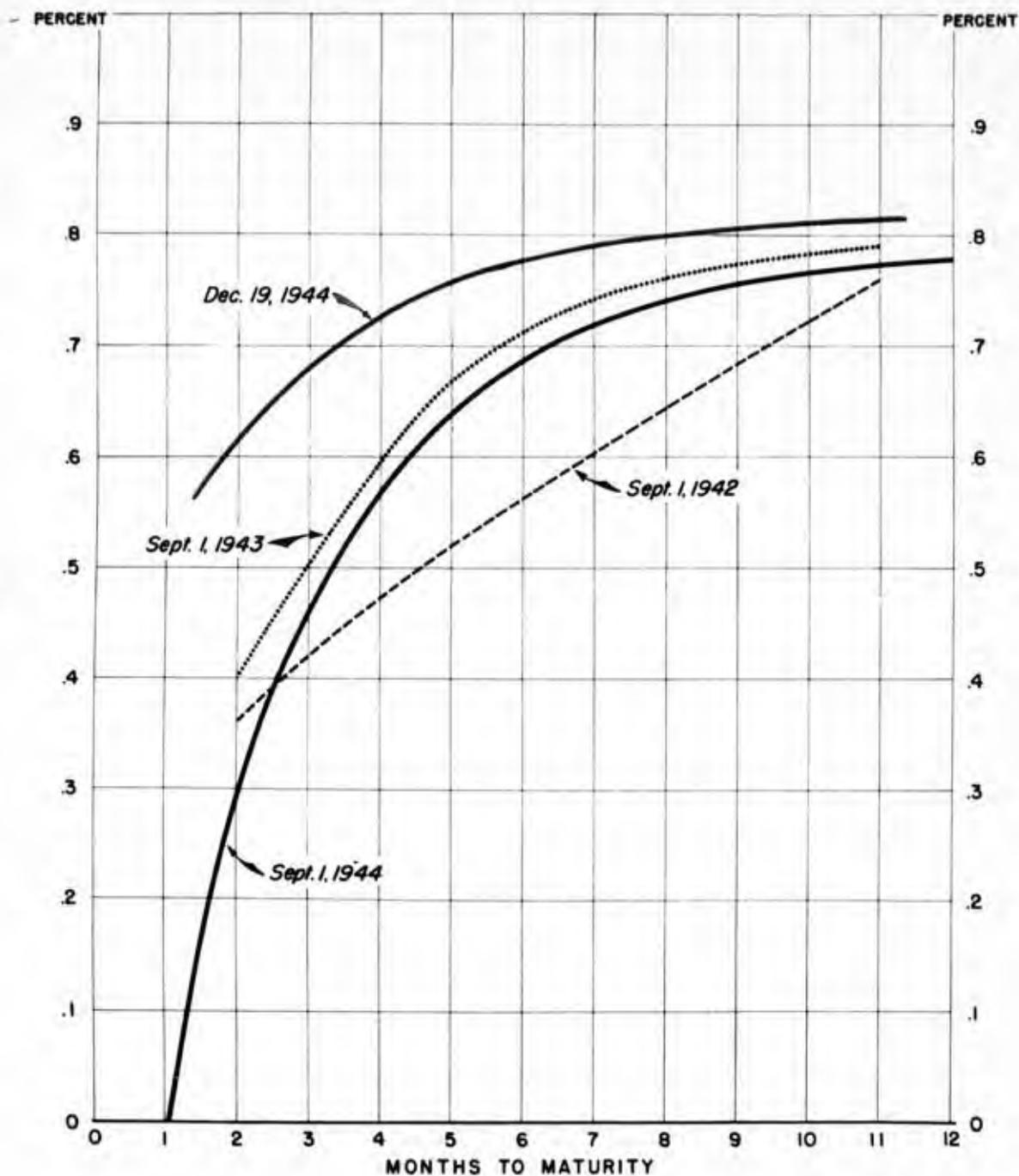
Honorable Marriner S. Eccles
Chairman, Federal Open
Market Committee
Washington, D. C.

Enclosure

GCH:ECM:WL:SGT:jpm 12/20/44
 HCN WY 96 5 RWZ

YIELDS OF CERTIFICATES OF INDEBTEDNESS ON SELECTED DATES

Based on Mean of Closing Bid and Asked Quotations



My dear Mr. Secretary:

When I returned to Wash-
ington a few days ago, after a
month's absence, I found your note
and the package of stamps and

currency.

I have not opened it, as Julia wanted it to be a Christmas surprise for our oldest boy.

I am very happy that Allen is to have this wonderful collection,

and I am deeply grateful to you
for sending it to him.

With sincere thanks for your
great-kindness, I am,

Sincerely yours,

Henrietta Allen Holmes

December twenty-second

Man -

MAREMONT
AUTOMOTIVE
PRODUCTS, INC.

SOUTH ASHLAND AVENUE AT 16TH · CHICAGO 8, ILLINOIS



December 22nd, 1944

Honorable Henry L. Morgenthau
Treasury Department
Washington, D.C.

Dear Mr. Secretary:

You were kind to take time out of your busy schedule to meet with our post election Business Men for Roosevelt group. As one member of the group, I was deeply impressed by your enthusiasm toward the idea, and your comprehensive grasp of the problems involved.

