

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

266

DATE March 18, 1945

TO Mr. Luxford
FROM Secretary Morgenthau

Please talk to me about the attached letter
from R. L. Thornton within the next 24 hours.

MERCANTILE NATIONAL BANK AT DALLAS
DALLAS, TEXAS

267

R. L. THORNTON
PRESIDENT

March 10, 1945

Dear Mr. Morgenthau:

I have contacted about sixty
bankers in Texas on the matter of the Bretton Woods
Plan. I believe that the bankers are for it, once
they really understand it.

I am mailing out also to the
bankers of Texas the Editorial that was printed in
the Nashville Banner, March 8; which seems to me the
best explanation of the plan that has come to my
attention from the standpoint of the ordinary banker
who doesn't put in a lot of his time studying mediums
of exchange and international affairs.

Hoping this will be helpful in
the matter, and with kindest regards and best wishes,
I am

Very sincerely,

R. L. Thornton

Mr. Henry Morgenthau
c/o Secretary of the Treasury
Washington, D. C.

268

March 13, 1945.

Dear Mr. Harkness:

I am glad you liked last Wednesday's party.
So did we.

We definitely have it in mind that there should be more get-togethers of the kind, whenever there is occasion for them. And in view of your new honors (and responsibilities) we will look to you to let us know when you think future meetings would be helpful and what improvements we might arrange.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Richard Harkness
National Broadcasting Company, Inc.
Trans-Lux Building
Washington 5, D.C.

EBF/mah

WRC

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980 KC

NATIONAL BROADCASTING COMPANY, INC.

A RADIO CORPORATION OF AMERICA INCORPORATED

TRANS-LUX BUILDING

WASHINGTON 25, D. C.

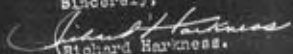
ESTABLISHED 1926

Mar. 8, 1945.

My dear Mr. Secretary:

I want you to know how much I enjoyed, and profited by Wednesday's luncheon. I had pored over the Bretton Woods agreements. But, to have them outlined informally, brings them into much sharper focus. Don't you agree that such a session is much more valuable -- both to the Treasury and news-men -- than a regular press conference. And besides, it's a treat to get chicken these days.

Sincerely,



Richard Harkness.

The Secretary of Treasury,
Washington, D. C.

270

MAR 13 1945

Dear Mr. Swing:

Upon my return from a trip to Minneapolis, in behalf of Bretton Woods and in connection with the coming Seventh War Loan Drive, I find a copy of excerpts from your March 8 broadcast which you so kindly sent me.

I know I speak for both the Treasury people and the other commentators and columnists in saying how sorry we were that your schedule made it impossible for you to be with us at the luncheon discussion of Bretton Woods last Wednesday. But I do not see how you could have improved upon the basic theme covered by your broadcast -- the necessity of agreements on the economic level to buttress the peace, and the fact that Bretton Woods represents the first completed agreement to be submitted to Congress, calling for action that will demonstrate how sincere we are in our recognition that the United Nations must be partners in peace as well as in war.

Of course the Bretton Woods proposals have evoked opposition, and I am particularly interested in your awareness of the nature of that opposition when you say in the concluding section of your comments . . . "the Bretton Woods proposals are no matter that can be left exclusively to any special interests."

Please call on us for any information you desire. And may I again thank you, both for your extremely helpful analysis and for your thoughtfulness in providing me with the transcript.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Raymond Swing
1613 Nineteenth St., N.W.
Washington 9, D.C.

EBS/mah

RAYMOND SWING

1611 NINETEENTH ST. N. W.

WASHINGTON 5, D. C.

WASHINGTON 5, D. C.

March 8, 1945

With the compliments of Mr.
Raymond Swing.

EXCERPTS FROM RAYMOND SWING'S BROADCAST OF MARCH 8, 1945

Opposition in Congress to the Bretton Woods program promises to be lively, perhaps to the point of not giving this first attempt at international regulation of currency and credit a favorable opportunity. So far the view of congressmen seems to be that here is a separate project offered up for the exercise of their partisan talents, which can be mangled without danger to anything but the project itself. Secretary Morgenthau presented it as a parallel to Dumbarton Oaks, which it would be well to adopt before the San Francisco conference. He might have put the case still more strongly. Making the peace is an operation on two levels, political and economic. Dumbarton Oaks deals with the political level. It is the level about which Americans have thought almost exclusively. The debate which has gone on in this country for the past two years has been about our assuming political responsibilities. It would be interesting to try to measure the relative importance of the political level of the peace as compared with the economic level. Naturally they are interdependent, and one cannot function without the other. But it cannot be far wrong to say that the economic level is at least two or three times as important as the political level. That suggests that what the Senate does about Bretton Woods ranks in its effect with what it does about Dumbarton Oaks, not because Bretton Woods is the whole of our economic program by any means. Indeed it is only a fraction of it. But it is the first expression of our economic intentions. To say this is not to suggest that the Bretton Woods program is sacrosanct, that it cannot be improved in time, and that it should not be adequately debated now. But it is to point out that Bretton Woods ought to be discussed not as a project apart, but as the beginning of an American economic program in the postwar world.

It is a familiar statement that the United States will be the greatest creditor nation after this war. It needs to be understood that we shall be the only great creditor nation. The reconstruction of the world will depend on American wealth and productivity in just the same way that the destruction of the Axis has depended on it. This idea is distorted into the silly assertion that after the war the world will expect us to be Santa Claus. The real picture is that we cannot hope to maintain full employment unless we restore productivity in Europe and build it up in Asia and Latin America. What we undertake will not be munificence, but investment, and our ability to use all our manpower and all our wonderful industrial equipment depends on it. That is going much further than Bretton Woods, which is only a starter. Indeed it is a conservative starter. For though we are to be the chief source of credit in the postwar world,

Raymond Swing

page 2

in the Bretton Woods agreement we are spreading our risk, and requiring other nations to share it. We cut our part of the risk down to a third.

Congress will do well to bear in mind, too, that the Bretton Woods agreement represents an international achievement, where the hardest part of the task of planning, discussing, negotiating and compromising, already has been done. The minds of the financial experts have wrestled and tussled with it, and finally compromised on an all-around workable plan. It does not meet all desires, it is as imperfect as any compromise. But it is the kind of cooperation by which the world must be governed after this war. And to reject it or delay it by amendments would be to give this kind of cooperation a very wounding defeat. Ordinary people may feel timid about asserting themselves in favor of so technical a project. But nothing could possibly be more the business of ordinary people than that this start on economic cooperation should be made. For unless it is, and is then followed by the wisest planning to employ our resources for our own and the common good, we shall have economic ills that will jeopardize victory, and a security organization, or any other allied achievement of this epoch. So it is to be devoutly hoped that Congress will not approach the Bretton Woods program in a partisan spirit, and will assign the purely technical criticisms to their subordinate place. And the public should have no doubt about it, that the Bretton Woods proposals are no matter that can be left exclusively to any special interests. They vitally concern everyone who hopes to live in a prosperous America and in a prosperous world.

274

MAR 13 1945

Dear Mr. Brand:

Please thank the Chancellor for telling me that the Bankers' program would not be acceptable to the British Government. I was glad to receive this information concerning your Government's attitude on this matter.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Mr. R. H. Brand,
United Kingdom Treasury Delegation,
Box 680,
Benjamin Franklin Station,
Washington, D.C.

rcv 3/14/45

Brought in by Mrs. Chauncey 3/7

275

16-581

UNITED KINGDOM TREASURY DELEGATION

BOX 880
BENJAMIN FRANKLIN STATION
WASHINGTON, D.C.

TELEPHONE EXECUTIVE 2028

REFERENCE

March 5, 1945.

PERSONAL

Dear Mr. Secretary:

The Chancellor of the Exchequer has asked me to tell you that he fully shares your criticisms of the proposals put forward in the report of the American Bankers' Association on the Bretton Woods Plan, as it has been reported in the British press. The Chancellor of the Exchequer has asked me to say that the belief expressed in the A.B.A. report that the Bankers' program would be accepted as readily as the Bretton Woods Plan by other countries is not the case, so far as the United Kingdom is concerned, since it would not be acceptable there.

Sir John Anderson does not, of course, wish that this expression of his view should become public, since Congress might then complain that the British Government were trying to interfere in their consideration of what American policy should be. But he thought it might be helpful to you to know and, if necessary, be able to say that you understood that the Bankers' proposals in their present form would be quite unacceptable to Great Britain.

Yours sincerely,

R.H. Brown

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

277

March 13, 1945

Dear Mr. Turek:

Thank you very much for your telegram on Bretton Woods.

The Minnesota United Nations Committee has a great opportunity to further the cause of world peace through their support of the Bretton Woods Agreements.

I was gratified at the warm reception we received on Bretton Woods in the Twin Cities.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Charles J. Turek,
Chairman, Executive Committee,
Minnesota United Nations Committee,
St. Paul, Minnesota.

AFL:nrd - 3/13/45

PRECISION

TRADE MARK

MICROSTAT

REG. U. S. PAT. OFF.

MICROFILM

ROLL NO.

12"

CLASS OF SERVICE

This is a full-rate
message on Cable
service. Its de-
tailed character is in-
dicated by a number
shown above or pre-
ceding the address.

WESTERN UNION

A. M. WILLIAMS
PRESIDENT

SYMBOLS

FL - Day Letter
NL - Night Letter
LC - Deferred Cable
MT - Cable Message Letter
WU - Radiogram

From: FU017 LG PD-STPAUL MINN 11 927A

NON HENRY MORGANTHAU JR.

