

DIARY

Book 811

January 19-23, 1945

- A -

	Book	Page
Aarons, Lehman C.		
See Appointments and Resignations		
Appointments and Resignations		
Aarons, Lehman C.: Appointed Assistant General Counsel - 1/19/45.....	811	65
Taylor, William H.: Appointed Assistant Director of Monetary Research - 1/19/45.....		66

- B -

Blue Network		
See Morgenthau, Henry, Jr.		
Bretton Woods Conference		
See Post-War Planning		
Business Conditions		
Haas memorandum on situation, week ending January 20, 1945 - 1/22/45.....		317

- C -

China		
Export-Import Bank loans - moratoria of (two-year) discussed in White memorandum - 1/22/45.....		332
Correspondence		
Mrs. Forbush's mail report - 1/19/45.....		113
Crowley, Leo T.		
FDR's comment on continuation in Government reported to Treasury group by HMJr - 1/20/45.....		193

- D -

Dumbarton Oaks		
See Post-War Planning		

- F -

Financing, Government		
Security market - current developments in: Haas memorandum - 1/22/45.....		311
War Savings Bonds: 6th War Loan Drive		
New York Herald Tribune editorial, "Home Front Victory": Copy of and correspondence concerning - 1/22/45.....		305,308
France		
Pleven-Mendes France views on inflation discussed in letter from Treasury Representative Hoffman - 1/22/45...		338
Pleven-Mendes France disagreement on financial policy for France: See Book 814, page 129		
Civil Servants: Forced saving system described by Treasury Representative Hoffman - (1/8/45).....		342

Germany

	Book	Page
See also Post-War Planning		
Conditions reported by Office of Strategic Services - 1/19/45.....	811	158
(See also Book 812, page 330 - 1/26/45)		
Hitler plot - story reported by Office of Strategic Services - 1/27/45: See Book 813, page 74		
"Free German Committee" in U.S.S.R. - 1/29/45: Book 813, page 282		
U.S.S.R. pattern in Rumania, Bulgaria, and Hungary - Germans expect same: Book 813, page 292		

Greece

Need for foreign loan discussed in cable to American Embassy, Athens - 1/22/45.....		344
--	--	-----

"Home Front Victory" (New York Herald Tribune editorial)  
See Financing, Government: War Savings Bonds  
(6th War Loan Drive)

Italy

Armistice Terms: Status of negotiations with British on amendments - Glasser memorandum - 1/22/45.....		334
---	--	-----

Kilgore, Harley M. (Senator, West Virginia)  
See Labor, Department of

Kiplinger Letter

Tax supplement - contacts in Treasury discussed by HMJr and 9:30 group - 1/19/45.....		23
--	--	----

Labor Department

Kilgore or Winant as Secretary discussed by Mrs. FDR and HMJr - 1/23/45.....		363
---	--	-----

Lend-Lease

United Kingdom - Phase 2: Sir Robert Sinclair memorandum, "Effects of Munitions Agreements on British Manpower" - 1/19/45.....		151
--	--	-----

McConnell, Robert E.

See Post-War Planning: Germany (Industries)

- M - (Continued)

	Book	Page
Mendes-France, Pierre		
See France		
Morgenthau, Henry, Jr.		
Book or series of articles on outstanding achievements of HMJr - possibly by DuBois - discussed by Treasury group - 1/19/45.....	811	8
Informal talk at meeting of personnel officers of Treasury - 1/19/45.....		67
"You Lend Your Money": Blue Network weekly program featuring Secretary of Treasury - 1/20/45.....		214
a) Procedure outlined - 1/26/45.....		295
Murphy, Robert		
See State Department		

- N -

Netherlands		
Transfer of large industrial plants by the Germans discussed by HMJr and staff - 1/20/45.....		211
New York Herald Tribune		
"Home Front Victory" - editorial: See Financing, Government - War Savings Bonds (6th War Loan Drive)		

- O -

Office of Strategic Services		
Reports on conditions in Germany: See Germany		

- P -

Pasvolsky, Leo		
See State Department		
Personnel Officers, Treasury		
Informal talk by HMJr - 1/19/45.....		67
Philippine Islands		
Ickes sent information concerning members of Commonwealth Congress uncovered by Foreign Funds Control - 1/19/45..		128
a) Ickes' reply - 1/31/45: See Book 817, page 157		
b) Ickes' appreciation reported to Treasury group - 2/5/45: Book 816, page 94		
c) Foreign Funds Control program suggested in Treasury letter - 2/7/45: Book 817, page 155		
Pleven, Rene'		
See France		
Post-War Planning		
Bretton Woods Conference (Continued on next page)		
Conference in Rayburn's office; present: Rayburn, HMJr, Acheson, McCormack, Spence, Wolcott, White, and O'Connell - 1/22/45.....		381
Surplus Property, Disposal of: Fahle Report for Week ending January 13, 1945 - 1/23/45.....		397

	Book	Page
Post-War Planning (Continued)		
Bretton Woods Conference (Continued)		
Legislation strategy discussed by Treasury group - 1/24/45: See Book 812, page 1 (See also Financing, Government: Federal Reserve Legislation - Book 812, page 3)		
Legislation strategy discussed in office of Beaman (Legislative Counsel, House of Representatives) - 1/27/45: Book 813, page 17		
Legislation strategy discussed in office of Acheson (State Department) - 1/29/45: Book 813, page 223		
Dumbarton Oaks: WINX broadcast and Mrs. HMJr's comment thereon - 1/21/45.....	811	253
Germany: Industries - McConnell report on studies - 1/23/45.....		407
Taxation		
"Outlook for Federal revenues" and "General economic outlook in the post-war period" (Joint Committee on Taxation studies) - Blough memorandum - 1/23/45.....		387
Blough discussion - 1/31/45: Book 814, page 184		

Rubber		
Payment for Ceylon rubber consigned to Rubber Reserve Company before July 1: Letter to be signed by Secretary of Treasury, Secretary of State, and Foreign Economic Administration Administrator discussed by 9:30 group - 1/19/45.....		37
(For actual letter see page 64)		

Security Market		
See Financing, Government		
Sinclair, Sir Robert		
"Effects of Munitions Agreements on British Manpower" - memorandum: See Lend-Lease (United Kingdom - Phase 2)		
Speeches by HMJr		
Informal talk at meeting of personnel officers of Treasury - 1/19/45.....		67
State Department		
Pasvolaky, Leo: Attitude toward Russia discussed by Treasury group - 1/19/45.....		4,47
Murphy, Robert: Attitude toward Russia discussed by Treasury group - 1/19/45.....		4,48
Surplus Property, Disposal of		
See Post-War Planning		

- T -

Book Page

**Taxation**

See Post-War Planning  
Taylor, William H.  
See Appointments and Resignations

- U -

**United Kingdom**

See Lend-Lease

- V -

**War Criminals**

Rosenman reports on conference - 1/19/45.....	811	5
a) War Department memorandum concerning punishment.....		57
1) Treasury comment thereon transmitted to McCloy.....		49
Bidault, in conversation with Leon Henderson and Ambassador Caffery (Paris), asks for severe punishment for all German war criminals - 1/22/45.....		343
Rosenman asked to let Treasury see copy of report signed by State, War, and Navy - 1/27/45: See Book 813, page 13		
a) DuBois report on report - 1/29/45: Book 813, page 293		
b) " summary of report for FDR: Book 813, page 299		
Winant, John G. (American Ambassador, England)		
See Labor, Department of		
WINX Radio Station (Washington Post)		
See Post-War Planning: Dumbarton Oaks		

- Y -

"You Lend Your Money" (Blue Network weekly program)  
See Morgenthau, Henry, Jr.

January 19, 1945  
9:30 a.m.

GROUP

Present: Mr. D. W. Bell  
Mr. Gaston  
Mr. White  
Mr. O'Connell  
Mr. Haas  
Mr. Blough  
Mr. Pehle  
Mr. Luxford  
Mr. DuBois  
Mr. Coyne  
Mr. C. S. Bell  
Mrs. Klotz

H.M.JR: Good morning.

We had a very good lead. Let me just make a note. I haven't anything, but this committee on legislation, State, Treasury, and Budget--Stettinius didn't have that with him. Who is handling that?

MR. O'CONNELL: Luxford.

H.M.JR: Where is White?

MR. WHITE: Right here.

H.M.JR: Be sure somebody gives him that to take to Cabinet.

MR. LUXFORD: To Cabinet today?

H.M.JR: Yes. He didn't have that.

MR. O'CONNELL: It is in State.

MR. LUXFORD: Acheson has it; he was supposed to get it signed yesterday. I will check with him.

H.M.JR: The Committee on Economic Policy--that is State, Treasury, Interior, Commerce--

MR. D. W. BELL: Question mark.

H.M.JR: I signed that, and I gave everything that I had to Stettinius because he wanted it. He didn't question it with me, but I would have felt better if he took it back. There were no initials. I didn't see Acheson's initials.

MR. LUXFORD: He must be talking about the President's Message.

H.M.JR: I will come back to that.

MR. LUXFORD: We didn't have a chance to clear that with Acheson.

H.M.JR: It is on foreign policy, isn't it?

MR. WHITE: No, on Bretton Woods. There is some mention of other things, but it is referred to as the Bretton Woods Message, and that is what it sounds like.

H.M.JR: He took that back with him. I gave him the whole thing and he signed it here, but I have nothing left; so if you want any copies, you will have to get it.

MR. LUXFORD: I have copies.

H.M.JR: But I explained to him that his people were in complete agreement on that. Is that right?

MR. LUXFORD: That is right.

H.M.JR: On economic policy--very much in the room-- he is taking our version. He said he didn't want it known--we shouldn't say it--but he said Will Clayton told him that ours was a much better draft than Acheson's.

MR. LUXFORD: I sensed that a little bit.

MR. PEHLE: It is a little private cut-throat.

H.M.JR: As long as the Treasury benefits!

MR. WHITE: Of course, we thought so. (Laughter)

H.M.JR: And we are going to try to press these three things this afternoon after Cabinet to the President. He agreed it was simpler. I underlined certain things with a red pencil to show how ridiculous they were. (Reading State Department draft of Executive Order Establishing a Foreign Economic Policy Board.) "...make recommendations to the President of the United States regarding appointment, reappointment and removal of United States Representatives accredited to such organizations." He said on that basis we recommend whom we should fire in UNRRA. He said, "It is ridiculous."

MR. WHITE: Mr. Clayton did not comment on the draft. He kept quiet during the discussion. Acheson carried the discussion.

H.M.JR: He read that from something. The final and last thing I gave him was what Glasser gave me at five minutes of nine.

He said, "Can I have this?"

I said, "Yes, it is for your eyes only." He is sick over that.

He said, "This is a prejudiced document."

MR. WHITE: It is not a prejudiced document, but it is not effective. Prejudiced in which direction?

H.M.JR: Against the fellows.

MR. WHITE: We were very careful. We thought there was a possibility you might hand it over.

MRS. KLOTZ: You didn't hear what he said.

MR. WHITE: Anyhow, he has it. (Laughter)

H.M.JR: The only thing he sort of stumbled on was Pasvolsky. The Robert Murphy thing--he said Eisenhower wanted him, so I said, "Sure. Supposing something went wrong?"

He said, "Whose man is he?"

I said, "He is yours."

MR. WHITE: The Pasvolsky thing is very fair. That one isn't. Well, have you read it, Mr. Secretary, carefully? I said carefully. (Laughter)

MR. LUXFORD: Don't read it out loud, Mr. Secretary. (Laughter)

MR. PEHLE: I would like to hear it. If it is a fair statement, Harry wouldn't object to its being read.

MR. WHITE: I didn't write it, but it is fair.

H.M.JR: That is wonderful! Not even one teensy weensy sentence?

MRS. KLOTZ: Itsy bitsy.

MR. WHITE: No, I had nothing to do with it.

MRS. KLOTZ: Not much.

MR. WHITE: We talked it over ahead of time.

H.M.JR: All right. (Hands draft of Executive Order to Mrs. Klotz.)

This is the only thing I have, but I will take this to Cabinet. I gave him the other thing, the Bretton Woods foreign policy message. He has that.

MR. WHITE: An unsigned letter to the President which he was to sign, and he is going to send it to the President.

H.M.JR: We are supposed to see him after Cabinet and take up these three things.

MR. PEHLE: Are you still seeing General Rudenko?

H.M.JR: At five o'clock. You had better be here about five minutes of; in case I am late, you can entertain him. I will bring down a bottle of vodka from the house-- give him a "pushkin" treatment. If you haven't seen "The Voice of The Turtle," you won't get the inference.

Anyway, I am exhausted. Shall we adjourn?

MR. GASTON: If your business is transacted.

H.M.JR: Joe, give an account of where we stand on crimes. Joe has done everything but chop their heads off.

MR. DuBOIS: Judge Rosenman called last night--he had tried to reach the Secretary. He said at the meeting yesterday that they had definitely agreed that there wouldn't be a treaty, and that if the thing had to be dealt with in any formal way, they would do it by Executive agreement. Secondly, they had clearly agreed that the extradition procedure would not be interfered with in any way. With respect to arch criminals, everyone had disagreed on dealing with them without a trial. I told him that we were preparing a memo which we are going to send to him and Mr. McCloy, and he said that would be fine. He specifically asked whether we were going to deal with arch criminals in accordance with our approach.

I asked him what his judgment would be on that, and he said, "All I can say is that everybody is opposed to it."

Now, I have here a memo for Mr. McCloy and for Judge Rosenman which spells out much more definitely our views, and I think it would be very helpful, Mr. Secretary, if you could just sign a transmittal note to both of them and send it.

H.M.JR: Last night when I talked to you--have you included the one where we shoot the arch criminals or not? I said I would leave that to you.

MR. DuBOIS: I should mention that. We discussed that, and I called Rosenman. We discussed it, and we finally decided it would be best not to include that in this memo, but rather to hit very hard on these other points that are so important.

H.M.JR: All right. Later on he talked to me, and I think you will be pleased to know that he said the Treasury memo was--he did use it at the meeting yesterday morning, and it was very helpful. He thought this had a lot to do with influencing and making the other people change.

MR. LUXFORD: This is a purposeful document here.

MR. DuBOIS: That is fine.

H.M.JR: When I am through with this I want to start something new in the Treasury. It is a little late, but I want somebody--to coin a phrase--what is it, every four years?

MR. GASTON: Quadrennially.

MR. DuBOIS: I can tell you, Mr. Secretary, the essence of it--what is in this memo. Our suggestion is that you sign a transmittal note merely. In the memo we will make clear what we mean by not cutting across strategic procedure, namely, anyone of the United Nations who requests a criminal--a war criminal--will have that criminal delivered to it without any questions being asked. Rosenman agreed to that in his conference with me, and according to what he said last night, that was agreed upon at the meeting, which means that if Russia asked for one hundred thousand people, they would get them without any questions being asked, except for the arch criminals. If France, Belgium, or Poland asked for criminals, they would get them without any questions. They would be tried under their own laws and procedures. I think that is the most important thing in

the whole field, and if we have won on that point, I think we have won the major issue.

H.M.JR: Joe?

MR. O'CONNELL: I agree.

MR. DuBOIS: Two, we reiterated here, although it has already been agreed upon, our objective for the treaty. Three, we say if there is going to be this sort of conspiracy, it has to be simple and not tied up with egotistic red tape. And in that connection, we defined some of the procedures we think would make the trial very simple, including the fact that once you have your judgment of conspiracy, that is binding as to the guilt of all members of the organization which are included. For example, if the SSS is convicted under this conspiracy trial, that means every member of the SSS is guilty. Then there are only two questions remaining, one, the identification of the person who is a member, and, two, the question of fixing punishment solely on the basis that if he was a member, there is a certain minimum punishment without any further trial or any gradations upward, depending upon the responsibility, but there are no further individual trials involved; and then we make the fourth point, that this has got to include crimes by Germans against Bulgarians, which he also agreed to. And, finally, we have a few paragraphs in the end which highlights the fact that international law is dynamic, not static, and unless international law grows, it will die, and the world will lose respect for international law. We have built up the thesis that it has to deal with new problems in the light of the new thesis.

H.M.JR: It sounds all right to me.

MR. O'CONNELL: It sounds fine.

H.M.JR: I know he worked all night.

You haven't seen it yet?

MR. WHITE: No, but I am sure I am in complete agreement with it.

MR. LUXFORD: Mr. Secretary, you will be proud of this document. It is a statesmanlike document.

H.M.JR: What I suggest is, I don't think you ever finished writing up that book.

MR. DuBOIS: No.

H.M.JR: Before you take on anything else, I would like you to do that. See? What I want you to do--and I don't know whether we ought to get a historian like other Departments have or whether someone like Miss Diamond, but I would like a story written on when I first saw Pell in London. He got right down to this final thing, the story of the Treasury's part in this. It ought to be done.

MR. DuBOIS: I agree with you.

H.M.JR: You haven't time to do it, and these things happen--my diary is dated today, but they don't take up one accomplishment.

MR. PEHLE: You have to have somebody especially tagged with that. Everybody is under such pressure.

MR. WHITE: That is true of every major episode.

H.M.JR: Take a thing like this, well, like Rosenman says, "What is this, Treasury business?"

Pell called on me in London and told me his troubles, and I got in good. We stayed on it until it looks as though we had a distinct part in shaping this very important policy. Somebody ought to write that story.

MR. GASTON: I question whether you can get any extra person --any special person to write that stuff. It seems to me that those who have anything to do with it directly have to dictate a memo of what they did, and that is the raw material that can be used later.

MR. WHITE: The raw material is there.

MR. GASTON: What you want now is a memo.

MR. DuBOIS: We have that. I have dictated memos as we went along. We have that, but it has to be brought together. The only question is one of time. In the last three weeks I think I have spent maybe one day on this book. We are getting nowhere on it, because we just don't have the time. And if that book is going to be finished, it ought to be speeded up because--

MR. LUXFORD: The Russians won't wait.

H.M.JR: I don't sign--I don't agree with Herbert. What I mean is, at the general consul's office in London he had a first-class historian, and he was complaining to me that Spaatz would never let him sit in on things while they were happening, and then months would pass and he was supposed to write the thing up, and it was too late.

If we had a really good historian, he would get hold of DuBois, with my backing, and make DuBois sit down and tell him this thing, and then he would get all these documents and write the story.

Now, we were in London in August, and he hasn't even written that up, and the longer you wait, the colder they get. For instance, I would say to White, "would you write up the one when White and Morgenthau went over the other day and talked to fifteen people in the State Department?"

MR. WHITE: It is written up, Mr. Secretary. I wrote it up yesterday.

H.M.JR: He is one of the worst.

MR. DuBOIS: It isn't--I can just say it isn't that--the London thing isn't going to die. We have memos on everything; it is just a question of putting it together.

MR. WHITE: But it has to be written up, because there are a lot of different things and different ways

it has to be woven in. It has to be a chapter. We have done that with some things in the past. For example, it is amazing how it grows. The Chinese negotiations from two years ago on is one hundred and fifty pages.

H.M.JR: You take that story of negotiations of Lend-Lease with the British which took place here after Quebec--whether that's been written just as a chapter-- I sent word to you and to the man who acted as secretary-- what's-his-name, the FEA man?

MR. WHITE: Coe.

H.M.JR: He should write the whole thing up. I don't know whether he has.

MR. WHITE: I will check up on that.

H.M.JR: You look for it for me. I want to get a first-class historian.

MR. C. S. BELL: I have a very good man in mind that we could put on.

MR. WHITE: And Joe could work with him. You could turn all the material over to him; he is a factual writer, not a historian, but from what they say, I don't know as we need a historian, necessarily, but he can throw everything together and get it in continuous form for you and do a good job.

H.M.JR: Who is that?

MR. C. S. BELL: Mr. Shick. He works directly under me. He writes well. We have loaned him to the Cannon Committee for two weeks, but I can draw him back from that. He doesn't have to go there until Monday.

H.M.JR: What is his background?

MR. C. S. BELL: He has been working on our office procedure and methods in the field primarily for the last three years.

H.M.JR: That isn't the man I had in mind. I am thinking--the Navy has historians, and the Army.

MR. C. S. BELL: You are thinking of the Peter Odegard type?

H.M.JR: No, because Peter Odegard would get his own feelings into this thing.

MRS. KLOTZ: How about this Ness?

MR. C. S. BELL: Ness would be good.

MR. WHITE: No, no, no, he has other work.

MRS. KLOTZ: I am speaking of a man like that.

MR. WHITE: I think he wants a full-time man.

MR. PEHLE: I think it has to be a man with some stature and who is complete trustworthy.

MR. WHITE: Why don't we all think of some men and suggest names, because as far as writing ability, it requires--

H.M.JR: I think it has to be somebody who would appreciate the historical value of this.

MR. C. S. BELL: He would do that; he is very intelligent.

H.M.JR: I will tell you what we can do. If you put it up to them to get suggestions, you will wait weeks, if not months. Why not get this man here and let him do this thing, and see how well he does it while they are trying to make up their minds, see?

MR. WHITE: That is an episode in itself.

H.M.JR: Let's get him to do this particular thing, the Treasury's part in setting up procedure on how to treat enemy criminals. Let him come in and do it.

MR. C. S. BELL: Could I bring him in for a couple minutes this afternoon and let him hear from you what you have in mind?

H.M.JR: Do it Monday morning. But, let's start it. He can do two things. Get him to do my story--my trip to England, which he has got the facts put together on, and this one. And if he can get that out of him, we will crown him king.

MR. C. S. Bell: O.K., sir.

H.M.JR: If he can get Joe DuBois to sit down and do this thing, it would be wonderful. Here is Joe.

MR. DuBOIS: It is a job, and it should be written up.

H.M.JR: It is one of the important things, looking toward the peace of the world. These filthy so-and-so's are exterminating, and the Treasury is playing an important part in this thing, and I want the history written, but I want DuBois and the other people, including myself, that had something to do with it to do it. So when Judge Rosenman or anybody else says, "what did the Treasury have to do with it?" we will say, "Here is how we got into it," and those things are happening every day.

MR. PEHLE: Somebody has to do the whole story on the German thing. That is a tremendous job, and it is very important.

H.M.JR: This is a segment.

MR. PEHLE: This is just one little segment.

H.M.JR: All right.

Have we got anything? I like to get my stuff over first.

MRS. KLOTZ: No.

MR. D.W. BELL: "A" priority.

H.M.JR: Oh, yes, one other thing--where is Luxford?

MR. LUXFORD: Right here, sir.

H.M.JR: Mr. White advised me, riding out to Takoma Park the other day that I ought to go away in February. Right?

MR. WHITE: Yes. I think all the gentlemen here will agree with me.

MR. O'CONNELL: Where are you going? (To Mr. White)

MR. PEHLE: Are you tired, too?

MR. WHITE: We need to catch up.

H.M.JR: The reason I wasn't going to go was on account of Bretton Woods.

Now, between Luxford and Joe O'Connell--Joe O'Connell first and Luxford second on this end, I wish you could tell me this afternoon when you think this Bretton Woods legislation will be introduced, because I would like to be there on the first day and make my little talk.

MR. O'CONNELL: You mean when they would start hearings?

H.M.JR: Start hearings, and then based on that, the day after that I would like to go away for two weeks down to the farm.

MR. O'CONNELL: I don't think it would be possible to give you a date this afternoon as to when hearings can start, because there are three things I would like to mention; one, we haven't come to an agreement on the form of legislation. I hope we will have before you meet with the delegates. Two, having come to an agreement on the legislation here, we still have to have the form

of legislation agreed to by Spence and Wagner in the Senate, and Wolcott. Wagner won't be back until the end of next week. In addition, we have the Federal Reserve legislation.

H.M.JR: You could say to Spence, "Look, Mr. Morgenthau is tired; he wants to go away for a little rest." Senator Wagner has been away, "But he wants to suit his time in with yours."

MR. WHITE: I thought, Mr. Secretary, you would go away before that. It would take about two or three weeks before this--you could be absent until this got up on the Hill, but then I think you should be around. I was assuming that the thing would--

H.M.JR: Well, I don't know.

MR. O'CONNELL: Why Harry, I had assumed the Secretary would go down and open the game--the kickoff, so to speak--and someone else would carry the ball from that time on.

MR. WHITE: I suppose the hearings are going to last longer than two weeks, but somewhere along there there will be other difficulties, maybe not the first couple of weeks.

H.M.JR: I am stating--let's first find out--get as near a date as we can from Spence. Put it on a strictly personal basis. He is a very nice gentleman. Tell him I would like to be away, and I would like to be here when the thing opens.

MR. WHITE: You can call Wagner in Florida and get him on the phone.

H.M.JR: Wagner has nothing to do with this.

MR. O'CONNELL: Start with Banking and Currency in the House.

MR. WHITE: Not do them simultaneously?

MR. D.W. BELL: It seems to me if you are going away right after your opening statement, you are not going to get much rest. You will be on the phone twenty-four hours a day while this is going on.

MR. LUXFORD: It would be better to go now and be back before--it will be two weeks before you get into the hearings.

MR. O'CONNELL: I think it will be more than two weeks from today before they will start hearings.

H.M.JR: I doubt if I can get away much before. I hope that makes sense. The 7th or 8th of February will be the earliest.

MR. O'CONNELL: Still, that is all right. Today is the 19th of January. It seems to me we have plenty to occupy us for a month before we would--

MR. WHITE: That means that wouldn't come until almost March 1. There is no particular reason why we should wait that long, unless we have to.

MR. O'CONNELL: I am not suggesting that we stall on this thing, but it will probably be two weeks before that--I certainly wouldn't be able to say that a bill would be agreed upon and a message sent down, and then the bill introduced in less than two weeks from today.

MR. WHITE: We can agree on the bill within two days.

MR. O'CONNELL: You can't agree on the bill and introduce it until Wagner gets back, and we won't get an agreement with the State Department and Congressmen on the form of legislation, in less than a week from now. It can't be done.

H.M.JR: Joe, I appointed a little committee consisting of you and Mr. White and Mr. Luxford to advise me as soon as you can let me know--Monday. If you could let me know Monday when you think this thing is going to take place, huh?

MR. O'CONNELL: Yes. One additional reason I didn't want to have to vote on this today is because of the question raised the other day about the priority of Federal Reserve legislation on Reserve requirements and the general Federal obligations, collateral, Federal Reserve notes.

We have agreed on the form of legislation, but my understanding is we talk to Eccles and probably the men on the Hill, to see whether or not that legislation is noncontroversial, and if it is not, that will help to decide whether that goes ahead or behind.

MR. WHITE: I thought you were going to arrange for a meeting this week with Eccles?

MR. O'CONNELL: It's been difficult. We have agreed to the form of legislation, and it was easy. I was to call Eccles yesterday, but I didn't get an opportunity to.

MR. WHITE: We can iron that out maybe by Monday.

H.M.JR: I don't want to go away the minute the President gets back either, but I would appreciate it--hell, you people want to get me out of town.  
(Laughter)

MR. LUXFORD: Mr. Secretary, I take it you don't want this February 19th date--

H.M.JR: I hoped I wouldn't have to concede that.

MR. LUXFORD: I wanted to tell him right away so he will know whether he is to cancel it or not.

H.M.JR: Tell him we won't know before Monday or Tuesday.

MR. GASTON: Is that date of Coyne's affected by this?

MR. COYNE: February 11th.

H.M.JR: Well, I was, as I say, planning to be here all of February. Mr. White gave me this talk that brought tears to my eyes. Oh, yes, he thought I ought to leave town.

MRS. KLOTZ: I agree with him. I agree with Mr. White.

H.M.JR: Oh, yes, I think he had something to it and if nothing else will crystalize--what is going to happen on the legislation front?

MR. WHITE: McCarran called and we wants to know whether this legislation is coming up within the next two weeks, because he wants to leave town for two weeks and he doesn't want to leave town if this legislation is coming up, so I think he is going to try to throw a monkey wrench in the machinery on the silver issue.

MR. D.W. BELL: You take care of him.

MR. COYNE: For just what period they want to get rid of you, we can probably push this broadcast up to the 18th or 25th.

MR. WHITE: I hope you are not taking it seriously.

-18-

MR. COYNE: I'm not.

MR. LUXFORD: You are not confirmed yet.

MRS. KLOTZ: I hope he will be on Monday.

H.M.JR: Will the inkwells flow then!

Mr. Gaston?

MR. GASTON: I have nothing.

H.M.JR: Mr. O'Connell?

MR. O'CONNELL: I pass.

H.M.JR: Mr. Blough?

I didn't sleep very well last night--if you weren't here the other day, I am serious about Mr. Gaston's quoting an editorial from the New York Tribune.

MR. BLOUGH: I beg your pardon. I was here. I have something to report.

H.M.JR: Before you report, I have a suggestion to make.

I think it would be very wholesome for the country--this grows out of a luncheon we had yesterday with Mr. Gaston and Mr. Parker, who is the President of Scripps-Howard and the editorial writer; but the suggestion I would like to make is I would like to have you thinking and working with Mr. Doughton and Mr. George on an announcement that there is going to be no tax bill this year. None.

MR. O'CONNELL: No tax legislation?

H.M.JR: No tax legislation. Just let it ride. I think it would have a wonderful effect on the people. No tax bill at all.

-18-

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-19-

MR. D.W. BELL: Don't they understand that pretty well?

H.M.JR: Nobody understands it. I don't understand it.

MR. O'CONNELL: I think people understand there is no substantial tax revision.

H.M.JR: I won't have anything. Just let it ride.

MR. WHITE: I don't think people are worrying about it much. They are feeling if there is going to be a tax bill, it is going to be a tax reduction, so I don't think an announcement that there isn't going to be a bill is going to be very well received.

MR. GASTON: Does anybody expect a tax increase?

MR. WHITE: He wasn't expecting it, he was advocating it. (Laughter)

Particularly, Mr. Secretary, it is not unlikely the European phase of the war will be over before the summer. There probably will be a demand for tax legislation.

H.M.JR: Let's put it this way then. No tax bill will be introduced as long as the war with Germany lasts.

MR. WHITE: That's right.

MR. BLOUGH: I think that is worth considering.

H.M.JR: No tax bill legislation will be introduced as long as the war with Germany lasts, and let Mr. Goebbels use that one.

MR. D.W. BELL: As long as there is a war on two major fronts?

H.M.JR: No, I would say as long as the war with Germany lasts.

Incidentally, Mrs. Morgenthau was told yesterday by a Congresswoman from California--

MR. LUXFORD: Douglas?

H.M.JR: Gahagan, that at the opening address Mr. Rankin attacked me viciously and she said, "Please don't repeat it, but I never hiss; but I found myself hissing, and then I sort of ducked under my desk and I don't think they knew where the hiss came from. That is one thing I have been told not to do in Congress, but I let out the most terrific hiss."

MR. WHITE: Was that in the House or in a committee?

H.M.JR: In the House.

MR. O'CONNELL: When?

H.M.JR: The first day.

The other thing which Mrs. Morgenthau got which is interesting, was from a Congressman from Chicago, the wife of--

MR. BLOUGH: Douglas.

H.M.JR: Oh, when she doesn't know how to vote she writes Jake Viner to advise her.

MR. WHITE: She's very good. (Laughter)

MR. PEHLE: Nice looking, too.

MR. WHITE: Very nice looking. She would be very helpful. There are several of them. She is a close friend of Orvis Schmidt's father-in-law, and she will be very helpful. She is very capable.

H.M.JR: Merriam. She is a good friend of Professor Merriam. Anyway, have a look at what Rankin said.

MR. O'CONNELL: Yes.

H.M.JR: Mr. Blough, think this thing over, will you?

MR. BLOUGH: I will and I would like to say what I have done since Gaston brought the matter up at the last staff meeting.

We met yesterday with this little inter-departmental group, Prichard and Gerhard Colm--and who else? Musgrave. I brought up the question now that the Government is taking a tougher attitude on the war, and should any increases in taxes be recommended? We thrashed the thing out pretty thoroughly and concluded that while a watchful waiting attitude ought to be taken on developments, that certainly this is not a good time now, and that the best that could be done out of the present situation is to postpone legislation which would reduce taxes. And that last or latter point, I think, is in harmony with one the Secretary just mentioned and that we may be able to make some capital on holding the line longer and stronger out of the present situation.

H.M.JR: Well, now, another man who had lunch with me, and who is very interested in this, is Chester Bowles.

MR. BLOUGH: I know they are interested over there.

H.M.JR: Will you kind of work with Joe--and whatever way you work together--go to this Joint Committee on the Hill and sort of sound out the possibility of a three-cornered statement from George and Doughton that no tax legislation will be introduced as long as we are at war with Germany?

MR. BLOUGH: Of course, literally none means none of those little points that sometimes just have to be taken care of.

H.M.JR: That opens the door. I wouldn't have any.

MR. O'CONNELL: There is only one thing that would worry me about that. You recall the statement in which George and Doughton said there is no possibility of any substantial tax revision, at least until the end of the war with Germany, and we won't predict now as to whether it will be then. Unless you are awfully careful in what you say, you might run into a thing that concerns us holding out some hope of a substantial tax reduction at the end of the war with Germany. We were very careful to avoid that.

H.M.JR: Even if that wasn't a published statement, I would like to have a three-cornered agreement among ourselves. I wouldn't begin to have all these refinements, because when you have these refinements some Senator from Texas or Oklahoma writes in some special legislation on gasoline or oil or some other damn thing.

H.M.JR: There is nothing we want that must be done until after the war with Germany ends so that we would be prepared certainly to support that.

H.M.JR: I wish you and Joe would do something on that on the Hill for me, will you, and report back to Mr. Gaston?

MR. BLOUGH: Fine.

H.M.JR: And the New York Tribune--

MR. HAAS: It's an inflationary statement. It may be criticized on this basis. With all this talk of increasing expenditures, and you put on an absolute ceiling, rigid like that, it will look as if increases in expenditures is the only way to secure the funds--borrowing--and that's inflationary in that regard.

H.M.JR: Well, it also serves notice on these boys that we are going to hold the line, which is very hopeful.

MR. O'CONNELL: I think this much is true. That from the earlier statements received, if the newspapers took it through the conclusion that there would be no tax increases, and the minor revision that within the time in the statement, things that might come along are essentially things that reduce the revenue--although in small statements that isn't true.

MR. BLOUGH: Yes.