I am hopeful that the next thirty days will be productive of a concrete program so that at that time we can meet again preparatory to getting into high gear without any further delays. The job to be done is formidable, by any standard the time is short. With kindest personal regards.

Yours very truly,

A. H. Maremont

AHM/ml

MEMORANDUM FOR THE SECRETARY

December 22, 1944

Mail Report

The final week of the Holiday lull brought in more gay and cheerful cards than it did official letters on which a mail report could be written. Even complaints were down to a low mark.

There were but 6 requests for tax refunds, and 6 reports from families of Service men whose bonds have not been received. Loss of interest on the securities that have been called continues to be a sore spot, and there were a number of protests this week. Only 3 or 4 letters speaking of excessive cashing of bonds were received. Eight bonds were received for redemption here. There were quite a few inquiries inspired by the recent publicity about the maturing of Adjusted Service Bonds in 1945. ✓

The news from Greece brought quite a flare-up of anti-British feeling, and this was reflected in a number of communications about the Sixth Drive, although comment as a whole on the drive was favorable. There were the usual reports of local sore spots - claims that individuals or groups had not received sufficient recognition, etc. There were again 7 donations to the war effort, although these totalled a smaller amount than the 7 received last week. There was a complete absence of abusive or vituperative communications directed against either the Secretary or the President.

One Christmas card with the printed legend "To my Favorite Uncle" was received by Uncle Sam in care of the Treasury Department.

Gabrielle E. Forbush

The Correspondence Division thanks the Secretary most warmly for his letter of Christmas greeting, and extends best wishes to him for all the coming year.

General Comments

Leon Cherksey, President, American Chemical Paint Company, Detroit, Michigan. The settlement of monies and property confiscated from American Nationals by the German government is one of the important post-war problems which can be equitably solved only if the facts are established beforehand. * * * After the firm establishment in Germany of the Nazi regime, the policies of that government toward all American concerns doing business in that country caused us to experience increasing difficulty in collecting the sums due us from our licensee there. * * * The German debtor firms either earmarked these amounts due in their own bank accounts or deposited them in a German bank for the account of the American creditors. In either event such restrictive regulations were applied to these blocked accounts, that virtually no use of them could be made by the American creditors. The German government would not even permit these credits to be used within Germany to settle American obligations to other German concerns, but insisted that such obligations be paid in dollars from this country. The action was in every effect and consequence equivalent to outright confiscation of current obligations to this country as they fell due. It must be noted that this continued for many years during all of which time, we not only were at peace with Germany, but were sending into that country a steady flow of dollars in settlement of obligations incurred in this country, identical in nature to those which the German government would not permit its nationals to pay abroad. * * * Our tolerance of these conditions enabled the German government to further its war preparations with money effectively confiscated from us. When in June, 1941, the Treasury Department froze all German funds in this country, the "reprisal" action taken by the German government simply provided a veneer of legality for a confiscatory policy which had been illegally in effect for years.

- 2 -

The debts contracted by German nationals to American nationals prior to June, 1941, and which could not be liquidated solely because of this confiscatory policy, cannot be considered or settled in the same manner as obligations incurred after the official freezing of funds by both countries in June, 1941. Any just post-war settlement of these matters must require payment by the German government, in full and with interest, of the American funds which were blocked in Germany as they fell due prior to June, 1941. * * *

William Cerrato, Schenectady, New York. (Telegram)
 We are faced with an indefinite layoff due to no contract. We have built over seven thousand combat tanks. We have subscribed to the purchase of approximately one hundred and fifty thousand dollars in bonds in the past year. We are told daily to stay at war work because of the vital need of the Armed Forces. Is this proclamation sincere, or just propaganda? Is the war over? As far as the American Locomotive Company of Schenectady, New York, is concerned, we will no longer be in a position to buy bonds, but will have to cash our bonds in order to live. Anything you may do to relieve the layoff of these two thousand men will be greatly appreciated.

Helen O. Russell, Bristol, Vermont. Would you kindly explain to a simple, but vitally interested citizen the reason for refusing to accept the payment of two hundred thirty-five thousand dollars by Finland? Has the United States no need for funds? If not, why are we buying bonds? * * * Is there any reason why a creditor should not accept any money honestly due when proffered by a willing-to-pay debtor? If so, my upbringing was neglected. And finally, consider Finland's self-respect. Think of her morale. Finland, the only country that (so far as I can learn) made any attempt or appeared to have any desire to pay an honest debt

- 3 -

to the U. S., is made to feel that her money is not acceptable. It seems equivalent to a slap in the face. I should think more highly of some other countries if they had paid a part of their debt during years of peace, instead of ignoring any slight feeling of obligation which they may have sensed at times. * * *

M. Spruce, Boston, Massachusetts. I would like this money used. We were glad to receive it when on W.P.A. Will you please put a word in the Boston American on the third page on January fifth, 1945, afternoon edition, so we may know you received it. Please mention no name. Best wishes for the New Year from one who appreciated help when badly in need of it.