WICOLLET HOTEL MPLS.

DATE MAR 11 AM 9 '32

MINNESOTA UNITED NATIONS COMMITTEE WITH REPRESENTATIVES
IN EVERY MINNESOTA COUNTY HAS HEARTILY APPROVED BRETTON
WOODS PROPOSALS AND HAS URGED OUR CONGRESSMEN AND SENATORS
TO VOTE IN FAVOR OF CONCURRENT RESOLUTION AUTHORIZING
PRESIDENT TO JOIN IN FINANCIAL PLANS AND INTERNATIONAL
ORGANIZATIONS THAT WERE DRAWN UP BY BEST FINANCIAL EXPERTS
OF 44 NATIONS AT BRETTON WOODS. TRUST YOUR VISIT TO
TWIN CITIES WILL GREATLY STRENGTHEN THIS ATTITUDE.

CHARLES J. TURCK CHAIRMAN EXECUTIVE COMMITTEE.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

279

Mr. White
Mr. Luxford
Mr. Feltus
Mr. Fussell

March 13,
1945

Secretary Morgenthau

Mr. Richard L. Wilson, Chief of the Minneapolis Star Journal & Tribune Bureau, National Press Building, is a good friend of Sen. Shipstead's.

For your information, I am attaching hereto a copy of a letter to Rep. Judd and also a memorandum to me from Mr. Hubbard of Radio Station KSTP. I think that I ought to see Rep. Judd myself.

280

March 12, 1945

PERSONAL and CONFIDENTIAL

To: Henry Morgenthau, Jr.
Secretary of the Treasury

From: Mr. Hubbard
Radio Station KSTP

Senator Shipstead feels there are certain parts of the plan which are not carried by the newspapers and radio stations.

As an example, the sterling area. The sterling area is the area in which Great Britain has an agreement with certain countries. The countries in this area trade in sterling and we are not in a position to trade with these countries because of the sterling trade agreement with England.

This new setup will, in Shipstead's opinion, start a trade war unless there is something in the plan to require Great Britain to release their sterling agreement with these countries and go along on the gold basis.

281

March 12, 1945

Hon. Walter H. Judd
House of Representatives
Washington, D. C.

My dear Mr. Judd:

The Secretary of the Treasury, Mr. Morgenthau, has been in Minneapolis the last two or three days. Yesterday I had the opportunity to have a little discussion with him in regard to the Bretton Woods monetary proposals. During the discussion I asked him if he had ever made your acquaintance, and he replied in the negative.

As you know, this is a matter which will come before Congress in the very near future, and because of its post-war international implications, I am sure it is a subject in which you will be greatly interested.

Mr. Morgenthau would like very much to discuss the matter with you, and upon his return to Washington, I believe he will get in touch with you.

I do not profess to be in the kind of a bank which comes very close to this particular problem, but I am tremendously interested along with you, in seeing that something definite for international cooperation comes out of Bretton Woods and Dumbarton Oaks. I do not believe anyone would profess that the Bretton Woods proposals are perfect, but on the other hand, they do provide a framework from which to start, and if they are the best that can be obtained by agreement of the 40-odd nations, it is far better to go along with them than have nothing at all.

It was nice to have a little visit with you when you were last here. With kindest regards,

Sincerely yours,

HSK:flm

282
Richard L. Wilson
Chief of the Minneapolis
Star Journal & Tribune Bureau
National Press Bldg.

283 ✓

Mar. 18, 1945

Mr. Fussell
Mr. Blough

Secretary Morgenthau:

Re: Your memoranda of March 12th on Secretary
Wallace's articles

I want to compliment you on the way you have handled this matter. I can't understand why Wallace should become the mouthpiece on taxes. I would like to discuss this with the both of you.

284

March 12, 1945.

Memorandum

TO: Secretary Morgenthau
FROM: Mr. Fussell

SUBJECT: Secretary Wallace articles

Among the material given to me last Friday for preparation of letters for your signature was a letter from Secretary of Commerce Wallace, transmitting:

1. Excerpts from a proposed magazine article.
2. First draft of chapters from two forthcoming books.

Mr. Wallace asked whether the views set forth in these drafts accorded with the views of the Treasury.

Subsequent to your departure for Minneapolis, Friday afternoon, Secretary Wallace, in a telephone message to Mr. White, asked immediate advice on No. 1. It was accordingly turned over to Mr. Blough, who conferred with Mr. Bell, Mr. White and others. Mr. Blough and I talked with Secretary Wallace Saturday afternoon, Mr. Blough presenting the Treasury viewpoint orally. Secretary Wallace was extremely cordial and asked for specific recommendations as to language which should be revised or eliminated altogether. Mr. Blough made several suggestions, all of which were accepted.

The gist of the changes was (a) the elimination from the proposed magazine article of material advocating freedom from income taxes for five years of capital invested in new enterprises provided two-thirds should be spent for labor or materials and (b) revision of language advocating abolition of excess profits taxes and new plant and facilities writeoffs. In both cases (b) the revised language recommends that changes suggested be made "after the war is over and the danger of inflation has passed" instead of immediately with peace.

The revised magazine article also will contain a proposal for extending the period in which business losses may be offset against profits, in lieu of the recommendations as to tax exemption.

285

- 2 -

The material referred to as No. 2 is in the hands of Mr. Blough and is going through the mill. Secretary Wallace said he would like to have it by the middle of the week if possible.

I have deferred writing the letter to Secretary Wallace, for your signature, until the comments being prepared under the direction of Mr. Blough are ready.

I don't think this memorandum would be complete without reference to the very tactful and helpful way in which Mr. Blough handled this matter. For my money he is both a scholar and a diplomat.

Copy to:

Mr. Gaston
Mr. White

286

March 12, 1945

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

Subject: Excerpt from Secretary Wallace's article.

(For your information; no action required)

On Friday, March 9, Secretary Wallace called Harry White in order to expedite the Treasury's comments on the tax excerpt from his proposed article on small business, which he referred to you in his letter of March 5 (received in your office March 8). Mr. White got in touch with me late in the day and we ascertained that the letter had been referred to Mr. Fussell along with the two chapters from Secretary Wallace's forthcoming booklet.

On Saturday, March 10, I discussed the excerpt with Mr. Bell, Mr. O'Connell, Mr. White, Mr. Coe, and others. I prepared some suggested changes in language and also, at Mr. Fussell's suggestion, prepared an explanatory memorandum. At Mr. White's suggestion, Mr. Bell arranged for me to see Secretary Wallace at 2:15 p.m. Mr. Fussell and I went over at that time. Mr. Louis Bean was also present at the conference.

Secretary Wallace was most cordial. He agreed with the points which I made and made all suggested deletions and changes in language. In the suggestions made I endeavored to retain the maximum of Secretary Wallace's proposals and point of view consistent with the thinking in the Treasury on this subject.

I did not make a copy of the revised proposals but they are very nearly as follows:

287

- 2 -

1. The excess profits tax should be abolished as soon as possible after the war and the danger of inflation has passed; in the meantime the excess profits exemption should be substantially increased.

2. Expanding business should be permitted, after the war and the danger of inflation has passed, to write off new plant and facilities more rapidly than it can under existing law.

3. Small corporate business with no more than 20 stockholders and \$50,000 income should have the option of being taxed in the same manner as a partnership.

4. The period over which business losses may be carried over and offset in a later year against profits should be extended from two to five or six years.

I told Secretary Wallace about our interdepartmental tax group and invited him to be represented if he desired. He said he would be very glad to and promised to have someone at our next meeting on Wednesday, March 14.

Roy D. Lough

March 13, 1945

Mrs. Klotz -

The Secretary would like to have you remind him that he wants to see Congressman Judd.

288
Lufford
me

TREASURY DEPARTMENT

289

INTER OFFICE COMMUNICATION

Mr. White ✓
Mr. Luxford
Mr. Feltus
Mr. Fussell

DATE March 18,
1945

TO
FROM Secretary Morgenthau

Mr. Richard L. Wilson, Chief of the Minneapolis
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Sincerely yours,

HSK:rlm

292

March 13, 1945

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

Subject: Chapters from Secretary Wallace's forthcoming booklet.

(Please read at least the next to the last paragraph.)

Two chapters from Secretary Wallace's forthcoming booklet were transmitted to you along with his letter of March 5.

The chapter "The Cost of Full Employment" briefly (four pages, double spaced typing) expounds the thesis that the Federal Government after the war cannot afford not to assume the responsibility of a full employment policy. He expects a minimum expenditure level of \$20 billion after the war. He discusses the question of budget balancing and advocates that in years of high income and employment, budget surpluses be used to retire debt while in periods of slackening income and employment the "Government expansion program" be speeded up and financed by bank borrowing.

His chapter "Tax Policy and 60 Million Jobs" is a short (six pages, double spaced typing) discussion of postwar tax policy, in general along lines corresponding to Treasury thought on the subject. Many important problems are of necessity omitted.

In his letter Secretary Wallace does not specifically ask for comments but there is one point which you may wish to bring to his attention. In the chapter "Tax Policy and 60 Million Jobs" he says in the first paragraph referring to the wartime tax policy: "With more effective use of

293

- 2 -

taxes and compulsory savings, we could have tied down more of the 'loose dollars' and made the direct controls of manpower and prices still more manageable." You may wish to suggest that he omit the words "compulsory savings" since the present language gives the impression that compulsory savings would have been a desirable addition to the wartime financial program.