H.M.JR: Well, if Blough and O'Connell will fix this thing so that at least for my own satisfaction I could feel that as far as we are concerned, we are not going to ask for any tax legislation, we are not going to introduce any--

MR. BLOUGH: Certainly not. It doesn't increase.

MRS. KLOTZ: Do you have a copy of--

H.M.JR: Kiplinger's tax letter of the 9th?

MR. BLOUGH: I don't have it. I'll look for it.

H.M.JR: If I could have it to read over the week-end-- did the Kiplinger tax man talk to you? Did he seek you out?

MR. BLOUGH: He hasn't talked to me for five years.

H.M.JR: Who does he talk to in the Treasury? Joe, do you know?

MR. O'CONNELL: No, I don't know.

H.M.JR: Make inquiry, Roy. Does he talk to anybody in the Treasury before he gets a letter out? Was it friendly or unfriendly? It is four pages long.

MR. BLOUGH: Generally, they are pretty neutral on the subject.

H.M.JR: Check and see if he has any pipeline in the Treasury.

MR. GASTON: I haven't seen any of those boys around here in a long time.

MR. D.W. BELL: I haven't seen one in a year.

MR. HAAS: Shelton used to come around. I haven't seen him for four years.

MR. BLOUGH: They didn't get anything out of us here and they stopped coming around, so I don't know just where they do get it. I will see if I can find out.

MR. D.W. BELL: Roy, don't you think Ezekial might be interested in what the representatives of the OPA and Stabilization office feel about the next three or four months?

MR. BLOUGH: Yes, if we have a couple of minutes, I would like to do that.

H.M.JR: \* I know what Chester Bowles told me.

MR. BLOUGH: These people--Prichard of Vinson's office was especially eloquent on the danger from the wage front, immediate danger that labor has come to the conclusion that after the war with Germany ends, their borrowing power is going to be greatly reduced. While it is all right for the Administration to talk about higher wage levels at that time, that they just won't get them; and Prichard is very much afraid that there will be a strong drive for wage revisions upward immediately, and that that will be reflected in prices very rapidly.

The OPA man, Walter Salant, feels that about the only thing that can be done effectively is to increase production of civilian goods and that doesn't seem to be in the cards at the moment.

H.M.JR: Sixteen thousand had to be loaned from the Army and Navy to help on military production. Certainly there is no chance of helping on civilian goods.

MR. BLOUGH: And the clothing--apparently clothing is reaching a very serious situation. Whether to ration or not to ration is the problem at the present time, but there is enough stuff. To ration some of the articles seems to be the question. So the general feeling there was that the next six months from now, say up to the 1st of July or so, assuming the war goes on the way it has been, will be the toughest of the war so far as the inflation front is concerned. So their feeling about taxes was not due to any feeling that we are over the hump or anything like that, but that would not be a very effective method, and we would have no possible chance of getting anything in that field.

H.M.JR: Weren't you going to give me a proposed statement, Herbert, on currency?

MR. GASTON: Well, I just couldn't see how to write any statement. I didn't think any statement would be--I thought it would be well not to write one just now.

H.M.JR: I am not going to bring it up today, but sometime early next week I will have to talk to all of you about it. Is that all, Mr. Blough?

MR. BLOUGH: No. The Joint Committee on Internal Revenue Taxation met yesterday morning and heard the report on expenditures, which you saw some time ago--before Christmas. Mr. Lindow presented it, and he did a very effective job. The reception was extremely cordial and friendly. The feeling of the group was that this pretty well disposes of any rapid tax decreases, and the prospects are a good deal less promising than they had hoped for.

One thing they want is to attempt to project this into a formal post-war year. We said we didn't want to do that because it involves assuming certain policies,

important policies about the Army, aid to aged, aid to unemployed, and so forth. We didn't feel we on a technical level wanted to make them. They didn't want to make them either, so they asked us to project it, assuming we would be making them, and they will work with those figures. Taft came up afterward and made a few comments, and said he had a feeling that the Budget would be close to twenty-five billion dollars, which, I think, is a promising reaction for post-war periods, and in view of the fact that people are talking sixteen, nineteen, and twenty-one, the fact that Taft concluded it will be in the neighborhood of twenty-five billion means it will be hopeful as far as the same approach to post-war periods is concerned. They are going to meet again Tuesday at which time they are going to take up revenue reports and probably get into post-war economic problems.

I have written up very briefly, a few things I have reported on, for your files.

(Hands Secretary two memos dated January 18)

MRS. KLOTZ: Do you want to read this?

H.M.JR: No, thank you.

MR. BLOUGH: That's all.

H.M.JR: Is your group going to go ahead and meet?

MR. C.S. BELL: I think they will twiddle their thumbs until you get to them, sir. Supposing I go on out and get the thing started?

H.M.JR: Get the thing started and tell them to go ahead. How many people are there?

MR. C.S. BELL: About thirty.

H.M.JR: Why not go ahead and tell them to run the meeting just the way they would any other day, and when I am ready I will come in and talk to them? I don't want them to twiddle their thumbs.

(Mr. C. S. Bell leaves the conference)

H.M.JR: George?

MR. HAAS: I have nothing.

MR. WHITE: You remember the question about Jesse Jones paying for the rubber which he bought from the English that the ships had sunk? We have been trying to get a basis for asking them to pay for rubber that was sunk, and it is taking them several weeks to run down the contracts, and we have a letter signed by Leo Crowley, and there is a place for you to sign and the Secretary of State, requesting that he pay for the rubber that was sent, because it was purchased F.O.B. and therefore he should pay for it, but it has taken this long to get it.

H.M.JR: Do I have a copy here?

MR. WHITE: Yes.

H.M.JR: What happens after I sign?

MR. WHITE: We will send it to Stettinius to sign, and it will go to Jones.

MR. GASTON: Doesn't Jones know the terms under which he buys rubber?

MR. WHITE: He didn't tell us, and the way he stated it in his letter it looked as though we were out on a limb.

H.M.JR: What happens?

MR. WHITE: As soon as you sign it, if you will let me have it back--

H.M.JR: Sidney Sherwood. Is that my old Sidney Sherwood, Special Assistant to the Administrator?

MR. WHITE: FEA?

H.M.JR: Is that Sidney?

MR. GASTON: That's him.

H.M.JR: Is that where he is now? What do I do?

MR. WHITE: That's all. If I can have it back--

(The Secretary signs a letter addressed to Jesse Jones, undated, and to be signed also by Secretary Stettinius and Leo Crowley, and hands it back to Mr. White.)

MR. WHITE: Al Davidson has been made General Counsel, and is taking Mr. Cox's place in FEA. You remember that chap--

H.M.JR: So one of our boys finally made it.

MR. WHITE: He has been making it quite a while.

H.M.JR: He has been made General Counsel?

MR. WHITE: Yes, in place of Cox; Cox is Deputy.

H.M.JR: Cox is Deputy?

MR. GASTON: Deputy to Crowley.

H.M.JR: How many deputies does Crowley have?

MR. WHITE: I think he has three. He had three. McCamy is one, and Riley, I thought, was another. I am not sure--

H.M.JR: And Cox is the first deputy?

MR. WHITE: I don't know if he is called that, but--  
(Laughter)

MR. D. W. BELL: There were two names. I saw Cox's name and somebody else's.

MR. WHITE: I am going up this week end to meet all day with CED's conference to see what kind of a report they can get out.

H.M.JR: Where do they meet?

MR. WHITE: In New York, and I have also made an appointment with Ruml for several hours so that--

H.M.JR: There are a couple of good shows in New York, too.

MR. WHITE: I will be back Monday morning.

There was a letter--we are having a meeting this afternoon in Dunn's office on Germany, which is the first meeting after the discussion of yesterday, and there was a letter that Mr. Grew sent you about the desire of his group to discuss with you the proposal for the Russian loan. Now, that meeting you had in Stettinius' office was supposed to have wound that up because--

H.M.JR: That covers that?

MR. WHITE: That's through then?

H.M.JR: Yes. That covers that. I mean Grew's letter to me discussing the Russian Loan. That meeting has taken place in Stettinius' office.

MR. WHITE: There is nothing for you to initiate, because it wasn't left clearly at that meeting what the next step was.

H.M.JR: What the next step was Stettinius said, "I give you my word of honor in front of fifteen people here that I will carry your message and explain it amply to the President."

MR. WHITE: Amen!

MRS. KLOTZ: That letter does not need an answer

H.M.JR: No.

MR. WHITE: Lieutenant Tasca who has been in Italy for a couple of years in the Navy is now back. He is going to be assigned to the Treasury and he is very interesting to talk to on this matter. He has a number of points, and also Lieutenant Willis is back from Italy, who is working under him, and I think you ought to see both of them next week.

H.M.JR: Remind me on Monday.

MR. O'CONNELL: Colonel Bernstein spoke to me and spoke to Harry about getting some Treasury people to work for the Army on financial matters in Paris and on into Germany, and he asked for two of our lawyers that are there. I made a sort of commitment on one lawyer that works for John Pehle at the moment in London, Jim Mann, and the three he has asked for are three we can get along without, in some sense, better than most other people, although they are very good men, and I wanted to know, after talking to Harry, what your attitude was.

MR. WHITE: There are three men; I don't think they are the same ones.

H.M.JR: There are so damned many lawyers wearing uniforms doing desk jobs! Let the Army pick from the people they have. They are lousy with lawyers. It's ridiculous to call here and ask for lawyers.

MR. O'CONNELL: He wasn't asking for them because they are lawyers.

H.M.JR: The Army is lousy with them, they have thousands of them.

MR. WHITE: We just took Andy Kamarck to send abroad. He is not a lawyer, and the spot that Bernstein has for him is an excellent one.

H.M.JR: Kamarck, that's different.

MR. WHITE: And the other two--

MR. O'CONNELL: One is Ackerman, who has been in North Africa and abroad working on the types of things Bernstein is interested in. He just came back. He has been with us a year and a half and has been working entirely on Germany.

MR. WHITE: He would be doing the same kind of work only more so.

MR. O'CONNELL: He wasn't asking for them merely because they are lawyers but because of their peculiar experience, and I am sympathetic.

H.M.JR: Don't come around and weep on my shoulder and tell me you are short-handed.

MR. O'CONNELL: I haven't.

MR. WHITE: We have trimmed the list from fifteen down to three, Mr. Secretary.

MR. PEHLE: We are holding back on Jim Mann for the job.

MR. O'CONNELL: All right. I would like to hold back on him.

H.M.JR: Which of the two--the first fellow--Ackerman.

MR. O'CONNELL: O.K.

MR. WHITE: Ackerman and Hynning. Now, I say we have trimmed the list of fifteen or twenty down to three.

H.M.JR: Where is Ackerman now?

MR. O'CONNELL: He's here.

MR. WHITE: Bernie asked for fifteen or twenty and we trimmed it down to three.

MR. O'CONNELL: Ackerman has been here now--

H.M.JR: Is he in uniform?

MR. O'CONNELL: No.

H.M.JR: And you are willing to let him go?

MR. O'CONNELL: Ackerman has--

MR. WHITE: He has been working on Germany with Hynning.

MR. O'CONNELL: Ackerman and Hynning are in the same category. He has worked almost exclusively on Germany. He is a Treasury lawyer.

H.M.JR: He is not in uniform and they will go as civilians?

MR. WHITE: Detailed to the War Department as civilians and no communications between us and them is allowed. It's a little different from the London situation.

H.M.JR: Will you get this thing settled? Hynning, Ackerman and Kamarck to be detailed to the Army to assist Colonel Bernstein?

MR. C.S. BELL: Yes, sir.

H.M.JR: And when they come around and when they say how short-handed they are, remember they have initiated this, you see?

MR. C.S. BELL: Let them go, yes, sir.

H.M.JR: There will be no recriminations and saying how short-handed they are, see? They have lots of people they can spare for the Army, Charles, see?

MR. WHITE: Wait.

H.M.JR: They have lots of people--they can spare them.

MR. WHITE: I will let the lawyers speak for themselves.

H.M.JR: They are lousy with lawyers and they want to take three civilians and detail them to the Army.

MR. WHITE: That's not quite the case.

H.M.JR: Why not?

MR. WHITE: Take Kamarck--

H.M.JR: That's a man I suggested myself when he came over, but these other two--

MR. WHITE: We took him with the understanding with you that we would send him abroad because we didn't want to keep him here.

MR. O'CONNELL: I am only repeating myself. Originally-- I am not arguing, Charlie, and I just understand--

MR. WHITE: You are confining yourself to the lawyers.

MR. PEHLE: Go ahead, Joe.

MR. O'CONNELL: I give up.

H.M.JR: On these lawyers--here are a couple of civilian lawyers we're giving to the Army, and I repeat myself, the Pentagon Building is bursting with lawyers in uniform.

MR. O'CONNELL: They are not these kind of lawyers.

MR. DuBOIS: The only reason we made that decision is that we felt from an over-all point of the German problem, that these people can make a more important contribution there with Bernie, with their experience, than they can here.

MR. O'CONNELL: They ought to be in that area where they work for us and the War Department, and those fellows are more valuable working for the War Department than they are over here working for somebody else.

MRS. KLOTZ: They have a point there. You didn't hear the end of it.

H.M.JR: They are going to hear the end of it from me. All right. I still say that in the whole Pentagon Building there must be a couple of lawyers in uniform they can take, but you boys say no and Bernstein says no, so it's all right with me.

How far have we got? All right, John.

MR. PEHLE: We are applying through the War Refugee Board which is sending an application through the Budget Bureau to the President for one million, one hundred twenty-five thousand dollars for the Foreign Relief Fund to use for further food packages. We previously sent three hundred thousand, and they got permission to send another three hundred thousand, and Procurement is going to make them up.

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

MR. PEHLE: That is not necessary. Senator Murdock

got in touch with Mr. Silvermaster in connection with one of the persons working for Silvermaster, Herbert T. Weber, who has quite a bit of background in unemployment insurance, and Murdock wants to borrow him.

H.M.JR: For what?

MR. PEHLE: For a study Murdock wants made on unemployment insurance. It would be a courtesy to the Senator, and we can spare him.

H.M.JR: I am in favor of it.

MR. PEHLE: All right. It won't hurt to do a favor for Murdock.

I read the transcript of the press conference on the veterans thing, and thought that in spite of the fact that you didn't like the answer, you gave it very well.

H.M.JR: I agree.

MR. PEHLE: You were on sound ground. It isn't an easy answer to give, to pass the buck to the Board, but it is their responsibility and not ours.

H.M.JR: I agree, as far as versus the Treasury and the public is concerned, that that was the only answer I could give, but versus you and me, I still want to have a showdown with you. But I certainly defended your honor.

MR. PEHLE: You certainly did.

H.M.JR: ...and my own, but I still think that I don't know, I haven't seen my press clipping today. I don't know what--

MR. PEHLE: I haven't seen anything yet, but--

H.M.JR: I still want to have a showdown.

(Mr. C. S. Bell re-enters conference)

MR. PEHLE: At your convenience.

H.M.JR: Yes.

MR. PEHLE: I just want to mention--

H.M.JR: He has something tough coming after he's been so polite.

MR. PEHLE: No, I haven't. The Philippine government has sent a letter into Procurement from Osmena asking the Procurement Division to locate all sorts of office supplies and typewriters and everything for them. The Japanese cleaned everything out of Leyte. They even took paper. They just wiped everything clean, and Osmena has asked our help.

I have cleared with Interior, who usually have charge of Philippine matters. We are getting most of the stuff for them.

H.M.JR: Good.

MR. PEHLE: Mrs. Nelson--that's the mother of Page Nelson, one of the boys caught in the Philippines--called me and said she had received a postcard from him dated last June, the only word in his handwriting she has ever received in three years, since he has been a prisoner. He says he is all right and was asking if he is still on the payroll.

MR. CHARLES BELL: Yes. All of them are.

MR. PEHLE: It is the first direct word that has ever been received from any of those people in three years, since they have been prisoners.

H.M.JR: Based on that, we received some news concerning young Lieutenant Haas. Six months ago he was supposed to be going up in an observation plane, observation for a tanker, and they had not heard from him. They took for granted he was dead, and last night through

General Marshall's office we got word that he is a prisoner in Germany.

MRS. KLOTZ: Six months?

H.M.JR: He is a prisoner in Germany. The other boy, Robert Haas, was an aviator, and he was killed early in the war. He was in the Navy, and they thought this boy was dead, but they got word last night, after six months, that he is alive.

MR. PEHLE: Charlie Bell's office may want to notify all of the families--

MR. CHARLES BELL: We will send them a copy of the notice, the post card, if Mrs. Nelson is agreeable.

H.M.JR: How many of them are there?

MR. CHARLES BELL: About five.

H.M.JR: I would like to fix it myself.

MR. WHITE: Do you think that might be a reassurance, or do you think it might be the contrary. They might feel she got a postcard and they didn't.

MR. PEHLE: The postcard is dated last June.

H.M.JR: Write a letter as to the payroll status.

MR. PEHLE: They know the payroll status.

MRS. KLOTZ: The families know, yes.

H.M.JR: I just thought you meant the payroll.

MR. PEHLE: I just wanted to mention to you that the Procurement Regional Office in the Texas area is located at Fort Worth. It is located there, because at the time it was set up it was largely a question of warehouse space which could only be obtained there. Sooner or later

we are going to have to shift that thing over to Dallas and there will be a fight about it.

H.M.JR: Wait until I'm away, will you please?

MR. PEHLE: I just wanted to tell you that we are laying plans to do it before the war is over, because if you don't do it during the war, you will never get a chance.

H.M.JR: Listen, fellow, before you do it, consult with Joe O'Connell what this means.

MR. PEHLE: I'll raise it.

H.M.JR: And make darn sure it's all right with the Speaker.

MR. PEHLE: That's why I raised it here.

H.M.JR: Make sure moving it isn't--I think he's from the Dallas District, but I certainly would consult the Speaker and Tom Connally.

MR. PEHLE: I'll clear with Joe before we do anything. It is very much in the preliminary stage, but I want to do it if possible. They can cause a lot of trouble.

H.M.JR: When I was in Farm Credit, remember Herbert? What is the capital of Mississippi? We wanted to move the Farm Credit office from there.

MR. GASTON: I just don't remember that one.

H.M.JR: I do, and Pat Harrison--it caused us more trouble. I said, "Let's be inefficient and keep it where he wants it."

MR. PEHLE: We may come to that.

H.M.JR: Sometimes it is more useful--I know it is a terrible thing to say. Remember in St. Louis, in Missouri, raising cane in that very small office down at Columbia? Remember all the trouble, and wasn't it Cannon--

MR. COYNE: Yes, Cannon. We are paying a man twenty-six hundred dollars a year.

H.M.JR: And I said, "Keep an office there," didn't I?

MR. COYNE: Yes.

H.M.JR: Just to keep an office; what can we do? Sometimes those things--you have to do it with your eyes open. One of the reasons that Byrnes has never forgiven me is because I got rid of a fellow out of Farm Credit. He came down to my old office and sat there. The fellow was a drunkard. It turned out he was his political manager. I fired him, and he has never forgiven me.

MRS. KLOTZ: Why did he say he had been drinking?

H.M.JR: He said he had been taking cough medicine every morning. He brought the medicine down and put it on my desk. It was one of these--what do you call it, Purina? (Laughter) He has never forgiven me. He brought the medicine down here and said, "You smell it." It was one of these malt extracts.

MR. GASTON: When we visited him in his home in Columbia he had three different medicines. That was before repeal--three different medicines in barrels in the cellar. (Laughter) Excellent medicines.

H.M.JR: Remember the nice fish fry they gave us at Columbia.

MR. GASTON: Yes. Asbury Lever, L-e-v-e-r; that is the fellow.

H.M.JR: And what is the name of the fellow who ran the paper down there? It was an Italian name.

MR. GASTON: I don't remember. Lever was chairman of the Committee on Agriculture during the last war.

MR. HAAS: Lever, the author--

MR. GASTON: Author of the Lever Act.

MR. PEHLE: I will watch it. That is why I brought it up.

H.M.JR: We had a fellow from Virginia on Appropriations, Woodrum. This is funny. I am reminiscing at my age. We had a fellow Woodrum, and there I was smart. I learned "me lesson." This fellow was getting forty-six hundred, and he interfered with the whole efficiency of the office. I partitioned him off and put a cot and chair in and told him, "O.K., lie down, but don't go and associate with anybody in the office." He had a cot and a chair, and he lay there all day and slept, but he didn't interfere. We paid him his forty-six hundred, and he didn't interfere.

MR. PEHLE: You are not talking about Woodrum's son, are you?

H.M.JR: He told me, "Keep this fellow on, or you won't get your appropriation."

I said, "O.K."

He slept. I said, "Don't you ever leave that office."  
(Laughter) Those are some of the things a historian can put in. (Laughter)

MR. PEHLE: Mr. Bell and I arranged something in connection with Mr. Taber the other day. It was done at a rather crucial moment in connection with Appropriations hearings. I called him out of the hearing to give him good news. I am sorry we are not up there this week while he is out of town.

H.M.JR: You have to do those things every once in a while with your eyes open and smile. Danny called at the right time. John was ready to make a favorable decision, anyhow, so he got the benefit of it.

MR. PEHLE: In talking to Governor Hurley the other day, he told me it was his idea that the Surplus Property Board ought to establish an office in each State Capitol to deal with State and municipal problems, but the Board had taken that up with Byrnes, and Byrnes said "Nothing doing." Byrnes said he wanted the Board to be strictly a policy organization, and not--

H.M.JR: Strictly political?

MR. PEHLE: Strictly policy, and not to have any field offices. It looks like we are going to have to establish offices in every State.

H.M.JR: Really?

MR. D.W. BELL: What have you got now, eleven offices, or twelve?

MR. PEHLE: Eleven in this country, and one in Puerto Rico.

I heard some time ago that Crowley had at one time made a misstatement to the effect that surplus property ought to be held and not disposed of, because after the war it would be used to industrialize China and other countries, including Germany. But I was unable to lay my hands on the statement.

Now, I see that Mr. Clayton, in response to interviews with the press, has said that--the press said that he has partially confirmed rumors that some materials--talking about surplus materials--would be sold on credit to China, France, South American countries, and possibly to Germany in order to develop industry in these countries.

H.M.JR: Refer it to Mr. White. He is seeing Clayton this afternoon.

MR. PEHLE: I think they ought to stop Clayton from making such statements.

MR. WHITE: That must be some time ago.

MR. PEHLE: No, January 3. He has nothing to do with Surplus Property, and in the second place--

H.M.JR: In his economic policy?

MR. O'CONNELL: But the Surplus Property Board has well--

MR. PEHLE: He does have something to do with the foreign side, but whether our policy is going to be used is the question.

H.M.JR: Mr. White will take care of it this afternoon.

MR. WHITE: We will have to put this in abeyance to use when we ask Ness.

H.M.JR: I approve, Mr. White.

MRS. KLOTZ: That is that, Mr. Pehle.

MR. LUXFORD: It will go on one of those memos some day. (Laughter)

H.M.JR: Is there anything else?

MR. PEHLE: That is all.

H.M.JR: These meetings last a long time, but I think they are useful.

MR. LUXFORD: I have nothing.

MR. COYNE: I have two small items. V-mail is going along; we will have Art work on it today, and Dave Levy is at work and is busy preparing your February 11 address.

H.M.JR: You know, before Ted left he was working on this idea that I go on the air once a week, and I never heard any more about it.

MR. COYNE: We are still working on that; the Blue Network wants it, and Dave Levy is getting some background material now.

H.M.JR: I don't know, but I suggested in the first instance that we go to the Blue, but Ted didn't want to go to the Blue.

MR. COYNE: That is the way it worked out.

H.M.JR: Who contacted Chester La Roche.

MR. COYNE: Tom Lane did two or three weeks ago.

H.M.JR: Good.

Joe?

MR. DuBOIS: I have nothing.

H.M.JR: I just want to congratulate you on the work you did. It is fine.

MR. DuBOIS: I would like to say that it is still not clear, that I am not going to build up false hopes that the thing is going to work out like it should. I have my fingers crossed as to what the ultimate outcome of this will be.

H.M.JR: Mr. Daniel Washington Bell.

MR. D. W. BELL: I have nothing this morning.

H.M.JR: Charles? Have you got a middle name?

MR. C. S. BELL: Stewart.

H.M.JR: Charles Stewart Bell.

MR. C. S. BELL: Buzz Aarons is back from London.

H.M.JR: I saw him.

MR. C. S. BELL: And Joe wants to appoint him Assistant General Counsel. He has been Assistant to the General Counsel. I have that letter.

Joseph B. Friedman is now available again to Joe. He would go into Buzz Aarons' old job, just as Assistant to the General Counsel. That contemplates an increase in salary. Both of these contemplate an increase in salary.

H.M.JR: I tell you what, if you tell them outside there right after Lauch Currie leaves--if you and Joe O'Connell would come here and have the boys here, I will give them these. I will sign them now, but tell them as soon as Lauch leaves I would like to see them.

(Mr. Bell hands Secretary letter addressed to Lehman C. Aarons, dated January 19, 1945, which the Secretary signs.)

H.M.JR: How much increase for Friedman?

MR. C. S. BELL: Five hundred dollars. This is one for William H. Taylor. (Hands Secretary letter to Mr. William Taylor, dated January 14, 1945, which the Secretary signs.) I understand Harry spoke to you about that.

MR. WHITE: Could you see him, too?

H.M.JR: Sure. Include them all at the same time.

MR. C. S. BELL: Congressman Celler's amendment is to increase Cabinet Members' salary to twenty thousand dollars, and increase the others. I didn't know whether you knew that.

H.M.JR: I heard a lot of discussion about it. I don't know how the Cabinet feels. They seemed to think it was bad. I think Vinson spoke on it, that how could they turn around and tell little steel and the rest of them they couldn't have it if they gave it to the legislative and executive, see? But I did want to say that if there was any such

thought--I think that they may not get it now, but eventually it should be taken care of--and the Under Secretary and Assistant Secretaries, see? If the Cabinet Members go to--

MR. C. S. BELL: Twenty thousand from fifteen.

H.M.JR: I think the Under Secretaries should get fifteen and the Assistant Secretaries twelve. I think that would be relatively fair.

MR. C. S. BELL: Couldn't Tom Lynch cover that when he reports on this?

H.M.JR: It isn't coming out, but you have got to do the thing. I understand they are not mentioned in the bill.

MR. O'CONNELL: That particular bill--there are several bills that have been proposed to Congress.

H.M.JR: Just to establish the position. I think that they recognize that if we get it, then some day maybe they will get it, too.

MR. LUXFORD: Mr. Secretary, did Judge Vinson consider enacting the law now, but making it effective sixty days after V-day or something like that?

H.M.JR: He talked it down and thought it was bad.

I said facetiously at Cabinet, having just made out my income tax on that day, that unless the increase was exempt from taxes, I was against it. If it would increase my salary five thousand and have that five thousand exempt, it would be very nice.

MRS. KLOTZ: You would be getting what, fifteen?

H.M.JR: See, complaining already.

MRS. KLOTZ: No.

MR. D.W. BELL: by the way, did you see where Senator Thomas introduced a resolution to provide a commission along the lines of your recommendation, only a good deal broader--a foreign economic commission?

MR. GASTON: He had everybody in town on it.

MR. D.W. BELL: He has twelve public members, eight or ten from Congress, the Secretary of Agriculture, Secretary of Commerce--

MR. O'CONNELL: Is it something like Foreign Economic Administration?

MR. D.W. BELL: Along the same line, except broader.

H.M.JR: Maybe Crowley or Cox had that introduced.

MR. O'CONNELL: That was my reaction at first. The Foreign Economic Administrator would be one of the members.

MR. DuBOIS: Just a second, Mr. Secretary. I should have said this before. When you see Aarons and Friedman, could you also mention this war criminal thing to them? They did a lot of work on it. I would like to say that it isn't my work. Joe O'Connell, Luxford, Harry White, Aarons, Friedman--everybody--it is a product of the work of a lot of us. Aarons and Friedman also did a lot of work on it.

H.M.JR: Is that why they are getting promoted?

MR. DuBOIS: They deserve promotions without that.

H.M.JR: All right.

✓  
1/19/45.  
Total

Leo Pasvolsky

He has been writing on Russian and international affairs since 1916 and his writings have not been sympathetic with the Soviet Union. He has consistently, since 1917, underestimated the economic, political and military powers of the Soviet Union. (One week after the German attack against the Soviet Union Pasvolsky said dogmatically that the Russian army would be annihilated within several weeks and the Soviet Government completely destroyed.)

He has collaborated with Harold Moulton extensively since 1922 and up to several years ago maintained his connections with Brookings Institution.

(Moulton was recent author of a book on post-war treatment of Germany and Japan which took the position that both countries should be permitted to return to their previous economic status.)

We have been told by Mr. Collado that Pasvolsky was attempting to "knife" Bretton Woods.

Penrose, Mosley and Radius, Political and Economic Advisers to Winant on the EAC

Penrose is a former university professor who became associated with Ambassador Winant in the International Labor Office and has been retained by Mr. Winant as his adviser almost constantly since that time. He is not a regular State Department employee.

Penrose is a humanitarian who has said that Germans must be given at least 2,000 calories per day as a minimum diet.

Mosley is a career diplomat. After listening to Morgenthau and White on the German problem in London he told other Treasury representatives that the ideas of Morgenthau and White were fantastic, childish and imbecilic.

Radius was Berle's assistant. He was sent to London to arrange for United Nations Organization to control inland transportation in Europe. His efforts failed because he was unable to reach agreement with the Russians on the use of the transportation facilities of Germany.

All three of these advisers are completely out of sympathy with JCS 1067 in principal and in detail, and have attempted to undermine the policies expressed in that document.

Robert Murphy

His record in France and North Africa is well known. Murphy is on his spoken word hostile to and suspicious of the Soviet Union. He has said that you cannot trust "those people" and that it is impossible to deal with them. Murphy is spreading the story that the President has renounced the Churchill-Roosevelt-Quebec memorandum on Germany and quotes the President as saying that he doesn't know how he ever signed that document.

1/18/45

To Mr. McCloy:

Carbon of Treas memo "The War Dept Memorandum Concerning the Punishment of War Criminals" and copy of War Dept memo "Trial and Punishment of European War Criminals" undated

HM, Jr's memo of transmittal dated 1/19 and signed H. Morgenthau, Jr.

sent by Bauck 1002

Bauck 10.05

To Judge Rosenman:

Ribbon copy and one carbon of Treas memo 1/19 "The War Dept Memorandum Concerning the Punishment of War Criminals" and typed copy of War Dept memo to Pres "Trial and Punishment of European War Criminals"

HM, Jr's memo to Judge Rosenman dated 1/19 and signed H. Morgenthau, Jr

January 19, 1945

MEMORANDUM FOR MR. McCLOY

There is attached a copy of a memorandum which we have submitted to Judge Rosenman containing comments which we in the Treasury have with respect to the War Department memorandum concerning the trial and punishment of war criminals.

Secretary of the Treasury.

Attachment.

JED:ecr - 1/19/45

January 19, 1945

MEMORANDUM FOR JUDGE ROSENMAN

There is attached a memorandum setting forth the comments which we in the Treasury desire to make with respect to the War Department memorandum concerning the trial and punishment of war criminals.

I have sent a copy of this memorandum to Mr. McCloy of the War Department.

Secretary of the Treasury

Attachment.

53  
January 19, 1945

MEMORANDUM

Re: The War Department Memorandum  
Concerning the Punishment of  
War Criminals.

With respect to the attached draft of a memorandum for the President, concerning the trial and punishment of European war criminals, we in the Treasury have the following comments to make:

(1) We think that the most fundamental issue which the President should focus on immediately is the procedure to be followed which will give the fullest possible effect to the following provision in the Moscow statement on atrocities of November 1943:

"At the time of the granting of any armistice to any government which may be set up in Germany, those German officers and men and members of the Nazi party who have been responsible for, or have taken a consenting part in the above atrocities, massacres and executions, will be sent back to the countries in which their abominable deeds were done in order that they may be judged and punished according to the laws of these liberated countries and of the free governments which will be created therein."

It is our view that, in accordance with the principle laid down by this provision, the Allied military authorities should hand over upon demand, without any examination of any nature whatsoever of the merits, all Germans requested by any of the United Nations. These Germans would be returned to the country demanding them where they would be tried and disposed of according to the laws and procedures of that country.

Specifically, it could be provided that upon a request filed with the appropriate authorities by a representative of any of the United Nations, any person who was stated in such request to be charged by such United Nation with an offense against its laws or its nationals, or under the laws of war, should immediately be delivered up to the designated authorities of such country. Such request should be promptly and summarily complied with upon the apprehension of the person named in the request. If the same person is requested by the representatives of more than one country, such person should be delivered up to the country charging him with the offense which, in the judgment of the appropriate authorities, is most serious. Compliance with any request, however, should not be held up on the grounds that other requests for the same person may be anticipated. A time limit should be set, say six months, during which the

country to which the person is delivered must convict him or else return him for delivery to such other country as may desire to try such person.

As provided in the Moscow Declaration this provision would not apply to the case of the major criminals, whose offenses have no particular geographical localization.

From the standpoint of keeping faith with our allies as well as with our own people, we feel that it is most important that no attempt be made to cut away at the principle of the Moscow Declaration by provisions such as those requiring that a formal extradition procedure be followed, that prima facie evidence as to the guilt of the person be established, etc. The extradition procedure should be administered in the most simple and expeditious manner, the only question being one of identifying the individual or group of individuals requested.

(2) Whatever procedure is adopted to deal with the war criminals who are not turned over to the various United Nations, this procedure should not involve any agreement in the form of a treaty, as is suggested in the War Department memorandum. We are of the opinion that any attempt to deal with this problem through a treaty is totally unnecessary and could only lead to endless and frustrating delays and disagreements; and that if the problem is handled in this way we might have even a worse fiasco than we had after the last World War. If it is felt for any reason that some sort of a formal agreement between the United Nations is necessary with respect to some aspects of this problem, an executive agreement entered into between the nations concerned can be just as effective as a formal treaty.

(3) With respect to those criminals who are not requested by any of the United Nations for trial in their own country, the important thing in our mind is that these people be tried by military tribunal under the most simple and expeditious procedure that can be devised. Our fear with respect to a conspiracy trial such as suggested in the War Department memorandum is that, unless the greatest possible effort is made to avoid legalistic red tape, it may become simply another glorified "sedition trial".