Unfavorable Comments on Bonds

Robert B. Link, CPhM, USN, c/o Fleet Post Office, San Francisco, California. (Letter forwarded by Senator Robert F. Wagner of New York). Enclosed is a copy of a Treasury Department letter which is self-explanatory. The bonds were purchased by me from a monthly allotment of my Navy pay. The beneficiary is my father whom I designated when I originally registered the bond allotment two years ago. In the interim I married, and quite naturally wished to name my wife as either the new beneficiary or as co-owner. My question is this: why must I have the approval of the present beneficiary to name a new one? * * * This is a prime example of the legal red tape with which the average man is confronted these days in dealing with a government agency. * * * The reasons behind such a confusing situation as this are not to be fathomed by us common folk, a cross section of which may be found aboard this ship or in any branch of the armed forces overseas. I am definitely not excluding myself from this group. You will note the letter is quick to point out my only other alternative - of cashing in my bonds - should I find myself unable to circumvent my present beneficiary. To me, this makes the comedy complete! At present there is a gigantic War Bond Sales Drive going on wherever there are Americans, and a representative of the Treasury is practically encouraging me to cash my bonds. Of course, he offers also the suggestion that I buy more bonds with the money. He underrates the intelligence of John Doe! Why should I trade a bond which matures in 1953 for one maturing in 1955? To men who have left their homes to sacrifice themselves completely and willingly and are buying war bonds as well, this is discouraging if not disgusting. * * *

Richard J. Duval, Annapolis, Maryland. U. S. Government bonds are redeemed without due notice to the owners of them. This entails a loss of 6 months interest to

- 5 -

the owner. A recent example is that of a lady in this household whose annual income is between \$300.00 and \$400.00. She had \$1,600.00 in bonds due 1944-46. When the October coupons were sent in they were returned because the bonds had been called in April. This caused her a loss of \$26.00 plus. * * * No notification was given. It was learned afterwards that there had been an obscure and exceedingly small advertisement in some newspaper. The foregoing is one of several similar instances in this household. The approaching redemption of a series of bonds should have such publicity as to attract the attention of all concerned.

H. A. Towne, Des Moines, Iowa. The enclosed clipping from the Register, Des Moines' only newspaper, proves what I have believed all the time - that Roosevelt was planning to do something to make all these Bonds worthless, and he has told you not to buy any. You can't convince me that any Federal Law prohibits you from buying as many bonds as you want. I'll venture F.D.R. and Eleanor are not buying any either and crabby old Ickes and the rest of the gang in Washington. * * *

Susan L. Fitz, Jamaica Plain, Massachusetts. After listening to your broadcast on Saturday night, December 16, I thought how true the saying "The silent constant workers receive no recognition nor appreciation." The teachers of the United States not only for Bond Drives but continually, week in, week out, day in, day out, are urging their pupils to forego entertainment, defer pleasures and luxuries in order to buy stamps to later convert into Bonds. Our little school will probably buy about \$10,000 worth. Yet they receive no thanks.

Unfavorable Comments on Taxation

Bettina L. Gorfinkle, New York, New York. (Copy of letter addressed to Bureau of Internal Revenue). In March of 1944, I filed my income tax showing that I had overpaid to the extent of \$229.00. In May, because I needed the money badly for dental purposes, I went to your office, but I was told that nothing could be done about hurrying the rebate. In fact, one clerk told me that it might take years before I received the money back, and that I really should not expect it until after the war. Later, I read in the papers that the Government planned to have all rebate checks paid within a nine-month period. * * * For lack of money, I delayed the very necessary dental work, with the disastrous result that now it will cost me more, for the delay proved very serious. Last week I was forced to borrow \$175.00 from the Household Finance Company, Brooklyn office, New York, in order to cover the cost of such work. It doesn't seem very fair, does it, that I must borrow money at a terrific rate of interest when \$229.00 is due me for almost a year and a half, for since my 1943 tax due the Government was actually paid long before the year was out, I was overpaying long before I even sent in the rebate application. * * *

Mrs. A. J. Wooten, Raleigh, North Carolina. According to the auditor of our business, we over-estimated our earnings in the last report, and the Government owes me over \$500.00 refund for over-payment of income tax. But we can get no satisfaction from the Collector of Internal Revenue at Greensboro, N. C., and, although a whole year has passed, I have received no refund, nor have I been allowed to deduct anything from the payments he claims are due each quarter. This situation does not make me feel like buying war bonds, etc., but I have bought them, just the same, since I have a son in the war. He's in England, now. Soon will be on the Continent, fighting (maybe dying) for British Imperialism, to help save the British Empire while we

will again be "Shylocks" (to them) and left holding the bag, as we were before! The British are too smart for us.

Ernest Mueller, Teaneck, New Jersey. Up to date I have not received the refund due me on last year's taxes. If I had this refund I would buy War Bonds. You say buy War Bonds, but how can anyone invest when more is taken out of the salary than they owe the government. I receive a pension and my employer takes \$378 out of my pay without taking into consideration the interest I have to pay on my house, as well as the local taxes. By the time I pay Doctor's expenses, as my wife is not well (about \$20 a month), what is there left over for Bonds.

DEC 22 1944

Dear Mr. Elkus:

Thank you very much for your letter of December 16.

I notice that, in the Harper's article dealing with Germany to which you refer, the writer at least appears to appreciate the fact that heavy industry is the core of Germany's war-making potential. Of course, anyone who will give any thought to the record of our own country in converting from the world's greatest peace-time producer to the world's greatest producer of military weapons in a period of less than four years cannot fail to see that heavy industry is the heart of any nation's means to wage modern war.