At Mr. White's request I transmitted the chapters to him for further consideration.

Roy Blough

294

March 13, 1945

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295

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RB:dsd
3/13/45

TREASURY DEPARTMENT

296

INTER OFFICE COMMUNICATION

DATE 3/15/45

TO Secretary Morgenthau (For Action)
FROM Mr. Cee PC

The answer to Grew's letter on Barth is a matter of judgment.
I have drafted and recommend the first letter.

However, a non-committal letter, drafted by others, is also
submitted.

Please sign one of the letters submitted.

State will probably show our letter to Barth.

TREASURY DEPARTMENT

296

INTER OFFICE COMMUNICATION

DATE 3/18/45

TO Secretary Morgenthau (For Action)
FROM Mr. Coe FC

The answer to Crow's letter on Barth is a matter of judgment. I have drafted and recommend the first letter.

However, a non-committal letter, drafted by others, is also submitted.

Please sign one of the letters submitted.

State will probably show our letter to Barth.

PRECISION

TRADE MARK

MICROSTAT

REG. U. S. PAT. OFF.

MICROFILM

ROLL NO.

12"

March 5, 1947

297

From Mrs. McLaughlin.

file



DEPARTMENT OF STATE
WASHINGTON

In reply refer to
FMA SECRET

March 27, 1945

My dear Mr. Secretary:

Your letter of January 30, 1945, with respect to Mr. Alfred W. Barth, and its attachment, has been carefully examined by the Department of State.

There have been discussions between representatives of the Department of State and Mr. Barth regarding the possibility of obtaining his services on an exclusive basis as a consultant in the Department for a period estimated not to exceed six months. For a portion of that period, it was suggested, Mr. Barth would be detailed abroad, but without being accredited to any foreign government, for the purposes of (a) assisting the field officers who will be assigned in Portugal, Spain, and Switzerland to the task of uncovering German assets to establish contacts with key figures in the banking circles of those countries; and (b) investigating the attitude of the Swiss banking community toward Allied efforts to identify German assets. It was not contemplated that Mr. Barth would represent the Department of State in negotiations with neutral governments or neutral nationals. Rather, the proposal was to capitalize upon Mr. Barth's unquestionably good entree into banking circles in these neutral countries and upon his competence as an expert observer. It is foreseeable that a few key personalities in the Swiss banking world may become very important to our task of identifying German interests in that country. For instance, if the Currie Mission succeeds in inducing the Swiss to lift the legal penalties of the Swiss Banking Secrets Act, there will remain the problem of getting cooperation from the very few men in the Swiss banks who really know for whom numbered accounts are held. Mr. Barth, it was expected, could obtain a good deal of useful information about these men or, perhaps, from

The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury

SECRET



-2-

from them. It was desired, finally, that after his trip Mr. Barth prepare a series of comprehensive reports for the assistance of all the departments and agencies interested in what has come to be called the "Safehaven Project".

An important consideration in the case of Mr. Barth is that he has been engaged for approximately the past two years in Governmental financial operations on the Iberian Peninsula. Personalities and patterns of action with which his work brought him into contact are thus still fresh in his mind.

The foregoing was explained by Departmental representatives to Mr. Bernard Feig of the Treasury Department, who has been the Treasury representative on the informal liaison group working on "Safehaven". Mr. Feig mentioned the matters raised by your letter but did not indicate a definite Treasury objection to the employment of Mr. Barth for the purposes above stated.

The attachment to your letter makes no direct statement that Mr. Barth has had any connection with an illegal activity. The Department is loath to bar an American citizen from employment, in the absence of other evidence, on the ground of undefined and conjectural statements, which the United States Attorney for the Southern District of New York apparently felt did not warrant a direct statement as to Mr. Barth's loyalty. This is especially so in the case of a person who, the Department is informed, has served with loyalty and distinction as an official of the United States Commercial Company, in a difficult foreign assignment.

In view of the joint interest of the Treasury Department and the Department of State in the uncovering of hidden German assets in the neutral countries, however, the Department would be glad to accept your recommendation on the employment of Mr. Barth. I should, therefore, appreciate receiving your recommendation with respect to this matter.

In view of the previous employment of Mr. Barth by the United States Commercial Company, and the interest of the Foreign Economic Administration in this general topic, I am forwarding copies of our correspondence to

the Honorable

-3-

the Honorable Leo Crowley. I should think it desirable, in all fairness, also to inform Mr. Barth of the reason for the refusal to employ him, should you so recommend.

Sincerely yours,



Acting Secretary

SECRET

DEPARTMENT OF JUSTICE
UNITED STATES ATTORNEY
Southern District of New York

New York, N. Y.

January 18, 1945

RE

96497

Irving Moskowitz, Esq.,
Foreign Funds Control,
Treasury Department,
Room 403, 709-12th Street, N.W.
Washington, 25, D. C.

Re: Chase National Bank.

Sir:-

Reference is made to your telephone conversation with my Assistant, Mr. Bruno Schachner, concerning information in our possession about Alfred W. Barth, formerly Second Vice President of the Chase National Bank of New York.

As you know, there are at present pending two indictments against the Chase National Bank, charging it with violations of the Executive Orders relating to foreign funds. Both indictments grow out of transactions in connection with the account of one Leonard J. A. Smit and his companies, who were defendants. Leonard J. A. Smit and his companies have pleaded guilty and have been sentenced. The case against the Chase National Bank is still pending. Alfred W. Barth was one of the men in charge of administering the freeing order as it affected the Chase National Bank, and as such he authorized payments from the account of Anton Smit & Co., which according to the contents of the Government should not have been permitted.

While it is not clear whether at the time the original decision was made Mr. Barth was in possession of information from which he could determine that his action was illegal, however, one of the employees of the bank testified that Mr. Barth subsequently acquired that information and disregarded it. Assuming that the testimony of that employee is true, Mr. Barth would be guilty of an intentional violation of the freeing order. The violation is particularly serious because it enabled Leonard J. A. Smit to finance transactions in industrial diamonds which were of considerable aid to the Axis powers. There is, however, no evidence to indicate that Mr. Barth knew that his illegal action in connection with the freeing order would ultimately involve aid to the Axis.

The activities of Alfred W. Barth have also been investigated both by the Department of Justice and by this office, in connection with the sale of Blackwelder Marks by the Chase National Bank. Mr. Alfred W. Barth was in charge of that program for the Chase National Bank.

It is alleged that the sale of Blackwelder Marks was the most important source of dollar credits for the German Government. In the course of an investigation of the accounts of the Goldschmidt Bank in the United States over thirteen million dollars in Chase accounts have been identified as having been derived from the sale of such marks. An amount roughly nine million dollars was obtained

- 2 -

through the Chase National Bank whose gross commissions totalled about five hundred thousand dollars. The net profit of the Chase National Bank is estimated at two hundred and fifty thousand dollars.

In the conduct of this business, the Chase National Bank was closely associated with German Government banks and other Government agencies. In essence, the German Government through the Chase National Bank offered German residents in this country the opportunity to buy Marks at a preferential rate if they undertook to utilize these Marks solely in Germany. The theory of the arrangement was that it was open only to persons desiring to return to Germany and make their permanent home there. Thus, before any transaction could be consummated, persons desiring to purchase such Marks had to convince the German Government that they were desirable as residents of Germany. The Chase National Bank appointed a large number of sub-agents throughout the country whose mission it was to promote the sale of such Marks. In the course of this promotion, the advantages of living in Germany were stressed extensively. After the outbreak of the present war, prospective purchasers were urged to invest in Reichsmark Marks on the ground that such Marks were an excellent hedge against inflation in the United States, and were bound to increase in value after a German victory which was assumed. Between December 15, 1940, and May 15, 1941, purchases totalling two million dollars were made through the Chase National Bank.

From documentary evidence, it is clear that Alfred W. Barth realized that the true purpose of this scheme was to raise foreign exchange for the German Government. It is further clear that officials of the Chase National Bank realized that the scheme was essentially unfair to the United States, and were anxious to avoid undue publicity which "might possibly compel our Department of State to enforce a clearing system between Germany and America". It was further clear to them that such a clearing system would be disadvantageous to Germany, and in statements to the German Government their representatives stressed the desirability of avoiding publicity since it might do harm to German interests.

In connection with the detention of alien enemies, the purchase of Reichsmark Marks by an alien enemy is considered some indication of disloyalty to this country.

I have no further information concerning the loyalty of Alfred W. Barth to the United States.

Respectfully,

/s/ John F. X. McGohay,
United States Attorney.

303

MAR 13 1945

Dear Mr. Woods:

Thank you for your letter of March 6, 1944, giving me your reaction to the recent meeting in Washington in which I advised with the large insurance companies concerning their recommendations for the Seventh War Loan. I am pleased to know that you felt this conference was constructive and that the plans for the Seventh War Loan are, in your judgment and that of your colleagues, well laid.

It is the enthusiastic support of the War Finance program as evidenced by the work of volunteers such as yourself that has made the program a truly great project not only for financing the war but for bringing about an intimate understanding of government and its problems by many millions of people.

Please extend my best wishes to your associates in the fine Tennessee War Finance Committee.

Sincerely,

(Signed) H. Montgomery, Jr.