If it is possible to have such a trial which would carry with it the dignity of recognized judicial procedures, but which at the same time would be unencumbered by the technical delays and defenses which even under our own system frequently impede the execution of essential justice, then, in our opinion, the suggestion that there be such a trial has some merit. Such a trial might serve to demonstrate to the world that we as

civilized nations are able to bring to justice by regular legal methods those who have committed unspeakable crimes against humanity and might accordingly increase respect for ourselves and for law and order. But if criminals known to the whole world by their acts are permitted to delay punishment by reliance on technical legal rules, we would earn the enmity and disrespect of world opinion. The question, therefore, is whether a procedure can be devised which will afford the defendants some of the privileges afforded to defendants under our normal criminal procedures and which will not at the same time impede the punishment of those already convicted at the bar of world opinion. If it is possible to devise such a procedure, it will certainly be necessary that it assure such things as the following:

(a) That the pleas of sovereign immunity, superior orders, and insanity be eliminated as automatic defenses.

(b) That the crimes for which punishment is sought be so specifically defined that the defendants will not be able to argue collateral and irrelevant issues. For example, Hitler and the other leaders should not be permitted to reargue the theories expounded in "Mein Kampf" and other expositions of Nazi dogma. They should be confined to specific factual issues, such as, did the German army invade Poland, Czechoslovakia, etc., and did German civilians and military personnel pursue certain courses of action in those countries and in Germany itself.

(c) The opportunity of the criminals to speak in their own behalf should also be strictly limited as to time.

(d) The representatives of the Allied governments should be completely unrestricted by rules of evidence and other technicalities in presenting their case against the defendants.

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The War Department memorandum provides that once the judgment in the conspiracy charge is obtained, the civil and military courts of the several United Nations will proceed to try the members of the organizations which were adjudicated to have been participants in the conspiracy and that these trials would ascertain the nature and extent of their participation and fix the punishment of each participant in a measure appropriate in the particular case.

We feel that if there is to be a conspiracy trial along the lines suggested that the judgment in this trial should be conclusive as to the guilt of those persons who fall within

those groups which are adjudged to have taken part in the conspiracy. Thus, if Organization X is adjudged to have participated in the conspiracy, the only questions remaining would be the following, which could be handled summarily:

(a) The identification of the individual members of Organization X.

(b) The determination that all members of Organization X should receive as a minimum a certain type of punishment, with gradations depending upon the position of responsibility held by such individuals in the organization.

(4) Whatever procedure is worked out must cover the punishment of crimes committed by Germans against Germans and persons of other Axis nationalities. If the conspiracy charge is used, it should cover, for example, the murder of Jews and other minority groups of Axis nationality.

\* \* \* \* \*

Above all, it is most important that in dealing with this problem we recognize the fundamental fact that international law must be dynamic, not static. Unless it grows as the problems which the world faces grow, it will die. The respect which the people of the world will have for international law is in direct proportion to its ability to meet their needs. The one way of assuring that the trial and punishment of war criminals will produce a cynical public opinion would be to attempt to apply past practices and procedures growing out of the relatively puny wars of history to the present gigantic struggle for survival.

International law envisions the handling of novel situations according to the rule of reason. When confronted by problems which can not adequately be dealt with in accordance with historical precedents, we must approach them with boldness, courage and the determination to advance the science of international law by making the necessary decisions in a manner consistent with the ethical, moral and humane principles recognized by civilized men. The responsibility of the United Nations in this unprecedented situation is a heavy one. It must not be discharged with primary emphasis on the technical construction of obsolete rules of conduct, but, on the contrary, it must be discharged with due regard to achieving the goals for which this war is being fought. There are no rules of international law which present legal obstacles to obtaining these goals.

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WAR DEPARTMENT  
Washington 25, D. C.

MEMORANDUM FOR THE PRESIDENT:

Subject: Trial and Punishment of European  
War Criminals.

We have been giving consideration to ways and means for carrying out the United States policy regarding the trial and punishment of war criminals, as established in your statement on that subject dated October 7, 1942, the United Nations Declaration on Persecution of Jews of December 17, 1942, the Concurrent Resolution of the Congress of the United States of March 18, 1943, (57 Stat. 721), the Moscow statement on Atrocities of November 1943, and your statement on the subject of persecutions dated March 24, 1944.

DIFFICULTIES INHERENT IN SEPARATE TRIALS FOR INDIVIDUAL  
OFFENSES

Any attempt to reach these crimes on the basis of the separate prosecutions of large numbers of individuals will only make good the Nazi assumption that their crimes would go unpunished if they committed them on a sufficiently grandiose scale. The practical difficulties of proceeding on this basis are almost prohibitive. The crimes to be punished have been committed the world over, and have been participated in by thousands upon thousands of offenders. Literally millions of victims and witnesses to these offenses have perished.

As we read the pronouncements mentioned above, they establish the United States policy that we will bring to trial and punishment not only technical violations of the laws and customs of war, but also (1) atrocities committed by the Nazis before there was a state of war, and (2) atrocities committed by them against their own nationals on racial, religious, and political grounds. This raises the further complication that these last two classes of offenses in and of themselves are not cognizable as war crimes in the most limited and technical sense. Moreover, the prosecution of Axis leaders for offenses against their own nationals might be opposed as setting an unacceptable precedent of outside interference in the domestic relationships between a sovereignty and its nationals.

SECRET

Regraded Unclassified

NAZI ATROCITIES, BOTH PRE-WAR AND SINCE, REPRESENT A  
CRIMINAL CONSPIRACY

The criminality with which the Nazi leaders and groups are charged does not consist of scattered individual outrages such as may occur in any war, but represents the results of a systematic conspiracy to achieve domination of other nations and peoples (a) by deliberate violation of the rules of war as they have been accepted and adhered to by the nations of the world, the violation of treaties and international conventions and customs, and mass extermination of peoples, or (b) by a course of conduct reasonably and probably involving such violations. The objective in the prosecution of Nazi war crimes should be not only to punish the individual criminals, but also to establish and condemn the basic criminal purpose underlying the individual outrages.

The writings and statements of the Nazi leaders themselves indicate that, beginning even prior to their assumption of power in Germany, they have been engaged in this conspiracy. The carrying out of the conspiracy demonstrably involved the commission of the atrocities and war crimes which the United Nations have pledged themselves to punish. We believe that further research, which should be undertaken promptly and carried through expeditiously and thoroughly, will develop the full scope of this conspiracy so that it may be proved according to accepted judicial standards before a fair tribunal.

LAW OF CRIMINAL CONSPIRACY APPLICABLE

The well recognized law of criminal conspiracy makes punishable not only the use of unlawful means to attain lawful ends, but also the use of lawful means to attain unlawful ends. An indictment upon a charge of conspiracy should be returned against the leaders of State, the governmental and party agencies such as the SA, SS and Gestapo, and other individuals and groups who during the time in question have been in control of formulating and executing Nazi policy. Under such charge there would be admissible in evidence the acts of any of the conspirators done in preparation for, in furtherance of, and in consummation of the conspiracy, regardless of the fact that, separately considered, certain of these acts could not be prosecuted as war crimes in the accepted and most limited definition of that term. The pertinent proof would include, among other things, atrocities committed before there was a state of war, and those committed by the Nazis against their own nationals on racial, religious and political grounds.

The indictment could properly include, in addition, conspiracy counts covering the particular unlawful purposes of such organizations as the SS and Gestapo, and counts charging other particular acts of criminality committed by the respective defendants or groups of defendants. These additional counts would, to a substantial degree, be established by the proof on the general count, and at the same time it would be possible to adapt the trial procedures to the facts developed by research as indicated above.

CONSPIRACY CHARGE COULD BE DISPOSED OF IN SINGLE TRIAL

The basic charge of conspiracy and the additional counts in all probability could be disposed of in a single trial of the individuals and organizations involved. Certainly no more than a very few trials would be required to dispose of this basic charge.

The proceedings would be in two stages:

Stage A - The United Nations would physically bring to the bar a group of individual defendants considered to be fairly representative of the defendant groups and organizations. An adjudication would be sought of the existence and purposes of the conspiracy, its results, and the nature, extent, and fact of participation by the several defendant groups and organizations. The court, in this Stage A proceeding, (a) would prescribe the punishment of those individual defendants physically before it who are convicted, and (b) would determine the facts of the conspiracy and establish them for the purposes of further proceedings against the individuals and organizations dealt with in the adjudication, and the members of such organizations, who are not physically before the court in Stage A.

Stage B - Thereafter the civil or military courts of the several United Nations (or mixed tribunals of two or more of them) would proceed to try the members of the organizations which were adjudicated in Stage A to have been participants in the conspiracy. These trials would consist of (a) determining whether the persons charged with being members of these organizations were in fact members; (b) ascertaining the nature and extent of their participation in the conspiracy; and (c) fixing the punishment of each participant in a measure appropriate in the particular case. Thus, for example, in

those Stage B cases in which the proof showed no more than membership in the conspiracy in a minor capacity, no capital sentence would be imposed, and any other penalty would be so adjusted as to reflect fairly the degree of participation in the conspiracy by the individual concerned.

The procedure proposed above could be handled expeditiously, and would insure that justice will not be defeated by delays and complications. The proceedings will be judicial and not political. They will constitute an application of established legal concepts. They will afford a fair trial to those charged with atrocities. A condemnation after such a proceeding will meet the judgment of History, so that the Germans will not be able to claim, as they have been claiming with regard to the Versailles Treaty, that an admission of guilt was exacted from them under duress.

The procedure discussed above will not preclude trial of individual members of the groups or organizations involved in the conspiracy in the national courts or military tribunals of any of the United Nations, for particular war crimes or other offenses committed by these individuals. Regardless of their participation in the conspiracy or conviction for participation in it, such individuals may be remitted to the interested United Nation for trial for such other war crimes and offenses.

It may be noted, in addition, that after the charge is preferred, and pending prosecution and punishment, those of the criminals who have been or may hereafter be taken prisoners of war will not have any protected status under the Geneva Prisoners of War Convention. They can then be dealt with freed from the restrictions of that Convention.

#### RECOMMENDATION

We recommend that you approve this general method of dealing with the basic war crimes problem.

#### APPROPRIATE COURTS FOR TRIALS OF CONSPIRACY CHARGES

Two principal types of court could be employed for the trial of conspiracy charges of the character outlined above:

I. Tribunal Created by Treaty. The charges could be tried by an international court created by treaty, which

would (a) define the crimes to be tried, (b) establish the composition and jurisdiction of the court to be established, and (c) make suitable provisions for court procedures, thus insuring the elimination of dilatory and irrelevant tactics without impairing the essentials of due process.

Such a treaty should be simple and should limit the jurisdiction of the court to the trial of the charges specified in this memorandum and nothing else, thus avoiding long-term and unprecidtable commitments. This treaty would also determine whether the court shall be created with both military and civilian members or on a purely military basis, appointed in a manner to be stated in the treaty.

The creation of a court by treaty has the following major advantages:

(1) The treaty would specify the offenses against international law to be tried and the general procedure to be employed. Adoption of the treaty by the several signatory nations would make its provisions a part of the law of these nations and would afford a proper basis for the application of the specified law and procedures both by the treaty court and by the civil and military courts of these nations. Specifically, this would authorize receiving in evidence and enforcing in the Stage B proceedings, against individual defendants not before the court in Stage A, any adjudications made in the Stage A proceedings with respect to the conspiracy.

(2) The conspiracy charges to be tried will be of such historical importance that they should be heard before a court established by a method resting upon the highest sanction provided by the laws of the several interested nations. Trial by such a tribunal would command maximum public support and historical approval.

a. There might be concern lest the trial of these offenses should be long drawn out and serve as a sounding board for propaganda on the part of the defendants. This can be avoided by careful research into the facts and clear, fair, well prepared and skillful presentation of those facts before the court.

b. The negotiation and approval of the suggested treaty might take a substantial period of time and consideration of the treaty by some ratifying bodies might bring suggestions of undesirable reservations. This objection would be largely obviated by restricting the treaty court to a limited jurisdiction, as above suggested.

c. If publicity were given to the proposed prosecution, retaliations by the Axis on United Nations prisoners of war and other persons in their custody might occur. This can be avoided by deferring public announcement of the negotiation of the treaty and its presentation for ratification until all United Nations personnel in German custody are safe. However, negotiations could now be undertaken on a confidential basis, as, for example, through the European Advisory Commission.

II. Military Courts created by Executive Agreement or Military Arrangement. So far as the offenses to be tried are violations of the laws and customs of war, it is probable that international mixed military tribunals to try them could be created either by executive agreement on a governmental level or by action of military commanders.

We recommend, however, since the conspiracy charges to be tried will be of such historical importance and will involve some novel applications of existent principles of law, that the charges should be tried before a court established by a method resting upon the highest sanction provided by the laws of the several interested nations. Trial by such a tribunal would command greater public support among the several United Nations and would receive greater long-term approval. In addition a treaty could make apt provision for trial procedures, which, once ratified, would give them the unquestioned force of law in this and other interested countries.

#### BRITISH VIEW

The British Government has indicated, in commenting on a Draft Convention for a United Nations War Crimes Court submitted to it by the United Nations War Crimes Commission, that it favors neither the treaty process nor the erection of any international tribunal for the trial of war offenses, other than perhaps mixed military courts.

The War Crimes Commission's proposal, however, is very different from the one presented in this memorandum. For one thing, the convention drafted by the War Crimes Commission would have involved an indefinite, long-term commitment on the part of the contracting powers. It would have established a court of indeterminate duration, sitting in several divisions, for the trial of such war crimes as any of the several nations for any reason did not care to try in their own courts. It made no provision for dealing with conduct not violative of the laws of war in the strict sense. In effect it provided an international tribunal to do work which should properly be remitted to national civil or military courts, and which under the plan proposed herein, will be thus remitted.

Consequently, we do not regard the British objections to the War Crimes Commission's Draft Convention as necessarily precluding assent to the proposal now advanced.

#### RECOMMENDATION

We recommend that you approve the preparation and negotiation of a treaty to create a court of the type and having the limited jurisdiction described above.

#### OTHER ESTABLISHED PROCEDURES NOT FORECLOSED

The program which we have described is not intended to foreclose other available procedures for dealing with particular offenses. Thus, for example, as already noted, atrocities against our nationals by identifiable Axis individuals will remain subject to trial by United States military and naval commissions. The military and civilian tribunals of the other United Nations will probably be employed to try other individual crimes, under either international or local law. These procedures present no new problems of policy, and are mentioned only for the sake of completeness. They do not require further action on your part at this time.

#### POSITION OF THE NAVY DEPARTMENT

The Navy Department has indicated that it has a direct interest only in war crimes in the strict sense, such as are mentioned in the preceding paragraph, and that it disclaims interest in any war atrocities outside that field.

Secretary of State.

Secretary of War. Regraded Unclassified

9/45

Honorable Jesse Jones  
Secretary of Commerce  
Washington, D. C.

Dear Jesse:

Thank you very much for your letter of December 21, stating that \$11,847,328.46 will be paid to the United Kingdom for Ceylon rubber consigned to the Rubber Reserve Company before July 1, 1943.

We have noted your statement that 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. Since we understand that Rubber Reserve Company purchased Ceylon rubber on an f.o.b. basis and has, therefore, contracted to pay the agreed purchase price, whether or not the rubber is lost in transit from the f.o.b. ocean vessel point, we believe this sum should be paid, as well as the charges for rubber that arrived in the United States.

Sincerely yours,

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Henry Morgenthau, Jr., Chairman  
Secretary of the Treasury

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Edward R. Stettinius, Jr.  
Secretary of State

---

Leo T. Crowley, Administrator  
Foreign Economic Administration

Mr. Lehman C. Aarons

Office of the General Counsel.

Sir:

You are hereby appointed Assistant General Counsel for the Department of the Treasury with compensation at the rate of \$9,000 per annum, payable from the appropriation "Salaries, Office of the General Counsel", effective February 1, 1945.

Very truly yours,

Secretary of the Treasury

January 19, 1945.

Mr. William H. Taylor,

Division of Monetary Research.

Sir:

You are hereby promoted as Assistant Director of Monetary Research from grade P-7 at \$6,500 per annum to grade P-8 at \$8,000 per annum, payable from the "Exchange Stabilization Fund" appropriation, to be effective February 1, 1945.

Very truly yours,

*Rep. H. Morganthau*  
Secretary of the Treasury.

*Presented in person by So. J.*

jo

Speech of Secretary Morgenthau at the meeting of  
the Personnel Officers, January 19, 1945 at 11 am

*A the moment*  
I think that this meeting is a long time overdue. It is my fault that it hasn't happened before, but as somebody said the other day, the first twelve years are the hardest.

I have taken a great deal of interest in the work that you people are doing as I hear about it through Mr. Charles Bell and his assistants. I really am interested in the 90 odd thousand employees of the Treasury. One of the real regrets of my job is that I get so little opportunity to meet many of you. At Farm Credit I always knew every employee and we felt that we had sort of a family organization. But unfortunately it has not been possible in the Treasury because it is so vast.

I have always felt that the success of the head of a department like the Treasury is in the holding of the loyalty of the Civil Service employees. That I have tried to do this has been proved by the fact that I recommended Mr. Bell for Undersecretary and Mr. Harry White as an Assistant. I fully appreciate the job that the Civil Service employees have been doing during the war, the extra amount of time they have put in, with very rare instances of any extra compensation. I also know that you people have more than your share of taxes, in many cases there is almost a hardship.

In the past I have always said that if any persons had complaints they could come to see me. In rare instances they have.

Starting way back when I made an inspection of the Bureau of Engraving and Printing, I saw a place where the employees actually couldn't get

out. They had the perfect makings of a fire trap. I made a survey of the other buildings to make sure the people could get out in case of fire.

Now there are other needs; for an illustration - we have unsanitary working conditions and we need rest rooms.

I have always said that where there was one woman working in any Treasury building, there should be a Public Health Unit. The doctors and nurses usually go home at 4:30 p. m. and leave the girls to work until midnight. If they faint or get sick there is no one there to look after them.

I stress particularly the fact that I would like everyone, from top-side down, to feel that this isn't just a machine, that we are all human beings. I sometimes think, if you don't mind my being a little critical, that some of the Civil Service employees in important positions are a little too hard boiled. In some instances I found cases where there should have been a little more understanding. I hope these instances become less and less. There is no reason for any of us to be hard boiled about things. For instance, what are the circumstances of the home? What consideration is given to such things? I think they should be examined to see if there aren't some outside conditions that affect the case. I remember the case once of a woman who stole. When they investigated, they found out that she was going blind and needed money. I don't mean that they shouldn't be taken care of when they steal but in cases like that I would rather they would err on the side of being a little soft than too tough.

We are constantly trying to improve the working conditions. For instance, we have a fine cafeteria in this building. In this cafeteria there is no race discrimination. I like to think that all through the Treasury there is no race or creed discrimination. I suppose that is too much to hope for but it is a pinnacle to work for. My head is not in the sand and I realize there are many obstacles. When I go down to the Cafeteria, I like to see them all eating together.

I have read Mrs. Doyle's report on her swing around the country and the various places she visited, and on the whole it seemed pretty good. I think you people who hold your important jobs should remember that all of us should try to improve the working conditions of the people who spend their lives in the service of their government. We should make it as comfortable as possible for them. We will all then be a happy family of 90,000.

Recently, we asked the Appropriations Committee for money to give cash awards for outstanding recommendations for improvements in the Treasury. In the meantime we will give meritorious promotions whenever they are brought to my attention. You may be interested to know that I pass on every single draft deferment and I will also pass on the meritorious promotions. All employees should be encouraged to give their suggestions for better conditions but special encouragement should be given to those of the lower incomes.

I am sorry that I have so little time to talk with you. There has been steady improvement under Mr. Charles Bell but mistakes always will be made. We have a big turnover due to the war. Let's continue to improve.

I will take this opportunity of thanking you for the very fine cooperation you people have given. I would like to meet with you again and get suggestions from you concerning improvements of working conditions among employees. I do want you fine people to come in again with suggestions to make to me. Any rulings that come from the top that you think are unfair, don't hesitate to tell me about it.

We are all human and make mistakes but we like to think that each day we are getting a little better.

Thank you.

..71. ✓

nM Jr discussed with the President 1/19/45

*Typed by  
Stat*  
January 18, 1944

MEMORANDUM FOR THE PRESIDENT

Subject: Proposed Legislative Program

There is urgent need for a comprehensive and unified program for legislation in the foreign affairs field. There is also urgent need for a small cabinet committee to sift proposals and methods and to make recommendations to you.

The central factor on the Hill will be the struggle over the prerogatives of the Senate -- whether in any given case action should be by treaty, legislation, or executive agreement. Uncoordinated and unplanned action may produce a major controversy which will defeat many measures.

The following matters may come up at this Session:

Dumbarton Oaks proposals, after a United Nations Conference.

Bretton Woods proposals.

Extension of, and further funds for, the Export-Import Bank.

Repeal of the Johnson Act and similar provisions affecting the Export-Import Bank.

Extension of the Trade Agreements Act.

Anglo-American Petroleum Agreement.

St. Lawrence Seaway.

Food

Food and Agriculture Organization.

United Nations organization on education.

Civil Aviation Agreements.

Privileges and immunities for international organizations.

We need a cabinet general staff to recommend priority, timing, and a unified theory of constitutional powers.

We recommend that:

1. The Secretaries of State and Treasury and the Director of the Budget be authorized to constitute such a committee with authority as the need arises to consult with the heads of other interested agencies.

2. Introduction of St. Lawrence Seaway legislation be postponed until the question of the form of the legislation can be worked out, and the legislation be not brought up until the whole program has been further developed.

3. Since the United Nations Conference on the Dumbarton Oaks proposals cannot meet before Spring and complete a document for ratification until late April or May, legislation on some of the listed matters should be sought before then.

4. At the earliest possible date there should be initiated the action necessary to adopt the Bretton Woods proposals. A draft message to Congress on Bretton Woods should be promptly submitted by the committee to you.

5. The proposed committee should give immediate consideration to the time and method of initiating action

on the

on the Food and Agriculture Organization, the Export-Import Bank and other matters.

6. The Foreign Relations Committee should be advised officially that the Dumbarton Oaks proposals will be submitted to the Senate as a treaty.

7. The committee should proceed on the basis of this general outline and make concrete recommendations to you on a case-by-case basis.

If you approve the proposals made in this memorandum, there is attached a draft of a letter you might send to the other departments and agencies concerned.

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Secretary of State

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Secretary of the Treasury

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Director, Bureau of the Budget

Enclosure:  
Draft of letter

DRAFT

Dear Mr. \_\_\_\_\_:

I have appointed a committee to make plans and recommendations concerning priority, timing, and manner of submission for a legislative program in the foreign affairs field. The committee consists of the Secretary of State, Chairman, the Secretary of the Treasury, and the Director of the Bureau of the Budget, who have been authorized as the need arises to consult with the heads of other interested agencies.

I know that I may count on your full cooperation with this committee in its work.

Very sincerely yours,

MEMORANDUM FOR THE PRESIDENT

1. On January 3 Secretary Morgenthau discussed the Bretton Woods legislation with Senator Wagner, Congressmen Spence and Wolcott, Judge Vinson and Dean Acheson. Senator Tobey was unable to attend but expressed his wish to cooperate fully. It was agreed at this meeting that the Bretton Woods legislation should be introduced as soon as possible and that it would be most important for you to send a special message to the Congress on Bretton Woods.

2. Since that date Congressman McCormack has called Secretary Morgenthau urging that the Bretton Woods Agreements be considered by Congress at once.

3. We have jointly prepared the attached message to Congress on Bretton Woods for your signature. It is our hope that you will sign this message now and in your absence (and the absence of Secretary Stettinius) authorize Secretary Morgenthau to have the message transmitted to Congress on a date to be agreed upon by him and the leaders of the appropriate Congressional Committees. This procedure will allow the message to be timed with the actual introduction of the legislation which is presently being drafted.

4. If you approve this procedure it will be appreciated if you will so indicate below.

signed/ Edward R. Stettinius, Jr.  
Secretary of State

signed/ H. Morgenthau, Jr.  
Secretary of the Treasury

APPROVED:

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77

TO THE CONGRESS OF THE UNITED STATES:

In my Budget Message of January 9 I called attention to the need for immediate action on the Bretton Woods proposals for an International Monetary Fund and an International Bank for Reconstruction and Development. It is my purpose in this message to indicate the importance of these international organizations in our plans for a peaceful and prosperous world.

As we dedicate our total efforts to the task of winning this war we must never lose sight of the fact that victory is not only an end in itself but, in a large sense, victory offers us the means of achieving the goal of lasting peace and a better way of life. Victory does not insure the achievement of these larger goals—it merely offers us the opportunity—the chance—to seek their attainment. Whether we will have the courage and vision to avail ourselves of this tremendous opportunity—purchased at so great a cost—is yet to be determined. On our shoulders rests the heavy responsibility for making this momentous decision. I have said before, and I repeat again: This generation has a rendezvous with destiny.

If we are to measure up to the task of peace with the same stature as we have measured up to the task of war, we must see that the institutions of peace rest firmly on the solid foundations of international political and economic cooperation. The cornerstone for international political cooperation is the Dumbarton Oaks proposal for a permanent United Nations. International political relations will be friendly and constructive, however, only if solutions are found to the difficult economic

problems we face today. The cornerstones for international economic cooperation is the Bretton Woods proposal for an International Monetary Fund and an International Bank for Reconstruction and Development.

These proposals for an International Fund and International Bank are concrete evidence that the economic objectives of the United States agree with those of the United Nations. They illustrate our unity of purpose and interest in the economic field. What we need and what they need correspond--expanded production, employment, exchange and consumption--in other words, more goods produced, more jobs, more trade, and a higher standard of living for us all. To the people of the United States this means real peacetime employment for those who will be returning from the war and for those at home whose wartime work has ended. It also means orders and profits to our industries and fair prices to our farmers. We shall need prosperous markets in the world to ensure our own prosperity, and we shall need the goods the world can sell us. For all these purposes, as well as for a peace that will endure, we need the partnership of the United Nations.

The first problem in time which we must cope with is that of saving life, and getting resources and people back into production. In many of the liberated countries economic life has all but stopped. Transportation systems are in ruins and therefore coal and raw materials cannot be brought to factories. Many factories themselves are shattered, power plants smashed, transmission systems broken, bridges blown up or bombed, ports

79

clogged with sunken wrecks, and great rich areas of farm land inundated by the sea. People are tired and sick and hungry. But they are eager to go to work again, and to create again with their own hands and under their own leaders the necessary physical basis of their lives.

Emergency relief is under way behind the armies under the authority of local Governments, backed up first by the allied military command and after that by the United Nations Relief and Rehabilitation Administration. Our participation in the UNRRA has been approved by Congress. But neither UNRRA nor the armies are designed for the construction or reconstruction of large scale public works or factories or power plants or transportation systems. That job must be done otherwise, and it must be started soon.

The main job of restoration is not one of relief. It is one of reconstruction which must largely be done by local people and their Governments. They will provide the labor, the local money, and most of the materials. The same is true for all the many plans for the improvement of transportation, agriculture, industry, and housing, that are essential to the development of the economically backward areas of the world. But some of the things required for all these projects, both of reconstruction and development, will have to come from overseas. It is at this point that our highly developed economy can play a role important to the rest of the world and very profitable to the United States. Inquiries for numerous materials, and for all kinds of equipment and machinery in connection with such projects are already being directed to our industries, and many more will come. This business will be welcome just as soon as the more urgent production for the war itself ends.

- 4 -

The main problem will be for these countries to obtain the means of payment. In the long run we can be paid for what we sell abroad chiefly in goods and services. But at the moment many of the countries who want to be our customers are prostrate. Other countries have devoted their economies so completely to the war that they do not have the resources for reconstruction and development. Unless a means of financing is found, such countries will be unable to restore their economies and, in desperation, will be forced to carry forward and intensify existing systems of discriminatory trade practices, restrictive exchange controls, competitive depreciation of currencies and other forms of economic warfare. That would destroy all our good hopes. We must move promptly to prevent its happening, and we must move on several fronts, including finance and trade.

The United States should act promptly upon the plan for the International Bank, which will make or guarantee sound loans for the foreign currency requirements of important reconstruction and development projects in member countries. One of its most important functions will be to facilitate and make secure wide private participation in such loans. The Articles of Agreement constituting the charter of the Bank have been worked out with great care by an international conference of experts and give adequate protection to all interests. I recommend to the Congress that we accept the plan, subscribe the capital allotted to us, and participate wholeheartedly in the Bank's work.

This measure, with others I shall later suggest, should go far to take care of our part of the lending requirements of the post-war years. They should help the countries concerned to get production started, to get over the first crisis of disorganization

and fear, to begin the work of reconstruction and development; and they should help our farmers and our industries to get over the crisis of reconversion by making a large volume of export business possible in the post-war years. As confidence returns private investors will participate more and more in foreign lending and investment without any Government assistance. But to get over the first crisis, in the situation that confronts us, loans and guarantees by agencies of Government will be essential.

We all know, however, that a prosperous world economy must be built on more than foreign investment. Exchange rates must be stabilized, and the channels of trade opened up throughout the world. A large foreign trade after victory will generate production and therefore wealth. It will also make possible the servicing of foreign investments.

Almost no one in the modern world produces what he eats and wears and lives in. It is only by the division of labor among people and among geographic areas with all their varied resources, and by the increased all-around production which specialisation makes possible, that any modern country can sustain the present population. It is through exchange and trade that efficient production in large units becomes possible. To expand the trading circle, to make it richer, more competitive, more varied, is a fundamental contribution to everybody's wealth and welfare.

It is time for the United States to take the lead in establishing the principle of economic cooperation as the foundation for expanded world trade. We propose to do this, not by setting up a super-government, but by international negotiation and agreement, directed to the improvement of the monetary institutions of the world

80

- 6 -

and of the laws that govern trade. We have done a good deal in those directions in the last ten years under the Trade Agreements Act of 1934 and through the stabilization fund operated by our Treasury. But our present enemies were powerful in those years too, and they devoted all their efforts not to international collaboration, but to autarchy and economic warfare. When victory is won we must be ready to go forward rapidly on a wide front. We all know very well that this will be a long and complicated business.

A good start has been made. The United Nations Monetary Conference at Bretton Woods has taken a long step forward on a matter of great practical importance to us all. The Conference submitted a plan to create an International Monetary Fund which will put an end to monetary chaos. The Fund is a financial institution to preserve stability and order in the exchange rates between different moneys. It does not create a single money for the world; neither we nor anyone else is ready to do that. There will still be a different money in each country, but with the Fund in operation the value of each currency in international trade will remain comparatively stable. Changes in the value of foreign currencies will be made only after careful consideration by the Fund of the factors involved. Furthermore, and equally important, the Fund Agreement establishes a code of agreed principles for the conduct of exchange and currency affairs. In a nutshell, the Fund Agreement spells the difference between a world caught again in the maelstrom of panic and economic warfare culminating in war—as in the 1930's— or a world in which the members strive for a better life through mutual trust, cooperation and assistance. The choice is ours.

- 7 -

I therefore recommend prompt action by the Congress to provide the subscription of the United States to the International Monetary Fund, and the legislation necessary for our membership in the Fund.

The International Fund and Bank together represent one of the most sound and useful proposals for international collaboration now before us. On the other hand, I do not want to leave with you the impression that these proposals for the Fund and Bank are perfect in every detail. It may well be that the experience of future years will show us how they can be improved. I do wish to make it clear, however, that these Articles of Agreement are the product of the best minds that the nations could muster. These men, who represented nations from all parts of the globe, nations in all stages of economic development, nations with different political and economic philosophies, have reached an accord which is presented to you for your consideration and approval. It would be a tragedy if differences of opinion on minor details should lead us to sacrifice the basic agreement achieved on the major problems.

Nor do I want to leave with you the impression that the Fund and the Bank are all that we will need to solve the economic problems which will face the United Nations when the war is over. There are other problems which we will be called upon to solve. It is my expectation that other proposals will shortly be ready to submit to you for your consideration. These will include the establishment of the Food and Agriculture Organization of the United Nations, broadening and strengthening of the Trade Agreements Act of 1934, international agreement for the reduction of trade barriers,

the control of cartels and the orderly marketing of world surpluses of certain commodities, a revision of the Export-Import Bank, and an international oil agreement, as well as proposals in the field of civil aviation, shipping and radio and wire communications. It will also be necessary, of course, to repeal the Johnson Act.

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In this message I have recommended for your consideration the immediate adoption of the Bretton Woods Agreements and suggested other measures which will have to be dealt with in the near future. They are all parts of a consistent whole. That whole is our hope for a secure and fruitful world, a world in which plain people in all countries can work at tasks which they do well, exchange in peace the products of their labor, and work out their several destinies in security and peace; a world in which governments, as their major contribution to the common welfare are highly and effectively resolved to work together in practical affairs, and to guide all their actions by the knowledge that any policy or act that has effects abroad must be considered in the light of those effects.

The point in history at which we stand is full of promise and of danger. The world will either move toward unity and widely shared prosperity or it will move apart into necessarily competing economic blocs. We have a chance, we citizens of the United States, to use our influence in favor of a more united and cooperating world. Whether we do so will determine, as far as it is in our power, the kind of lives our grandchildren can live.

THE WHITE HOUSE,

## EXECUTIVE ORDER

## ESTABLISHING A FOREIGN ECONOMIC POLICY BOARD

By virtue of the authority vested in me, as President of the United States, by the Constitution and statutes of the United States, and in order to provide for the more effective coordination of the functions and activities of the Government in relation to foreign economic problems, it is hereby ordered as follows:

1. There is hereby established the Foreign Economic Policy Board (hereinafter referred to as the Board). The Board shall consist of the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce and the Secretary of the Interior. The Secretary of State shall be Chairman of the Board. The Chairman of the Board shall request the heads of other agencies and departments to be represented in the Board's deliberations whenever matters specially affecting such agencies or departments are under consideration.
2. It shall be the function of the Board, acting subject to the direction and control of the President:
  - (a) To develop unified programs and to establish policies with respect to the economic relationships between this Government and foreign governments.

- 2 -

- (b) To arrange for the unification and coordination of the activities of this Government relating to foreign economic affairs.
- (c) To report to the President at frequent intervals concerning its activities and to make such recommendations to him as the Board may deem appropriate.