Since most everyone grants that the German people have the will to try it again, one wonders what may be the real motives of many of those who oppose a program designed to deprive Germany of the basic means by which she can exercise this will.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Abram I. Elkus
40 Wall Street
New York City
New York.

JED:ecr
12/21/44



TREASURY DEPARTMENT
WASHINGTON 25



December 22, 1944

To: Secretary Morgenthau

From: J. W. Pehle

The following is a summary of significant developments in the Procurement and Surplus Property offices for the week ending December 16, 1944:

Administration:

First in order of importance in the Surplus Property program is the selection of an able Director of the Office of Surplus Property, a post which at the present time in practice is being filled by me.

We are progressing along the lines mentioned in last week's report to consolidate administrative services effectively. We have now established an Executive Office to handle the overall administrative problems of both the Procurement and Surplus Property offices.

Unified plans for the classification of orders, instructions, etc., are now being drawn up for the entire Procurement Division, thereby eliminating the two uncoordinated plans now in existence.

A proposal was prepared calling for an analysis of supplies and equipment commonly used by the Government to determine possibilities for the stockpiling of such items available from war surpluses.

- 2 -

Procurement:

There is attached hereto a schedule representing Lend Lease purchases by Procurement as of December 16. Our regular purchases for the week amounted to \$318,145.28.

Included in our purchases for the week were 1,983,600 pounds of horseshoe nails for use in horse-drawn transportation in France; 1,200,000 pounds of a certain type of safety paper, which shows any attempts at counterfeiting, for use in Italy in manufacturing ration books; and 12,000 tons of manganese steel bars for the manufacture of shells for the Russian Army.

We were called upon by UNRRA to furnish 6,690,000 square feet of soling sheets of composition rubber and 67,600 pounds of DDT insecticide for use in liberated areas. The distribution of the insecticide has been previously restricted to military use.

Two contract renegotiation cases were disposed of and \$60,000 was recovered.

Surplus Property:

During the week two of the three members of the Surplus Property Board were confirmed by the Senate. It is our hope that the Board will soon become active, since the Surplus Property Act places upon the Board full responsibility for determining policy within the framework of the Congressional intent. It will be necessary for us to work closely with the Board in order that the policies established will be workable ones, and in order that our experience and judgment on such matters are made fully available to the Board in carrying out its tasks.

- 3 -

We underwent Congressional investigation by the Senate Sub-Committee on Surplus War Property Disposal during this week. The hearings were generally successful from our point of view.

All our regional offices were requested to establish committees consisting of the regional director, deputy in charge of sales and merchandising chiefs, in order to make sure that there was a complete examination of all negotiated sales and informal bids. Reports from the field indicated that all but three of our regional offices had previously established such committees and the remaining ones have indicated they will establish them immediately.

The date of the change on price of flashlight batteries has been extended by OPA from January 1 to February 1. This will enable Treasury to allocate and make shipments prior to price reduction, which will amount to a saving of approximately \$117,000 to the Government.

Word from the War Department indicates that the European emergency needs will require withdrawal of approximately 8 million of the 23 million flashlight batteries declared to us. This action by the War Department highlights one of our problems: The practice of owning agencies withdrawing property previously declared by us to be surplus. By proper cooperation with owning agencies we hope to be able to keep this at a minimum. However, we must recognize that shifts in the tide of war and other inevitable events are bound to cause some action of this sort on the part of owning agencies. If we object too much, we will find that the owning agencies are not declaring articles surplus at anywhere near the rate at which they should be declared.

- 4 -

A meeting was held this week with the Federal Buying groups in the District area and preliminary plans were worked out for effective cooperation in the purchase of surplus property by Federal agencies.

We have sold a considerable amount of harness which had been declared to us, but there is still a sizable amount of this commodity on hand. In a recent offering, quotations on approximately \$130,000 worth of harness were less than 25 per cent of appraised value, which indicates that the market is pretty well absorbed. It may be necessary to stockpile some such items.

Telegrams have been sent to the field to require notification of sales offers to states, municipalities, etc. The Surplus Property Act not only requires that states, municipalities and other governmental subdivisions be notified of offers, but establishes a priority for such organizations inferior only to the priority given to Federal agencies. In securing effective notification to these agencies, we are taking the first step toward carrying out the intent of the Act.

A plan was presented to the War Department for the concentration of surpluses at disposal centers to be used as warehouses, sale and display centers. The War Department is now studying the matter and a definite program should be set up by the first of the year. The War Department is giving us very effective cooperation in meeting our problems in this field.

Publicity correspondents have been appointed in our Chicago, Kansas City and Denver Regional Offices. A representative of this office visited these regions to make the appointments and to lay the ground work for proper relations with the press and public.