Mr. Cecil Woods
President
The Volunteer State Life Insurance Company
Chattanooga, Tennessee

Dictated by R.W.C.
3/12/45

12"

The Volunteer State Life Insurance Company

Chattanooga, Tennessee

March 6, 1945

CECIL WOODS
PRESIDENT

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

My dear Mr. Morgenthau:

Your consideration and cooperation to the investment problem of the insurance companies, as evidenced at the group meeting last Thursday, is deeply appreciated by me and I am sure, in turn, will be by the personnel of the entire industry. As you stated, you realize full well the problem with which all of us are confronted, and I sincerely hope that we also realize and appreciate your problem in the huge borrowing program so vitally necessary to the war effort. I have talked with several officers of companies, some of whom attended the meeting and others who did not, and I sincerely believe that a definite understanding of your views can and will be placed before the entire industry, and so far as "policing" is concerned I am now of the opinion that it will never be necessary.

May I add this personal word. It has been a great privilege and pleasure to serve you and your fine Ted Gamble for almost four years, first as County Chairman and more recently as State Chairman. Your accomplishments will, I am sure, always stand as a tribute and monument to you, Ted and your other associates. I do not believe a finer group has ever been assembled.

Now, we shall get on with the Seventh, which must be just as successful as the others.

Again thanking you for your consideration and kindness, I remain,

Cordially yours,

Cecil Woods

25

MAR 13 1945

Dear Jim:

Our Seventh War Loan campaign opens officially on May 14. The goal is, as you know, 14 billion dollars, with particular emphasis being placed on a seven billion dollar share for individual purchases. Preliminary to the official drive, there will be a drive for individual purchases through Payroll Savings early in April. The task confronting us is without question the most arduous we have yet experienced.

Every ounce of cooperation that can be accorded us will be needed. With appreciation of the great value the splendid help given us by the Navy has been during past drives, I am asking that you again issue a directive authorizing full Navy assistance to the Treasury Department and to the State War Finance Chairman during the months of April, May and June.

We plan to again take full advantage of the drama created by the amazing accomplishments of the Navy, particularly in the Pacific. We want to again emphasize the gigantic task still to be accomplished.

In sending this request to you I am not unmindful of the invaluable help being currently given our program by the Photo Science Laboratory and by the Liaison Officers appointed to work with us. The gratitude freely expressed by our Chairmen is heartening indeed and I am glad to reflect it to you together with my own.

Sincerely,

(Signed) Harry

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

GSS:mt 3-10-45

25

MAR 13 1945

Dear Harry:

As you know our plans for the Seventh War Loan are now quite complete. In view of the over-all quota of 14 billion dollars with emphasis on individual sales, the goal for which is seven billion dollars, you will realize, I am sure, the task confronting us will be the most difficult we have yet experienced.

We are going to need every ounce of cooperation that can be accorded us and it is for that reason I am addressing you at this time.

Will you be kind enough to again issue a directive authorizing full cooperation with the Treasury Department and the State War Finance Chairman by the Commandants of all War Department installations? While the official opening date of the loan is May 14, the drive for individual purchases through Payroll Savings will start early in April, so if you would be kind enough to arrange for such cooperation during the months of April, May and June, I would appreciate it greatly.

The situation confronting us in manpower, transportation, etc. makes it imperative that we localize our promotions to the greatest extent possible and in this the respective Service Commands can be of great help.

We are hopeful too, a considerable amount of small pieces of captured enemy equipment will have been returned to this country in time for distribution among the States. The demand for such materiel continues to demonstrate its War Bond sales promotion value.

The splendid assistance the Army has given to us in the past leads me to hope that despite such difficulties as may exist, we can lean more heavily on this support during the coming campaign than we have thus far had occasion to do.

Sincerely,

(Signed) Harry

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

GSS:mt 3-10-45

COPY FOR SECRETARY

307

DEPARTMENT
OF
STATEINCOMING
TELEGRAMDIVISION OF
CENTRAL SERVICESDIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

308

FEM-912

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

Chungking via Navy
1945 MAR 14 AM 10.02
Dated March 13, 1945
DC Rec'd 2:30 p.m.
LIAISON

Secretary of State,
Washington.

422, March 13, 2 p.m.

TO SECRETARY OF TREASURY FROM ADLER.

Financial situation.

One. Note circulation, January \$202,892 million,
February \$226,210 million, monthly increases of 7 and
11% and an increase of almost 20% since January 1.

Two. 1944 expenditures 172,993 million, revenue
40,750 million, deficit 132,243 million. January 1945
expenditures 49,292 million, revenue from taxation 5,165
million of which two-thirds made up by salt tax and
land tax; February expenditures 24,953 million, revenue
between 4 and 5 billion, receipts from sale of gold and
gold deposits in January and February totalled 14
billion plus 2.8 billion from compulsory purchase of
Treasury certificates. Attention is called to fact that
increase in note circulation since January 1 is smaller
than gap between expenditures and revenues including
receipts from gold sales.

Three.

309

-2- #422, March 13, 2 p.m., from Chungking via Navy.

Three. Official price indices not yet available,
but conservative estimates indicate that prices in
Chungking have risen over 50%; in Kunming probably more
than 100%, and in Chengtu around 50% since January 1.
Prices have continued to rise since Chinese New Year with
spectacular increases in foodstuffs in Kunming. Rate of
increase in prices is now much sharper than before, and
signs are that hyper inflationary process is occurring.

Four. Gold sales: Spot January 61,000 oz.,
February 95,000 oz.; six-month gold deposits, January
234,000 oz., February 259,000 oz.; other forward about
50,000 oz. in the two months. Official price unchanged,
black market price \$39,500 at end of February.

Five. Chungking bank clearings January 97.4 billion,
February 82 billion. Interest rates 10% per month.

Six. Open market rate for United States currency
which fluctuated around 500 during January rose to 600
in third week of February and is now 560. Rupee currency
165, savings certificates 330, bonds 270, bond coupons
400, and sterling checks 1400-1500. UCB sold US dollars
11 half million of its January allotment at average
of under 300; current UCB rate 310.

ATCHESON

LMS

310

CABLE TO MINISTER JOHNSON AND OLSEN, STOCKHOLM, SWEDEN, FROM WKB BOARD

Re our 173, January 31, and your 676, February 22. There is repeated below for your information text of our cable to London requesting Blockade authorization for an shipment from Sweden of medical supplies, clothing, and food parcels with over-all amount of 1,000,000 kroner:

Quote Expansion of parcel program from Sweden for detainees in Bergengelsen desirable at this time and recommended by Ambassador and WKB representative Stockholm. Proposal covers on shipments from Sweden of 300,000 kroner medical supplies, 800,000 kroner clothing, and 200,000 kroner (24,000 parcels) food from Sweden.

Distribution would be handled after the manner of the currently approved food parcel program from Sweden. Reference is made to Department's 946 of February 7 and your 1559, February 13, and earlier exchange on this subject.

Department, FEA, and WKB request urgent approval from Joint Relief Subcommittee so that procurement and shipment can be begun at the earliest possible moment. If MEW agrees, please inform Stockholm direct, repeating to Washington. Unquote

For your information the American Jewish Joint Distribution Committee here has indicated to the Board that it will underwrite the cost of this program.

THIS IS WKB STOCKHOLM CABLE NO. 326

9:30 a.m.
March 13, 1945

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF
CENTRAL SERVICES

311
DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

AG - 893

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

Chungking via Navy

Dated March 13, 1945

Rec'd 1:35 p.m.

DC/L
LIAISON

Secretary of State,

Washington

415, March 13, 9 a.m.

Embassy has discussed question of having United Clearing Board sell negotiable checks in China with Bishop, UCB Treasurer here. (REDEPTEL 364, March 3, 11 a.m.). Bishop states proposed method of acquiring Chinese currency would probably not involve more than US \$10,000 per month and would therefore not be effective, especially as UCB is underwriting by sale of drafts to dispose of more than US dollars one million per month and has on deposit about US dollars two and one-half ^(billion?) billion still unsold. He further states that even if endorsement on checks were limited to only one other party there would be no way to prevent checks falling into hands of speculators.

Embassy does not believe sale of negotiable checks would be advisable because (1) if conditions of issuance, such as limiting endorsement to even one other party, were liberal these checks would probably

312

-2-#415. March 13, 9 a.m., from Chungking via Navy
probably fell into hands of speculators and (2) if
conditions of issuance were not liberal the checks
would be no more attractive or effective than
drafts currently issued. Adler concurs.

ATCHESON

JT

313

CABLE TO JOHNSON AND OLSEN, STOCKHOLM, FROM DEPARTMENT AND WAR REFUGEE BOARD
Reference your No. 876 of March 7, 1945. Department and Board appreciate receiving this report and request that you continue to explore the situation and advise of significant developments. It is understood that Olsen will be guided by legation with respect to meetings with any persons such as Fritz Hesse.

For your information McClelland has advised Department and Board that Barkhardt of Interross is now in Germany to discuss question of relief to unassimilated persons and question of release and removal of physically unfit from Germany. In this connection McClelland further advises:

"On March 3 IIRC was officially informed by the Government of Germany that that Government now agrees to the exit from Germany of elderly people, women and children, of Nordic extraction or nationalities, and of French nationality, who were unsuited as laborers. It is not clear whether the basis include Jews among the people of French nationality. A promise was made me by Barkhardt that he will try to secure the release of Jews as well within any national group if the Germans desire to limit the evacuees to certain nationalities, for reasons which are not clear."

THIS IS WITH STOCKHOLM NO. 330

5:16 p.m.
March 13, 1945

314

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

March 13, 1945

11 p.m.

AMEMBURY

LONDON

1935

The cable below for Wm is WUB 58.