All action of the Board shall be in conformity with the foreign policy of the United States as determined by the Secretary of State.

- 3. It shall be the duty of all agencies and departments to supply or obtain for the Board such information and to extend to the Board such assistance and facilities as the Board may require in carrying out the provisions of this order. Nothing contained in this order shall remove the responsibility or authority of each executive department or agency for carrying out its own functions and operations but such functions and operations shall be carried out in accordance with the foreign economic policies formulated by the Board.
- 4. All prior executive orders and instructions insofar as they are in conflict herewith are amended accordingly.

THE WHITE HOUSE

Franklin D. Roosevelt  
March 1, 1945

Regraded Unclassified

MEMORANDUM SETTING UP COMMITTEE FOR  
LEGISLATIVE PROGRAM

Approved by the President Jan. 19th, 1945

THE SECRETARY OF STATE  
WASHINGTON

January 18, 1945

MEMORANDUM FOR THE PRESIDENT

Subject: Proposed Legislative Program

There is urgent need for a comprehensive and unified program for legislation in the foreign affairs field. There is also urgent need for a small cabinet committee to sift proposals and methods and to make recommendations to you.

The central factor on the Hill will be the struggle over the prerogatives of the Senate -- whether in any given case action should be by treaty, legislation, or executive agreement. Uncoordinated and unplanned action may produce a major controversy which will defeat many measures.

The following matters may come up at this Session:

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Bretton Woods proposals.

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Repeal of the Johnson Act and similar provisions affecting the Export-Import Bank.

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Anglo-American Petroleum Agreement.

St. Lawrence Seaway.

Food

Food and Agriculture Organization.

United Nations organization on education.

Civil Aviation Agreements.

Privileges and immunities for international organizations.

We need a cabinet general staff to recommend priority, timing, and a unified theory of constitutional powers.

We recommend that:

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2. Introduction of St. Lawrence Seaway legislation be postponed until the question of the form of the legislation can be worked out, and the legislation be not brought up until the whole program has been further developed.
3. Since the United Nations Conference on the Dumbarton Oaks proposals cannot meet before Spring and complete a document for ratification until late April or May, legislation on some of the listed matters should be sought before then.
4. At the earliest possible date there should be initiated the action necessary to adopt the Bretton Woods proposals. A draft message to Congress on Bretton Woods should be promptly submitted by the committee to you.
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on the Food and Agriculture Organization, the Export-Import Bank and other matters.

6. The Foreign Relations Committee should be advised officially that the Dumbarton Oaks proposals will be submitted to the Senate as a treaty.

7. The committee should proceed on the basis of this general outline and make concrete recommendations to you on a case-by-case basis.

If you approve the proposals made in this memorandum, there is attached a draft of a letter you might send to the other departments and agencies concerned.

  
Secretary of State

  
Secretary of the Treasury

  
Director, Bureau of the Budget

Enclosure:  
Draft of letter

O.K. but add Wallace  
JEM

DRAFT

Dear Mr. \_\_\_\_\_:

I have appointed a committee to make plans and recommendations concerning priority, timing, and manner of submission for a legislative program in the foreign affairs field. The committee consists of the Secretary of State, Chairman, the Secretary of the Treasury, and the Director of the Bureau of the Budget, who have been authorized as the need arises to consult with the heads of other interested agencies.

I know that I may count on your full cooperation with this committee in its work.

Very sincerely yours,

Pages 92-94 given to  
Mrs. McHugh June 8, 1945.  
Not returned.

Foreign Economic Policy Board: Executive Order  
January 19, 1945

| Book ← 813 |

p. 15 + 16  
For Econ. Policy Bd. - Exec. Order  
1.19.45

Book 811, pp. 92-94

W. P. Reacher  
6.8.45

MEMORANDUM FOR THE FILES

Meeting in Mr. Dunn's Office of the State Department  
Regarding Post-war Treatment of Germany, January  
19, 1945

Present: State Department: Mr. James C. Dunn, Mr. Will Clayton,  
Dr. Freeman Matthews, Mr. Emil  
Dupres, Mr. Leverich

Treasury Department: Mr. H.D. White, Mr. A.F. Luxford,  
Mr. J.E. DuBois, Mr. H. Glasser,  
Mr. W.H. Taylor

The meeting had been arranged to allow for a fuller examination of the Treasury position in respect to the post-war treatment of Germany. The attached memorandum was circulated by Mr. White and was read aloud at the meeting.

Mr. Dunn, in commenting on the memorandum, said that the American Government was now in the process of formulating a program for the post-war treatment of Germany to be submitted through the E.A.C. to the Allied Governments, and that he thought the Treasury memorandum was inappropriate in this regard because it contained so many negatives. He said that the U. S. Government program to be submitted through the E.A.C. would be a positive program. In this regard, he felt that any such statement as that referred to in 1 (b) of the Treasury memorandum was entirely out of place. He added that as far as he knew, no one had ever thought of building up Germany as a bulwark against Russia and Communism. He wondered where the Treasury had received such an impression and added that the negation of such an attitude was "axiomatic" to any discussion on post-war Germany. He urged, therefore, that it be deleted from the memorandum.

Mr. White explained that the Treasury memorandum was not intended to be a document that would be put forward by the American Government as a statement of its policy, but was purely intended as a basis for discussion amongst ourselves in respect to Germany, and that the particular section referred to by Mr. Dunn had been included for the purpose of clarity.

Mr. Dunn reiterated that he did not think the section was necessary, inasmuch as no one, to his knowledge, held views to the contrary.

Mr. White said that he was glad to know that that was the view of the State Department, inasmuch as we had deduced from conversations with State

Department officials in the past that the view might not be quite as prevalent or consistently held as Mr. Dunn's assurances would indicate.

Mr. Clayton said that he was in substantial agreement with the Treasury views as expressed in the memorandum, but that in thinking through the problems that we would be confronted with in Germany, he had been wondering why it might not be desirable to formulate a policy for the internationalization of the Ruhr area, thereby maintaining its industrial equipment intact, rather than entering upon a program of industrial destruction. The internationalization of the Ruhr would allow not only for the retention of the Ruhr industries, but also for their rebuilding. The Ruhr's productive capacity would be sorely needed in post-war Europe. Such a program of internationalization would also insure that the Allied Nations would be able to retain control over the industry located within the Ruhr and prevent it from being used for future aggressive moves on the part of Germany. Mr. Clayton added that such a program, in his mind, also had another desirable feature. It would tend to prevent the growth of a competitive iron and steel industry within Germany inasmuch as many of the products from this area would continue to be marketed within Germany.

Mr. White stated that he fully appreciated the point of view expressed by Mr. Clayton and that in the discussions within the Treasury, we had also considered the desirability of internationalizing the Ruhr. If the Ruhr were de-industrialized and made primarily an agrarian state capable of supporting, say, 3 million people instead of its present 14 million, then internationalization would present no great problem. If, however, the Ruhr were to be internationalized and its industries to be maintained and encouraged, the questions that would arise in relation thereto were enormous and would probably lead to the defeat of the objective of keeping this area from again becoming a source of potential industrial and military strength for Germany. If the industries of the Ruhr are maintained such questions as what is to be done with the industrial output of the area, where it is to be marketed, under what terms, prices and conditions, must ever be questions of considerable conflict between the international participants in the management of the Ruhr. If the industrial products of the Ruhr were to be marketed in Belgium, Holland and France, those countries would invariably assert that the low prices of the Ruhr were based upon the low wage policy being pursued in that area or, for other reasons, were due to some particular maladministration or undesirable attribute of the international governing body. Under these circumstances, an internationalized Ruhr could only be a cause of continuous bickering and difficulties between the international partners. The time would come -- maybe 10 years hence, maybe 20 years hence -- when the managers would say, in effect: "Let us get rid of these headaches by returning the Ruhr to Germany." At the same time, Germany would be agitating constantly and by every device at her command, that the internationalization of an industrialized Ruhr was a grave injustice to Germany and something that could only be rectified by its return to the Reich.

We cannot depend, argued Mr. White, upon a continued feeling of unanimity of view and intent amongst the United Nations in respect to the imposition of international controls upon a defeated Germany over a long period into the future.

Mr. Clayton said that he recognized the force of these arguments and that the difficulty of maintaining an international regime in the Ruhr had also troubled him. He could well see where differences between the governing partners might well lead to the return of the area to Germany within a generation. He asked if, in the event it was difficult to foresee a continued international regime in the Ruhr, what would prevent Germany in any event from rebuilding the industry of the Ruhr again in the future, when our controls were relaxed.

Mr. White replied that he also questioned the possibility of maintaining controls indefinitely into the future and that the issue was not one of subjugating Germany for all time, but rather of gaining the advantage of time for our side. The de-industrialization of the Ruhr would have two fundamental advantages: it would tend to set a pattern towards agrarianism in Germany and there could be no doubt but that the German people with their technical and managerial aptitudes could go a long way towards improving the efficiency and productivity of agriculture; furthermore, it would tend to gain for the Allies a breathing spell of say, 10, 15, 20 years. During that period and also at the end of that time, we might wish to re-evaluate the situation. If the Allies were convinced that Germany was still a menace to the peace and security of the world, we might wish to devise other controls to keep her within bounds. If, on the other hand, we were convinced that a real democratic trend had set in within Germany, we might not wish for a continuance of controls.

Mr. White pointed out that if we were really to do anything about the German picture, it would have to be done within a comparatively short period following the defeat of Germany, for the longer we put off making a decision, the harder it would be to take adequately drastic measures.

Mr. Dupres said that he could not agree with Mr. White that the truncation of Germany would not be more effective than other forms of control. He said that the cessation of territory from a defeated nation was, after all, the most drastic measure that one could take and had generally been found to be the most successful. Nor could he agree with what he considered to be Mr. White's view that the de-industrialization of the Ruhr was essential because of the probability of the failure of other forms of control.

Mr. White said that the Treasury had no desire to debate the question of territorial truncation as long as the ceding of territories had some basis in reality. He said that we in the Treasury had assumed that certain German

territories would be ceded; for example, the territorial frontier of Czechoslovakia might be changed in order to adjust certain population difficulties; that part of East Prussia and Silesia would probably go to Poland; that some small portion of German territory might possibly go to Holland in accord with a reservation entered by the Dutch if their territory were to be flooded. Most of these territorial changes, however, were ones that were to occur in the Eastern part of Germany and it did not seem that this was a problem which concerned us particularly at this time.

As far as the Treasury knew, no decisions have been taken in respect to the ceding to other nations of large sections of German territory in the west, with the possible exception of the return of the Saar to France. In respect to the Ruhr, it must always be borne in mind that if the Ruhr or a substantial part thereof were to be joined to France, Belgium or Holland, it might create a national minority problem which would raise the question of the wisdom of the transfer at a later point. The State Department representatives said that no decision had yet been taken in respect to the territorial cession of the Ruhr to any foreign power, and Mr. White replied that inasmuch as that was the case, he thought it well that we should proceed with the discussion of what was to happen in that area.

Regarding the desirability of controls other than de-industrialization, Mr. White pointed out that there was nothing in the memorandum or in his remarks that could be considered as advocating the absence of or futility of other controls. He said that everyone recognized that controls other than de-industrialization were essential. The question was one of how far these controls should be carried. The Treasury felt that strong controls should be exercised over exports, imports, foreign exchange, capital movements and other such vital features of Germany's economy. Mr. White did not feel that we should go in for controls which were incapable of being adequately or successfully enforced. Another aspect of controls was how long they can be successfully applied and there was some skepticism, based upon past experience, whether it would be possible to maintain such controls over any extended period into the future.

Mr. Dupres stated as another objection to the Treasury proposal, that even if Germany were to be deprived of her metallurgical, chemical and electrical industries, this would still leave Germany with a great many industries and with a very strong agriculture. At this point, Mr. Dupres was asked if he would care to suggest additions to the lists of industries of which Germany should be deprived, and he retorted that he certainly would not; that such was not his intention.

After some further discussion, it was decided that State and Treasury representatives should pursue the subject matter of de-industrialization of Germany further. Mr. Dunn suggested that Mr. Dupres should call a meeting of State and Treasury with some of the FEA people who had been working on particular industrial surveys of German industry.

W. H. Taylor

January 19, 1945

MEMORANDUM

Re: Long Range Program for Germany

1. The single objective of any long range program towards Germany is that of doing all that we can now to prevent Germany from starting a third world War in the next generation. To accomplish this objective, the following principles are clear:

(a) Germany must be rendered weak politically, militarily and economically and must be kept weak for many years to come.

(b) Any program which has as its purpose the building up of Germany as a bulwark against Russia and communism will inevitably lead to a third World War.

(c) It is impossible to devise a program for Germany today which will guarantee peace in the years to come. We can not expect to find a panacea. There are certain minimum steps which we must take now. Developments in the next five or ten years may require that we take additional steps at that time. So long as the German people retain the will to wage war, we must be ever vigilant to see to it that they do not obtain the means to exercise this will.

(d) Since the stakes are so high, our goal must be that of seeing how far we can go in making certain that Germany is unable to embark upon another war rather than trying to find a minimum program which would convince most people that we had solved the problem.

2. There are many essential facets to a long range program for Germany. Without intending at all to exclude from consideration the other essential elements of the program, it is desired at this time to emphasize the importance of dealing effectively with German heavy industry because industry represents an indispensable means by which Germany can exercise her will to wage war again. Although political, military and economic controls over Germany in the post-war period are essential, they afford no reasonable assurance that a strong industrial Germany could not within twenty to thirty years again plunge the world into war. In order to make reasonably sure that we have deprived Germany of the ability to make war again within the next generation, it is absolutely essential that she be deprived of her chemical, metallurgical and electrical industries. Although this does not mean that other measures are unnecessary, the elimination of heavy industry is one of the essential steps we must take now.

At the same time that German heavy industry is eliminated in Germany every effort should be made to build up heavy industry in the liberated countries surrounding Germany. The industrial equipment moved from Germany as well as the resources in the Rhine and Ruhr areas could make a real contribution toward such a program. In this way the whole balance of industrial power in Europe will be shifted so that Germany will no longer be the dominating power in Europe.

3. After careful study, we completely reject the following propositions:

(a) The fallacy that Europe needs a strong industrial Germany.

(b) The contention that recurring reparations (which would require immediate reconstruction of the German economy) are necessary so that Germany may be made to pay for the destruction she has caused.

(c) The belief that the removal or destruction of all German war materials and the German armament industry would in itself prevent Germany from waging another war.

(d) The illogical assumption that a "soft" peace would facilitate the growth of democracy in Germany.

(e) The fallacy that making Germany a predominantly agricultural country, with light industries but no heavy industries, would mean starving Germans.

January 19, 1945.

Dear Deac:

This is the substance of what I was telling you at lunch yesterday.

I think the Treasury in recent years has gone a long way in democratizing public finance. We have broadened the tax base, as the saying goes, by greatly increasing the number of taxpayers. We had around a million and three quarters of individual income taxpayers in 1933, four million in 1939, and seven and one-half million in 1940. We estimate more than fifty million for this year. The Treasury had net receipts from all sources in 1933 of just about an even two billions, which by 1940 had climbed to \$5,387,000,000. For last year the figure was \$44,149,000,000. This was 47 per cent of our total expenditures.

As to Government bonds the story is a good deal the same. You will remember that in March, 1935, we launched the United States Savings Bonds, or "Baby Bonds." I stated very definitely at the time that my purpose was to increase the number of people who would have a direct interest in Government finance by inducing a great many people in moderate circumstances to buy United States bonds. By the end of June, 1941, we had made what I thought pretty good progress in that direction. We had put out about six billion face value of the Savings Bonds and had around two million owners. This seemed to us a rather good record for six years' work in peacetime. By that time people were becoming acquainted with a type of security which a few months later became the War Savings Bond. In the month of Pearl Harbor we really went to town, with sales exceeding a billion dollars. Now we have approximately eighty-five million owners of

- 2 -

War Savings Bonds, with a total outstanding of forty billions present value. I think that eighty-five million bond holders is really popularizing the wartime debt.

I believe that's the story. If you want me to supplement it in any way, let me know.

With personal regards,

Sincerely,

(Signed) Henry

Mr. George B. Parker  
Scripps-Howard Newspapers  
Daily News Building  
1013 - 13th Street, N.W.  
Washington, D.C.

HEG/mah

*WGH*

# THE KIPLINGER TAX LETTER

WRITTEN PRIVATELY FOR CLIENTS

THE KIPLINGER WASHINGTON AGENCY

NATIONAL PRESS BLDG., WASHINGTON 4, D. C.

Dear Sir:

Washington, Tuesday, Jan. 9, 1945.

This will be a year of confusion in the planning of future taxes and tax policies. There will be a flood of tax proposals in Congress, and taken altogether they will not make sense. That is, some officials will argue for delaying ALL actual consideration of tax proposals until the German war is over. Others will argue for doing something now, before the German end, applicable after the German end, so that people will know what to expect, and how to plan their business operations. All this babble is bound to be confusing and irritating, and doubtless there will be many times when you will want to shut your ears to it all. But don't do it, for out of this year's talk will grow the new tax laws for this year and for postwar period.

Note that the President ducks mention of taxes almost entirely in his 1946 Budget Message sent to Congress today. What he does say is in vague, loose, broad, general language, with little meaning.

"There is no justification for tax reductions as long as we are engaged in a major war," says the President.

And then he adds: "When a favorable development of the war allows a major decline in war expenditures, minor tax adjustments will become possible and desirable"...minor adjustments.

President ties in tax revision with the employment problem which U. S. will face, postwar...and this has vital implications:

"We must overhaul the wartime tax structure to stimulate consumers' demand and to promote business investment."

This is a plug for incentive tax viewpoint, say some officials. Administration will drag out incentive taxes for postwar tax use.

Some fancy tax thinking is reported to be going on in gov't... along lines, for example, of tying future corporation income tax cuts to rate of employment postwar...relative rate between the postwar year and some prewar base period year.

Don't be stampeded in your tax thinking by such suggestions. This administration has brought forward "extreme" tax proposals before, and most have fallen by the wayside.

Bickering between officials on tax matters has broken out again, and this is getting administration off on the wrong foot with Congress.

This time it is Morgenthau taking a crack at Byrnes.

In a well run gov't, Byrnes would have checked with the Treasury, at least have told tax officials what he intended to say.

In a well run gov't, the Secretary of the Treasury wouldn't have blurted out in an ill-tempered manner as Morgenthau did.

Tax outcome isn't affected much by such squabbling, however.

Tax cuts will NOT be put off until 1947, as recently commented by some officials in gov't.

Slightly lower taxes this year have better than 50-50 chance.

Byrnes' three suggested tax amendments have been well received in both the House and Senate. Most congressmen just can't understand why Morgenthau acted so as to cast doubt on soundness of Byrnes' ideas. They say that, more than anything else, "Morgenthau's dignity was hurt."

Enactment immediately after German war end... that's the course recommended by Byrnes in his report...so as to remove "tax impediments to reconversion and business expansion."

But Congress may vote changes BEFORE the end of the German war in order to have them ready to OPERATE immediately after the German end. At least Congress will do much of the preliminary work on these ideas well ahead of the German war end. It's during this period that business will be called on to give its opinions. So you shouldn't wait until law is on the books before knowing what these issues are all about.

Accelerated depreciation is one proposal offered by Byrnes. He stresses that the present gov't policy to depreciate on the basis of the physical life of the property "has a tendency to discourage the acquisition of new equipment and the formation of new enterprises."

This would be an optional plan, not a substitute for treatment under the existing depreciation provisions. Business would have choice of taking depreciation based on life expectancy or taking larger amount in the earlier years. This "larger amount" would be limited to perhaps one-third of the full cost.

Note this point: Byrnes suggests that this special allowance might be further limited so that it could be used only in computing the regular income taxes, NOT to be used to lessen excess profits tax.

Treasury isn't "sold" on this plan, believes it won't achieve the objectives set out for it. But Treasury won't oppose enactment... and it wouldn't change the prospects much even if the Treasury did.

Higher specific exemption for excess profits tax will be voted. Byrnes suggests that the present \$10,000 be increased to \$25,000.

There is sentiment among some members of the tax committees that the \$25,000 is still not high enough. Main purpose of change is to help small businesses, and these members say that the amount should be perhaps as high as \$50,000 to really do any good.

Businesses may count on change to at least the \$25,000 figure, with an even chance that it may be more.

Postwar profits tax refund bonds will be cashable sooner, at least some portion of them, if Byrnes' third suggestion is voted, and chances are it will be. He urges that some of these refund bonds be cashable immediately after German war end.

Under present law, these bonds become negotiable at the end of the war...the Jap war...and become progressively redeemable by series on varying dates after the end of the war.

To permit their redemption earlier would ease the financing of many businesses, especially some of the smaller lines.

Some limitation will be put on the amount. Don't know how much.

WHEN will these changes apply? No flat answer. Prospects depend on course of German war. But we think, after weighing all the factors, that they are likely to apply to THIS year, 1945.

Last chance to revise your 1944 estimated tax is close at hand, if such a step is necessary to avoid the penalty for underestimating.

The deadline for filing an amended estimate for 1944 is Jan. 15.

If you have any doubt at all as to whether you may be penalized, the safest thing to do is to make a last-minute check of your estimate before the deadline on Jan. 15.

Here are the tests which will tell you what you should do:

If amount of your estimated tax is less than 80% of actual tax, you will be subject to the penalty unless...

...(1) You file an amended return revising the estimate upward so as to have the corrected estimate within the 20% error permitted. Or.....(2) Your estimated INCOME for 1944 is at least equal to 1943, in which case the penalty will not apply even though you make an error of more than 20% in your estimated tax. In this case, you need not file an amended estimated tax return.

Note also that Jan. 15 is date for making 4th-quarter payment on your 1944 estimated tax, if you haven't paid it yet.

You do NOT have to file estimated tax for 1945 on Jan. 15, as many individuals seem to believe.

1945 tax estimate is to be filed by March 15, and procedure will be about the same as it was last year. (We will discuss details in our later Tax Letters.)

One point not to be overlooked is this: New tax withholding which got under way on Jan. 1 will withhold more income tax during 1945 than was withheld during 1944. Roughly, a higher percentage is applied, and withholding goes a little farther up the scale.

So be sure that you estimate properly the amount of income tax your employer will withhold during 1945, for this has a direct bearing on the amount of tax you will pay quarterly over and above the amount that is withheld by the employer.

Soon you will get a bill for balance of the unforgiven tax.

Many individuals are still trying to find some mention of this on the FINAL income tax return for 1944. It isn't there.

Revenue Bureau officials felt it was simpler to bill separately for this unpaid balance than to try to work it in on 1944 tax return.

Payment deadline is March 15...same as for final 1944 tax return and the first quarter payment of the 1945 estimated tax.

Note to employers: 1944 tax-withholding receipts must be given to your employes no later than Jan. 31. Bureau officials still emphasize that extra-special care should be exerted in making out these receipts.

Be sure you give each employe TWO copies of withholding receipt, for many employes will want to use one of them as final 1944 tax return. This will be the first year you will have to give worker TWO copies.

The triplicate will be sent to Revenue Bureau by the employer, along with his last-quarter tax-withholding return, Jan. 31.

If you have a large quantity of these tax-withholding receipts you may forward them in a separate package to your revenue collector. This package should include the reconciliation form (W-3), and this form must be accompanied by a list of the amounts shown on the receipts... preferably a list in the form of adding machine tape.

Keep an eye on these men as tax policies and details unfold here, for they will take part in the formulation of both.

These are not the only men, of course, who will come to forefront of the Washington tax picture, but they are the key men within Congress and the administration who will be most quoted publicly.

These are the men with whom many businessmen will be dealing during the drafting of the new tax laws this year.

First, the men in Congress, for, after all, they vote the laws: Robert Doughton will again be Ways and Means Committee chairman. He will guide the tax bills in the first stage, for it is his Committee which must initiate all tax bills. Basically he will be conservative. He squirms when "extreme" tax proposals are handed his Committee.

Jere Cooper will carry the ball for the administration again, but probably with little success...no greater than before.

Harold Knutson will be an influence as the ranking Republican. He has a grasp of tax principles, will seek and take advice on details.

Frank Carlson will come more to fore in tax matters.

Walter George will again head up Senate Finance Committee, and he, too, will be conservative in his approach to tax changes.

Taft and Vandenberg are strongest Republicans on Senate side. Between them they will lead the Republicans on Finance Committee.

Colin Stam, head of Joint Committee staff, will be more weighty in the coming tax revision than in past, mainly because Congress intends to do what it wants, will be less-than-ever swayed by the Treasury.

The men in the administration whose statements you should weigh: Morgenthau, as Secretary of the Treasury, can not be ignored, even though members of House and Senate Committees would like to do it. He will be an influence on the administration's tax policy, of course.

Roy Blough and Joseph O'Connell, Jr., will be the key tax men for the Treasury, will present plans to and work with Congress.

There is some opinion that Treasury will have to bring in a "big name" tax man, but there are no signs that this will be done.

Byrnes will continue to have a say on taxes, and the truth is that he will come closer to getting what he wants than will Morgenthau.

Changes in congressional tax committees also are significant: Ways and Means will get one new Democrat, two new Republicans. Clinton Anderson (N. Mex.) is the new Democrat who is succeeding Wes Disney (Okla.), who resigned to run for the Senate and was defeated. Anderson is said by his colleagues to be pro New Deal.

Two new Republicans haven't been named yet, but leaders say they will be "along conservative lines."

Senate Finance will get one new Democrat & two new Republicans. New Republicans are Harlan Bushfield (S.D.) and Albert Hawkes (N.J.). The Democrat has not yet been chosen.

One of the busiest tax years ever is ahead, and these men will have much to say about your future taxes...business and personal.

Yours very truly,

Jan. 9, 1945.

THE KIPLINGER WASHINGTON AGENCY

63721

JAN 19 1945

Dear Eleanor:

I am enclosing a short memorandum dealing with the question of the relationship of Treasury borrowing to the banking system, which was raised in a letter, dated January 3, 1945, written to you by Mr. L. C. Christian of Houston, Texas, which Miss Thompson sent to me on January 11.

As is indicated in the first paragraph of the memorandum, this subject is highly controversial. I believe, however, that the material in the memorandum will furnish an adequate reply to Mr. Christian.

Affectionately,

(Signed) Henry

Mrs. Eleanor Roosevelt  
The White House  
Washington, D. C.

Enclosure

APLT:hr 1/18/45

The question which Mr. Christian raises involves many complex theoretical points, and is the subject of widespread controversy among experts. The whole problem is of such scope that it could not be treated adequately in a letter. However, certain matters of fact are pertinent to the question and may be of value in replying to Mr. Christian.

During the five years ended December 31, 1944, net borrowing by the Federal Government, by the issuance of interest-bearing securities which are either direct obligations of the United States or guaranteed by the United States, amounted to about \$153 billions. Of this amount, about \$62 billions were absorbed by commercial banks and \$16 billions by Federal Reserve Banks, or a total of \$78 billions by the banking system. The remaining \$105 billions were taken by individuals directly, or by other nonbank investors including savings banks and life insurance companies. It is estimated that, at the end of 1944, commercial and Federal Reserve Banks held \$96 billions and nonbank investors about \$134 billions of the interest-bearing issues outstanding at that time.

No United States securities were "given" to the banking system or to anyone else. The securities acquired by the banking system were paid for, principally by deposits in the name of the United States which have since been disbursed and are the property of the individuals and corporations now holding them and not of the banks. The banks hold the securities merely as offsets against the liabilities which they owe in turn to their depositors, and (in the case of Federal Reserve Banks) to their note holders.

The only benefit which the banks have received from these operations has been their earnings, consisting of an increase of a little more than \$1 billion in net worth, and dividends at a rate of about 4 percent on invested capital at the beginning of the period.

THE WHITE HOUSE  
WASHINGTON

*Mr. J. Bell*

63721

January 11, 1945

Dear Mr. Secretary:

Mrs. Roosevelt would appreciate advice as to how to answer the enclosed statement taken from a letter from Mr. L. C. Christian, Houston, Texas.

Very sincerely yours,

*Melvin C. Thompson*

Secretary to  
Mrs. Roosevelt

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

L. C. Christian  
Attorney-at-Law  
306 West Building  
Houston 2, Texas

January 3, 1945

Copy

.... You (Mrs. Roosevelt) say: "The suggestion you make to 'restore to the people the power to issue, manage and control their own money and credit' has been done." Truth and candor compel me to say that the foregoing quoted statement is Wholly Untrue. Our Federal Government has nothing whatever to do with the issuing, management and control of our money and credit. This strictly governmental function is exercised solely and exclusively by private bankers, in direct defiance of the United States Constitution.

During the last four years, our Federal Government has issued, and given to private banks, in return for mere credits in government pass-books on such banks, probably 250 billions in U.S. Bonds. For all these billions in bonds, the banks did not pay one red cent. In addition to these untold billions in U.S. Bonds given to banks directly, and which they now have in their possession, and claim to legally own, many more billions have been given to them, in the same manner, and then sold, by the banks, to their depositors for cash. Our federal government has not possessed sufficient intelligence to deal directly with its citizens in selling to them these bonds. It first gives such bonds to the banks, and the banks then sell them to ignorant, but patriotic, Americans for cash. When I try to discuss this outrage upon decency and common sense, words fail me. I shall, therefore, forbear further comment, except to say: The Roosevelt Administration has, within the last four or five years, given to banks, without the payment of one red cent in consideration therefor, U.S. Bonds almost (if not quite) equal to the total wealth (500 billions) of the American people. This hideous wrong, if not quickly corrected, will cause the Roosevelt Administration to be cursed, not only by the present generation, but by generations yet unborn. We, as a people, have been sold into economic slavery to banks forever, and, in return, therefor, did not receive even "a mess of pottage". This is indeed a fine prospect for our boys to return to, after fighting and winning this war! Our government has told them that they are fighting to preserve our political, religious and economic freedom, and this is what we give them. No, our form of government will not, and cannot, survive under the unconscionable burden of debt which has already been, and which is still being, heaped upon it. I hesitate to even contemplate what will inevitably happen, if this grievous wrong is not corrected now. Our fighting boys are not going to submit to economic slavery when they come home; they will not see their wives and children starve, or placed in "relief lines", I shall carry on this fight so long as I live and breathe, or until this wile vermin has been entirely destroyed!

JAN 1 1945

Dear Admiral Carpenter:

Please accept this as an expression of my appreciation for your effective cooperation in the Sixth War Loan.

The Navy Show which was staged in Chicago, by bringing vividly to public attention the magnificent performance of the Navy during this war, was very substantially helpful to our bond sales efforts.

Your understanding support of our war financing program as evidenced by the assistance you have repeatedly rendered the War Finance Chairmen in the states within the Ninth Naval District has been a very real contribution toward enabling them to meet and exceed their quotas.

I appreciate greatly your having made Naval personnel and facilities available to the states listed in your report to the Secretary of the Navy. I trust that we may continue to count upon your interest and assistance in coming drives as in the past.

Sincerely,

(Signed) H. Morgenthau, Jr.

Rear Admiral Arthur S. Carpenter  
Commandant Ninth Naval District  
Chicago, Illinois



THE SECRETARY OF THE TREASURY  
WASHINGTON

Dear Admiral Carpender:

Please accept this as an expression of my appreciation for your effective cooperation in the Sixth War Loan.

The Navy Show which was staged in Chicago, *by bringing*  
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Sincerely,

Rear Admiral Arthur S. Carpender  
Commandant Ninth Naval District  
Chicago, Illinois



WAR DEPARTMENT  
WASHINGTON, D. C.

111  
*photostated to Mr. Coyne*  
1-23-45  
JAN 19 1945

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

Dear Mr. Secretary:

I appreciate the assistance of your war bond organization which you offered in your letter of 2 January.

We are certainly interested in having all available constructive assistance in connection with the drive for increased production for the war effort which is being made at the present time.

Mr. J. A. Krug, Chairman of the War Production Board, is organizing this drive on a national basis in cooperation with the War Manpower Commission. The use of your war bond organization has been discussed with his office and he will be in touch with you shortly.

Sincerely yours,

*Henry L. Stimson*  
Secretary of War.



312  
  
January 19, 1945

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

(For your information; no action required)

The O.P.A. and Judge Vinson's office are much concerned about rising real estate values, both urban and rural. Judge Vinson's office has addressed a letter to Chairman Eccles asking his views on controlling this situation through credit restrictions.

Off the record, I understand Mr. Eccles will say he does not think that credit control would be a suitable method and will suggest special capital gains taxation as a better remedy.

Special capital gains taxation might be helpful, but it is not a political possibility at this time, in my opinion.

*Roy Blough*

MEMORANDUM FOR THE SECRETARY

January 19, 1945.

Mail Report

Mail kept a brisk pace again this week, and though there was not a great deal of variety in the letters, many of them were outspoken and some quite urgent in tone.

A step-up in tax mail brought with it a decided shift in subject. Inquiries, protests, and suggestions about new tax measures just about doubled those received the previous week, while at the same time demands for tax refunds dropped off, both in our own receipts and in those from the White House. A few correspondents submitted completed tax forms, and others sent itemized statements of income with requests that their taxes be computed. Several writers spoke unfavorably of what they considered extravagant advertising campaigns carried on by certain business firms to reduce their income tax liability.

As usual, bond mail included a great many questions about ownership of War Bonds, a few inquiries about Adjusted Service Bonds, and a number of suggestions for promoting sales, especially for the Seventh Drive. Reports of delays in receiving bonds purchased by service men through the pay-roll deductions plan of the War Department indicated that the situation has not improved.

A total of 9 donations this week set something of a record. The smallest gift was a 7¢ check returned for cancellation, and the largest was a check for slightly over \$500 from Melchor León of Mexico City. There was less anonymous mail than usual and almost nothing of an abusive nature.

*Jeff Forbush*

### General Comments

Mrs. L. Allen Beck, Executive Secretary, Colorado Branch of Citizens for Victory, Denver, Colorado. The Executive Committee of Citizens for Victory has asked me to express to you our deep appreciation of the privilege of having Mr. Raymond F. Mikesell here last week. \* \* \* Mr. Mikesell outlined the plans of the Bretton Woods conference so clearly and forcibly, he was so generous with his time when it came to the question period, that I'm sure he made converts to the cause. I know I personally came away with the conviction that the Bretton Woods Agreements are the real foundation stone for any international organization for peace. You are certainly to be congratulated on this new method of presenting the facts to the American people, especially by means of such an able ambassador as Mr. Mikesell. Thanks again for sending him to Denver.