LEND-LEASE
 TREASURY DEPARTMENT, PROCUREMENT DIVISION
 STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
 DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS
 AS OF DECEMBER 16, 1944
 (In Millions of Dollars)

	<u>Total</u>	<u>U. K.</u>	<u>Russia</u>	<u>China</u>	<u>Administrative Expenses</u>	<u>Miscellaneous & Undistributed</u>
Allocations	\$5851.4 (5851.3)	\$2628.0 (2628.0)	\$2457.3 (2457.3)	\$133.9 (133.9)	\$17.2 (17.2)	\$615.0 (614.9)
Requisitions in Purchase	\$ 188.1 (216.3)	\$ 29.4 (31.1)	\$ 51.8 (66.9)	\$ 3.0 (3.1)	- -	\$103.9 (115.2)
Requisitions not Cleared by W.P.B.	\$ 95.4 (114.6)	\$ 22.7 (23.1)	\$ 51.4 (67.3)	\$.5 (.4)	- -	\$ 20.8 (23.8)
Obligations (Purchases)	\$4405.1 (4340.7)	\$2050.7 (2041.9)	\$1899.3 (1858.1)	\$ 68.4 (68.4)	\$15.6 (15.2)	\$371.1 (357.1)
Deliveries to Foreign Governments at U. S. Ports*	\$2722.7 (2663.3)	\$1549.7 (1536.5)	\$1092.9 (1046.7)	\$ 25.4 (25.4)	- -	\$ 54.7 (54.7)

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

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

BHC-711
Distribution of true
reading only by special
arrangement. (WASHDC:W)

London

Dated December 22, 1944

Rec'd 7:15 a.m., 23rd

Department of State

Washington.

11395, December 22, 8 p.m.

FOR PEHLE FROM MANN.

Please deliver a paraphrase of the following message from Irving Abramson to Lee Aerials National Director CIO War Relief Committee 1775 Broadway, New York:

Belgian funds for relief behind Axis lines tied up American Legation Bern, Switzerland, on grounds that Belgium has been liberated. New military action and possibility of rescue Belgian workers in Germany requires renewed attention immediately. Present trustees not available. Omer Becu representative Belgian trade unions and Oldembreek representative International Transport Workers recommend you change trustees to Louis Major and Paul Finet, secretaries Belgian Confederation of Labor. I approve. Have license changed immediately and request funds be made available to new trustees care of Belgian Legation Switzerland. WRB representative here cabling re this matter. Secure immediate approval American Federation Labor. If my recommendation can be carried out, notify WRB representative London who can get message to trustees that funds available Switzerland and their duties under license. Please contact WRB and other interested agencies immediately. End message.

Following for Board. Abramson and I have discussed various projects joint labor committee. He is very disappointed that Belgian funds have not been released for rescue and relief projects in occupied territory. I am advised of this project only by Abramson and Becu. They believe it possible to rescue some of 400,000 Belgian workers deported to Germany and to de-relief in occupied territory. Abramson strongly requests his recommendation in above message be carried out and states that unless funds made available for project, he proposes to withdraw them immediately and use for other purposes. On basis my information I cannot give possibilities of projects being carried out effectively but have no reason to disagree with Abramson's belief. Please communicate with appropriate parties and advise me what is to be done as soon as possible.

WINANT

WSB

KEM-723

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

Vatican City

Dated December 22, 1944

Rec'd 8:18 a.m., 23rd.

Secretary of State,

Washington.

415, December 22, 5 p.m.

My 408, December 18 memorandum from Vatican December 21 states that according to information received at the Secretaries of State the American citizenship of the following persons of the Jewish race residing in Slovakia has been recognized: Elenaer, Eugenia Romberg, Carlo Schlesinger and his wife Ella, Ladis Lao Simon, Oscar Simon, Clara Simon, Nicola Simon, Giovanni Simon, Lina Bernat, Emilio Weis his wife Lina and son Isidore. According to recent information received the 13 above mentioned persons were transferred to Germany about November 20 last and are at the present time in the Bergen Belsen (Hanover) concentration camp.

TAYLOR

JMB

CABLE TO AMERICAN LEGATION, STOCKHOLM, FROM WAR REFUGEE BOARD

Please deliver the following message to Rabbi Wilhelm Wolbe,
11 Olefsgotten Strasse, Stockholm, from Rabbi A. Kalmanowitz, Vaad
Hahatzala Emergency Committee:

QUOTE SURPRISED NO REPORT ON RESCUE FROM LITHUANIAN AND BALTIC STATES. PLEASE ADVISE IMMEDIATELY EXISTENT POSSIBILITIES FOR RESCUE AND ALSO RELIEF THROUGH TRANSFER OF FOOD CLOTHING AND MEDICAMENTS. UTILIZE FUNDS ON HAND AND GIVE CONCRETE PLAN FOR FURTHER ACTIVITIES. CONTACT CHAYE MARK SHULMAN JESIBOTU 16 KAUNAS VILIJAMPOLE ALSO RABBI ISRAEL GUSTMAN NIEMETCKA 18 VILNIUS. INVESTIGATE SEND NAMES AND ADDRESSES THOSE RESCUED KOVNO AND VILNO SECTIONS. PLEASE ADVISE ALSO THE DEVELOPMENTS REGARDING RELEASE SHANGHAI. GIVE US COMPLETE REPORT ON NEWLY FORMED BALTIC JEWISH RELIEF COMMITTEE UNQUOTE

THIS IS STOCKHOLM CABLE NO. 275.

11:30 a.m.
December 22, 1944

CC-701
Distribution of true
reading only by special
arrangement. (SECRET W)

Stockholm

Dated December 22, 1944

Rec'd 6:39 a.m. 23rd

Secretary of State,

Washington.

5234, December 22, 7 p.m.