Reference your 2402 of March 8, 1945.

For your information following are texts of two recent cables sent to McClelland:

1. Cable No. 619 of February 23:

QUOTE The cable below to Harrison and McClelland from Department and War Refugee Board is WUB 416.

The following is text of memorandum of Executive Director of War Refugee Board which was unanimously approved at Board meeting February 20th:

MEMORANDUM
SUBJECT: Memorandum to: Secretary Stettinius
Secretary Morgenthau
Secretary Stinson

Our best information indicates that, while the enemy has abandoned wholesale extermination of detainees, large numbers of the physically unfit are now in imminent danger of death due to starvation, exposure and deliberate neglect. The actual numbers are unknown and are believed to be changing daily.

Food, medicines and clothing must be distributed to such detainees at once if their lives are to be saved. They should be removed, if possible, to safety in Switzerland without unnecessary delay.

The International Red Cross is our only means of direct contact with the camps. Operations can best be conducted from Switzerland.

The War Refugee Board is requested to authorize its representative to obtain the necessary cooperation of the International Red Cross and the Swiss Government.

The War Refugee Board is further requested to approve that the necessary food, medicines and transportation equipment be made available to the International Red Cross by the Swiss Government against our promise of repayment or replenishment after the war. It is understood that private funds are available for the necessary financing.

(Signed) William O'Dwyer
Executive Director

- 2 -

APPROVED: (Signed) Joseph C. Drew
Acting Secretary of State

(Signed) H. W. Hargraves, Jr.,
Secretary of the Treasury

(Signed) Henry L. Stimson
Secretary of War AND UNKNOWN.

You will note that the program approved envisages (1) furnishing food and other relief through the International Red Cross to physically unfit unassimilated detainees who are within enemy-controlled territory, and (2) their removal by the International Red Cross to safety in Switzerland as soon as possible.

The Executive Director of the Board plans to go to Switzerland in the near future in connection with the foregoing program. In the meantime, you are requested to do the following immediately:

1. Explore the availability in Switzerland of food and other relief supplies as well as transportation equipment. Please advise the Board and Department at once whether relief trucks are permitted to move from Switzerland to German-controlled areas and return to Switzerland for reloading of supplies;
2. Approach Interzones with a view to obtaining their consent to deliver the relief supplies in enemy territory and to organize and effectuate the removal of detainees to Switzerland;
3. If Currie mission concurs please approach the Swiss Government for the purpose of obtaining its consent (a) to make available to Interzones now the necessary supplies and equipment for the foregoing relief and evacuation program and (b) to admit all detainees who reach Swiss borders and house and maintain them under guard until we are able to arrange for their evacuation to Allied territory. You may assure the Swiss that this Government will arrange for the replenishment from the outside of all supplies made available by the Swiss for this purpose and compensation for use of equipment.

Please report all developments to Department and Board. UNKNOWN

2. Cable No. 998 of March 9, 1945:

UNKNOWN Reference your No. 1217 of February 24, and No. 1345 of March 2, 1945, and Department's 619 of February 23, 1945.

1. The Board regards as most urgent that all possible steps be taken at once for the delivery of War Refugee Board food parcels to intended beneficiaries in enemy territory.

- 3 -

Accordingly, you are hereby authorized to procure the necessary transportation, including trucking facilities, gasoline, tires, oil, etc., from any source to be made available to the International Red Cross for (a) the delivery of War Refugee Board food packages and (b) for the evacuation of physically unfit detainees from enemy territory to Switzerland. The Board urges haste in this program.

2. The War Department today has cabled General Eisenhower recommending the release of 50 tons of trucking capacity with 1500 to 2000 gallons of gasoline per week and necessary lubricating oil for delivery to the International Red Cross in Switzerland earmarked for War Refugee Board operations. G-4 at Paris has been instructed by the War Department to expect your arrival in Paris and you are hereby directed to proceed to Paris at once to work out necessary details.

3. You should, of course, continue to make every effort to obtain transportation equipment from other sources including Swiss Government and private sources in Switzerland, since ultimate transportation needs may require more than 50 tons of trucking capacity.

For your information, the Swiss Minister in Washington has advised us that he has recommended to his government that adequate trucking facilities be released by the Swiss for this urgent War Refugee Board work.

Use your best judgment in handling complications which may arise. Please keep Board advised of all developments. UNKNOWN

STETTIN
(G-4)
RE

WHEATON
3/13/45

DC

317

CIB-974

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

Rome

Dated March 13, 1945

Rec'd 4:25 p.m.

Secretary of State,

Washington

694, March 13, 4 p.m.

TO MEXES LEAVITT FROM JOSEPH SCHWARTZ. 7.

Have cabled recommendation early January that minimum
appropriation required for package service from Tehran
hundred thousand dollars monthly instead of fifty thousand
which you allocated. In view Passman's latest report and
necessity maintaining service at least at present level
would urge you make available hundred thousand dollars
monthly this purpose.

KIRK

318

DEN-967

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

Rome

Dated March 13, 1945

Rec'd 3:50 p.m.

Secretary of State

Washington

696, March 13, 4 p.m.

TO LEAVITT JDC FROM SCHWARTZ 8

Jacobson awaiting permission proceed Yugoslavia.
We require personnel to be sent from here to Greece
and Albania. We have also taken up with TOCH who
will be attached to military for work with stateless
in Germany and Austria having our representatives
accompanying their missions and we will require person-
nel for these purposes. Must also have proper staff
to go into liberated Czechoslovakia and Hungary.
In view Jacobson's imminent departure Resnik must
have immediate assistance here especially in view
prospect increasing work north Italy. Greenleigh
also requires additional staff France. Our personnel
situation presently catastrophic and urge you under-
take immediate recruitment covering above requirements
which include six persons who can be sent on independent
missions and minimum six to eight serve in assistant
capacity.

KIRK

319

DSH-962

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

Rome

Dated March 13, 1945

Rec'd 4:03 p.m.

Secretary of State

Washington

693, March 13, 4 p.m.

To LEAVITT JDC FROM SCHWARTZ 9

We are informed that approximately 1672 internees from Bergen Belsen now Switzerland will be moved to Philippsville but their movement will take place before mid April. Of the 1200 from Theresienstadt approximately 700 will probably be moved to Ferranosti which is now UNRWA camp in Italy. Dutch nationals amounting to approximately 500 will be permitted to remain in Switzerland until their repatriation which is guaranteed by Dutch Government takes place. Have asked Linder to approach Czechoslovak Government London to give similar guarantee for their nationals numbering over 90 in Theresienstadt group.

KIRK

320

DSH-970

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

Rome

Dated March 13, 1945

Rec'd 4:15 p.m.

Secretary of State

Washington

695, March 13, 4 p.m.

FOR HUGH LEAVITT JOINT DISTRIBUTION COMMITTEE
FROM JOSEPH SCHWARTZ 6

Have discussed with Linder projected feeding program concentration camps through Intergroup. Would wish proceed Switzerland order work out plan with Sally Hyer and MacCalland prior arrival General O'Dwyer. However have already applied permission for Greece, Rumania and Bulgaria and view our problems these territories especially Rumania belief it more urgently important proceed there with least possible delay. Expect have reply at an early date and will be able plan accordingly. Will keep you informed.

KIRK

321

CABLE TO STEINHAUSE, ANKARA, FOR ROBERT F. KELLEY, FOREIGN SERVICE OFFICER,
FROM WILLIAM O'DWYER, WAR REFUGEE BOARD

Please transfer at once to Iver C. Olsen, War Refugee Board Representative,
United States Legation, Stockholm, the balance of the \$160,000 transferred to
your account in the Banque Centrale de la Republique de Turquie, Ankara,
by cable on April 11, 1944. Please confirm transfer by cable.

196

5:15 p.m.
March 13, 1945

322

CABLE TO AMERICAN LEGATION, BERN, FOR MOCILLAND, FROM THE WAR REFUGEE BOARD

Please deliver the following message to Gerhard Riegner, 37
Quai Wilson, Geneva, from Kurt Grossman of World Jewish Congress:

QUOTE INFORMED BY DEPARTMENT OF STATE THAT GROUP OF
GERMAN-ORIGINARIANS NOW INTERNUED NURENBERG NEAR SWISS BORDER
DO EVERYTHING POSSIBLE. UNQUOTE

THIS IS WITH BERN CABLE NO. 450

5:15 p.m.
March 13, 1945

323

CABLE TO AMERICAN LEGATION, GENEVA, FROM THE WAR REFUGEE BOARD

Please deliver the following message to Hans Klee, 1 Rue du Rhone,
Geneva, from Abraham Silberschein of World Jewish Congress:

QUOTE SWISS FOREIGN OFFICE STOCKHOLM THROUGH SWEDISH LEGATION
WASHINGTON RECOMMENDS EXCHANGE OF LISSELOTTE STAIN BORN DECEMBER 19, 1919
FRANK STAIN JUNE 21, 1913 STEPHANIE POPPER DECEMBER 24, 1881 STOP AD-
DRESS BADENBADEN 13 THURSTENSTADT STOP STATE DEPARTMENT THROUGH
AMERICAN LEGATION GENEVA INFORMED SWISS AUTHORITIES BY CABLE JANUARY
FIRST AND MARCH FIFTH THAT ALL THREE ARE LISTED FOR AMERICAN EXCHANGE
STOP GOLDFARB HIGHLY INTERESTED THIS CASE TRY EVERYTHING INCLUDE FAMILY
IN NEXT POSSIBLE EXCHANGE. UNQUOTE

THIS IS THE SAME CASE NO. 451

5:15 P.M.
March 13, 1945

324

FD-1159

PLAIN

Lisbon

Dated March 13, 1945

Rec'd 3:20 a.m., 14th

Secretary of State

Washington

557, Thirteenth

WRB 355 JIC 197 FOR LEAVITT FROM HAROLD TROBE.