Copy of a letter addressed to Senator Kenneth S. Wherry from Sergeant Norbert R. Mahnken. I hope that you may be able to assist me in obtaining some information regarding the status of a claim for a Government check covering Army pay and allowances which I should have received August 31, 1944, and which was lost or stolen. Payment was ordered stopped by the Finance Officer at Omaha on September 8, and when the check was presented to the Treasurer for payment by the bank which had accepted the forged check, payment was declined on September 13. Immediately I filed the required affidavits, both with the Treasury Department and with Secret Service officials, making claim for a duplicate check. Since that time it has been virtually impossible to obtain any satisfactory information as to the status of this claim. A letter directed to the Treasury Department elicited the reply of the nature that no action had been taken inasmuch as a report of the investigation had not yet been received. Yet when I was in Omaha several weeks

ago and inquired of an Agent at the Omaha Branch of Secret Service, I was informed that such a report recommending immediate payment had been filed November 16. No further information has been received since that time. Naturally, I should like to know why payment of my claim has been delayed so long; whether I have been misinformed by one or the other agency; or whether possibly the claim has been mislaid in the deep, dark recesses of the lower file basket of some petty Treasury Department official.

Anonymous -- Spokane, Washington. Herewith enclosed please find \$50.00 which I wish you to please throw in the pot to help pay expenses of the War. Uncle Sam has been good to me. This is the way in which I show my appreciation. I could have bought War Bonds but he would have had to pay me back; in that event, I would not have been giving him anything. I want him to have this as his very own. He is a fine Uncle. With all my love and kisses -- (Signed) One of his grateful children.

Melchor León, El Dragon De Oro, S. A., Mexico, D.F. With reference to your letter #7092, I take the pleasure to inclose herewith New York draft in the amount of \$504.89, equivalent of \$2,448.71 Mexican pesos (at the rate of exchange of \$4.85 pesos for \$1.00), to which amounted the 25% of all purchases made by American citizens in this store during the month of December 1944, that is donated to the U. S. Government for "National Defense".

E. T. Tate, Chicago, Illinois. You are the most cursed, unpopular man, in Chicago. Your hate attitude toward the German people, I don't mean Nazis, is regretful. You would kill and transport millions of peoples, out of their native land, to suit your hate. If comes a day, when you are near death, you will suffer and remember. \* \* \*

Elise S. Haverbeck, Briarcliff Manor, New York.  
It was with great dismay that I saw your proposal for Germany's future so casually shelved. Frankly, I think it is worth a great deal of further thought and discussion by all the thinking people of the Allied Nations. \* \* \* To me, yours is the only sane and safe idea, and one which should in no way detract from the dignity of any country's existence. Working the land is good for all men and all countries, regardless of why it is done. All people who work the land get a very healthy viewpoint on life after a time. That is just what Germany needs and will need for many years to come, aside from keeping her in line and out of mischief.

Favorable Comments on Bonds

Alfred H. Williams, President, Federal Reserve Bank of Philadelphia. Thank you for your letter of January 12, 1945, in which you so generously expressed appreciation of the contribution of this Bank to the success of the Sixth War Loan Drive. Notes of this sort do much to heighten morale among employees these strenuous days, and I shall bring your communication to the attention of the staff.

William E. Clark, Louisville, Kentucky. Undoubtedly you are aware of the ability of your Managing Director, Louisville Branch, Federal Reserve Bank of St. Louis, Mr. C. A. Schacht. However, when one finds efficiency and speed in these days of confusion, it should be appreciated. For a month I have been trying to locate three bonds I bought during the recent Drive. They were ordered to be delivered to me in care of my bank. Yesterday at 4:00 p.m., as a last resort, I telephoned your Mr. Schacht. In the first mail this morning I had his letter locating the bonds and showing they had been delivered by the Federal Reserve Bank here December 13th and 14th. He may not be as oily in his tone over the telephone as some, but this man should go far in banking. My opinion is not due to his locating my bonds, but to the speed and efficiency of his procedure. \* \* \*

W. Dale Clark, State Chairman, War Finance Committee, Omaha, Nebraska. Thank you very much for your letter of the 9th, and your comments are undeserved but appreciated. The G.I.'s in the fox holes are winning the war and deserve the credit, rather than their fathers, mothers, brothers and sisters who are buying the bonds and who make up the sales army.

Unfavorable Comments on Bonds

William J. Najjar, Duluth, Minnesota. This is to call to your attention that ever since the O.P.A. cancelled the sugar and food stamps, the people began to feel reluctant to buy and hold War Bonds. In the stores, on the street, and in various places, the people discuss the O.P.A.'s sudden cancellation of said stamps, and express their bitter disapproval, and openly discuss the possibility that some day the U. S. Government might also cancel the War Savings Bonds. \* \* \*

Miss Leila Barnes, Havre de Grace, Maryland. I was the owner of \$6,500 Federal Farm Mortgage Bonds, interest due May 15, November 15. On November 15 I deposited with The First National Bank of this city for collection coupons amounting to \$97.50, only to be told a few days later that coupons had been returned as no good, that bonds had been called May 15. I read the financial sheet of newspapers every day but did not see any mention of these bonds being paid, nor any notice of same in banks. Seems some adjustment is due me for this loss of interest. I am a woman over 70 years of age and the investment represented hard-earned money saved for old age. I collected for the \$6,500 bonds and immediately purchased the new Treasury Bonds of December 1, 1944.

B. S. Bailey, Ludington, Michigan. I just listened to another radio appeal to buy bonds with the suggestion that the money thus invested could be used to buy some desired article ten years hence. However, my reaction to such an appeal is vastly different than it was one short month ago. If the Government, through some bureaucratic head, can cancel food coupons simply because there were too many in the hands of consumers, why is it not possible -- even probable -- that fifteen or twenty years hence, when we are in the throes of the depression which must follow the wasteful

spending orgy of our present Administration, that the Treasury Department cannot say that the form of Savings Bond then outstanding will not be honored? I have three one thousand dollar bonds which have been purchased to finance a college education for my three grandchildren in the 1960's, and I am gravely concerned about this matter. \* \* \*

W. R. Clark, Houston, Texas. I am writing you to let you know how I feel and think about what and how this war is being prosecuted, first it is very regrettable for me to learn that we American citizens have been led by our officials to believe that we were not to buy anything not essential to life, even to the economy in the using of our food ration coupons, which we were led to believe that these economies would give more to our Armed Forces, only to find that our food coupons which were said by officials would not become invalidated, had, in turn, been repudiated, and the food thus saved is being used to pamper our War Prisoners, and these same War Prisoners are allowed to escape. \* \* \* I am herewith asking you whether or not the repudiation of our food coupons by Government officials cannot, in turn, eventually lead to the repudiation of the War Bonds that we as citizens of this nation have bought and paid for, because of our doing without the non-essentials of life.

George L. Borders, Bernalyn Farm, Kingston, Ohio. The United States Government, through the cancellation of ration points, has repudiated its obligations and promises. Now will it sooner or later repudiate its bonds? A Government that repudiates one obligation might be expected to repudiate another, and since the country is rapidly approaching bankruptcy through profligate spending and waste, I am wondering if the future of Government securities isn't a little shaky. \* \* \*

Favorable Comments on Taxation

Mary Emily Young, Seattle, Washington. After having written you a few days ago, complaining that I had had no reply from the Pittsburgh, Pennsylvania, office in response to my letter about overpayment of tax in 1943, I have had an answer from them. So I want to ask you to overlook my first letter to you. Thank you very much.

Unfavorable Comments on Taxation

C. Tuchschnid, Vaduz, Liechtenstein. \* \* \* I filed and paid the Collector of Internal Revenue at Baltimore my U. S. income tax for 1940. In February 1944 my bankers, Messrs. Harris, Upham and Company, New York, cabled me that the Treasury is claiming additional tax of \$450.88 on stocks not held by them. In answer I wired that all dividend-paying stocks were held by them and that I did not owe anything further. They cabled again, this time claiming \$319.88, stating that my gross income was \$8,025.17, tax liability \$1,324.16, paid at source \$847.10, and my payment \$157.18. In reply to this I sent to my bankers for the Treasury Official a detailed statement showing every dividend and interest received, showing a total income of \$7,353.39, tax retained at source \$1,056.10, and my payment for balance of \$157.18. On October 17 I once more received a cable in connection with this matter, threatening seizure if I did not promptly pay, stating at the same time that I did not include certain dividends. I enclose herewith copy of my letter to my bankers. I do not know the name of this Treasury Official who has made these claims upon me, but Messrs. Harris, Upham and Company, 14 Wall Street, New York, can furnish you the same. \* \* \* I would be very grateful to you if you would have this investigated and reported to me. (The following comments are taken from Mr. Tuchschnid's letter to his bankers.) \* \* \* Itemized: General Machinery -- You collected all dividends for me yourselves, hence there should be no difference with the Treasury. New England Public Service Pfd. -- I received directly the dividends on 100 shares payable March 15 and June 15 of \$87.50 gross, each, and they appear on those dates on my list. On July 18, 1940, you sold these 100 shares and I consequently did not receive any further dividends. The Treasury claims three dividends at \$175.00. Any broker will be able to tell the Treasury that only half of the full dividend was paid. \* \* \* Niles Bement Pond -- This Company paid 50 cents in March and 75 cents each in

June, September and December, or a total of \$275.00, which duly appear on my list. The Treasury claims that I collected three dividends at \$187.50 each. The Treasury official is perhaps good enough to show me how to go about it in order to obtain these big dividends? If the Treasury does not take my word for it, they can have recourse to the stock registers of the different companies, which will easily prove holdings and dividends paid. The claim of the Treasury Department has no basis whatsoever, however, in order to save further cable expenses I instructed you to pay this claim under protest. \* \* \* To compel one to pay something one does not owe by claiming things at random and contrary to truth, is indeed a strange method. I could understand it of the Nazis, but coming from the U. S. Treasury Department really astonishes me. MIGHT is not RIGHT. \* \* \*

R. G. Lichtenstein, Executive Vice President,  
Continental Refining Company, Oil City, Pennsylvania.  
This letter is addressed to you as the head of the Treasury Department, and possibly the only man who can take any action concerning this complaint, if you will. We are now engaged in filling out Withholding Receipt - 1944 Form W-2 (Rev.), which are individual forms and are requiring an unholy amount of time to fill out. We see no reason why these forms couldn't have been printed in sheets the same as the accompanying Form W-2b which would not have necessitated weaving carbons in and out the multiple copies and continuously taking out of the typewriter. Our office manpower situation now is so critical that we are compelled to work nights in an endeavor to keep our records up-to-date, and when the Treasury Department thoughtlessly piles another job like this one on us, we believe we have very legitimate grounds to file a harsh complaint. \* \* \* A substantial portion of the time of our depleted office staff is now taken up with filing literally a million and one Government reports and when something like this comes along, our blood pressure

reaches the bursting point. Why don't you look into a few matters like this and have your Department statisticians furnish forms which, if not simple, will at least lend themselves in some degree to convenience and rapidity in getting them out?

Stanton M. Hardy, M.D., Assistant Medical Director, Lederle Laboratories, Inc., Pearl River, New York. You may possibly remember having met me at Twillingate, Newfoundland, several years ago when you visited that fishing village and the Notre Dame Bay Memorial Hospital there, as I was on the staff of that institution. In August 1943 I received an honorable discharge, having been found not physically qualified for active duty. In making my 1943 income tax return, I claimed a refund of \$54.68. This matter has never been adjusted, and although I have written to the Collector of Internal Revenue at Newark, New Jersey, several times about it, I have not as yet had the courtesy of a reply to my request for information as to whether this claim is to be allowed or denied and if so, on what basis. I realize that the amount involved is extremely small, but it does seem that the average taxpayer should at least be able to have an explanation of such matters. If you can do anything to hasten action, or at least have the Collector involved write to me explaining how the matter stands, I would consider it a great favor.

Mrs. Kear, Columbus, Ohio. Am enclosing withholding receipt for what you call income tax. How any Government can take twenty percent of any employee's wages without consulting the employee and finding out what he is able to pay out of his skimpy earnings is more than any intelligent thinking American can understand. It can more rightfully be called a holdup tax. \* \* \* I mailed your letter in answer to mine concerning a part of last year's tax -- \$41.00. Some smarty from the Internal Revenue tax department called me over the

phone during working hours, which is against the rules. He offered no concession but told me that I'd have to do what he said, and threatened me if I did not. Don't this sound like Germany? I am not able to pay income tax. This \$118.60 that the Government has taken from me of my hard-earned wages would have bought me some very necessary clothing that I need -- underwear, hose, shoes, etc. I would like to save enough of my wages that I work hard for to pay my way in the Home for Aged. My working years are about numbered. Senator Pepper was going to do so much for the small wage earner, but all I ever heard was wind, and it soon died. \* \* \*

The following letter was addressed to the President by C. C. Homby, Barracks 85, Room 68, Hanford, Washington, and referred to the Treasury for handling. "I realize there is a war going on, since being a defense worker for the past four years. \* \* \* We don't mind paying any reasonable tax, but since when has it become a luxury to hold your pants up? Yesterday I paid 20% luxury tax on a belt that was to hold my pants up while I worked. It seems like the luxury tax is a bit tight! \* \* \*

Herbert D. Myers, Greenville, Del. \* \* \* My opinion of the tax system forced upon the American people is that it is unjust and un-American to the core because it is fashioned on a plan that few, if any, people in the country know what it is. For the last two years I have had to employ help to make out my income tax report, which is a very simple one, comparatively speaking, but I have not known for the last two years what was done nor why it was done -- the law is so complicated. \* \* This check for \$100.00 is sent with the proviso that the full amount of it, or any part of it that is overpaid, may be deducted from my next report or estimation, whichever comes first. During the last year I have

moved. My rate of pay is changed. Where, in my former employment, nothing was deducted from my pay, now deductions are made for taxes, but no one has been able to explain what it is or how it is figured. All that has been shown me is a table of rates and amounts to be deducted. I once went into a Government income tax office for help and because I had studied the income tax blank and the instructions, spending many hours in trying to figure out what was wanted, and wanting to make out the income tax blank correctly, your own agents, paid for out of my tax money, refused to answer my questions or to help me in any way, handing me a volume of hundreds of pages of tax literature, far beyond what the untrained man could ferret out or understand, and told me to look up the answers to my questions myself while they sat around smoking cigarettes and making uncomplimentary remarks directed at me. \* \* \* This letter is written to let you know that I have had trouble, and lots of it, with Government rules and regulations, and that even the money I am now sending herewith is needed for personal matters, the paying of long-standing debts, and the keeping up of morale. \* \* \*

Gladys Paul, Plainsfield, New Jersey. Enclosed you will find my Federal income tax return for the year 1944, with a check for \$131.00. I am sending the check and the return to you directly as Secretary of the Treasury because I wish to make a vigorous protest against the injustice of the tax law passed about the middle of 1944, which was made retroactive to Jan. 1, 1944, in which "own cousins" are not considered as close relatives as step-mothers or step-fathers. There have been many cases of reversal of decisions in official Washington. Would it not be as possible for the tax committee to re-define "dependent" as for the O.P.A. to re-define "indefinitely"? \* \* \* My "own cousin", living in Maine, is 72 years old. She has no money and no one to care for her except her cousins. She is crippled and has to be bathed and dressed,

and otherwise cared for in the same manner as a baby. In the year 1944 I carried about 95% of that burden, paying a practical nurse from January 1 to about August 28, and from then through December 31, paying for her care in a nursing home at a total cost of over \$900.00. I now find that I cannot claim her as a dependent, but that I must pay, in addition to the \$497.00, already withheld from my school teacher's salary, an additional \$131.00. I am boiling at the injustice of it. \* \* \* It would seem to me that if an individual has conscience enough to assume that kind of a burden, a democratic government should be willing to meet him half-way and not try to grind him between the upper and nether millstones.

January 19, 1945

MEMORANDUM FOR THE FILES

I called Ned Brown about the lunch on Wednesday of the Delegation to discuss Bretton Woods legislation. He said that he deeply appreciated being invited but that he was so overburdened at the present time with other commitments that he has made that he did not think he could make the date. I told him that we appreciated his difficulties and that if he should be dropping by here in the next week or so, I would be very glad to report to him whatever occurs.

He asked me in particular to thank the Secretary for inviting him.

*RR*

Original to Secretary Morgenthau  
Cc: Mr. White  
Mr. O'Connell

JAN 17 1945

Dear Harold:

As you know, prior to the American landings in the Philippines, the Treasury participated in a series of conferences with representatives of your Department and others in the preparation of Civil Affairs directives to General MacArthur and the other military commanders involved. Our participation was at the instance of the War Department just as in the case of the formulation of civil affairs plans involving financial matters for other liberated areas.

However, the Philippine directive which was finally drafted was very general in character, covering only anticipated immediate problems of the liberating forces, because the military authorities took the position that military responsibility for civil affairs should be kept to an absolute minimum. The War Department stated that it desires no responsibility for military government as such in the Philippines beyond immediate battle areas, and that at the earliest possible moment normal civilian agencies of the United States and of the Philippines should carry the responsibility for civilian affairs.

Under these circumstances, the Treasury, of course, assumes that the responsibility for post-liberation civilian operations in the Philippines, insofar as the United States Government is concerned, rests with the Department of the Interior and, accordingly, is not engaged in any planning concerning Philippine financial matters such as was done in the case of other liberated areas. I want you to feel free, however, to call upon the Treasury Department for any advice and assistance you may care to have. The Treasury will be glad to meet such requests insofar as it can.

In this connection, I am enclosing some information which has come to the attention of Foreign Funds Control in the course of its freezing operations,

concerning some of the members of the Philippine Commonwealth Congress elected in November 1941. Although I am sure that you already have most, if not all, of this information in your files, I thought that our summary compilation, a copy of which is enclosed, would be of interest to you, particularly in view of Osmena's recent statement that this Congress might be used in re-establishing the Philippine Commonwealth Government.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

The Honorable,

The Secretary of the Interior.

Enclosure.

## SUMMARY OF ATTACHMENT

Foreign Funds Control has up-to-date information with respect to 15 of the 24 senators and 20 of the 98 representatives of the Philippine Commonwealth Congress elected in November 1941. The facts which are summarized in the attachment indicate that 33 of these 35 collaborated actively with the Japanese during the period of occupation.

DESCRIPTION OF COLLABORATION BY MEMBERS  
OF PHILIPPINE COMMONWEALTH CONGRESS

CLARO M. RECTO - SENATOR

VOLUNTIERS IMMEDIATE COLLABORATION (JANUARY 1942)

One of 34 prominent Filipinos who addressed a joint letter to the Commander in Chief of the Imperial Japanese Forces in the Philippines on January 23, 1942, offering their support to the enemy authorities.

POLITICAL SERVICE TO JAPANESE ADMINISTRATIONS

Council of State - member from January 1942 to October 1943.

Minister of foreign affairs under puppet President Laurel from October 1943 to date.

Headed the department of Education, Health and Public Welfare in the Vargas regime (January 1942 - October 1943).

PARTNER IN FORMATION OF "PHILIPPINE PUPPET REPUBLIC" (1943)

Member of the Japanese-sponsored "Preparatory Commission for Philippine Independence" who participated in drafting and signing a constitution for the "Philippine Puppet Republic."

REWARDS FOR COLLABORATION

Awarded the Order of the Sacred Treasure, First Class, by Hirohito in December 1944 "for meritorious services in fostering amity between Japan and the Philippines."

PRE-WAR JAPANESE ASSOCIATIONS

Recto was often reported before the outbreak of war to be pro-Japanese. He served as counsel for the Philippine offices of Mitsui, Mitsubishi, the Bank of Taiwan, and the Philippine Nippon Mining Co. He was an incorporator for the Insular Mine

Operators and the Luzon Lighterage Co., both of which were established in 1938 with the help of Japanese capital.

BENIGNO S. AQUINO - REPRESENTATIVE

VOLUNTEERS IMMEDIATE COLLABORATION (JANUARY 1942)

One of 34 prominent Filipinos who addressed a joint letter to the Commander in Chief of the Imperial Japanese Forces in the Philippines on January 23, 1942, offering their support to the enemy authorities.

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Council of State - member January 1942 - October 1943.

Headed Department of Interior under Vargas regime  
January 1943 - October 1943.

Puppet Assembly - speaker October 1943 to date.

DIRECTOR OF JAPANESE-INSPIRED POLITICAL PARTY

Director General of the Kalibapi, Philippine official political party, established under Japanese auspices. In office May 1944 to date.

PARTNER IN FORMATION OF "PHILIPPINE PUPPET REPUBLIC" (1943)

Member of the Japanese-sponsored "Preparatory Commission for Philippine Independence" who participated in drafting and signing a constitution for the "Philippine Puppet Republic."

REWARD FOR COLLABORATION

In April 1944 Aquino headed a Mission to Japan to express to the enemy Filipino gratitude for the benefits of Greater East Asia. During his trip he was decorated by the Japanese Emperor with the Grand Cordon of the Rising Sun. After inspecting the Japanese war machine, he declared, "I firmly believe that final victory in the present conflict will be won by the Japanese Empire."

QUINTIN PAREDES - SENATOR

VOLUNTEERS IMMEDIATE COLLABORATION (JANUARY 1942)

One of 34 prominent Filipinos who addressed a joint letter to the Commander in Chief of the Imperial Japanese Forces in the Philippines on January 23, 1942, offering their support to the enemy authorities.

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Council of State - member January 1942 to October 1943.

Minister of Justice under Puppet President Laurel  
September 1944 to date.

Minister of Public Works and Communications under Puppet  
President Laurel October 1943 - September 1944.

Headed the Department of Public Works and Communications in  
the Vargas regime January 1942 - October 1943.

National Planning Board - member October 1943.

Economic Planning Board - member April 1944.

Philippine Shipping Association - member 1943.

Established under Japanese auspices to engage in  
inter-island trade and to assist the eight member  
companies in obtaining essential equipment and  
supplies to aid Japanese war effort.

War Relief Board - Chairman until January 1944.

PARTNER IN FORMATION OF "PHILIPPINE PUPPET REPUBLIC" (1943)

Member of the Japanese-sponsored "Preparatory Commission for  
Philippine Independence" who participated in drafting and  
signing a constitution for the "Philippine Puppet Republic."

REWARD FOR COLLABORATION

Awarded the Order of the Sacred Treasure, First Class, by Hirohito in December 1944 "for meritorious services in fostering unity between Japan and the Philippines."

ANTONIO DE LAS ALAS - SENATOR

VOLUNTEERS IMMEDIATE COLLABORATION (JANUARY 1942)

One of 34 prominent Filipinos who addressed a joint letter to the Commander in Chief of the Imperial Japanese Forces in the Philippines on January 23, 1942, offering their support to the enemy authorities.

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Council of State - member January 1942 - October 1943.

Headed Department of Finance under the Vargas regime January 1942 - October 1943.

Minister of Finance under Puppet President Laurel October 1943 to date.

National Planning Board - member October 1943.

Economic Planning Board - member April 1944.

PARTNER IN FOUNDATION OF "PHILIPPINE PUPPET REPUBLIC" (1943)

Member of the Japanese-sponsored "Preparatory Commission for Philippine Independence" who participated in drafting and signing a constitution for the "Philippine Puppet Republic."

PUBLIC SUPPORT OF JAPANESE (APRIL 1944)

Member of the April 1944 Mission to Japan to express to the enemy Filipino gratitude for the benefits of Greater East Asia. The following month de las Alas announced publicly that, as a result of this trip, he was "further convinced of complete victory for the Japanese."

REWARD FOR COLLABORATION

Awarded the Order of the Sacred Treasure, First Class, by Hirohito in December 1944 for "meritorious services in fostering amity between Japan and the Philippines.

VICENTE MADRIGAL - SENATOR

VOLUNTEERS FOR SOUTH COLLABORATION (JANUARY 1942)

One of 34 prominent Filipinos who addressed a joint letter to the Commander in Chief of the Imperial Japanese Forces in the Philippines on January 23, 1942, offering their support to the enemy authorities.

POLITICAL COUNCIL TO SUPPORT ADMINISTRATION

Council of State - Member January 1942 - October 1943.

Philippine Shipping Association - Member September 1943.  
Established under Japanese auspices to engage in inter-island trade and to assist the eight member companies in obtaining essential equipment and supplies to aid Japanese war effort.

PARTICIPATION IN ATTEMPT TO "PHILIPPINE PUPPET REPUBLIC" (1943)

Member of the Japanese-sponsored "Preparatory Commission for Philippine Independence" who participated in drafting and signing a constitution for the "Philippine Puppet Republic."

PUBLIC SUPPORT OF JAPANESE

Since the beginning of the occupation Madrigal has been an active supporter of the Japanese. In May 1942 he spoke on the subject of "Experiences in Japanese-Philippine Business" and declared, "We (the Filipino business community) have much to learn from the Japanese . . . I wish to extend my thanks for the helpfulness

that the Japanese Imperial Army and the Japanese Military Administration have always shown us."

PRE-WAR JAPANESE ASSOCIATIONS

Madrigal, a powerful shipping magnate, has a long record of association with Japanese and Nazi interests in the Orient. For example, in June 1938 he and certain other Filipinos acted with two Japanese businessmen to organize the Philippine Fish Packing Corporation; he was still a Director of that company in 1940.

JOSE W. YULO - SENATOR

VOLUNTEERS LEADERSHIP COLLABORATION (JANUARY 1942)

One of 34 prominent Filipinos who addressed a joint letter to the commander in chief of the Imperial Japanese Forces in the Philippines on January 23, 1942, offering their support to the enemy authorities.

POLITICAL SERVICE UNDER JAPANESE ADMINISTRATION

Council of State - member January - June 1942.

Chief of Justice of the Philippine Supreme Court under the Vargas regime - January 1942 - October 1943.

Chief Justice of the Philippine Supreme Court under puppet President Laurel - October 1943 to date.

National Planning Board - member October 1943.

Economic Planning Board - member April 1944.

PUBLIC SUPPORT OF JAPANESE

Member of the April 1944 Mission to Japan to express to the enemy Filipino gratitude for the benefits of Greater East Asia.

REWARD FOR COLLABORATION

Awarded the Order of the Sacred Treasure, First Class, by Hirohito in December 1944 "for meritorious services in fostering unity between Japan and the Philippines."

FRANCISCO LAVIDES - REPRESENTATIVE

VOLUNTEERS IMMEDIATE COLLABORATION (JANUARY 1942)

One of 34 prominent Filipinos was addressed a joint letter to the Commander in Chief of the Imperial Japanese Forces in the Philippines on January 23, 1942, offering their support to the enemy authorities.

POLITICAL SERVICES TO PUPPET ADMINISTRATIONS

Council of State - member January 1942 - October 1943.

Military Governor of Laguna - 1944.

In this capacity, he attended a rally in Santa Cruz supporting Laurel's declaration of war against the United States in October 1944.

CHAMPION OF JAPANESE CULTURE

Made president in August 1943 of Nito Nippon-go Bukuy Kai, an institution founded to spread Japanese language and culture in the Philippines.

PUPPET DIPLOMAT IN JAPAN

Philippine Embassy in Tokyo - 1944. Counselor and Acting Ambassador.

EMILIANO TRIA TIROSA - SENATOR

POLITICAL SERVICES TO PUPPET ADMINISTRATIONS

Director of the Bureau of Employment under the Vargas regime.

Puppet assembly - member from Cavite and Chairman of the Committee on Third Reading - October 1943 - January 1944.

Minister of Health, Labor and Public Welfare under Puppet President Laurel - January 1944 to date.

War Relief board - Chairman January 1944.

PARTNER IN FORMATION OF "PHILIPPINE PUPPET REPUBLIC" (1943)

Member of the Japanese-sponsored "Preparatory Commission for Philippine Independence" who participated in drafting and signing a constitution for the "Philippine Puppet Republic."

RAMON J. FERNANDEZ - SENATOR

VOLUNTEERS IMMEDIATE COLLABORATION (JANUARY 1942)

One of 34 prominent Filipinos who addressed a joint letter to the Commander in Chief of the Imperial Japanese Forces in the Philippines on January 23, 1942, offering their support to the enemy authorities.

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Council of State - member January 1942 to October 1943.

Philippine Shipping Association - Chairman, September 1943.  
Established under Japanese auspices to engage in inter-island trade and to assist the eight member companies in obtaining essential equipment and supplies to aid Japanese war effort.

PRE-WAR JAPANESE ASSOCIATIONS

Fernandez, who has been prominent in Filipino banking and industrial enterprises for almost forty years, has been associated with Japanese collaborators and conservative Spanish interests in the Philippines. Among his affiliations is the Philippine Fish Packing Corporation which he formed in 1936 with two Japanese businessmen.

MELICIO ARRANZ - SENATOR

VOLUNTEERS IMMEDIATE COLLABORATION (JANUARY 1942)

One of 34 prominent Filipinos who addressed a joint letter to the Commander in Chief of the Imperial Japanese Forces in the Philippines on January 23, 1942, offering their support to the enemy authorities.

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS.

Council of State - member January to June 1942.

Puppet Assembly - member from Cagayan Province October 1943.

PARTNER IN CREATION OF "PHILIPPINE PUPPET REPUBLIC" (1943)

Member of the Japanese-sponsored "Preparatory Commission for Philippine Independence" who participated in drafting and signing a constitution for the "Philippine Puppet Republic."

SPONSOR OF COLLABORATIONIST BANKING PROGRAM

Arranz was the sponsor of the bill to create a new Central Bank for the Philippines, which had as one of its announced purposes to promote cooperation between the Philippine economy and other regions of the Co-Prosperity Sphere created by the enemy out of conquered territories.

EXAMINATOR TAX - REPRESENTATIVE

VOLUNTEER IMMEDIATE COLLABORATION (JANUARY 1942)

One of 34 prominent Filipinos who addressed a joint letter to the Commander in Chief of the Imperial Japanese Forces in the Philippines on January 23, 1942, offering their support to the enemy authorities.

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Council of State - Member January to June 1942.

Puppet Assembly - ex-officio member September 1943.

DIRECTOR OF JAPANESE INSPIRED POLITICAL PARTY

Assistant Director General of the Kalibapi, Philippine official political party, established under Japanese auspices.

TEODORO DE VERA - REPRESENTATIVE

DIRECTOR - JAPANESE-INSPIRED POLITICAL PARTY

Director of the provincial and municipal branches of the Kalibapi, Philippine official political party established under Japanese auspices. De Vera took office in April 1944.

SAMUEL ROXAS - SENATOR

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Minister without Portfolio - Elevated to cabinet rank in summer of 1944.

Economic Planning Board - Chairman, April 1944.

National Rice Warehouse (NIRA) - Chairman of the board, April 1944.

PARTNER IN FORMATION OF "PHILIPPINE PUPPET REPUBLIC" (1943)

Member of the Japanese-sponsored "Preparatory Commission for Philippine Independence" who participated in drafting and signing a constitution for the "Philippine Puppet Republic."

PUBLIC OPINION OF JAPANESE

Before the occupation of the Philippines it was generally understood that Roxas was the protege of Osmena and the successor to the "throne" by an arrangement between Osmena and Quezon. Although he accompanied Quezon to Corregidor in December 1941, Roxas did not leave the Islands with the President and was not reported to have been captured by the Japanese until the summer of 1943. In September 1943, however, he participated in the drafting of the constitution for the Philippine Puppet Republic, and Japanese broadcasts commented on his coming out of retirement to take an active part in the Laurel Government as proof that Filipinos were through with America.

EULOGIO RODRIGUEZ - SENATOR

VOLUNTEERS IN IMMEDIATE COLLABORATION (JANUARY 1942)

One of 34 prominent Filipinos who addressed a joint letter to the Commander in Chief of the Imperial Japanese Forces in the Philippines on January 23, 1942, offering their support to the

enemy authorities.

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Council of State - member January 1942 - October 1943.

Economic Planning Board - member and Chairman of Fish Committee - April 1944.

BUSINESS ACTIVITY UNDER THE OCCUPATION

Two affiliated companies with which Rodriguez is associated, the Luzon Investment Co. and the Luzon Surety Co., are known to be operating under the occupation. Rodriguez was elected President of the latter enterprise in 1944.

ELPIDIO AGUIRINO - SENATOR

VOLUNTEERS IMMEDIATE COLLABORATION (JANUARY 1942)

One of 34 prominent Filipinos who addressed a joint letter to the Commander in Chief of the Imperial Japanese Forces in the Philippines on January 23, 1942, offering their support to the enemy authorities.

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Council of State - member January - June 1942.

National Planning Board - member October 1943.

Economic Planning Board - member; also Chairman of Leaf Tobacco Sub-Committee - April 1944.

PEDRO C. HERNANDEZ - SENATOR

VOLUNTEERS IMMEDIATE COLLABORATION (JANUARY 1942)

One of 34 prominent <sup>Fil</sup> Filipinos who addressed a joint letter to the Commander in Chief of the Imperial Japanese Forces in the Philippines on January 23, 1942, offering their support to the enemy authorities.

POLITICAL SERVICE TO PUPPET ADMINISTRATION

Council of State - member January 1942 to June 1943.

PRE-WAR ASSOCIATION WITH AXIS SYMPATHISERS

Hernandez has been identified with minor enterprises in the Philippine Islands for some time. Among his associates are several of the incorporators in these enterprises are prominent businessmen and industrial figures including Enrique Llanera, a former consul who is reported to have exercised control over the Fascist movement in the Philippines and who has been a staunch supporter of the puppet government.

JOSE GOJUANCO - REPRESENTATIVE

POLITICAL SERVICE TO PUPPET ADMINISTRATION

Foodstuffs Control Association - Director July 1942.  
The majority of directors in this agency are Japanese.

PRE-WAR JAPANESE ASSOCIATIONS

Gojuangco, a wealthy landowner from Tarlac, was in 1942 Director of the Salintawan Beer Brewery Co., Inc., one of the largest Japanese enterprises in the Philippines.

ALFONSO E. SIBOZA - REPRESENTATIVE

POLITICAL SERVICE TO PUPPET ADMINISTRATION

Council of State - Member January to June 1942.