Yesterday afternoon substance of Department's 2537 December 16, midnight was communicated to Hellstedt of Swedish Foreign Office who stated that submission of names of persons in Germany and German occupied countries other than Hungary could perhaps be considered as followup of original Swedish step of informing German Government that entry of such persons into Sweden would be allowed. Before replying definitely Foreign Office desired to consult Swedish Legation in Berlin.

This is for Ivar Olsen and is our number 117 for War Refugee Board.

Hellstedt inquired concerning reaction of American authorities to Swedish suggestion that lists be presented through Swiss Government (see Legation's 5043 December 9, 11 a.m.). Comments on this proposal would be appreciated.

Receipt is hereby acknowledged of following additional WRB lists of persons in enemy occupied Europe on whose behalf petitions for issuance of immigration visas have been approved: 248, 249, 253, 253, 255, 258, 259, 260, 261, 262, 263. The first five lists have been submitted to Swedish authorities while last five which were received December 19 are being prepared for transmission.

Also following WRB lists of relatives of resident aliens whose verification of last entry has been approved have been received: 250, 257. Both of these lists have been submitted to Foreign Office.

JOHNSON

JMB

C
O
P
Y

DMH-706

Stockholm

Dated December 22, 1944

Rec'd 6:48 a.m., 23rd

Secretary of State

Washington

5235, December 22, 8 p.m.

This is our No. 116 for War Refugee Board.

Report from Wallenburg dated December 8 just received from Swedish Foreign Office gives following information.

Since last report, position of Hungarian Jews has become still worse. About 40,000 Jews, 15,000 men from labor service and 25,000 persons of both sexes who have been taken from their homes, have been forced to march on foot to Germany a distance of about 240 kilometers. The weather has been cold and rainy ever since these death marches started and the people have slept under rain covers and in the open. Many have died. In Moson Magyarovar, Wallenburg personally saw seven persons who had died that day and seven the day before. Secretary of Portuguese Legation reported having seen 42 dead persons along the line of march and others reported similar figure. If the marchers could not manage to walk longer, they were shot. At the border, they were taken over by the SS-Special Kommand Reichman and were beaten and those surviving were put at hard labor in the border fortifications.

Twenty thousand military labor men have been taken to the border by railroad. These men are working mainly on Hungarian ground.

The forced labor service mentioned in a previous report has ceased.

The Jews are brought together in a central ghetto which will house about 69,000 Jews but which will probably house many more, and in an alien's ghetto for 17,000 which already houses 35,000. Of this number 7000 are in Swedish houses, 2,000 in Red Cross houses and 23,000 in Swiss houses. Every day a thousand Swiss or Vatican wards are

removed for deportation or to the central ghetto. In the ghettos the Jews live four to twelve persons per room but the best conditions prevail in the Swedish houses. An epidemic of "Ruhr" sickness has broken out among the Jews but it is not yet widespread. In the Swedish houses the health conditions are still good. Only five have died so far. The section is now vaccinating the ward Jews against typhus, paratyphus and cholera. Even the staff must be vaccinated. In general the Jews are destitute because in the transposition, they were only allowed to take with them what they could themselves carry. The supply situation will soon be disastrous.

The Arrow Cross men take lots of Jews in their localities and ill-treat and torment them before taking them to the places from which they are deported.

Rumors are circulating that a death brigade closely affiliated with Minister Kovacs will arrange a program against the Jews but Wallenburg does not think this program will be extensive because the SS organs are said to have received orders not to arrange any systematic Jewish slaughters.

Following the death blow in October, the section has been further expanded.

JOHNSON

LMS

Dated December 22, 1944

Rec'd 4:58 a.m., 23rd

Secretary of State,

Washington.

5235, December 22, 8 p.m. (SECTION TWO)

Employees total 335 in addition to about 40 physicians, house governors, et cetera. These all live in the localities of the section plus the same number of family members. There are about 10 offices and living houses one of which is in the aliens ghetto. Two hospitals have been established with about 150 beds. Also a soup kitchen has been set up. The Jews in the Swedish warehouses leave their ration cards with the section where the supplies are brought in and distributed. A large part of the sections correspondence has been destroyed. The food section has bought about 2,000,000 pengos worth of supplies.

Results obtained. The section has succeeded in procuring an open command from the Honved Minister that all Jews in the labor service with foreign documents should be returned to Budapest. After orders had been given by a military person sent out in one of the section's cars about 15,000 Jews have returned.

Until it was forbidden the march columns to the border obtained certain food and medicine but this was only for a short time.

About 200 sick persons have been rescued from the places of deportation.

Through intervention in one form or another at the loading places of Jews for deportation about 2000 persons have been brought back - about 500 from Heyeshalon alone. This traffic, however, has been interrupted since the Germans in the Eichman commando have threatened forcible measures.

Until now the Jews with protective passports have managed best of all foreign powers wards. Only 8 to 10 have been shot in Budapest and vicinity up to date.

NPL (END OF MESSAGE.)

JOHNSON

CABLE TO AMLEGATION BERN, SWITZERLAND, FOR MCCLELLAND

Reference your 8115 of December 13. No information has reached Board from Stockholm.

THIS IS WRB BERN CABLE NO. 336.