Have opportunity purchase 210 tons sugar at 26 cents per kilo delivered Bilbao in transit free France. Sugar now Brazil and Spanish freighter arriving there April 1st due return Bilbao April 20th. Must have immediate answer in order arrange navicert. Also danger losing opportunity unless contract concluded next days. Schwartz advised us sugar particularly needed France but this is first opportunity we have had to purchase since sugar lacking here and government forbids export sugar or commodities containing any sisal quantities of sugar.

CHUCKER

325

CABLE TO AMBASSADOR WIRANT AND STONE, FROM DEPARTMENT, FMA, AND WAR REFUGEE BOARD

Expansion of parcel program from Sweden for detainees in Bergenbelsen desirable at this time and recommended by Ambassador and WRB representative Stockholm. Proposal covers on shipments from Sweden of 300,000 kroner medical supplies, 500,000 kroner clothing, and 300,000 kroner (24,000 parcels) food from Sweden.

Distribution would be handled after the manner of the currently approved food parcel program from Sweden. Reference is made to Department's 945 of February 7 and your 1559, February 13, and earlier exchange on this subject.

Department, FMA, and WRB request urgent approval from Joint Relief Subcommittee so that procurement and shipment can be begun at the earliest possible moment. If NEW agrees, please inform Stockholm direct, repeating to Washington.

THIS IS WRB LONDON CABLE NO. 57

9:30 a.m.
March 13, 1945

326

AIRGRAM TO MINISTER HARRISON AND MCDONALD, GENE, SWITZERLAND,
FROM WAR REFUGEE BOARD

With respect to the pending evacuation of the 1679 refugees from Bergen Belsen and 1210 from Theresenstadt, there is repeated for your general information a copy of an incoming telegram from the UNRWA representative at Caserta which was made available to the Board on March 3:

QUOTE 1. We informed Philippeville of Washington's 106 to Rome and asked make essential preparations possible additional refugees.

2. Bad recent experience outlined in paragraph three below, however, indicates clear need improvement exchange of information if Keeny is to function effectively. Strongly recommend, therefore, action outlined in paragraph four below.

3. Less than 24 hours notice given of recent arrival of 180 Hungarian Jews at Philippeville. 22 stretcher cases, remainder in bad condition. SHAFY handled across France and embarked them at Marseilles.

4. Have asked AFHQ communicate COS and SHAFY substance of following for information. In order that proper liaison can follow through with SHAFY, this repeated ERG. Washington requested to get full understanding of this with CGAC and War Refugee Board.

(a) Sending of refugees into this area from north not desirable, as a general rule, but if other opportunities nonexistent Army, Rome in cooperation AFHQ and with fair notice is ready to receive up to ceiling indicated in (c) below.

(b) AFHQ and Keeny should be signalled as far in advance as possible number, physical condition, sex, types of illness, family composition. Also prospective embarkation and debarkation points; date of arrival in order to allow Keeny to signal preferred destination in light of ability to receive and handle in accordance with his limited resources.

(c) There follows present ceiling capacity: 7,000 southern Italy, 3,000 Philippeville. Use of Italy camps subject to approval of AFHQ. Keeny will discuss AFHQ possibility raising ceilings with commitment military supply rations, accommodation stores, additional people. We will notify you of results.

All military should be requested not to initiate movement to

AS-

327

UNRRA installations without first clearing eligibility refugees UNRRA care.

5. It is recommended that UNRRA, Washington fix responsibility for clearance paragraph four (d) at point nearest departure. For instance, UNRRA personnel at SHANF for movements originating SHANF theater.

6. Regarding paragraph four (A) recommend effort keep refugees Switzerland offering supplies and expenses if necessary persuade Government of Switzerland.

7. Keeny, Hendrickson, Catthave, Rhatigan, Emthaky agree with the foregoing. UNQUOTE

You will note under number 3 above the short notice given UNRRA with respect to the arrival of the 180 at Philippeville and also that 22 arrived in poor physical condition. UNRRA here, therefore, has requested the Board to make available to them sufficiently in advance of actual evacuation information with respect to departure date together with data on the composition of the groups to be evacuated with respect to nationality was before; age, sex, physical condition, and any other information pertinent to documentation; this, so that the Board may be in a position to notify UNRRA here in advance of actual evacuation.

This is WRB Bern Cable No. 447

9:30 a.m. 3/13/45

328

CABLE TO JOHNSON AND CISEN, STOCKHOLM, FROM WAR REFUGEE BOARD

Reference your No. 757 of February 28, 1945. Question of funds for Norwegian labor project has been thoroughly discussed with interested groups here who will make every effort to obtain an additional appropriation from the National War Fund. However, at the moment, it is impossible to secure permission to send any more than the \$50,000 available for 1944-1945 and they have requested that you explain to the trustees that it is impossible at the moment to assure anything further than the aforementioned \$50,000 which they expect to remit immediately.

For your information, Board is lending every assistance to the efforts of the labor groups here to obtain an additional appropriation from the National War Funds. However, this does not look too hopeful. For immediate needs, Board will arrange for transfer of all confidential War Refugee Board funds now in Turkey (approximately \$90,000) to you. JDC has not (repeat not) been advised of advance made to trustees of Norwegian project from JDC funds.

THIS IS 2ND STOCKHOLM CABLE NO. 329

5:15 p.m.
March 13, 1945

March 13, 1945

Mr. Fussell

Secretary Morgenthau

Some one told me that they got up a little pamphlet of clippings, etc., on my speech and my trip to St. Louis. I believe Mr. Gaston sent it to all the Congressmen. I have never seen a copy of this, but I would like to do the same promptly with the Michigan and Minneapolis delegations. Done

SECRETOPTEL No. 83

Information received up to 10 a.m., 13th March, 1945.

NAVAL

1. HOME WATERS. 11th. 2 midget U-boats sunk by aircraft off Schouwen (Dutch Coast). 12th. 3 midget U-boats sunk by M.L's. off West Kapelle and 4th captured, with 3 prisoners. Aircraft sank 5 small craft, probably explosive motor boats, north of Schouwen.
2. MEDITERRANEAN. 9th/10th (night). Allied coastal craft in Gulf of Genoa attacked convoy of 8 F-lighters, 2 sunk and probably 2 others damaged.
3. ENEMY ATTACK ON SHIPPING. 13th. A 2878 ton ship in coastal convoy sunk by mine off Lowestoft.

MILITARY

4. WESTERN FRONT. Good progress made in clearing area north of Moselle. Expansion and consolidation of Remagen bridgehead continues against strong resistance. Small enemy pocket south of Andernach now eliminated and Allied troops hold west bank of Rhine from Coblenz to Holland.
5. EASTERN FRONT.
Central Sector: Russians advances to coast on Bay of Danzig and captured Puck, 15 miles off N.W. Gdynia. Important railway junction Torzew, 18 miles S.S.E. of Danzig captured and also Kustrin on Oder.
Southern Sector: Attacks by large forces infantry and tanks N.E. and east of Lake Balaton repulsed with heavy losses to enemy.
6. BURMA.
Central Sector: Active reconnaissance being carried out in Maiktila area. In actions N.W. of town between 300 and 400 enemy estimated killed. Our troops now within 3 miles Myittha. 11th. Troops of 19th Indian Division captured railway station Maymyo.
Northern Sector: S.W. of Lashio Chinese troops advanced approximately 6 miles down road to Hsipaw. Some opposition encountered.

AIR

7. WESTERN FRONT. 12th. Bomber Command escorted heavies 1076 (2 missing) dropped 4889 tons on Dortmund through cloud. 1314 escorted U.S. heavies (1 bomber, 4 fighters missing) dropped 1438 tons on Swinemund port area and 1245 tons on 7 railway centres in Western Germany. Cloud prevented observation of results. SHAEF (Air) bombers 96 attacked Dorsten railway centre (126 tons) and medium bombers 578 attacked 8 railway centres and other targets in Northern sector (897 tons). All results unobserved. Fighter bombers and fighters 1020 operated successfully over battle area. 27 Fighter Command Spitfires attacked rocket targets Holland with good results. Coastal Command aircraft effectively attacked navigational aids off west coast of Norway.
8. MEDITERRANEAN. 10th/11th (night) and 11th. 1102 medium and fighter bombers and fighters attacked communications and other targets in North Italy and South Austria with good results.
9. MALAYA. 10th. Super Fortresses dropped 92 tons on Kuala Lumpur with good results.
- HOME SECURITY (up to 7 a.m. 13th)
10. ROCKETS. 12th. 1 more incident. 12th/13th (night). 3 incidents.