Puppet Assembly - Ex-officio member September 1943.

PASCAL SANIDAL - REPRESENTATIVE

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Council of State - Member January - June 1942.

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Council of State - member January to June 1942.

PRE-WAR ASSOCIATION WITH AXIS SYMPATHIZERS

Hernaes has been identified with mining interests in the Islands for some time. Among his associates as officers and incorporators in these enterprises are prominent political and industrial figures including Enrique Zobel, the Franco consul who is reported to have exercised control over the Fascist movement in the Philippines and Rafael Alunan who has been a staunch supporter of the puppet governments.

JOSE COJUANGCO - REPRESENTATIVE

POLITICAL SERVICE TO PUPPET ADMINISTRATION

Foodstuffs Control Association - Director July 1943.  
The majority of directors in this agency are Japanese.

PRE-WAR JAPANESE ASSOCIATIONS

Cojuangco, a wealthy landowner from Tarlac, was in 1940 a Director of the Balintawak Beer Brewery Co., Inc., one of the largest Japanese enterprises in the Philippines.

ALFONSO E. MENDOZA - REPRESENTATIVE

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Council of State - Member January to June 1942.

Puppet Assembly - Ex-officio member September 1943.

PROSPERO SANIDAD - REPRESENTATIVE

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Council of State - Member January - June 1942.

Special Representative of Puppet President Laurel to  
head Committee on Peace and Order in Northern Luzon -  
April 1944.

DATU OMBRA AMILBANGSA - REPRESENTATIVE

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Governor of Sulu Province under the Japanese occupation.

PUBLIC SUPPORT OF JAPANESE

In May 1944 Amilbangsa was reported to have praised the prosperity which the Japanese had brought to the Philippine Islands through their plans for Greater East Asia. He emphasized the importance for the Islands of the Japanese struggle against the west powers.

JOSE B. LAUREL, JR. - REPRESENTATIVE

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Jose B. Laurel, Jr. was reported to be an ex-officio member of the puppet Assembly in September 1943. It is thought that he is the nephew of Jose B. Laurel, the Puppet President of the Philippine Islands.

SA RAMAIN ALONTO - THE SULTAN OF SULU - SENATOR

PARTNER IN FORMATION OF "PHILIPPINE PUPPET REPUBLIC" (1943)

Member of the Japanese-sponsored "Preparatory Commission for Philippine Independence" who participated in drafting and signing a constitution for the "Philippine Puppet Republic."

PUBLIC SUPPORT OF JAPANESE

Domocao Alonto, the Sultan's son, led a group of 26 Moros to confer with the Japanese in August 1943.

PROCESO C. SEBASTIAN - SENATOR

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Administrative Commissioner appointed by Laurel in October 1944.

PARTNER IN FORMATION OF "PHILIPPINE PUPPET REPUBLIC" (1943)

Member of the Japanese-sponsored "Preparatory Commission for Philippine Independence" who participated in drafting and signing a constitution for the "Philippine Puppet Republic."

JUAN A. SARENAS - REPRESENTATIVE

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Puppet Assembly - Member from Davao Province September 1943.

Mayor of Davao City - August 1944.

GEORGE K. TAIT - REPRESENTATIVE

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Puppet Assembly - member from Mountain Province September 1943.

LEON VALENCIA - REPRESENTATIVE

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Puppet Assembly - Member from Balacan September 1943.

JOSE OZAMIZ - SENATOR

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Puppet Assembly - Member from Misamis Occidental, September 1943.

JOSE FUENTABALLA - REPRESENTATIVE

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Puppet Assembly - Member from Camarines Sur, September 1943.

SENORA ELISA R. DE SOUSA - REPRESENTATIVE

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Puppet Assembly - Member from Agusan - September 1943.

DATU UNGALINGAN PIANG - REPRESENTATIVE

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Puppet Assembly - Member from Catabo - September 1943.

EUGENIO PEREZ - REPRESENTATIVE

VOLUNTEERS IMMEDIATE COLLABORATION (JANUARY 1942)

One of 34 prominent Filipinos who addressed a joint letter to the Commander in Chief of the Imperial Japanese Forces in the Philippines on January 23, 1942, offering their support to the enemy authorities.

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Council of State - Member January to June 1942.

JOSE ZULUETA - REPRESENTATIVE

VOLUNTEERS IMMEDIATE COLLABORATION (JANUARY 1942)

One of 34 prominent Filipinos who addressed a joint letter to the Commander in Chief of the Imperial Japanese Forces in the Philippines on January 23, 1942, offering their support to the enemy authorities.

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Council of State - Member January to June 1942.

JOSE VELOSO - REPRESENTATIVE

POLITICAL SERVICE TO PUPPET ADMINISTRATIONS

Council of State - Member January to June 1942.

FOREIGN ECONOMIC ADMINISTRATION

WASHINGTON 25, D. C.

147  
Copy to White-  
1/20/45

January 19, 1945

Dear Secretary Morgenthau:

Leo Crowley asked me to send you the attached copy of the memorandum on the French Lend-Lease Agreement.

Sincerely yours,

*Oscar Cox*

The Honorable

The Secretary of the Treasury

Washington, D. C.

MEMORANDUM TO THE PRESIDENT

After further discussion and consideration of the lend-lease arrangements which this Government should enter into with France, the Foreign Economic Administration, State Department and the Treasury Department recommend that an agreement should be proposed to the French similar to the lend-lease agreements with Britain, Russia, China, and other lend-lease governments.

We feel that such an agreement would be preferable in a number of respects to the earlier agreement which was under consideration last summer when it appeared that there might be an early end to the war in Europe. The principal advantages of the usual form of lend-lease agreement would be:

1. It would create the least domestic and foreign controversy since it would be in the precise pattern of past lend-lease agreements.
2. It would emphasize that the United States is treating France on a par with our other fighting Allies.
3. It would retain in the United States Government complete flexibility as to the supplies and services which would contribute to the prosecution of the war and would actually be made available. This flexibility has

- 2 -

been proven by experience to be of the utmost importance in view of constantly changing war conditions. Under the existing lend-lease agreements, which are substantially identical, the administrative decisions have varied from country to country and have changed from time to time as circumstances and our national interests may require or make desirable.

4. It would leave for separate consideration and negotiation, as with the Soviet Union, the question of a 3(c) type lend-lease agreement which would provide for a commitment to pay in cash or on long term credit for specific supplies such as long-life capital goods.

We feel that France is and can increasingly become a major base of operations for the United Nations and that it is in our interests to have France's resources utilized to the fullest in order to speed the defeat of the Axis. France has facilities, resources and manpower which can and should be utilized for this purpose, but to contribute most effectively to the common war, she will require additional supply assistance from the United States. We believe that we can best mobilize France for the defeat of the common enemy through arrangements similar to those we have with our other Allies.

If this proposal meets with your approval, negotiations for such an agreement—similar to the ones with Britain, Russia and China—

will go forward with the French authorities.

After the Master Lend-Lease Agreement is negotiated with and signed by the French, the State Department, the Treasury Department and the Foreign Economic Administration will jointly work out with the French the major lines of the non-munitions program in the light of the status, actual and prospective, of the French gold and dollar balances. In other words, the United States, acting through the three interested agencies of the United States Government, should determine the extent to which we deem it appropriate that the French should use their gold and dollar resources in meeting their non-munitions requirements and the Lend-Lease aid to them should be programmed accordingly.

Before the negotiations start with the French on the Master Lend-Lease Agreement, they should be advised that the non-munitions program under the agreement will be carried out along the lines suggested above.

\_\_\_\_\_  
State Department

\_\_\_\_\_  
Treasury Department

Approved: \_\_\_\_\_  
Foreign Economic Administration

151 ✓

Treasury Department  
Division of Monetary Research

Date 1/19/45 1943

To: Mrs. McHugh

From: L. Shanahan

In response to your request for identification of the appended document:

The Secretary requested this information at meetings in his office on Nov. 10, 1944 at 10:30 (U.S. group) and 11:30 a.m. (combined group).

(Book 793)

Sir Robert Sinclair attended a meeting in the Secretary's office on Nov. 17th, at 4:00 p.m., which was the only time he was present after November 10th, so he must have handed the document to the Secretary at that time.

(Book 796)

EFFECTS OF MUNITIONS AGREEMENTS ON BRITISH MANPOWER(NOTE FOR HON. HENRY MORGENTHAU, JR.)

1. You asked for our estimate of what relief the supply of munitions which has recently been negotiated would be likely to afford to the U.K. manpower resources in the first year of Stage II. The attached statement gives a statistical summary of the outcome of these discussions. But I would emphasise that it is statistical and that it does not purport to bring out certain important considerations of a general character to which allusion would have to be made in any formal Report.
2. It will be seen that provision has been made, or financial cover agreed, for 82% of the requirements which we originally submitted, and for 98% of our requirements as they finally stood after discussion between the representatives of the Service Departments on both sides.
3. There are, however, some uncertainties which cannot be ignored, and 17% of the total financial provision is for items which clearly are, or are likely to be, in short supply and for which therefore, there is no firm commitment to supply.
4. The main document submitted to you, entitled "British Requirements for the first year of Stage II" showed in Annex C the proposed distribution of our manpower and the stringency that is expected in manpower supplies during Stage II; and in Chapter I the point was made that if, as a result of these discussions, the United Kingdom had to assume a greater proportion of the production of some items than had been planned, then she would have to be relieved to a corresponding extent of the load in other items.
5. A very large proportion of our requirements from the United States are, however, for items of American type which cannot be made in the United Kingdom in the time available, (because there is no capacity existing to make them), and for which there is no fully adequate substitute of British type.

6. We have gone very carefully through the list of items which the U.S. Departments have found themselves unable to "accept for procurement", and have consulted London to confirm the possibilities or impossibilities of British production. The result is that we can say that the Agreements reached here will impose an additional load on United Kingdom production roughly equivalent to one year's output of 50,000 workers.

7. That is, of course, a relatively small figure. It represents less than 2% of our planned munitions labour force in the first year of Stage II. But it is by no means negligible in relation to the increase it might be possible to achieve in that year in the average number of workers engaged in Exports, or Building, or in Manufacturing Industry for the Home Market. The target increase for all three is no more than 1,170,000, which may well be reduced by something of the order of 500,000 because of the deficit on our existing allocations and the likely increase of unemployment above the present exceptionally low level of 100,000.

8. For that reason we hope that if later on it should become evident that more of certain items than is now included in the agreed programmes could be supplied from the United States and their supply would go some way towards reducing this additional load on the U.K. manpower, we should be free to discuss any such cases on their merits with the Departments concerned.

9. In terms of dollar values, the financial provision that has been agreed represents rather under 50% of the comparable figures for munition lend-lease in 1944.

10. We have attempted to calculate the equivalent in British manpower of the munitions aid which has been promised to us. If it were the case (which it is not) that all the supplies covered in these Agreements could have been made in the United Kingdom, we would

-3-

estimate that they would represent the output of approximately 900,000 British workers for one year (because of differences of output per head the figure of U.S. workers employed would be very substantially less). Since, however, most of the items could not, in the time available, be replaced from production in the United Kingdom, to use such a figure would be wholly misleading. We believe that the value of the aid which the United States is providing to us is more truly measured by the fact that thereby we are able to put more men into our Armed Forces and to increase their striking power, so helping to shorten the war and save lives.

A. S. S. S. S.

17/11/44

FINANCIAL SUMMARY OF MUNITIONS AGREEMENTSTABLE IANALYSIS OF REQUIREMENTS AND ACCEPTANCES  
(Covering only the Items included in Original Submission)

(\$ MILLIONS)

	<u>Ground Army</u>	<u>F.E.A.</u>	<u>Air</u>	<u>Navy</u>	<u>Total</u>
(a) Requirements (Original Submission)	<u>769</u>	<u>77</u>	<u>1832</u>	<u>416</u>	<u>3094</u>
(b) Net Withdrawals before Negotiations	36	-	54	64	154
(c) Net Withdrawals during Negotiations	80	-	141	54	275
(d) Differences between U.K. and U.S. Prices	5	-	75	-	80
(e) Remaining Requirements	<u>648</u>	<u>77</u>	<u>1562</u>	<u>298</u>	<u>2585</u>
(f) Accepted					
(i) Total of individual Items	604	107	1312	204	2227
(ii) Additional general Provisions	-	-	205	20	225
(iii) Value of Ships for which U.K. will bid *				74	74
(iv) Total	<u>604</u>	<u>107</u>	<u>1517</u>	<u>298</u>	<u>2526</u>
(g) Not accepted	-44	+30	-45	-	-59

\* The figure of \$74 millions is included to cover U.K. bids for ships and craft which are not accepted but which are subject to assignment.

FINANCIAL SUMMARY OF MUNITIONS AGREEMENTSTABLE II

	<u>\$ millions</u>
(1) <u>TOTAL VALUE OF ORIGINAL SUBMISSION</u>	<u>3,094</u>
(2) Differences between U.K. and U.S. Price Calculations	80
(3) Net withdrawals before detailed discussion	154
(4) Net withdrawals during detailed discussion	275
(5) <u>TOTAL VALUE OF U.K. REQUIREMENTS WHICH "STOOD" AT THE END OF DISCUSSIONS</u>	<u>2,585</u>
(6) <u>ACCEPTANCES</u>	
(a) Accepted for Procurement without qualifications	1827
(b) Accepted for Procurement but subject to review in six months	18
(c) Accepted for Procurement subject to further detailed information	244
(d) Items in Short Supply for which no specific procurement for U.K. is possible and on which it is agreed that we must put in our bids before C.M.A.B. or Combined Boards	212
(e) Items for which no detailed provision is made, but which are covered by a general provision for possible additional production and assignment (see (g) of Table I)	225
<u>TOTAL OF ACCEPTANCES</u> against items included in the Original Submission	<u>2,526</u>
(7) <u>NOT ACCEPTED</u>	<u>59</u>

FINANCIAL SUMMARY OF MUNITIONS AGREEMENTSTABLE IIITOTAL OF U.S. ACCEPTANCES  
(at U.S. Prices)

	<u>\$ millions</u>
Total U.S. Acceptances against Items included in <u>Original Submission</u> (a)	2,526
Provision for <u>Spot Items and New</u> <u>Developments</u> (b)	145
Provision for <u>Ship Repairs and Certain</u> <u>Naval Items</u> not included in Table II	35
Provision for <u>Aircraft Modifications,</u> <u>Handling and Delivery Charges</u>	131
	<hr/> 2,837 <hr/>

- (a) A figure of \$74 millions is included to cover U.K. bids for ships and craft which are not accepted but which are subject to assignment.
- (b) Includes \$70 millions of the \$200 millions in the Air Agreement to cover Spot Items and additional deliveries - See Tables I and II.

TABLE IVDIVISION OF U.S. ACCEPTANCES BY DEPARTMENTS  
(at U.S. Prices)

	<u>\$ millions</u>
<u>War Office and Ministry of Supply</u>	761
<u>Air Ministry, M.A.P. and F.A.A.</u>	1,718
<u>Admiralty</u> (a)	358
	<hr/> 2,837 <hr/>

Notes:-

- (a) See footnote (a) of Table III

RESTRICTED

OFFICE OF STRATEGIC SERVICES  
WASHINGTON, D. C.

158

*File toaf  
Cable home -*

January 19, 1945

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

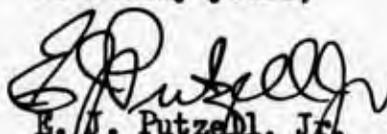
My dear Mr. Secretary:

Thank you for your letter of January 16th, referring to the material which I forwarded to you. I am enclosing two later messages received by radio telephone from Bern, and hope that they may be of some small interest to you.

I am sorry that the earlier material transmitted to you was not handled in such a way as to indicate that adequate safeguards should be taken in the Treasury mail room. According to the Security regulations and practices of this office, and, I believe, of the armed services, material classified "restricted" can properly be transmitted to another Government agency in a single envelope which bears no classification stamp.

However, I appreciate your making the point which appears in your letter of January 16th to me, and will hereafter make sure that this material is transmitted in double envelope.

Sincerely yours,



E. J. Putzell, Jr.  
Lt. (j.g.), USNR  
Asst. Executive Officer

RESTRICTED

Howe

# OFFICE OF STRATEGIC SERVICES

OFFICIAL DISPATCH

DATE 18 January 1945

#267

FROM Berne <span style="float: right;">HBC</span>		PRIORITY ROUTINE DEFERRED
TO DIRECTOR, OFFICE OF STRATEGIC SERVICES		
DISTRIBUTION		
(FOR ACTION)	(FOR INFORMATION)	

GPO 18-40001-1

RECEIVED IN PLAIN TEXT**RESTRICTED**GERMANY

The Russian offensive has made a deep impression on Germany. Communiques and reports of the German military critics have never been more somber. Apparently now, in contrast to some months ago, no real attempt is being made to hide from the German people the seriousness of the situation. Breaks in the line are frankly admitted. Also the German, rather than the Russian, communiques are often the first to give the details of the depth of the Russian penetration and of the loss of important cities.

All this fits in with the line of propaganda for which Goebbels has been so carefully preparing the people. Now it is not a war for supremacy, but a war for survival. It is a war against the invader at the frontier, and against an invader -- or rather, three invaders -- who, according to Goebbels, have vowed to destroy, partition, and enslave the German people. To whip the people up for such a war, Goebbels uses unsparingly bad news when it suits his purpose. He is no longer frightened of it. To a certain extent, it is grist to his new mill.

As the threat to Silesia and a part of Germany becomes acute in the East, the German military authorities must be asking themselves what fronts must be sacrificed in order to try to create a new stabilized line somewhere. Norway and Italy may well be the first theaters from which German withdrawals will start. Several divisions have reportedly gone from Italy towards Vienna already. But the forces in these theaters will not suffice, and soon the High Command will be forced to decide whether to try to hold the east or west front to the end, and the answer to this depends upon whether they would prefer to have the Russians or the Americans and British first occupy the country and impress their mark upon the occupation; whether they would prefer to fall into Russian or Anglo-Saxon hands. Here the views are likely to be differing. Old-line conservative Wehrmacht

**RESTRICTED**

## OFFICE OF STRATEGIC SERVICES

OFFICIAL DISPATCH

RESTRICTED

REF. No. 267

FROM Berne

TO DIRECTOR, OFFICE OF STRATEGIC SERVICES

RECEIVED

16-50301-1 GPO

officers would probably prefer the West. The younger, more Nazi, officers would prefer the East as offering the greater likelihood of being able to continue in their profession. In the Party itself there is also some division. The radical wing would prefer Russia. Others would prefer the West, probably on the theory that a trial by the easy-going and quick to forget Anglo-Saxons is preferable to the risks of quick liquidation at Russian hands.

While such speculation is probably going on, it seems likely that the men around Hitler and Himmler are preparing for the possibility of a last stand in the inner German fortress of the Bavarian and Austrian Alps, playing their last card, namely, that when the Russians and Anglo-Saxons actually meet somewhere in Germany there will be such dissension among them that the Nazis in the mountains, if they can hold out long enough, can still save something from the wreckage or at least choose to whom to deliver themselves.

This idea of a defense in a mountain fortress is in line with the Wagnerian complex of the whole National Socialist movement and the fanaticism of the Nazi youth. Hitler and his small band of brigands, who started in the beer-hall of Munich, may find their end not far away in the Bavarian Alps, after having laid most of Europe in ruins.

RESTRICTED

## OFFICE OF STRATEGIC SERVICES

OFFICIAL DISPATCH

DATE 16 January 1945

#266

FROM Berne

IEG

PRIORITY

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DIRECTOR, OFFICE OF STRATEGIC SERVICES

DEFERRED

## DISTRIBUTION

(FOR ACTION)

(FOR INFORMATION)

GPO 15-40005-1

RECEIVED IN PLAIN TEXT

RESTRICTED

GERMANY

1. A report recently received from Germany contains the estimate that 20% of the German armament industry has gone underground. These underground factories, the report states, are often constructed in the mountainous parts of Germany, Thuringia, upper Bavaria, etc. This report also states that more and more factories are being built under the ruins of bombed-out cities.

The Germans consider that it is unlikely that the Allies will again bomb the wreckage of these cities. Also, it permits them to use the underground systems which exist in large cities, and it permits the use of the workers who still find lodgings in the cellars of their bombed-out homes in the larger cities.

This report is as yet quite unconfirmed and may well be only a project rather than a program already realized.

2. Goebbels' article last week in das Reich impressed me as particularly interesting. It goes back to one of his old themes, namely, the social revolution through which Germany has evolved as the antagonist of the "plutocratic" West. In reading this article, one wonders whether he is trying slowly to build a bridge to what has always been his arch-foe, Soviet Russia. Here is a summary of the article:

More than in most of the past wars, political ideologies are the basis of this war and, even though they may be overshadowed by military events from time to time, they always retain their undiminished dynamic force. Our own side of the struggle has the advantage that its objectives are entirely uniform, so that no divergencies are to be found. That is certainly not the case in the enemy camp, as shown by many political and military events. It would be well, however, not to overestimate the differences among our enemies, because the will to destroy the Reich and wipe out our people is so predominant with the enemy that it thwarts all other

RESTRICTED

## OFFICE OF STRATEGIC SERVICES

OFFICIAL DISPATCH

REF. No. 266

FROM Berne TO DIRECTOR, OFFICE OF STRATEGIC SERVICES

16-57201-1 GPO

RECEIVED

RESTRICTED

objectives; but those differences do exist.

In those countries whose people have no clear political Weltanschauung, and consequently are unable to discover any real myth (?) in this gigantic struggle, the coming peace will bring a veritable avalanche of political divergences. The age of plutocracy is definitely finished, even in the countries still run and governed according to that classical example. A march towards a social community among the peoples is advancing throughout the world. After the war, it will assert itself with elementary force in all countries. We ourselves will not have to learn much when that time comes, for we entered this war for the salvation of all those ideals which are slowly but surely forcing their way to the surface in the great and costly battle of today. National Socialist Germany will be not only the military but also the moral victor of this war, and the reason for that is that we are not seeking to conquer a Weltanschauung but to defend one. We are far ahead of the rest of the world. That accounts for the magnificent steadfastness and political morale of the German people during the war.

This war is a social revolution. It will be won by the people. We expect from its end a life worthy of human beings and, therefore, worth living -- a firm foundation for the growth and future of their families and children.

RESTRICTED

INCOMING TELEGRAM

No. 91

Cd Horse

From Dr. T. V. Soong Chungking

Rec'd Jan. 18, 1945 AA

For Secretary Henry Morgenthau

Sent " "

Thank you for your telegram and letter. My only purpose is to see China emerge united and democratic. Condition since then is whole hearted cooperation and friendship between our two countries.

Very glad Mr. Adler has returned. I intend keep constant touch with him so that you will be kept fully informed and consulted.

Grateful to you and Mrs. Morgenthau for kind attention to my family.

cc - Secretary Morgenthau

2871 WOODLAND DRIVE  
WASHINGTON, D.C.

Jan. 18, 1945

Dear Mr. Secretary,

I received a telegram from Dr. Soong at Chungking  
which I hasten to send to you.

Yours truly,



H. C. Chun  
Secretary to Dr. T. V. Soong

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

## CORRECTION

RA

This telegram must be January 19, 1945  
closely paraphrased be-  
fore being communicated  
to anyone <sup>other than a Government agency.</sup>  
(SECRET O)

Telegram from Chungking number 74 dated January 17,  
9 a.m. page 2 line 23 delete "longer pr(\*) terest"  
insert "longer. TV is maintaining a lively interest" so  
as to read "will not keep his present position much  
longer. TV is maintaining a lively interest in the  
finanical etc".

## DIVISION OF CENTRAL SERVICES

Note:

Correction from Amembassy Chungking

MEV

THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

Cairo, Egypt, January 19, 1945

REGISTERED

No. 494

Subject: Welfare and whereabouts of Mrs. Dick SCHWARZWELD.

The Honorable  
The Secretary of State,  
Washington, D.C.

Sir:

I have the honor to enclose a copy of a letter received from the Director of Displaced Persons, Balkan Mission, UNRRA, together with its enclosure from Mrs. L. Schattner, "Gan Herzal", Richon-le-Zion, Palestine, requesting information as to whether her mother, Mrs. Dick Schwarzweld, is among the refugees from Poland who were evacuated to the "Oswega" and "Fort Ontario" camps.

The Department may wish to conduct an investigation in the premises and inform Mrs. Schattner of the result through the American Consulate General at Jerusalem.

Respectfully yours,

For the Minister:

Ralph Miller  
American Consul

Enclosure:  
Copy of letter from UNRRA  
together with its enclosure.

Copy to American Consulate General  
at Jerusalem.

Sent to Department in enclid.  
RM/ym  
File No. 310

Enclosure to despatch No. 494 dated January 19, 1945  
from American Legation, Cairo.

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION  
8 Sharia Dar El Shifa - Garden City -  
Cairo

The Honorable S. Pinkney Tuck,  
American Legation,  
CAIRO.

My dear Mr. Minister,

I am transmitting herewith a copy of a letter dated 29  
December 1944 from Mrs. L. Schattner concerning her mother who  
she believed may have been transferred to a refugee camp at  
Fort Ontario, New York.

Inasmuch as this transfer and the administration of the  
camp is an operation of the Government of the United States,  
I believe you will wish to forward Mrs. Schattner's letter to  
the appropriate agency of your Government in order that appro-  
priate reply may be made to her.

I am sending a copy of this letter to Mrs. Schattner.

Sincerely yours,

(Signed) C.M. Pierce  
C.M. Pierce  
Director  
Division of Displaced Persons  
Balkan Mission.

Enclosure:

Copy of letter, as above.

AIR MAIL

- 2 -

COPY

Mrs. L. Schattner  
 "Gan Hernal"  
 Rishon-le-Zion  
 PALESTINE

29.12.44.

UNGRA HQ

Dear Sirs,

Today I've been reading an old "Illustrated News" dated 14. 10. 44 and was very impressed by an article describing the arrival of Refugees in America from Concentration Camps in Poland. As my mother was one of those unfortunates to be deported to a concentration camp in Poland from Austria, I wonder if she was one of those illustrated arriving at camps in the places mentioned in the article, namely, "Osvega" and "Fort Ontario".

If it should be at all possible for you to give me any information of her probable whereabouts I should be extremely grateful. The following details I have and hope they will assist you.

Married Name: SCHWARZWELD  
 Maiden Name: Bick  
 Date she became a widow: 1918  
 Last known address: Leopold St. 6/8, c/o Mrs. Weinstein,  
 Vienna.  
 Date of birth: 16. 7. 1881.  
 Names of all children: Anne, Adolph, Mary, Paula, Lisa.  
 My details are:  
 Name: Schattner  
 Relation: Daughter  
 Age: 31  
 Date of birth: 24. 12. 1913  
 Profession in Austria: Shop Shop Assistant  
 Date of marriage: 29. 6. 34  
 Present address as at head of this letter.

Thanking you in anticipation. I shall remain yours  
 very sincerely, (Signed) MARY SCHATTNER.

CABLE TO WINANT, LONDON, FOR MANN FROM WAR REFUGEE BOARD

Reference your No. 377, January 11, with respect to Dutch Labor project.

McClelland is being authorized to transfer Swiss franc equivalent of \$165,000 to Dutch Minister in Bern. This sum is total of all remittances to Switzerland made to date by Queen Wilhelmina Fund for this specific project. Adequate assurances have now been given by the Netherlands Government through Netherlands Embassy in Washington that local currency equivalent of \$90,000 has been made available to labor groups in Holland and that local currency equivalent of \$75,000 will be made available to labor groups in Holland as soon as the transfer of \$165,000 to the Dutch Minister in Bern has taken place.

Labor groups here are in full agreement and request that you advise Oldenbruck.

THIS IS WRB LONDON CABLE NO. 39.

10:30 a.m.  
January 19, 1945

ALL  
Distribution of  
true reading only by  
special arrangement.  
(SECRET W)

January 19, 1945

9 p.m.

**AMBASSY**

**LONDON  
441**

The following for Mann is WRB 39.

Reference your No. 377, January 11, with respect to Dutch labor project.

McClelland is being authorized to transfer Swiss franc equivalent of \$165,000 to Dutch Minister in Bern. This sum is total of all remittances to Switzerland made to date by Queen Wilhelmina Fund for this specific project. Adequate assurances have now been given by the Netherlands Government through Netherlands Embassy in Washington that local currency equivalent of \$90,000 has been made available to labor groups in Holland and that local currency equivalent of \$75,000 will be made available to labor groups in Holland as soon as the transfer of \$165,000 to the Dutch Minister in Bern has taken place.

Labor groups here are in full agreement and request that you advise Oldenbrink.

**STETTINIUS  
(GIN)**

WRB:BNV:KJ  
1/19/45

BC

WE

RC

SWP

CABLE TO AMERICAN EMBASSY, PARIS, FROM WAR REFUGEE BOARD

Please deliver the following message to Dr. Joseph Schwartz from  
M. A. Leavitt, American Jewish Joint Distribution Committee:

QUOTE FOR REASONS WHICH HAROLD LINDER WILL EXPLAIN TO YOU  
IN DETAIL WE HAVE ASSIGNED RICHARD PLAUT TO NORTH AFRICA.  
PENDING YOUR DISCUSSION LINDER PLEASE ACCEPT THIS WITHOUT  
QUESTION. WE ENGAGED SAUL ELGART FOR ASSIGNMENT FRANCE AND  
HE WILL BE AVAILABLE AFTER FEBRUARY 15th. FISHZOHN DEPARTING  
NEXT WEEK. PERLMAN NOT YET DECIDED WHETHER ABLE RETURN  
OVERSEAS DUTY UNQUOTE

L);  
10:30 a.m.  
January 19, 1945

CABLE TO AMERICAN LEGATION, LISBON, FROM WAR REFUGEE BOARD

Please deliver the following message to Robert Pilpel, 242 Rua Aurea, Lisbon, from M. A. Leavitt, American Jewish Joint Distribution Committee:

QUOTE AWAITING SCHWARTZS REACTION OUR CABLE BUDGETARY GRANTS JANUARY FEBRUARY. ESTIMATES OUR INCOME ON WHICH BUDGET INDICATIONS FOR FIRST TWO MONTHS PREDICATED NOW APPEAR TWENTY PERCENT TOO HIGH AND VIEW LARGE EMERGENCY REQUIREMENTS WHICH WE RECENTLY AGREED MEET URGE UTMOST CAUTION IN MAKING COMMITMENTS AND THAT SCHWARTZ GIVE US EARLIEST HIS IDEAS WHERE INDICATED AMOUNTS MAY BE CUT UNQUOTE

THIS IS WRB LISBON CABLE NO. 129.

10:30 a.m.  
January 19, 1945

CABLE TO AMERICAN LEGATION, LISBON, FROM WAR REFUGEE BOARD

Please deliver the following message to Robert Pilpel, 242 Rua Aurea, Lisbon, from M. A. Leavitt, American Jewish Joint Distribution Committee:

QUOTE WE BECOMING INCREASINGLY CONCERNED VIEW MOUNTING REQUIREMENTS ESPECIALLY PURCHASES OVER ABOVE ALREADY EXCESSIVE COMMITMENTS APPROVED FIRST TWO MONTHS STOP WE PURCHASING HERE OVER \$100,000 SUPPLIES FRANCE WHEREAS SCHWARTZ AUTHORIZED PURCHASES SWITZERLAND \$60,000 FOR FRANCE \$35,000 BELGIUM ACCORDING YOUR CABLE DECEMBER 28TH PRESUMABLY AGAINST THAT APPROPRIATION STOP OUR 396 SHOULD HAVE INDICATED WE MAKING PURCHASES HERE STOP WE AGREED PURCHASE FROM UNRRA \$60,000 MEDICAL SUPPLIES RUMANIA BULGARIA STOP ADVISE SCHWARTZ COMMITTEE NOW APPROVES \$100,000 FOR SUPPLIES LIBERATED SECTIONS CZECHOSLOVAKIA ON HIS RECOMMENDATION LONDON STOP IN ADDITION AMOUNTS SPECIFIED OUR PREVIOUS CABLE WE APPROPRIATED \$150,000 AGROJOINT \$100,000 PASSOVER RELIEF \$30,000 SPECIAL EMERGENCY GRANT YESHIVOTH PALESTINE STOP FOR FEBRUARY WE TRANSMITTING \$100,000 SWITZERLAND REPRESENTING REFUND FROM GILBERT SIMOND ANKARA WHICH SHOULD REDUCE SWITZERLAND REQUIREMENTS THAT EXTENT STOP WE FEEL CASH REMITTANCES FOR FRANCE BELGIUM BALKANS TEC SHOULD BE REDUCED TO EXTENT PURCHASES BEING MADE FOR THOSE AREAS UNQUOTE

THIS IS WRB LISBON CABLE NO. 130.

10:30 a.m.  
January 19, 1945

CABLE TO AMERICAN LEGATION, LISBON, FROM WAR REFUGEE BOARD

Please deliver the following message to Robert Pilpel, 242 Rua Aurea, Lisbon, from M. A. Leavitt, American Jewish Joint Distribution Committee:

QUOTE MAGNES REQUESTED UNRRA MAKE AVAILABLE MEDICAL SUPPLIES  
COMBAT EPIDEMICS ROUMANIA BULGARIA STOP UNRRA NOT POSITION  
PRESENTLY OPERATE THOSE COUNTRIES BUT READY PROCURE SUPPLIES  
FOR OUR ACCOUNT VALUE \$60,000 STOP CABLE US NAMES CONSIGNEES  
ROUMANIA BULGARIA STOP ASSUME YOU WILL GIVE INSTRUCTIONS  
THAT SUPPLIES SHOULD BE USED ON NONSECTARIAN BASIS IN AREAS  
OF JEWISH CONCENTRATION UNQUOTE

THIS IS WRB LISBON CABLE NO. 131.

10:30 a.m.  
January 19, 1945

CABLE TO JOHNSON AND OLSEN, STOCKHOLM, FROM WAR REFUGEE BOARD

Reference WRB No. 284 of January 9 (Department's No. 51). American Relief for Norway has advised Board that plans to make remittances of \$50,000 each on January 15 and March 1 for operations under license No. W-2152 have now been changed. Please advise Evensen and Tranmael that the two remittances of \$50,000 each are now expected to be made around February 1 and early in the third quarter of April to June, 1945. These two remittances will exhaust the \$200,000 allocated by the labor groups for relief in Norway for the budget year ending September 30, 1945. You will be kept advised of any further allocation for this project.