11:30 a.m.
December 22, 1944

AIRGRAM TO AMLEGATION BERN, SWITZERLAND, FOR MCCLELLAND

With reference to situation in Slovakia, the following information was received from Vatican City:

QUOTE Vatican under date of December 16 transmits report on subject dated December 5 from Slovak Government of which following is substance:

The German military authorities began deporting from Slovakia in October, 1944 the Jews who had been assembled by the Slovakian authorities in labor camps in Slovakia. In addition they deported Jews with American passports who had been residing in the Marianka Castle near Bratislava. When the Slavic Government protested against these measures, the Germans replied that the Jews in Slovakia, after having obtained arms from the partisans, attacked German soldiers with these arms and since Slovakia is becoming the battlefield (according to the Germans) a group of persons who would take up arms again to fight against the Germans when a favorable occasion arises cannot be allowed to remain on this territory. As for the Jews with American passports, the German authorities have indicated that all these Jews will be exchanged against Germans. Until the arrival of the Germans from the United States, the Jews are being detained on German territory where naturally they will be treated in a proper (convenient) manner. The report from the Slovak Government ends with the statement that at the time of writing, the representative of the International Red Cross committee is in Bratislava and can see for himself what the situation is. UNQUOTE

With reference to assistance to Jews in Belsenbergen holding Latin American passports, Board is informed by Apostolic Delegate in Washington that Apostolic Nuncio in Berlin took up this matter with the German Government authorities and received a reply to the effect that these Jews, as American citizens, were represented by their own proper protecting powers.

THIS IS WRB BERN CABLE NO. 337.

1:45 p.m.
December 22, 1944

ALH

Distribution of true
reading only by special
arrangement. (SHORR V)

December 22, 1944

8 p.m.

ALLEGATION

BEEB

4314

The following for Meuleland is WEB 332.

Reference your 8044 of December 9 and 8169 of December 16.

The distribution by IORO of S. S. CHRISTINA cargo and WEB's initial 15,002 parcels is regretted by Department and Board. Exchange of telegrams between us and IORO in part with respect to distribution has made it evident that IORO has been reluctant to distribute among potential beneficiaries on racial or religious grounds, and has repeatedly announced its determination to be motivated by need and accessibility. Paragraph 6 your 8044 reiterates this stand QUOTE that relief shipments handled by Committee for unassimilated persons in German-controlled areas be on an impartial basis and not limited to any national, religious, or racial groups. UNQUOTE With this stand Department and Board are in hearty accord. But the argument reported in your 8044 with regard to JDO and World Jewish Congress programs and the proposed distribution scheme of further shipment suggested in your 8159 seem to us to represent departures from the previously stated attitude.

We are certain that the IORO arguments and their new distribution proposal do not represent your personal views and the Board feels sure that you are in accord with its views. Accordingly, you are requested to advise IORO that the Board feels strongly that arrangements for the distribution of the 224,328 parcels now enroute to Gothenburg and the 60,672 parcels awaiting shipment to Yenlen be made on an equitable basis motivated solely by need and accessibility.

The Board is in agreement with the suggestion contained in your 8169 and hereby authorizes you to arrange for the forwarding of test shipments to Poland under the best obtainable distribution guarantees, but urges that no repeat shipments be forwarded to Poland until reasonable assurance is obtained that supplies from the test shipments have reached intended beneficiaries.

Regarding restricted interpretation of the term QUOTE camps UNQUOTE in your 8044, you are requested to urge IORO to adopt a realistic view of the purposes for which the WEB parcel program was inaugurated. It is recommended that, for purposes of WEB's parcel distribution to the unassimilated, the term "camps" be regarded by IORO as implying all those places where the unassimilated are confined, detained or otherwise forcibly congregated and where some reasonable assurance can be obtained that the parcels will reach intended beneficiaries.

WASHINGTON

VA

SAP

SECRETARIUS
(RM)

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
 TO: Secretary of State, Washington
 DATED: December 22, 1944
 NUMBER: 8265

SECRET

The following message is from McClelland for WRB.

We have received word from Kasztner in Budapest recently that the Germans, Becher of SS, in particular, are greatly interested in possibility of exchanging individuals in their custody against Germans captured in Rumania (for example, directing personnel of Central Jewish office at Bratislava). Can you perceive any possibility of Russians and Rumanians concurring in this? Kasztner reports that the lot of certain Jews in the hands of Germans could be bettered, short of actual exchange, by securing even agreement from Rumania to permit ICRC access on reciprocal basis to interned Germans in Rumania.

HUDDLE

DCR:MEED:MLM 12-26-44

PEM-1086

PLAIN

Bern

Dated December 22, 1944

Rec'd 8:55 p.m., 24th

Secretary of State,
Washington.

8274, Twenty-second.

FOR WRB FROM MCCLELLAND

Kindly deliver the following message from Noel Field to Charles Joy of the Unitarian Service Committee, Boston:

I have just received your recent cable through WRB. I have partially answered it by cables via Lisbon during past few days. I shall answer you soonest regarding Poland. I believe we can send clothing food from here through Intercross.

I shall send future cables to you direct although this will involve considerable increase in our overhead expenses here. Tempé is French citizen. Send no funds to Paris pending further notice. Possibility of loan under consideration. Meanwhile I suggest you send part accumulated French budget to Geneva for purchase Switzerland of clothing and food for refugees in France same as for Maurienne. I am anxiously awaiting receipt of remaining \$20,000 for latter program. What is our Swiss budget for 1945? I have cabled my suggestions regarding an American staff via Lisbon December 20. Cordian seasons greetings". 2380.