DIARY

Book 828

March 14-16, 1945

- A -

Book Page

American Legion
See Post-War Planning: Bretton Woods Conference

- B -

Bretton Woods Conference
See Post-War Planning

- C -

CHD
See Post-War Planning: Bretton Woods Conference

China
Economic developments in Free China during January and February reviewed by American Embassy, Chungking - 828 197
3/14/45.....
a) Coe memorandum - 3/22/45; See Book 831, page 109
Foreign Exchange Control Commission being abolished and functions transferred to Central Bank - 3/14/45.... 218

Coe, V. Frank
See Confidential Material
Committee for Economic Development
See Post-War Planning: Bretton Woods Conference

Confidential Material
Coe to see all "Top Secret" material from War and Navy - 3/14/45..... 27
HMJr, Gaston, White, and D.V. Bell can sign for "Top Secret" - 3/14/45..... 27
Correspondence
Mrs. Forbush's mail report - 3/15/45..... 378
Crimes Conference
See Post-War Planning

- D -

DuBois, Josiah E., Jr.
Possibility of accompanying Lubin to Moscow discussed by Treasury group - 3/15/45..... 236, 326
a) Lubin-HMJr conversation..... 331

- F -

Financing, Government
Federal borrowing requirements and sources of funds available - Haas memorandum with charts attached - 3/14/45..... 133

Foreign Economic Policy Board
Memorandum for FDR as initiated by HMJr and Stettinius - 3/15/45..... 243
a) Executive Order attached..... 244

- F - (Continued)

	Book	Page
Foreign Exchange Control Commission		
See China		
France		
Mendes-France report to De Gaulle advocating extensive nationalization of French industry reported in Coe memorandum - 3/15/45.....	826	274

- G -

Germany
See Post-War Planning

- I -

Internal Revenue, Bureau of	276
Publicity outlined in Human memorandum - 3/15/45.....	
International Telephone and Telegraph Corporation	
Spanish company	
Sale of discussed by Coe with Treasury group - 3/16/45.....	321, 335
HMJr's letter to State - 3/17/45: See Book 822, page 129	
a) Reply - 3/29/45: Book 823, page 241	
State Department memorandum of December 6, 1944 to Spanish Ambassador (not known at time of above letter) - 3/31/45: Book 823, page 239	
Italy	
Technical Mission to United States	
State Department does not plan to issue statement - 3/15/45.....	275
Copy of memorandum handed to Mission on March 6 sent to Treasury by State - 3/17/45: See Book 822, page 106	
Financial Directive - State Department sends Treasury paraphrase of Ambassador Kirk's cable regarding views of Allied Commission on proposed Italian Financial Directive - 3/19/45: Book 822, page 367	

- L -

Lend-Lease	
United Kingdom	
Federal Reserve Bank of New York statement showing dollar disbursements, week ending March 7, 1945 - 3/15/45.....	293
Aircraft despatched, weeks ending March 2 and 9 - British Air Commission report - 3/16/45.....	336
Longchamps Restaurants (New York City)	
See Tax Evasion	
Lustig, Henry (Longchamps Restaurants, New York City)	
See Tax Evasion	

- M -

Book Page

Mendes-France, Pierre
See France

- P -

Paish, George (Great Britain)	
See Post-War Planning: Germany	
Philippine Islands	
Treasury representatives (4) recently liberated - Stinson assists in expeditious return and HMJr sends welcoming cables - 3/14/45.....	828 195
Post-War Planning	
Bretton Woods Conference	
American Legion's attitude discussed by Treasury group - 3/14/45.....	16, 307, 373
Committee for Economic Development report: Treasury release commending to be issued at time report is issued - 3/16/45.....	370
a) Copy of report: See Book 820, page 161	
1) Wers (New York Times) asked to read - 3/20/45: Book 820, page 110	
2) Wers reply - 3/22/45: Book 821, page 87	
b) Ruml thanked - 3/20/45: Book 821, page 216	
Legislation	
See also Book 826	
Speaker Rayburn and HMJr discuss hearings before House Banking and Currency Committee - 3/14/45.....	50
Crimea Conference	
FDR asks HMJr to cooperate with Stettinius in implementing decisions - 3/14/45.....	107
London press comment - 3/15/45.....	260
a) Exception taken to word "or" - "war-making industries to be eliminated or controlled"	
Germany	
Reparations: George Paish (Great Britain) views on - answer prepared by Treasury for FDR - 3/14/45.....	111

- R -

Revenue Revision	
Joint Committee "Studies in Post-War Taxation - Outline of Suggested Tax Changes Effective in 1945"	
Discussed by HMJr, Blough, etc. - 3/17/45.....	18
Discussion with Joint Committee reported in Blough memorandum - 3/30/45: See Book 820, page 101	
Joint Committee: "Studies in Post-War Taxation - Suggestions for Speeding up Refunds": Book 824, page 186	

- S -

Spain
See International Telephone and Telegraph Corporation

- T -

	Book	Page
Tax Evasion		
Lustig, Henry (Longchamps Restaurants): Reconciliation		
of currency deposits in New York banks - 3/15/45.....	820	277
"Top Secret" Material		
See Confidential Material		
Treasury Representatives Abroad		
See Philippine Islands		

- U -

United Kingdom		
See Lend-Lease		
" Post-War Planning: Crimea Conference		

- Y -

Vinson, Fred		
Asks for loan of car - 3/15/45.....		202

- W -

War Refugee Board		
Personnel as of March 14, 1945.....		217

1

March 14, 1945
9:40 a.m.

GROUP

Present: Mr. D. W. Bell
Mr. Gaston
Mr. O'Connell
Mr. White
Mr. Gamble
Mr. Blough
Mr. Haas
Mr. Pehle
Mr. Luxford
Mr. Dubois
Mr. Fussell
Mr. C. S. Bell
Mr. Coe
Mrs. Klotz

H.M.JR: My apologies, but I didn't expect Mr. Stettinius. He came here very kindly and spent twenty minutes with me, so that is why we are upset. It was twenty minutes well spent.

I know you people are going on the Hill, so we will do the Bretton Woods thing first. If somebody will give me a little report on what has happened Monday and Tuesday on the Hill, I would appreciate it.

MR. O'CONNELL: I can do that, I guess. We had a very short hearing yesterday. Monday it was a little longer; it was about one hour and a half. Yesterday we only got in about thirty-five minutes, and maybe it will be the same today because the House is in session; they are debating the Appropriations Bill today. The hearings are going very well, but slow. We were hopeful if we could get a good session yesterday, we could get Harry finished up today.

H.M.JR: You know what happened?

2

- 2 -

MR. O'CONNELL: Yes, about Wolcott?

H.M.JR: I think it was a nice gesture for Wolcott to do that.

MR. O'CONNELL: That is right. There was no reason why we would resist what Wolcott suggested.

H.M.JR: He said it would be very annoying to the Republicans, and they should be there to hear Harry White, and he didn't think any of them would come.

MR. O'CONNELL: Our thought was if we could get a good session today, we could hope to get Harry finished with the thought he could come back later and try to-- Judge Vinson, Acheson, and Ned Brown are going to be off and on the stand tomorrow and Friday--and then say, "There is our case."

H.M.JR: What about Vinson and Crowley?

MR. O'CONNELL: I mentioned Vinson--Judge Vinson, Will Clayton, and Ned Brown this week.

MR. WHITE: And have the other later.

H.M.JR: You didn't mention Crowley.

MR. O'CONNELL: Crowley, Eccles, and a number of others will come on later. Our thought was we would finish up our case this week and force the hand of the opposition, let them use next week to put on the bankers, because it is better strategy to force them to come on before the recess rather than spend the next two weeks using up all our ammunition and give them a period of two or three weeks during recess. Our stuff would get cold, and they will have that much more time to plan a method of attack.

H.M.JR: There will be no testifying during the recess?

MR. O'CONNELL: No.

3

- 3 -

H.M.JR: That is the first I have heard. Is that definite?

MR. O'CONNELL: It is no more definite than what Spence told me yesterday. That was his understanding, and I got the same impression from your talk with Rayburn.

H.M.JR: Rayburn said he would let me know.

MR. O'CONNELL: He hasn't?

H.M.JR: No, but I will call him.

MR. O'CONNELL: The Committee is working on the assumption that they are going home when they recess.

MR. D.W. BELL: Ned Brown is sick, isn't he?

MR. WHITE: He is better now, but unless something happened yesterday--

MR. D.W. BELL: I saw Mr. Forgan on Monday at the Red Cross meeting, and he said he had a recurrence.

MR. WHITE: On Monday? We spoke to him Tuesday.

MR. LUXFORD: The Vice President was in to see Spence's secretary yesterday, and he indicated that he was going to be there.

MR. O'CONNELL: This program may be entirely too optimistic, which brings us to the question of whether or not there is any practical chance of getting Harry through; that depends upon how much time the House Committee can give him.

H.M.JR: Let me ask you--I passed a suggestion along to somebody that I thought we ought to put Burgess on first.

MR. O'CONNELL: You mean of the bankers?

H.M.JR: Yes.

- 4 -

MR. O'CONNELL: I hadn't heard that suggestion before.

MR. LUXFORD: You suggested that to me, Mr. Secretary.

MR. O'CONNELL: To the extent we can control it, I think that is fine. As a matter of fact, Spence doesn't have the name of a single opposition witness yet.

H.M.JR: I would like to put Burgess on first. I would like to see Burgess this week. I would like to see if he is going to keep his word. He hasn't kept it?

MR. BELL: No.

H.M.JR: You were there. He hasn't kept his word?

MR. BELL: Well, he may make that statement if somebody asks him a direct question, but he will not volunteer that.

H.M.JR: Then what he told us--you were present.

MR. WHITE: I don't think forcing him to make that statement would be very helpful.

H.M.JR: That isn't what I have in mind, Harry; I just want to--Bell, Burgess and myself--I am going to have it out with Burgess in regard to our future relationship. I want to simply remind him what he said in that meeting and tell him what I understand he has been doing since and tell him I consider he has broken faith with me. I want to get it over that the American Bankers have broken faith with me.