THIS IS WRB STOCKHOLM CABLE NO. 294.

10:30 a.m.  
January 19, 1945

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

January 19, 1945

8 p.m.

**AMLEGATION**

STOCKHOLM

106

The following for Johnson is WRB 293.

In view of well-known German practice of exterminating Jews surviving in any area previous to its evacuation, Department and WRB consider it necessary once more to draw attention of Swedish authorities to the danger faced by the Jewish survivors in German-controlled territory.

Accordingly, it will be appreciated if you will visit Swedish Foreign Minister, and urge that continued efforts be made from now on to keep the surviving victims of Nazi persecution alive during the coming stages of hostilities in Europe. You should specifically mention in this connection the four largest concentrations of Jews in Axis territory known to exist, viz. Lodz with 60,000 to 80,000 inmates, Theresienstadt with 40,000 to 60,000 inmates, camps near Vienna with 18,000 inmates, and camp Belsenbergen with 9,000 inmates, and you should also mention any other localities or regions where Jews are believed by you to survive.

In your conference with Swedish Foreign Minister it should be made clear that this Government considers that frequent and extended

cc: Miss Chauncey (For Sec'y), Ackermann, Aksin, Cohn, Drury, DuBois, Gaston, Hodel, Marks, McCormack, Pehle, Files.

- 2 -

visits of Swedish Consuls to places and regions where Jews are concentrated constitute one of the most effective means of preventing their further extermination. This method proved its efficacy in Budapest where, thanks to the presence of Swedish personnel, many lives appear to have been saved.

More particularly, in view of large number of relief parcels recently reaching camp Belsenbergen, with the assistance of Swedish YMCA and Red Cross, please urge upon these organizations the desirability of their delegates being stationed in or sent on an extended visit to that camp, to assist in the distribution of such parcels. You may explain informally that this suggestion is made in the light of the above considerations with a view to safeguarding the lives of over 9,000 inmates reported to be in Belsenbergen.

Furthermore, please emphasize to Foreign Minister the mounting evidence of confusion among local German officials and their increasing accessibility to psychological pressure seeking to dissuade them from executing extermination policies ordered by certain German authorities, and urge that full advantage be taken of this state of mind in the interest of saving lives, through unofficial as well as official channels.

Please endeavor to make clear to Swedes that the activities suggested above should be actively pursued as long as the danger continues.

- 3 -

Please advise Department and WRB of Swedish reaction.

The following from WRB for Minister Johnson and Olsen:

It would be helpful if you inquired at frequent intervals what specific action Swedes are taking to carry out the above suggestions.

In view of the situation as outlined above and in view of recent reports indicating effectiveness of publicity and other forms of psychological pressure upon German officials, you are requested to make special efforts through all channels available to you to increase such pressure with a view to safeguarding the lives of the surviving victims of Nazi persecution.

STETTINIUS  
(GJW)

WRB:JMV:EG  
1/29/45

NCE

SWP

**MFC**  
Distribution of true  
reading only by special  
arrangement. (SECRET W)

January 19, 1945

9 p.m.

**AMERIGATION**

**STOCKHOLM**  
**107**

The following for Johnson and Olsen is WRB 294.

Reference WRB No. 284 of January 9 (Department's No. 51).

American Relief for Norway has advised Board that plans to make remittances of \$50,000 each on January 15 and March 1 for operations under license No. W-2152 have now been changed. Please advise Evensen and Trammel that the two remittances of \$50,000 each are now expected to be made around February 1 and early in the third quarter of April to June, 1945. These two remittances will exhaust the \$200,000 allocated by the labor groups for relief in Norway for the budget year ending September 30, 1945. You will be kept advised of any further allocation for this project.

**SISTINIUS**  
(GHW)

**WRB:MB:MB**  
**1/19/45**

**WCE**

**SWP**

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

Will you please explore with Saly Mayer the possibilities of securing Shanghai dollars for refugee relief through Swedish kroner, particularly whether same equivalent Chinese dollars can be secured through Swedish kroner as with Swiss francs and whether such transactions from Sweden are permissible.

THIS IS WRB BERN CABLE NO. 369.

10:30 a.m.  
January 19, 1945

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

Reference paragraph 1 your No. 7877 of December 1, 1944, concerning Queen Wilhelmina Fund project.

You are hereby authorized to pay the Swiss franc equivalent of the \$165,000 you have on hand (total of four remittances made to you by Queen Wilhelmina Fund) to the Dutch Minister at Bern. Adequate assurances have now been given by the Netherlands Government through Netherlands Embassy in Washington that local currency equivalent of \$90,000 has been made available to labor groups in Holland and that local currency equivalent of \$75,000 will be made available to labor groups in Holland as soon as the transfer of \$165,000 to the Dutch Minister in Bern has taken place.

Interested groups here approve of foregoing authorization to you. Oldenbruck and Mann in London are being advised.

Please inform Board when payment has been made to Dutch Minister.

THIS IS WRB BERN CABLE NO. 370.

10:30 a.m.  
January 19, 1945

CABLE TO AMLEGATION, BERN, SWITZERLAND, FOR MCCLELLAND

Reference is made to Department's 127 of January 9, 1945, paragraph 5.

A report on the situation of Jews in Hungary by Intercross, dated November 15, 1944, and transmitted to WRB through Intercross representative in Washington, states on page 10 (our translation from French) as follows:

QUOTE Our delegation in Budapest specifies that, in accordance with a declaration of Hungarian Minister of Interior, the Delegation of Intercross in Germany will have opportunity to exercise control over the working conditions of Hungarian Jewish workers placed under the supervision of Hungarian authorities. Intercross has immediately charged its Delegation in Germany to obtain opportunity to control the camps of Hungarian Jewish workers. A confirmation that German authorities accept such control has not yet been received to date. UNQUOTE

Please urge Intercross to follow up this matter until satisfaction is obtained.

THIS IS WRB BERN CABLE NO. 371.

12:15 p.m.  
January 19, 1945

SH  
Distribution of true  
reading only by special  
arrangement. (SECRET W)

January 19, 1945

5 p.m.

AMLEGATION

BERN

308

The following for McClelland is WRB 369.

Will you please explore with Saly Mayer the possibilities of securing Shanghai dollars for refugee relief through Swedish kroner, particularly whether same equivalent Chinese dollars can be secured through Swedish kroner as with Swiss francs and whether such transactions from Sweden are permissible.

STETTINIUS  
(GLW)

WRB:SNV:ED  
1/19/45

WE

SWP

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

January 19, 1945

Midnight

AMLEGATION

BERN

317

The following for McClelland is WRB 370.

Reference paragraph 1 your No. 7877 of December 1, 1944,  
 concerning Queen Wilhelmina Fund project.

You are hereby authorized to pay the Swiss franc equivalent  
 of the \$165,000 you have on hand (total of four remittances made  
 to you by Queen Wilhelmina Fund) to the Dutch Minister at Bern.  
 Adequate assurances have now been given by the Netherlands Govern-  
 ment through Netherlands Embassy in Washington that local currency  
 equivalent of \$90,000 has been made available to labor groups in  
 Holland and that local currency equivalent of \$75,000 will be  
 made available to labor groups in Holland as soon as the transfer  
 of \$165,000 to the Dutch Minister in Bern has taken place.

Interested groups here approve of foregoing authorization to  
 you. Oldenbruck and Mann in London are being advised.

Please inform Board when payment has been made to Dutch  
 Minister.

STETTINIUS  
 (GLW)

WRB:MMV:KG  
 1/19/45

WE

NOE

SWP

cc: Miss Chauncey (For Sec'y.), Ackermann, Akzin,  
 Cohn, Drury, DuBois, Gaston, Hodel, Marks,  
 McCormack, Pehle, Files.

EAS-479

PLAIN

Barn

Dated January 19, 1945

Rec'd 7:03 a.m., 20th

Secretary of State,  
Washington.

381, Nineteenth

FOR WRB FROM MCCLELLAND

Kindly deliver following message from Field to  
Unitarian Service Boston:

"Polish delegate representing OSE and UNISERCO left for Paris January 1 for negotiation with Lublin representative France reports favorable progress especially concerning independent UNISERCO work Poland expect send UNISERCO delegation Poland near future for purpose preparing work there under own agents have provisionally selected Elsie Haus Swiss directress Zurich post-war course and Tomia Lechtman Polish student same course long social work experience France now working our office both excellently qualified loyal and imbued proper spirit Lublin desires advance delegation be purely Polish but have grounds hope will not insist." 15.55

HUDDLE

RB

JMM-409  
Distribution of true  
reading only by special  
arrangement. (SECRET W)

Bern  
Dated January 19, 1945  
Rec'd 11:39 p.m.

Secretary of State

Washington

389, January 19, 5 p.m.

FOR WRB FROM MCCLELLAND.

As stated in Legation's 7347 November 4 and 7877  
December 1, 1944 I have been attempting for many weeks  
clear up question contained in your 3729 October 31,  
WRB 251, to effect that donors these Luxembourg funds  
"are unable ask for clearance of request use funds in  
Luxembourg unless informed what specific purposes  
trustees have in mind". In light of recent and first  
message from Krier and Clement and of correspondence  
between Oldenbroek (who is in close touch with donors),  
National CIO War Relief Committee and Labor League for  
human rights and OSS in London which has come to my  
attention it becomes clear that trustees still propose,  
in keeping with donors original instructions and in-  
tentions, use this money for support and reorganizations  
labor unions and relief to labor victims (and their

-2- #389, January 19, 5 p.m. from Bern.

families) of Nazi oppression in Luxembourg. Krier and Clement accordingly urge Luxembourg funds I am still holding (83334.45 Swiss francs) be made available to them for above mentioned purpose as promptly as possible. I fully share and sympathise with their viewpoint and therefore recommend that original license W 2232 issued to Friends of Luxembourg Inc. be promptly amended to permit remittance this money to Krier and Clement or to their appointed agent in Switzerland Jules Elter Luxembourg Consulate Lausanne.

I gather that there is growing feeling on part of donors that American Legation at Bern has obstructed proper disbursement these funds by excessive red tape, et cetera, an impression I am anxious to dissipate as I have since really regretted continued lack of clear or coordinated instructions regarding disposition to be made of this money which should have been put to practical use long ago. Kindly attempt therefore expedite amendment this license to permit expenditure funds in (repeat in) Luxembourg and inform me as soon as obtained.

HUDDLE

WSD

CABLE TO AMBASSADOR STEINHARDT AND KATZKI, ANKARA, FROM SECRETARY OF THE  
TREASURY AND PEHLE, WAR REFUGEE BOARD

Reference your No. 2407 of December 26. The 2,000 gold sovereigns  
you are now holding for the War Refugee Board should be sent immediately  
by State Department pouch to the American Legation Cairo, which has been  
instructed as to their disposition.

THIS IS WRB ANKARA CABLE NO. 137.

20:30 a.m.  
January 19, 1945

CABLE TO STEINHARDT, ANKARA, FOR KATZKI FROM WAR REFUGEE BOARD

With reference to your 29 of January 6 the Board has not (repeat not) been able to obtain permission for you to proceed to Rumania and Bulgaria.

In view of this and in view also of the decreased possibilities for rescue in the Balkan area, the Board would appreciate your recommendations with regard to the closing of the War Refugee Board office in Turkey and your return to Washington for consultation. Andrews agrees.

In view of your 51 of January 11, it is assumed that if you decide to close the War Refugee Board office in Turkey, Miss Bixler will accept other employment in Turkey whereas Mrs. Henderson will return to the United States. The Board has no (repeat no) objection to Miss Bixler's accepting other employment provided that this is agreeable to you. It is the Board's understanding that no (repeat no) certificate of availability will be required for Miss Bixler to accept government employment with other American agencies in Turkey.

THIS IS WRB ANKARA CABLE NO. 138.

10:30 a.m.  
January 19, 1945

SECRETOPTEL No. 22

Information received up to 10 a.m., 19th January, 1945.

NAVAL

1. HOME WATERS. Yesterday evening gale over southern half British Isles reached hurricane force.
2. MEDITERRANEAN. Coastal craft destroyed three E-boats found stranded on Unie Island (S.E. of Pola).  
Night 17th/18th. Patrol vessels engaged explosive motor boats south of Monaco and sank one taking two prisoners.
3. ENEMY ATTACK ON SHIPPING. 18th. A 7219 ton ship mined and sunk in convoy off Zeebrugge.

MILITARY

4. WESTERN FRONT. In the South, in face determined and repeated enemy attacks with tanks and infantry from bridgehead across Rhine north of Strasbourg, U.S. troops forced to give up two small villages. Further north, heavy fighting continues round Hatten and Rittershofen where U.S. forces have prevented enemy breaking through Maginot defences and have inflicted heavy casualties. Ardennes sector: U.S. forces launched strong attack across river Sure yesterday morning between Eternach and Wiltz where progress from 2-3,000 yards made at several points. Northern Sector: British attack made good progress and captured Echt but thaw has now stopped all cross country movement.
5. EASTERN FRONT. East Prussian sector: Germans report large scale defensive battle: this area. North Central Sector: Russians announce capture fortress of Modlin (20 miles N.W. of Warsaw) and also further advances N.W. towards East Prussia. South Central Sector: Rapid progress south bank River Vistula and important railway junction Lowicz taken. Southern Poland: Russians now three miles from Cracow. Germans report (unconfirmed by Russians) withdrawal between Vistula and Czechoslovak frontier with loss of Tomaszow (S.W. of Warsaw) and fighting in progress area Nowy Sacz (S.E. of Cracow). Southern Sector: Russians report Pest finally mopped up and only small part Buda in German hands.
6. GREECE. 17th. ELAS evacuation from Attica, Patras and Salonika continued satisfactorily.
7. BURMA. In Kaladan Valley our forces outflanking strong opposition in hills on left flank now four miles N.W. of Myohsaung. In Central Burma unopposed advance reported to N.W. outskirts Monywa and by 16th patrols had reached line some 15 miles north of Sagaing where in contact small enemy parties.

AIR

8. WESTERN FRONT. Night 17th/18th. 128 aircraft despatched: Magdenburg 72, Ruthen Oil Storage Plant 8, Bomber Support 48.  
18th. 114 escorted Fortresses bombed railway centre Kaiserslautern (287 tons), through cloud. SHAEF (Air) under 100 sorties due to weather.  
Night 18th/19th. 75 Bomber Command aircraft despatched of which 56 attacked Sterkrade Holten Synthetic Oil Plant.
9. MEDITERRANEAN. 17th. Weather unfavourable but 152 Mitchells obtained good coverage attacking bridges on Brenner route and N.E. Italy.
10. BURMA. 16th. 72 Liberators bombed two airfields near Rangoon (203 tons).

January 20, 1945

MEMORANDUM FOR THE SECRETARY'S FILES:

Pursuant to Secretary Morgenthau's letter of January 16, a conference was held in the Secretary's office at 5:00 p.m. Friday, January 19, attended by the following persons:

Secretary Morgenthau	General Rudenko
Mrs. Klotz	Captain Prishchepenko
Mr. Penle	Mr. Kamensky
	Mr. Bondarenko

Captain Prishchepenko acted as interpreter for General Rudenko.

General Rudenko explained that he was disturbed about the delays in connection with the proposed deliveries of the extensions to Russian refineries 3 and 4. He said that reports from Russia indicated that his Government was speeding up construction of the refineries already delivered; at the same time it appears that more and more delays are being encountered with respect to the extension to such refineries. These extensions originally were to be delivered on June 30, 1945, and General Rudenko indicated that it now appears that delivery will be made in September 1945, or later.

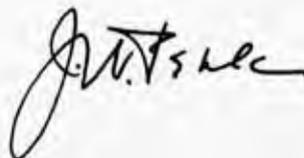
Secretary Morgenthau indicated that he would do everything in his power to press for delivery of this equipment on time. He asked Penle to explain the action already taken. It was explained to General Rudenko and the others present that on January 16 the Secretary had

- 2 -

written to Mr. Crowley, Administrator of FEA, urging that steps be taken to obtain a better priority rating for this equipment and at the same time the Secretary had written to the same effect to Mr. Krug, Chairman of the WPB.

Secretary Morgenthau then went on to explain to General Rudenko that he would personally intervene in this matter in order to see that the Russians' needs were met. He said that if he did not hear from Crowley by Monday he would telephone him and follow up on the matter himself. Secretary Morgenthau said the Russians would be kept posted with respect to progress on the matter and would hear from us next week, by Tuesday at the latest.

Secretary Morgenthau said that he was "for" the Russians because they were killing more Germans than anybody else. General Rudenko replied that the great offensive on the eastern front which was now under way was using great quantities of American equipment for which his Government was very grateful, and that he appreciated very much Secretary Morgenthau's personal interest in this matter.



January 20, 1945  
3:15 p.m.

FOREIGN ECONOMIC POLICY BOARD

Present: Mr. D. W. Bell  
Mr. Gaston  
Mr. Luxford  
Mr. DuBois  
Mr. O'Connell  
Mrs. Klotz

H.M.JR: I got that map that shows the kind of territory where the Russians are now. It is all flat country. It is very interesting.

MR. GASTON: North of the Carpathians.

H.M.JR: It is all absolutely flat country where they are now.

MR. O'CONNELL: Any rivers?

H.M.JR: No. This General who was here yesterday, Rudenko, thought they were following the valley of the Oder, that they are right in that valley. They think that would be the natural way to follow. But you see, they have been trying down there around Budapest, and it looks to me as though they are going to go the other way now.

MR. BELL: You think they are on their way?

H.M.JR: Certainly the Times dispatches which they copied from the German radio--Polish-German radio--say they are in complete collapse.

MR. BELL: Swell.

H.M.JR: I called, let's see, the whole nine-thirty staff last night, and Bell and Pehle were the only ones working after I came back from the White House.

MR. GASTON: I wonder where the rest were.

H.M.JR: I don't know, but the President signed everything that I took over to him, which was the Bretton Woods Message and the Committee of Four on Economic Policy which he dated March 1. He said I should lock it away and tell nobody. This is all highly confidential. Stettinius raised the question about Crowley, and the President thought something would happen to Crowley between now and the first of March. He didn't know what, but I think he put the "X" on him. (Laughter)

And at Cabinet, the Committee on Legislation, which was Stettinius, Harold Smith, and myself--the President added Wallace's name which delighted me. It was a good sign. It isn't clear in my mind--I am going to see Stettinius in the next day or two as to whether the Legislative Committee should be made public or not. The President moved so fast. He was in a mood where I think he would have signed anything.

MR. BELL: Was that in the form of an Executive Order, or a memo?

MR. O'CONNELL: Memo to the President with a short letter from the President. Wasn't there a letter from the President?

H.M.JR: Well, I spoke to Stettinius for a minute today, and he wants to begin to operate on that at once, and then the President would say--but the one on the Committee of Four he dated March 1.

MR. O'CONNELL: That is an Executive Order.

H.M.JR: This is all confidential. Crowley called Stettinius last night and asked him whether there was something cooking, and Stettinius said, "I told him there wasn't. That is right isn't it, because the President said not until the 1st of March?"

I gave him my best baby stare, but I didn't say anything. I wasn't going to comment on it. (Laughter)

I think they might get away with it on the phone, but not I.

MR. GASTON: I don't know whether he was getting signatures or what he was doing flitting from chair to chair last night.

H.M.JR: Who?

MR. GASTON: Leo.

H.M.JR: I shouldn't repeat these things, but they are interesting, and I know you people.

At four-thirty last night Jones had not yet been notified, but I am confident he was today.

MR. BELL: He wasn't there, was he?

H.M.JR: He walked within two feet of me, and I just took a glance.

MR. BELL: I looked for him.

H.M.JR: He wouldn't have known I was there. He looked right through me, so I think he must have gotten his letter, and the thing is, I think Wallace's nomination will go up Monday and you will never guess, unless-- I don't think I told them. Did I tell them last night who is going to be the head of Rural Electrification? I am not going to have a guessing game, but you fellows could sit here all day. Do you want to make a guess?

MR. GASTON: As to who is going to head Rural Electrification?

MR. LUXFORD: Aubrey Williams?

H.M.JR: Yes. Now, who told you? (Laughter)

MRS. KLOTZ: The same guy that tells him other things, I guess.

MR. LUXFORD: No, I just sensed that that should be.

MR. GASTON: We should have seen the connection between him and Jim Patton, yes.

MR. LUXFORD: More than that.

MR. BELL: I think it was in the paper more than a week ago--two weeks ago--saying he might get it.

MR. O'CONNELL: Is that right?

H.M.JR: Yes. It is a move in the right direction.

I saw John McCormack, and I told him with great secrecy that I had this message, the President left it with me. I would like to see him, Sam Rayburn, and Spence Monday.

He said, "Go and tell Sam that now."

I said, "I don't think I will bother." So will you remind me Monday to call him up and go up there and let them see it, you see, and ask them when they think they want it?

At first the President kind of said, "Oh, this is corny," and this is this, and that is that, and he didn't like it. Then as he began to get into it, he liked it better. I almost made a little confession that I had never read it.

MR. LUXFORD: I know.

H.M.JR: How do you know? I had a lot of time to wait there yesterday, and I told him last night I was never more tired in my life than last night, because I am not used to success. So I was extra tired last night; I didn't know how to take it.

MRS. KLOTZ: You put it a little differently. It sounds a little better; you said you had steeled yourself against failure, and when you met with success you couldn't take it.

- 5 -

H.M.JR: That is true.

MR. LUXFORD: It sounds very encouraging.

MR. O'CONNELL: Dan and John Pehle were the only people in the building when you came back from the White House.

H.M.JR: The interesting thing was, I had ample chance--all these people wanted to see the President after Cabinet, and I insisted on seeing him in his room. See?

So I told Stettinius everything that I was going to do, and particularly pointed out that we were using the Treasury draft on the Economic Committee. I said, "I haven't brought your draft along."

He said, "That is all right."

But on the other thing--have I told everything I told you last night?

MR. BELL: I think you have.

H.M.JR: Mrs. Klotz?

MRS. KLOTZ: I think so.

H.M.JR: Everything they should know, anyway.

MR. BELL: The highlights.

H.M.JR: I think I told them more than I should.

MR. O'CONNELL: On that point, Mr. Secretary, I recall Stettinius indicated to you a while back he was very anxious and willing to go along with you on the Foreign Economic Committee, and willing to use our draft of the Executive Order.

I was with Dean Acheson yesterday afternoon when Stettinius came back from the White House. He called

Acheson in, and when Acheson came back he said that Stettinius had told him that the President had signed our draft of the Executive Order on the Foreign Economic Committee. And Dean also said that for whatever sense it may make to you, Stettinius had indicated to him you had not brought the State Department draft of the Executive Order with you, which, I suppose, is true. All it means, I suppose, is that Stettinius was letting Acheson down as easily as he could. It seemed to me entirely understandable, but Dean told me just exactly what I told you.

MR. DuBOIS: Stettinius is up to his old tricks.

H.M.JR: Supposing the thing was reversed. In the first place, Stettinius wouldn't ask to see the President first. I had to ask; I had to get him in the office. Stettinius had a half hour there, and he could have told him. If it had been reversed and he came with his, I would have said, "Nothing doing."

MR. O'CONNELL: I think Stettinius was perfectly right so far as keeping faith with you is concerned, and at the same time he has his own problems with Mr. Acheson and others.

MRS. KLOTZ: And he works differently from what you do, that is all.

H.M.JR: The interesting thing was, I was forthright in giving the President what I wanted. Stettinius, evidently, was worrying about his own people and didn't want to say much. He let me carry the ball, with the result that I got what I wanted. The President never treated me nicer than he did yesterday. He was exceptionally nice to me yesterday, no sarcasm.

Stettinius told the President what was in this Bretton Woods Message. I said, "Oh, no, I don't work that way. Please, let's give the President a chance to read this." I knew the President wasn't going to sign the message to Congress without reading it. He read it very carefully, but Stettinius wanted to just tell him what was in it. I wouldn't have been happy about it if the President had

signed it. But he read it very carefully. I don't care how he treats his people at home, just as long as he doesn't go around and try to take the President Acheson's memo.

But if the thing had been reversed and he walked over with Acheson's instead of mine--but he told Acheson he only came over with mine. Well, Acheson is no fool. He must think, "After all, if there are two briefs, why doesn't Stettinius have his own?"

MR. O'CONNELL: I only meant to indicate that Stettinius was on the one hand playing fair with you, and at the same time he had a problem with his own people.

MRS. KLOTZ: I think so.

MR. O'CONNELL: He did the sensible thing on both sides.

H.M.JR: I don't agree with you, and I will tell you why. If anybody in this room gave me a memo, see, and I said, "All right, I will go to the President," let's just say, and I come back and say, "I am awfully sorry, boys, Stettinius appeared with the State Department memo; I didn't have my memo and the President signed State's memo," would they feel any better toward me?

MRS. KLOTZ: Yes.

H.M.JR: They would?

MRS. KLOTZ: But they would think the other fellow was a SOB--and I shouldn't use that word--but anyway, that is what they would have thought, the other fellow was pulling a fast one.

MR. LUXFORD: I wouldn't have believed the story.

H.M.JR: They would have thought there was something the matter with me. That is the whole point I am trying to make. These fellows would say, "What's the matter with Morgenthau? Why does he let Stettinius pull this and not put up a fight? Morgenthau said, 'I am with

- 8 -

Luxford and DuBois.'" Now, I go over to the White House and let the Acheson memo go through and say, "I am sorry, boys, the only memo there was the Acheson memo and I didn't do anything."

MR. O'CONNELL: I think Acheson knew what Stettinius did, but I think that what Stettinius was doing was saving Acheson's face as much as he could, and at the same time Acheson knew very well Stettinius had agreed with you.

H.M.JR: The next time I go to the President, I am going to do it, and you see what you think.

MR. DuBOIS: You won't feel as though your face was saved.

MR. O'CONNELL: I don't work for the State Department; I am not Dean Acheson. I am saying with the people involved I could understand why he did what he did.

H.M.JR: You are explaining the mental processes that Stettinius went through, and I am saying Acheson is nobody's fool. And I am saying that he thinks that much less of his boss.

MR. LUXFORD: Mr. Secretary, I would say further--

H.M.JR: There are two points of view.

MR. BELL: Did Acheson say this out in the meeting?

MR. O'CONNELL: He and I were in the room together. Stettinius called him out. He didn't make any point of it.

H.M.JR: Look at the way they have worn those chairs out. It's their weight.

MR. O'CONNELL: What he did was tell me exactly what Stettinius had finished telling him, and I was discussing that.

MR. BELL: I thought maybe Crowley got some intimation there.

- 9 -

H.M.JR: I told you what happened to Crowley last night. He called Stettinius. You see, Stettinius didn't want the President to sign that at Cabinet, the Foreign Economic business; he wanted him to wait on Crowley, but this was the last thing, I guess, the President did as of the third term. It is the last action he took. And I am reporting on the first day of the fourth term. This is really interesting. That is most likely the last Executive Order he signed as of the third term.

MR. LUXFORD: That is right.

MR. O'CONNELL: And he put Wallace in on the Legislative Committee.

MR. LUXFORD: There will be a holocaust sometime in the White House when they find out you got that Order. We used to have more trouble with them, couldn't have an Order before they put a number on it. So I can imagine there will be dismay some day when you walk in with a signed Order.

H.M.JR: I walked into the Chief Clerk's office yesterday; he wasn't there, but his assistant was. I said, "I have a number of papers which the President properly signed, with copies."

He was very busy. I said, "I am going to wait until the President is out of town. Mr. Charles Bell will come over with a copy of everything."

MRS. KLOTZ: And get the dates--those things have been dated 1944, and they should have been dated 1945.

H.M.JR: I told them, so--

MR. O'CONNELL: Our Legislative Committee--did he put the Secretary of Commerce on that, the Secretary of State, the Secretary of the Treasury, and the Director of the Bureau of the Budget? Whichever he did, I take it it is something that the examination even in the Government would wait upon, what is going to happen to Mr. Wallace.

- 10 -

H.M.JR: Look, we have got to be terribly careful on this thing because it is a very powerful clique here in town that wants to kill it, a very powerful clique, and we have just got to guard this thing until the right time.

MR. BELL: We have seven weeks in which to do it.

MR. LUXFORD: I suspect it will be leaked.

H.M.JR: "Add Wallace after F.D.R. on the Legislative thing."

MR. BELL: He just O.K.'ed it.

H.M.JR: He said, "O.K., but add Wallace."

MR. BELL: It is just an informal memo.

MR. GASTON: Nothing that is effective yet.

H.M.JR: It was the memo from the Treasury on the proposed Legislative program, and he read it all through but said, "O.K., but add Wallace."

MR. BELL: Smith knows about it. He told Stettinius.

H.M.JR: I didn't tell him he added Wallace.

MR. BELL: But I mean, you talked to Stettinius before-- to Smith before you went to the White House. He said he thought you ought to.

H.M.JR: He signed it. Yes, don't you believe what you read in the column? I am very careful about these things. Smith signed it.

MR. BELL: You told me you were going to have Stettinius talk to him, but--

H.M.JR: Not only that, but it was my own insistence that Harold Smith be on this thing, and he had signed it before it went to the President. Could it be more regular than that?

MR. BELL: It is very regular.

H.M.JR: It surprises you.

MR. LUXFORD: Mr. Secretary, I just wanted to mention that there is a good chance of that being leaked in the next seven weeks, that this will be around the State Department no matter how you slice it.

MRS. KLOTZ: That is right.

MR. LUXFORD: Just like the German plan.

H.M.JR: As of last night I called him up.

MR. LUXFORD: Crowley?

H.M.JR: Crowley, yes.

MR. LUXFORD: That is a tip-off.

H.M.JR: The whole group knows it.

MR. LUXFORD: The whole group is going to scream when they see a group like that controlling economic policy.

MR. O'CONNELL: Who will necessarily see it?

MR. BELL: Stettinius got all the copies; there are no copies floating around.

MR. O'CONNELL: Stettinius could tell Acheson, as he did.

MR. LUXFORD: Acheson drafted an order.

H.M.JR: And he was told it was turned down.

MR. O'CONNELL: But Acheson told me he was under very strict injunction from Mr. Stettinius for whatever that was worth. He did say several times he mentioned the March 1 date and said Stettinius had stressed the importance of nothing being said about it. And so what happens as far as Acheson is concerned depends on how much credit you get.

H.M.JR: It's like White said, why am I so calm in the face of all the criticism of the Morgenthau plan on which I have got a signed document by Mr. Churchill and Mr. Roosevelt agreeing to the Morgenthau plan? I can take it on the chin.

MR. DuBOIS: Did Harry bring you up-to-date at the meeting yesterday on State?

H.M.JR: No, but before that, one other little tid-bit--I will try to tell this as it happened. Excuse me, I am overtired, but I do remember something.

Before Cabinet Stettinius said to me, "Crowley wants to see the President with you and me about French Lend-Lease."

So I said quite hoarsely, "Well, Ed, if Crowley is going to be there when we see the President, how could we do this other business? Let's do it at Cabinet. What's Cabinet for?" I said, "I don't want Crowley sticking around. How are we going to get rid of him?" And I don't know whether he wanted to get rid of him.

But anyway, he got Crowley to come over to our side of the table, and he said, "We will do it right now."

Crowley handed me a memo and said, "Do you mind signing this?"

I said, "Well, I don't know. Has anybody in my office seen it?"

He said, "I am absolutely sure that Oscar Cox has cleared it with your people."

MR. LUXFORD: With whom?

H.M.JR: "...with your people."

So I said, "I am not questioning your word, Leo, but I would kind of like to have the thing processed."

- 13 -

He said, "I am sure it is all right."

So I said, "Well, I only wrote to you and Stettinius yesterday afternoon saying what we wanted, particularly about the dollar balances of the French being considered, and I think we sent a copy to you, Crowley, but I am not sure."

He said, "Yes, Oscar Cox has a copy of it." I don't know whether that is right.

MRS. KLOTZ: It is right, and I think they did--I think Oscar Cox did speak to Glasser about it. Isn't that the thing? Glasser should know.

H.M.JR: Get him on the phone; I will speak to him.

So I said, "What we want is the French dollar balances."

Well, they brought it up at the thing, and the President was very, very sticky on French Lend-Lease. He didn't want to go through with it at all.

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

January 20, 1945  
3:31 p.m.

Harold  
Glasser: Hello.

HMJr: Glasser.

G: Yes, sir.

HMJr: The memorandum that I sent to Mr. Stettinius  
on Thursday on the French Lend-Lease.

G: Yes.

HMJr: Are you familiar with it?

G: Yes.

HMJr: Was Crowley furnished a copy of that?

G: I don't believe so. Oh, no. Mr. White gave  
instructions that a copy was to go to Mr. Cox.

HMJr: Yes. Well, that -- it did go?

G: Yes.

HMJr: You're sure of it?

G: I'll have to check whether it went but I know  
that Mr. White gave the instructions for it to  
go.

HMJr: Well, do you mind calling me back?

G: All right, I will.

HMJr: Right away.

G: Yes, sir.

- 14 -

H.M.JR: Anyway, I won't go into the whole thing that happened at Cabinet, but I did tell Crowley and the President I agreed, and then the interesting thing is, you see, this memo came which Crowley wanted me to sign, but, evidently we never did see it, because here Cox said, "Leo Crowley asked me to send you the attached copy of the memo of the French Lend-Lease agreement." He tried to get me to sign this thing before Cabinet.

MRS. KLOTZ: I thought he saw it. Mr. Glasser said he discussed it with Mr. Cox, a draft of the memo which Crowley presented to Mr.--

H.M.JR: But an important thing like that--I mean, Mr. O'Connell should see it.

MRS. KLOTZ: This came after the discussion.

H.M.JR: What I would like to know is--I am just curious about this memo--was it ever in the Treasury?

MRS. KLOTZ: What is the date?

H.M.JR: This is the 19th.

MRS. KLOTZ: That came in today.

MR. DuBOIS: The President agreed to give him that?

H.M.JR: He finally agreed they could go ahead and negotiate, but then--

MR. DuBOIS: I think it is a mistake myself, but--

H.M.JR: I have written a letter on it; it is going out to Stettinius.