HUDDLE

LMS

AMT-971
Distribution of true
reading only by special
arrangement. (SECRET W)

Ankara

327

Dated December 22, 1944

Rec'd 7:08 a.m., 24th.

Secretary of State,

Washington.

2402, December 22, 10 a.m.

FROM KATZKI TO PEHLE WRB

Russian authorization was finally secured by the Ambassador to enable the 608 refugees and emigrants Hungarians, Poles and Rumanians all proceeding from Rumania to Palestine who were detained at Stara-Zagora and Kazanlik Bulgaria (see Embassy's 226, Ankara's 189 and Embassy's 2256, Ankara's 191) to continue their voyage. (Ankara's No. 205) the first group comprising 280 persons departed from Stara-Zagora immediately upon receipt of authorization and arrived at Karaagac on the Turk frontier on December 21. Istanbul representatives of the Jewish agency called upon the Istanbul British passport control office during the morning of December 21 to obtain the necessary documents in accordance with the general agreement between the American and British Embassies and the Turk Foreign Office for the issuance of Turk visas to all refugees concerning which you have been informed in order that the group might be permitted by the Turk authorities to enter Turkey in transit. The representatives were advised by the British passport control office that the latter had been informed earlier in the morning by the British Embassy in Ankara that on the afternoon of December 20 the British Embassy had notified the Turk Foreign Office in writing that the general agreement referred to should be regarded as terminated. This cancellation was made without notice to Ayrascad or Steinhardt who on behalf of the American Embassy and the WRB had initiated and carried on the negotiations resulting in the general agreement nor to the Jewish agency nor to the British passport control office in Istanbul nor to me as representative of the Board. The British Embassy when advised of the arrival of the group at Turk frontier stated its decision must stand and matter must be referred to Jerusalem. During the afternoon of December 21 before it was possible to attempt to find even a temporary solution the 280 persons were returned to Bulgaria and are now at Stalingrad to which the remaining 328 detainees in the meanwhile had proceeded en route to Turkey and Palestine.

It should be noted that the 608 people departed from Rumania in good faith on or about November 16 en route for Palestine in accordance with an agreement then in force which gave them the right to expect that they would be permitted to enter Palestine and that Turkish transit facilities would be accorded them. Through no fault of their own their emigration had been interrupted in Bulgaria and they are now subject to disadvantage as the result of the cancellation by the British of an agreement, without warning, which cancellation is being enforced retroactively.

The foregoing summarizes the situation as of noon December 22. Ambassador Steinhardt expects to discuss the situation with the British Ambassador immediately. You will be kept informed of developments.

RB

STEINHARDT

NOT TO BE RE-TRANSMITTEDCOPY NO. 4SECRETOPTEL No. 413

Information received up to 10 a.m., 22nd December, 1944.

1. NAVAL

Situation Piraeus and Salonika 20th reported quiet. Human torpedo has been sunk by French Auxiliary off Nice. One of H.M. Submarines during recent patrol Macassar Strait sank 8 small craft.

2. MILITARY

WESTERN FRONT. Position on Southern flank of German breakthrough still rather confused. On right the front is holding firm and Echternach is in U.S. hands, but on left German armour has by-passed Bastogne and is driving west and southwest. On Northern flank position generally stabilising. U.S. troops hold Malmedy, Stavelot, Vielsalm and St. Vith. Retention of latter has considerably slowed down the move forward of enemy reinforcements since it is important centre of road communications. Marche is also in our hands and U.S. armour is operating between St. Vith and Marche. No further penetrations reported north of this line.

ITALY. Bagnacavallo has been occupied by Canadians. North of town good progress made and Germans here have been forced to retire behind River Senio. South of Bagnacavallo the advance continues against light resistance.

GREECE. Our troops in the Athens/Piraeus area have increased the area under their control. Hostilities have broken out between EDES and ELAS in Epirus.

EASTERN FRONT. Further slight Russian advances east of Lucenec and northwest of Miskolc, also in area 55 miles northeast Budapest.

BURMA. In Central Burma our patrols have advanced southwards to within 3 miles of Pyingaing without contact.

3. AIR

WESTERN FRONT. 21st. Bad weather continued. 94 Lancasters dropped 441 tons Treves by navigational aids and achieved fair concentration. No sorties over Northern sector battle front and only 159 fighter bombers and fighters (1 missing) operated over Central and Southern sectors.

21st/22nd. Bomber Command sent out 541 aircraft:- Oil Plant Politz - 207 (3 missing); Marshalling yard Cologne - 136; Bonn - 114; Seaming - 53; other missions - 31.

MEDITERRANEAN. 20th. 523 escorted U.S. heavy bombers despatched, 14 missing. Principal targets attacked: oil refineries Brux - 101 tons and Regensburg - 326; Skoda Works Pilsen - 113; all with good results. Railway centre Linz - 174 and Villach 91 tons.

38 Wellingtons and 48 fighters attacked communications Yugoslavia. Weather restricted tactical operations over Italy to 244 sorties (1 aircraft missing). 39 aircraft carried supplies to Greece.

4. HOME SECURITY

To 7 a.m. 22nd. 21st. 3 rockets reported.