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

January 20, 1945  
3:35 p.m.

HMJr: Yes, Harold.

Harold  
Glasser: A copy was sent to Mr. Cox and we received an  
acknowledgment this morning.

HMJr: Well, did it go -- when did it go?

G: Right after you signed it.

HMJr: All right. Now, this memorandum that comes in  
here from Oscar Cox ....

G: Yes.

HMJr: Let me -- it says, "Mr. Secretary: Leo Crowley  
asked me to send you the attached copy of a  
memorandum on French Lend-Lease agreement."

G: Yes.

HMJr: I take it that it never was in the Treasury  
before.

G: That's right.

HMJr: But I also see from a memorandum here that  
Harry White discussed this memorandum --was  
that on the phone?

G: Harry White has been having discussions with  
Oscar on the French Lend-Lease over the phone.

HMJr: Yes.

G: Now, whether -- what he's said to Mr. White,  
I don't know.

HMJr: But the point is, you see, Crowley tried to  
get me to sign this memorandum before Cabinet.

G: Yes.

HMJr: I said, "This has never been in our shop before."  
He said, "It was." Evidently it was not and he  
sent it over after Cabinet. Is that right?

G: I believe that's right, sir.

- 2 -

HMJr: Well, I just wanted to get it straight.

G: Fine.

HMJr: I just wanted ....

G: I'll check again and if that is not correct,  
I'll call you back.

HMJr: Yeah. But don't call me back unless it is  
incorrect.

G: That's right.

HMJr: Right.

G: Right.

H.M.JR: Now, who had this thing?

MRS. KLOTZ: I got that thing last night.

H.M.JR: All I would suggest is that a copy of it go to White.

Crowley wants something in writing. I really didn't want to sign that, but imagine his trying to slip me something like that.

Then also for the record, Jimmy Byrnes spoke up and said that no Lend-Lease agreement should be entered into with the French unless the Area Commander of the American Army agreed to it.

Then Stimson spoke up and said, "On shipping, you now give them the ships and all the rest of the stuff. I know you have given a lot of ships to them already. I have been solicited, so I am perfectly willing to let ~~Gene~~ Monnet deal with Leo Crowley." It was very funny.  
Jean

I said, "Yes." The President said--somebody said something about ~~Gene~~ Monnet--so he said, "He is a great friend of Henry's, an intimate friend."

I said that was true when <sup>Jean</sup> ~~Gene~~ Monnet had his old brandy, but he has run out of it now.

Stimson said, "That is right. I wouldn't do anything for the second-class brandy."

MR. GASTON: No more of the four star?

H.M.JR: It was better than that. He used to have beautiful French bottles. They held about a pint, and the stuff was supposed to be one hundred years old.

MR. GASTON: It is Hennessy's Distilleries he is connected with.

H.M.JR: No, it has his own name on it. It belongs to his father's family.

- 16 -

Unless somebody wants to ask me something, that is all.

MR. BELL: Any limit on French Lend-Lease? Did he get his two billion dollar promise?

H.M.JR: The way the President acted, and the way Stettinius, when Stettinius saw the President didn't want to be bothered, cooled off immediately and left Crowley by himself, I simply feel, having put myself on record that I was for it--there's a funny thing--they called up Harry almost twice a day. I rushed the letter over on Lend-Lease to Stettinius, and Stettinius had never read the letter. I am not going to blow hot and cold, but they have as much chance as a snow ball in hell. But Stimson takes ships away and Eisenhower O.K.'s it, and his people there, and with the war going on the way it is, they have got a fine chance.

MR. BELL: He got it before.

H.M.JR: Pardon me.

MR. BELL: He got almost a promise of it when we started our conferences last July.

H.M.JR: Your telegram to Quebec killed it.

MR. BELL: Monnet had it when he left here; it was in his pocket, a two billion dollar promise.

MR. DuBOIS: There is another aspect to that which was just mentioned that you ought to bear in mind.

H.M.JR: Aspic--isn't that cold jelly?

MR. DuBOIS: This French thing.

H.M.JR: How do you pronounce it?

MRS. KLOTZ: Aspic.

MR. DuBOIS: On the question of the French getting equipment, the best thing is to tell them to get it out

- 17 -

of the Germans. That is where they ought to get it for post-war, not from us.

H.M.JR: I can't lay my hand on it this minute, but I get this weekly bulletin which I have literally never shown anybody; it is from the Joint Intelligence Committee. They got out a weekly bulletin on that about a month ago as to what the Germans are doing in Holland. I asked General Marshall if I could discuss it with my staff and use it in my discussion with McCloy, and he said I could. When I get a breathing spell I want to dig it out and read it to you, what the Germans have done right now within the last two months on the big plants in Holland. It is perfectly amazing. They just bodily lift them up and take them away.

MR. O'CONNELL: Are they taking them back to Germany?

H.M.JR: I asked General Marshall's permission to disclose that, names of plants, names of cities, and everything else.

MR. GASTON: There has been something in the press about it, but no details.

MR. BELL: One of the front line reporters wrote a story.

H.M.JR: This gives the kind of plants. I know it will be very interesting. Remind me to do it before we have this luncheon with the OSS boys.

MR. O'CONNELL: That gives more punch to what you suggest.

H.M.JR: The French have wanted to do that, but I am in an untenable position. I keep saying that they can't have it. Then I say, "You can have it provided you watch the dollar balances," so let Leo fight it out; I am not going to.

MR. O'CONNELL: The agreement is to continue to negotiate, not to give in.

- 18 -

H.M.JR: There is nothing mentioned--well, I am going home. I hope the rest of you have sense enough to, too.

Jan. 20, 1945

Mr. Glasser says that Mr. Cox discussed with Mr. White on the telephone the draft of the memorandum to the President on French Lend-Lease which Crowley presented yesterday.

January 20, 1945

Mr. Hubbell Robinson  
Vice President  
The Blue Network  
RCA Building  
New York, New York

Dear Hub:

I have talked with Tom Lane about the proposed weekly program, featuring the Secretary of the Treasury. Out of our discussion have come a few ideas of a preliminary nature which I have outlined below. I think that this presentation will give you all the facts which you will need in discussing the idea with Mr. Noble.

In general terms, we would like to suggest that the program originate directly from the Secretary's office in Washington; that it consist of the Secretary, and announcer - m.c. (a man of some "name" value, but more importantly a man who would be readily adaptable to the needs of the program); three guests, each of whom would have interesting questions and each of whom would be of interest in his own right. For example, the guests might be selected from government workers, returned war heroes, stars of stage and screen who happen to be in Washington, wartime leaders, people of prestige such as Mr. Noble, etc.

In addition to the questions these people will ask, the announcer - m.c. would pose several questions taken from the Secretary's mail, or would read brief excerpts of letters which would call for comment from the Secretary. In addition, and this is a most important part of the program, the Blue Network would be likely to find itself the outlet, at times, of newsworthy statements made by both the Secretary and a selected guest. Obviously, this feature alone could be of great promotional value to the Blue.

Attached to this letter is a proposed format for the program and, in addition, a list of some of the questions which might be asked by guests and some of the letters which the Secretary might answer specifically on the air.

We would be happy to answer any questions that you might have. We would appreciate your early consideration of this proposed series.

With kindest personal regards.

Sincerely,

David Levy  
Lt. (j.g.), USNR  
Special Radio Consultant

DL:jd

TITLE OF PROGRAM -----"YOU AND YOUR MONEY" (other suggested titles might be "Washington Report," "Washington Memo," "Morgenthau Reports," etc.) I rather favor "You and Your Money" because it is directed to the listener and it tells him exactly what the show is about.

The show could open with an announcer in New York or in Washington (who could, in fact, be in the Secretary's office at the time of broadcast), saying in effect "The Blue Network now takes you to a war front in Washington behind the gray facade of one of the people's great arsenals for freedom -- The Treasury Department.

"Take over, \_\_\_\_\_."

The announcer - m.c. then comes in and says words to the effect that this is \_\_\_\_\_, speaking from the inner office of the Secretary of the Treasury, etc. At this point, he might describe the setting (on subsequent broadcasts he might mention in 30 seconds or so some little interesting aspect of the office, such as the Jefferson Statue, etc.) and make brief mention of the three questioners present, and introduce the Secretary. The Secretary, in turn, would himself "work in" the first guest into the program. He would bring out whatever was of particular interest concerning that guest and then would proceed to answer the guest's question.

At the conclusion of this interview, the announcer - m.c. would then read two or three questions which would represent excerpts from the Secretary's mail bag, and which would call for brief answers from the Secretary.

At the conclusion of this brief period, the announcer - m.c. would then present the second guest. Again the Secretary would interview the guest and answer his questions.

The announcer -m.c. at the conclusion of the above spot would then read excerpts from one or two more letters which would call for answer or comment briefly from the Secretary. The Secretary then would "work in" the third guest, whom he would again interview and again answer his question.

The announcer - m.c. would then close the program with a teaser for next week on questions that will be answered and the people who will ask them. He would also invite the listeners who have questions of their own to write them in for answer by the Secretary.

Note 1: The Secretary might himself, on occasion, tell about some interesting letters he has received. Letters, for example, in which the writer makes financial donations for interesting purposes, contributes interesting ideas, or makes comments worth passing on to the listeners.

Note 2: Typical of the kind of questions which might be asked are the following:

1. Why does the Treasury Department limit the purchase of "E" Bonds to \$5,000 yearly for one person?
2. Why does the Treasury Department limit an individual's total holdings of War Bonds?
3. What effect would the Bretton Woods Conference have on "me" as an individual?
4. Will it be necessary to have Bond Drives after the war?
5. How can we pay off the national debt?
6. When can we expect taxes for individuals, corporations to be reduced?
7. What happens to money sent in as a gift to the Treasury?
8. If the Government can cancel ration points, what guarantee is there that they won't cancel Bond payments or freeze redemption?
9. How can we best avoid inflation?
10. Is buying Bonds the only way to avoid inflation?
11. What is inflation?
12. Has making Bonds easier to redeem hurt the War Finance program?
13. Why not have the \$10 War Bonds for servicemen also available for school children?
14. How can teachers and people on set salaries protect themselves against inflation, etc?

Note 3: In addition to answering specific questions such as those suggested above which might be posed by one of the three questioners, the Secretary could comment on letters sent in to him which contained questions or which pose problems that call for action. For example, the following letters taken from the Secretary's mail report (and which I have boiled down somewhat are typical):

1. January 5, 1945 - Christopher B. Garnett, Barbour, Garnett, Pickett, Keith & Glassie (law office, Washington, D. C.) writes about a client who has been regularly purchasing U.S. Savings Bonds, Series "E", which are inscribed with her own name but not with an alternate beneficiary. She has been informed that if she dies before cashing the Bonds that they will not be payable to her estate. Lawyers want to know if upon her death the estate can cash the same in when the Bond is payable to one person and no alternate beneficiary is named. An immediate response was asked for since one of this firm's clients was considering cashing his Bonds in order to avoid any contingency.
2. December 29, 1944 - Eugene LaPorte, Washington, D. C. encloses a letter which says in part: "Collection of your return discloses an unpaid balance of tax due to the amount of \$65.91 ... this amount will be assessed with interest ..." He complains about interest and also complains because an Internal Revenue office clerk filled out the form for him. He wants to know if he would have to pay the interest and if the clerk should not be made more responsible.
3. December 22, 1944 - William Geratto of Schenectady, New York works in a war plant making tanks -- now faced with an indefinite lay-off due to no contract. He cites the war job done and the War Bonds purchased by the workers in the plant, and the urgency with which he is told daily by war leaders to stay at war work. But faced with a lay-off, he will no longer be in the position to buy Bonds but will have to cash his Bonds in order to live (this is a letter which might call for comment, either through discussion with the War Department as to further contracts with the company in question or with the War Manpower Commission on other work needed to be done in that vicinity, etc.)

Helen O. Russell, Bristol, Vermont. She wants to know why the United States refuses to accept the payment of \$35,000 for Finland.

Robert B. Link, CPhM, USN, c/o Fleet Post Office, San Francisco, California (letter forwarded by Senator Wagner of New York.) He bought Bonds out of his Navy pay, naming his father as beneficiary, for the past two years. Then he married and wished to name his wife as the new beneficiary or as co-owner. His question: "Why must I have the approval of the present beneficiary to name a new one?" He writes that the only alternative apparently was to cash in his Bonds. He doesn't wish to do this because his present Bonds will mature in '53 and he doesn't want to switch them for those which will mature in '55.

Pettina Gorfinkle, New York City. She complains about the delay in refund of \$229 due her. She writes about her financial problems and the necessity of her having to borrow money for medical needs. What can be done? Why the delay?

ADDRESS REPLY TO  
COMMANDING GENERAL, ARMY AIR FORCES  
WASHINGTON 25, D. C.



ATTENTION:

HEADQUARTERS, ARMY AIR FORCES  
WASHINGTON

20 JAN 1945

The Honorable

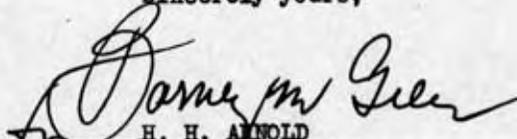
The Secretary of the Treasury

Dear Mr. Secretary:

Thank you very much for your letter of January 5th, expressing appreciation of the assistance rendered by the Army Air Forces to the Sixth War Loan. I am glad to know that the efforts of our personnel were of material value to the success of such a worthy event.

Your complimentary remarks are appreciated and have been brought to the attention of the personnel concerned. You may be assured of the continued wholehearted support of the Army Air Forces in future war loan drives.

Sincerely yours,

  
H. H. ARNOLD  
Commanding General, Army Air Forces

JAN 20 1945  
RECEIVED  
OFFICE

THE UNDER SECRETARY OF STATE  
WASHINGTON

January 20, 1945

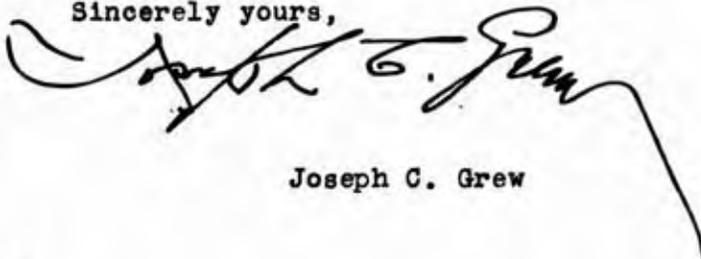
My dear Mr. Secretary:

I appreciate your letter of January 17, 1945, pointing out that my letter to you of January 15, 1945, concerning comprehensive financial aid to the U.S.S.R. arrived in an envelope which was marked neither personal nor confidential.

*Original  
has orig -*

I have taken steps which I hope will prevent a recurrence of such an omission in the future.

Sincerely yours,



Joseph C. Grew

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

January 17, 1945

My dear Mr. Grew:

I wish to acknowledge receipt of your letter of January 15th, referring to "comprehensive financial aid to the U.S.S.R".

There is inclosed herewith the envelope in which this letter arrived at the Treasury. I am taking the liberty of suggesting that when the State Department sends me letters of such a confidential nature that the envelopes be marked personal and confidential for my attention. I am sure you will understand that I am making this suggestion in a friendly spirit.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

The Honorable John C. Grew,  
Under Secretary of State,  
State Department,  
Washington, D.C.

EXECUTIVE OFFICE OF THE PRESIDENT  
WAR REFUGEE BOARD  
WASHINGTON 25, D. C.



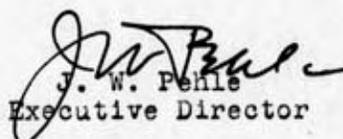
OFFICE OF THE  
EXECUTIVE DIRECTOR

JAN 20 1945

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 January 8 to 13, 1945.

Very truly yours,

  
J. W. Pehle  
Executive Director

The Honorable,

The Secretary of the Treasury.

Enclosure.

Report of the War Refugee Board  
for the Week of January 8 to 13, 1945

EVACUEES FROM BERGEN BELSEN

Incident to the matter of evacuating from Switzerland the group of Jews who recently arrived from Bergen Belsen, Representative McClelland cabled us that the Swiss Federal Police have requested that an earlier group of 320 persons who arrived in Switzerland from Bergen Belsen in August 1944 be included in the evacuation of refugees from Switzerland now being worked out by the Board in cooperation with the War Department and UNRRA. The two groups comprise a total of 1,672 persons to be removed from Swiss territory. It was indicated that, if necessary, the Swiss Federal Railways are prepared to furnish trains for the transportation of these people to a French port of embarkation. Representative Mann was advised that the first group of 320 persons should be included in discussions with the British with respect to the question of the admission of these refugees into Palestine.

According to information which was furnished to McClelland by responsible members of the group which arrived in Switzerland in December, the number of Jewish deportees in the camp at Bergen Belsen at the end of November 1944 was as follows:

1.	From Holland and Belgium	4,500
2.	Slovak and Hungarian women and girls, including a few children transferred from Auschwitz during September 1944	3,500
3.	Poles holding Latin-American documents	349
4.	Jews of unspecified nationality in a punitive block	300
5.	Jews of such nationalities as Portuguese, Argentine, Brazilian, etc., in a so-called "Spanish" block	300
6.	Greeks	150
7.	Hungarians, chiefly craftsmen recently transferred from Vienna	89
	Total	<u>9,188</u>

It was indicated that a fairly accurate list of some 1,700 persons in the first group is available in Switzerland. Several hundred persons in this group are said to hold Latin-American documents or are registered for Palestine immigration. Most of those in the second group are housed in tents and are in a very needy condition, especially with respect to clothing. They are expected to be gradually shifted to work camps in Germany. The majority of group three are classified as Palestine subjects, about thirty claiming United States

- 2 -

nationality. McClelland has secured a list of the persons in this group, which includes some Jews who took part in the defense of the Warsaw ghetto in April 1943 and later escaped into Hungary. A list of the names of the persons in group seven is also available.

#### SITUATION IN RUMANIA

From the United States Mission in Bucharest a report concerning the position of Jews in Rumania was received. On December 15, 1944, the Radescue cabinet approved and the King signed a bill which abolishes all legal discrimination on the basis of race and seeks to reestablish Jews in the country upon a basis of equality. The provisions of the bill include:

The re-appointment of Jewish officials and the re-hiring of Jewish employees for those dismissed under the previous discriminatory laws.

Under certain conditions, committees with a judge or a Labor Ministry agent will decide upon re-appointing dismissed employees on considering existing capacities of designated firms. Re-hiring preference is given to those hardest hit by the old racial legislation.

Properties which Jews lost through the racial laws are to be restored and any sales or mortgages of such properties are to be annulled. Jewish owners and tenants can return to houses from which they were evicted.

A grace period is provided to permit civil servants, pensioners, low-paid workers and artisans, war disabled, war widows, and war orphans to remain until April 23, 1945, in view of the difficulties of changing homes in the middle of the winter. This provision also applies to certain public authorities and institutions.

With regard to the possible later issuance of a law to deal with the financial rights of Jews where the State is the debtor, a Rumanian newspaper held that for the assistance of the national economy and the fulfillment of the armistice terms it has been considered "right and reasonable not to burden the State with the execution of considerable financial obligations arising from the repeal of the racial laws." The entire Bucharest press of December 15 agreed that the new law constitutes a beginning in furthering a better atmosphere of harmony and in eliminating a "disgraceful blot upon Rumania's history." One paper emphatically approved the new bill, while two others suggested amendments to assist Jews in being reinstated in their places of employment and in being restored to their homes with more speed, one of the

- 3 -

latter taking the position that the decree seems more concerned with safeguarding the interests of those who have profited, in most cases cruelly and brutally, by the wrongs done to the Jews than in repairing these wrongs.

The local Jewish reaction to the bill was unfavorable, the general feeling, as expressed by Dr. Filderman, the head of the Jewish Association in Rumania, being that it grants to Jewish employees, owners, and tenants not a right, but a favor, depending on costly, long-drawn-out law suits, resulting not in the repeal, but in the maintenance of racial laws. It is their view that the bill's provision for the maintenance of all employees who replaced Jews through the effect of the racial laws compels Jews to go from employer to judge and leaves them at the mercy of employers and commissions. The provision for the postponement of the payment of damages until after the war they regard as tantamount to a refusal to pay damages, and the extension of the validity of leases to April 23, 1945, they apparently fear may be the first move to delay indefinitely the restoration of Jews to their homes by subsequent extensions of the grace period. To the argument of government officials that it is impossible "to lay fresh burdens on the State" by paying now the damages due to Jewish owners Dr. Filderman advanced the opinion that it is easier for a population of 15,000,000 to share the damages incurred than for a population of 750,000--half of whom have been murdered, while the other half are ill-clad, barefoot, and hungry--to be compelled to beg for posts and dwellings and to wait for peace to receive the compensation due them.

#### INTER-GOVERNMENTAL COMMITTEE ON REFUGEES

Representative Mann recently advised us that the Inter-governmental Committee proposes to send the equivalents of \$300,000 to Rumania and \$50,000 to Northern Italy and to raise by credit the equivalent of \$300,000 in Hungary for refugee relief, transfers in the first two instances to be accomplished by buying currencies of those countries in Switzerland with precautions to see that no assistance is thereby given to the enemy. Approval of the British Treasury for the proposed transfers was obtained, and the Inter-governmental Committee requested the approval of United States authorities before proceeding with its instructions. A cable was sent to Representative Mann advising him that, in view of the urgency of the relief needs in those areas, the State Department, the Board, and the Treasury Department approve the proposed methods of transfer for Inter-governmental Committee expenditures.

VATICAN COOPERATION

The Apostolic Delegate in Washington, in a letter to the Board, advised us of the receipt of a communication from the Holy See, in response to renewed appeals for intercession by the Vatican to stop the extermination of Hungarian Jewry, stating that the Holy See has never interrupted its intense activities in behalf of Hungarian Jews. It was further stated that the Apostolic Nunciature of Budapest and the Hungarian Bishops have constantly lent themselves to this work with every resource and effort possible and that a substantial contribution was recently made to the Apostolic Nunciature for alleviating the sufferings of the Jews. It was indicated that since it has become impossible for the Holy See to correspond with Budapest, the Apostolic Nunciature in Berlin has been directed to concern itself with this matter.

PSYCHOLOGICAL PROGRAM

We received a letter from the Office of War Information indicating that that office shares the view of the Board that everything must be done to combat the increasing ruthlessness to be expected on the part of the Germans during the closing period of the war. We were advised that careful attention will be given to our suggestions for the preparation of German programs for the greatest possible effect in preserving the lives of Jews remaining in German territory.

FOOD PARCELS

Representative McClelland advised us that, according to information received by the International Red Cross from its delegate in Germany, the retention of a shipment of approximately 15,000 Board parcels near Lübeck is part of a general stand-still of all parcels transhipped during the last two months from Gothenburg via Lübeck, including those for prisoners of war. Apparently, a closed east-west transport corridor was established by the Germans for bringing up supplies for their recent western offensive, and no non-military freight traffic in a north-south direction was permitted to traverse the corridor. For some weeks Inter-cross has been negotiating to move the stocks which were held up, and on January 10 an unconfirmed report was received that three cars containing Board parcels went forward on January 4. It is expected that the shipment of some 60,000 Board parcels via Toulon can be handled with greater facility, since they will be moved into Germany from the south.

- 5 -

UNITED STATES VISAS FOR PERSONS IN ENEMY TERRITORY

Following the approach made by our Embassy in Ankara to the Turkish Government with respect to the special visa programs developed to benefit certain categories of persons in enemy territory, the Turkish Ministry of Foreign Affairs has informed our Embassy that the rupture of diplomatic relations between Turkey and Germany has made it impossible to carry into effect our proposal for the issuance of Turkish visas to affected categories of persons in Germany. While the liberation of the Balkan countries by the Allied armies was regarded as solving the problem of persecuted persons in those countries, Turkish Consulates in the Balkans have received appropriate instructions with respect to Turkish visas for persons with qualifications for United States visas.

EVACUATIONS THROUGH TURKEY

Representative Katzki advised us that a group of approximately 360 persons, including children repatriated from Transnistria, refugees from Hungary, Slovakia, and Poland who had succeeded in escaping into Rumania, and Rumanian nationals, arrived in Istanbul by railroad on January 5. On January 6, a second group of approximately 260 persons, mainly Polish nationals who had succeeded in escaping to Rumania and had been in that country for some time, also arrived by train. Both groups left Istanbul en route for Palestine on January 7, the Turkish authorities having provided a special train for the purpose despite the difficult seasonal transportation problems of the railroads.

According to statistics reaching us from a private source, a total of 2,405 immigrants to Palestine transited Turkey during the months of October, November, and December 1944; 1,701 came from Rumania, 3 from Hungary, and 701 from Bulgaria. These numbers included 566 Hungarian refugees, 140 Polish refugees, and 380 Transnistrian orphans.

  
J. W. Pehle  
Executive Director

Report of the War Refugee Board  
for the Week of January 15 to 20, 1945

COOPERATION OF SWISS AND SWEDISH GOVERNMENTS

We cabled Representative McClelland that private relief agencies in this country which are hopeful of being able to arrange large-scale escapes of refugees from Nazi persecution have expressed doubts as to whether the Swiss Government is willing to continue to permit a flow of refugees to enter Switzerland without limit as to number. We asked him to inform us of the results of any investigation he might find it necessary to make in this connection. At the same time, we authorized him, if he should consider it useful now or at any time in the future, to emphasize to Swiss officials that the assurances previously given by this Government, concerning the maintenance and evacuation of refugees from enemy persecution admitted to Switzerland, were not restricted to any particular number of persons and that continued Swiss cooperation in this humanitarian endeavor by permitting the entry without regard to numbers of all such refugees who may be able to reach Switzerland would be greatly appreciated by the United States Government.

We sent a cable to Representative Olson in Stockholm, along the lines of a message to Representative McClelland outlined in a recent report, requesting that he visit the Swedish Foreign Minister and urge that continued efforts be made from now on, in view of the increasing danger to Jews in German-controlled territory, to keep the surviving victims of Nazi persecution alive during the coming stages of hostilities in Europe. We enumerated the largest known concentrations of Jews in Axis territory, including Camp Bergen Belsen with more than 9,000 inmates. We asked that he make clear to the Swedish Foreign Minister our view that frequent and extended visits of Swedish Consuls to places and regions where Jews are concentrated constitute one of the most effective means of preventing their further extermination, as proved in Budapest, where the presence of Swedish personnel appears to have been instrumental in saving many lives. We requested Representative Olson to emphasize to the Foreign Minister the mounting evidence of confusion among local German officials and their increasing accessibility to psychological pressure to dissuade them from carrying out the extermination policies ordered by central German authorities and to urge that full advantage of this state of mind be taken, through unofficial as well as official channels, in the interest of saving lives. It was pointed out that we are seeking unremitting pursuit of the suggested activities on the part of the Swedes as long as the danger lasts and not one-time acts of intercession. In view of the perilous situation of the Jews in areas which the Germans may soon have to evacuate, and in view of recent reports indicating the effectiveness of publicity and other forms of psychological pressure upon German officials, we also asked Minister Johnson and Representative Olson to make special efforts to increase such pressure through all channels available to them.

cc: Miss Chauncy (for the Sec'y) Ackermann, Aksin, Cohn, Drury, DuBois, Gaston, Hodal, McCormack, O'Dwyer, Files

- 2 -

By way of specific action, we suggested that the desirability of delegates of the Swedish Y. M. C. A. and the Swedish Red Cross being stationed in or sent on extended visits to Bergen Belsen, to assist in the distribution of the large number of relief parcels recently reaching this camp with their assistance, be urged upon these organizations.

We also cabled Representative McClelland requesting that, in view of the large number of relief parcels recently reaching Bergen Belsen, he urge upon the International Red Cross the desirability of having an Intercross delegate stationed in or sent on an extended visit to the camp to assist in the distribution of such parcels. We indicated that this suggestion to safeguard the lives of the camp inmates is made in line with our recent request that Swiss and Intercross efforts be redoubled to protect the remaining Jews in Germany and German-occupied territory in view of the increasing danger threatening their survival.

To our Legations in Bern and Stockholm and Representatives McClelland and Olsen we cabled our understanding that the Swiss and Swedish Ministers in Washington, at the request of a private organization, are transmitting to their Governments requests that Switzerland and Sweden again appeal to the German Government to refrain from further extermination and persecution of the Jews remaining in German-occupied territory. We suggested that it be indicated to Swiss and Swedish officials that this Government would welcome an appeal along such lines.

#### SITUATION OF JEWS IN GERMAN-OCCUPIED TERRITORY--AUSCHWITZ AND BIRKENAU

Representative Mann cabled us that representatives of the Czech Government and various Jewish groups have approached the Russian Embassy in London, pointing out the possibility that, as the Red armies approach the camps at Auschwitz and Birkenau, the Germans will make a last-minute effort to exterminate every one in these camps. They urged that the Russians try to reach the camps at the earliest possible moment and that the Russian Government endeavor to provide every possible means to protect the camp inmates from last-minute slaughter at the hands of the Germans. Representative Mann was informed that the Russian Embassy promised to forward the request to Moscow. The same groups approached him urging that the War Refugee Board send a cable to Moscow requesting that the attention of Soviet authorities be directed to the matter. We immediately cabled our Embassy in Moscow, pointing to fears of a German massacre of Jewish and other survivors in these and other camps in that area prior to retreat, and asking that the urgency of addressing suitable warnings to Germans in these localities by radio and pamphlets be suggested to Soviet authorities. Our feeling that, in view of the nearness of Soviet forces, such warnings by them would be helpful and effective was indicated. The Embassy was asked to raise with Soviet authorities the matter of the feasibility of their taking direct measures for the protection of camp inmates. We further requested that, as an indication of whether the Germans are continuing their policy of exterminating the remaining Jews previous to retreat, the Embassy endeavor to ascertain for us whether the 60,000 to 80,000 Jews reported in Lodz a few months ago were found alive.

- 3 -

From the United States Legation at Dublin, we learned that, at the request of a member of the Dail, the Irish Government addressed an inquiry to the Government of Germany concerning the rumor that the Germans intend to exterminate the Jews in the camps at Auschwitz and Birkenau. The reply of the German authorities was that the rumor is pure invention, devoid of foundation, and that if the camps should be abandoned, the inmates would be evacuated. A cable was sent to our Legation at Dublin asking that this Government's appreciation of their humane activities in the matter of threatened Jewish inmates of German camps be conveyed to the Irish Government. In this connection, and in view of the nearness of these camps to the front, we asked that the Irish Government be advised that it would be greatly appreciated if a further communication could be dispatched with the greatest possible speed to German authorities, informing them that their reply to Ireland has been noted by the Government of the United States and that the latter accordingly expects that Jews and other survivors of these and other concentration, detention, and labor camps in Germany and German-controlled territory will be kept alive by German authorities.

#### EVACUEES FROM BERGEN BELSEN

We notified the War Department and the United Nations Relief and Rehabilitation Administration that plans for the possible use of the refugee camp at Philippoville, in connection with the removal from Switzerland of 1,352 evacuees from Bergen Belsen, should include the initial group of 320 persons who reached Switzerland from Bergen Belsen in August, making the total number of persons involved 1,672. We were informed by Assistant Secretary of War McCloy that messages are being sent to appropriate officials in the theater concerning transportation arrangements, but indicating that if they so recommend, consideration will be given to arranging accommodations for these refugees at some camp other than Philippoville.

Representative Mann advised us that he has taken up with the Refugee Section of the British Foreign Office the question of admission of these refugees into Palestine, stressing the urgency of the matter.

#### JEWISH REFUGEES IN SHANGHAI

Information reaching us from private sources through our Legation in Stockholm referred to a message cabled to the King of Sweden from Palestine requesting that Swedish protective passports be given to certain rabbinical groups, representing a part of some 20,000 Jewish refugees in Shanghai, and that Sweden send a vessel to evacuate them. After an investigation undertaken at the request of the Swedish Foreign Office, the Swedish Consul in Shanghai reported that evacuation from Japanese areas is impossible. From the same private source, a later report contained information, somewhat at variance with the first report, given by representatives of a private organization who stated that they had discussed the matter with the Japanese Minister in Stockholm and were given to understand that the Japanese would interpose no objection to the departure of the rabbinical group from Shanghai,

- 4 -

provided their reception in some neutral country could be guaranteed. It was said that the only practicable route for them to take is via Russia, and the assistance of the United States Government in obtaining Russian transit visas was sought.

According to information obtained from private sources in the United States, Jewish officials in Palestine have received a message from the Vatican to the effect that the Japanese Government agrees to the removal of interned refugee rabbinical scholars in Shanghai as part of an exchange scheme. This information was cabled to Mr. Myron Taylor at the Vatican with the request that he ascertain precise facts regarding the matter and cable us such information as he is able to obtain.

J. W. Pehle  
Executive Director

Paraphrase of Telegram Received

FROM: American Embassy, London  
TO: Secretary of State, Washington  
DATED: January 20, 1945  
NUMBER: 715

CONFIDENTIAL

US URGENT

Czech Government and various Jewish groups have approached the Russian Embassy and pointed out possibility that Germans will make last minute effort to exterminate every one in the camps at Biscowitz and Birkenau as the Russian armies approach. Already they have requested the Russian Government to reach camps at earliest moment possible and to endeavor to provide every available means to protect persons from slaughter at the last minute by Germans. Russian Embassy has promised to forward such request to Moscow I am informed. The same groups in approaching me have insisted I communicate anxiety to the War Refugee Board and request that attention of Soviet authorities be directed to matter in cable to Moscow. In view of the fact that the Russians have long been aware of the situation and aware of their request in the matter I have advised them I doubted any useful purpose would be served but that their wishes would be communicated to you by me.

FROM HANN TO PERLE.

WINANT

DC/L:ALC:MEM

1/22/45

CABLE TO JOHNSON AND OLSEN, STOCKHOLM, FROM DEPARTMENT AND WAR REFUGEE BOARD.

Board understands that Swedish Minister in Washington, at the request of a private organization, is transmitting to the Swedish government the request that Sweden again appeal to the German Government to refrain from further extermination and persecution of the Jews remaining in German-occupied territory.

You may indicate to appropriate Swedish officials that this Government would welcome an appeal along such lines.

THIS IS WRB STOCKHOLM CABLE NO. 296.

1:00 p.m.  
January 20, 1945