MR. WHITE: Did Luxford tell you what they had done with the American Legion?

H.M.JR: If you don't mind, I want to wait a minute and get this legislative--I am going to ask somebody to report on the various organizations. I asked for Feltus. Bell, will you take care of that, please?

- 5 -

MR. D. W. BELL: Yes. Any particular day?

H.M.JR: You tell me when he is here, and--

MR. D. W. BELL: He has been in town quite a bit.

H.M.JR: I just want to have it out with him. He came here and made these statements and hasn't kept his faith. And then I expect to change my setup. Where is Gamble? Set up here where I can see you, will you? I can't see you. I am not going to continue--I have got a picture of the group that met around to discuss this committee, and I am certainly not going to have the same committee advising me on Government funds. I am going to set up a new committee. After all, I don't want to meet with people I can't trust. This whole group Charlie Spence, Tom Smith, Fraser--hell, I can get--

MR. D. W. BELL: Are they on the Bretton Woods committee?

H.M.JR: Look, that whole picture--that whole gang--I am going to tell them so when they say--I am going to establish the fact that they gave me their word and broke it. That will be after the Seventh War Loan. We will get bankers. We don't have to have the ABA label. When a fellow breaks his word with me--he can only do it once; that is enough. Is that right, Ted?

MR. GAMBLE: I agree. There is nothing in this that will disturb our program.

H.M.JR: We will run along with it through the Seventh, but after that there are others.

Now, White, do you want to add anything on the legislative side?

MR. WHITE: No, there is nothing to be added on the legislative side, except, I suppose, that in talking with Burgess you ought not mention that that is our strategy that we want them on first for the reasons that we do.

- 6 -

You asked about Mr. Green of the AF of L. Joe, why don't you tell him about that, and I will tell him some other things?

MR. O'CONNELL: I should have written you a report on that. I didn't give you one on Senator Ball, either. Harry spent two profitable hours, I hope, with him. We spent one hour and a half with Green and one of his men. When was it, Saturday? Green didn't know very much about it, but he seemed to be very sympathetic, but didn't indicate definitely whether the AF of L would come out in favor, or he didn't indicate definitely whether the AF of L would testify. But he did everything but that. I mean, he seemed to be entirely sympathetic to the point of view Harry expressed, and left me with the impression that within a couple of days after talking to his people he would be in a position to tell us. Isn't that your impression?

MR. WHITE: Yes, he was not aware of the activities of his own staff who had been working for us, and he only registered a mild gripe that labor wasn't represented at Bretton Woods. But he was not informed from his own staff of their participation. I have asked those people to get in touch with Mr. Green and tell him what they have been doing.

MR. O'CONNELL: It stirred up something, because late that same afternoon--it was Saturday--Lee Pressman, who was assigned to the AF of L for some reason or other, came to see me and said he had an assignment to render a report on Bretton Woods, so I think that as a result of our talk with Green he spoke to his research people and asked them to get something back to him so he would be able to decide.

H.M.JR: Would it be agreeable to you, White, and O'Connell, so I get this stuff, which I don't get, that Luxford--feed it to him; and if I don't get a chance to see you, it is up to Luxford to get me at home or here or some place and keep me posted?

MR. WHITE: Oh, yes.

- 7 -

H.M.JR: Now, I am loaning you my assistant for Bretton Woods because there is so much of this stuff I am not getting.

MR. WHITE: This happened Saturday afternoon, and now it is Wednesday.

MR. O'CONNELL: It would be simple for us to arrange--

H.M.JR: I am going to try to see you, but if I can't Luxford ought to know.

MR. WHITE: We will be glad to do that and keep you informed, channel the stuff to you. That would be very helpful to all of us. Do you want to tell him about Ball?

MR. O'CONNELL: We had a couple of hours with Ball, and I thought again Ball was very shaky when we went to see him. I think we at least put him back somewhere near dead center, and you won't know where Ball stands until they get to voting in the Senate.

H.M.JR: Yes, you will. If we can't deliver Ball after that trip out there, then I had better not make any more trips. Isn't that right?

MR. LUXFORD: That is right.

MR. O'CONNELL: That is a thing we didn't include in our calculations.

H.M.JR: These trips are tremendously valuable. Stassen is coming in, I think, at eleven o'clock on Friday. I am putting it down, and Harry, I would like very much to have you here, but if you are testifying, we'll have lunch with you.

MR. WHITE: Mr. Feltus said he had heard from one of the Congressmen or Senators-- I don't remember who, but I will ask him again-- that Ball is very much under the thumb of Taft and will be very hard to swing away, and Ball gave me the impression during the discussion that he

- 8 -

was very troubled intellectually by his position when he got through. There were some most unwelcome arguments that were given that were forcing him intellectually to change his mind, and he was unhappy about the answers he was getting because they took away a good deal of the ground and justification for his position against it. That was my impression.

H.M.JR: We built up a backfire under Ball out there. After all, we have got all the papers in St. Paul and Minneapolis, and most of the radio chains are for this thing. Both John Cowles and Mr. Richter are going to push this thing, and they tell us the American Farm Bureau Federation, Co-op's, and the labor people--we could make it so not for them back there that he wouldn't be worried so much about the intellectual thing.

MR. GASTON: Another man there, Leif Gilstad--I didn't learn much about him until too late Monday to do anything. When Reynolds, the Collector of Internal Revenue, was running the War Savings program, Gilstad was his principal assistant, and he is still in War Savings. They were fellow employees with Ball on the Pioneer Press, and Ball, Reynolds tells me, is very much influenced by anything Leif Gilstad tells him, so I think it might be worth while if we see what we can do through him.

H.M.JR: Will you and Luxford put your heads together?

MR. GASTON: Yes. I didn't learn that until too late to do anything with Gilstad on Monday.

H.M.JR: These trips are very, very hard, but I think they are very much worth while.

MR. WHITE: Build up a fire back home!

H.M.JR: You go up there and you really find out what these people are thinking. You see, these millers are coming out for this stuff now, I mean both Pillsbury and General Mills.

Now, what else?

- 9 -

MR. O'CONNELL: There is one more thing on the general legislative side. We are having a meeting with McCarran and a group of Western Senators--silver Senators--tomorrow at two-thirty. I had called them a week ago when we learned they were meeting with the Republicans, and they were kind enough to call me back. It is tomorrow afternoon at two-thirty--

H.M.JR: I learned from Gamble that the thing to do is not to deal with movie stars direct, but theater owners, the box office. I will leave the movie stars to Gamble. What else?

Now, I would like to know about the organizations that are going to be helpful.

MR. WHITE: Before that I would like to inform you of a couple little things. Saturday afternoon Luxford and I have a meeting with a couple of--with half a dozen Republican Senators, and I hope Joe will be able to go.

H.M.JR: This coming Saturday?

MR. WHITE: Yes. I think they are all Republican Senators.

MR. O'CONNELL: I think so.

MR. WHITE: And Sunday night I have been invited to a dinner which had been arranged by Mrs. Robert Low Bacon, who is apparently in the business of creating a salon.

MR. GASTON: Robert Low Bacon?

H.M.JR: He is a colonel in the Army.

MR. WHITE: She is giving a dinner.

H.M.JR: She is the gal we had over at War Bonds.

10

- 10 -

MR. WHITE: And she is inviting some of the Republican Senators for the purpose of discussing Bretton Woods. Luxford and I are going. And then I spoke to the oil people. You remember, several weeks ago you suggested getting in touch with leaks through the oil people. Well, after many pro's and con's this is what emerged: They had about thirty-five top oil people in to a meeting and a dinner, and they discussed Bretton Woods for about two and one-half hours. After the preliminary discussion they asked questions. There was a banker next to me who had come all primed, and he made a speech against Bretton Woods, quite a statement, and there was also a Vice President of the National City Bank there who took care of the oil men, but--

MR. O'CONNELL: National City, or Chase?

MR. WHITE: Chase National. As a result of the meeting, we won some over. I spoke to Davis the next morning--he called me--and I said that there were two men who had been thoroughly won over, the Chairman of the Board of Directors of Standard Oil of Indiana, and the President of the Cities Service. He said there may be others but he hadn't had a chance to talk to them yet. We asked Feltus to contact those two to see if he couldn't get them in on this business.

The other matter is Burgess' activities in the American Legion. I will let Luxford tell that.

MR. LUXFORD: Galloway, who is an economist for the American Legion, came in to see me yesterday. He had been in about four months ago, and he is very much upset. He said he had prepared a report which was favorable to the Fund. He had never consulted with us other than this one time because he felt he should decide his own way.

Well, one way or another they heard that the American Legion was getting out a report.

H.M.JR: Who?

11

- 11 -

MR. LUXFORD: Burgess and Hemingway. Anyway, Galloway was called into the Counsel of the American Legion's office day before yesterday, and there were Hemingway and Burgess. They began to turn the screws on him for that kind of report, and, in effect, insisted on a hearing before the American Legion. Then someone suggested, "All right, we will have you and maybe the Treasury, both of you there."

They insisted, no, they wouldn't attend a meeting of that character; they wanted to be heard alone, not with the Treasury. Someone told Galloway to speak to me about it, and I told him we did feel that if they were going to be heard, we would like to be heard, too. And the democratic thing to do was tell them if they insisted on being heard, that we wanted to be present at the time they spoke.

H.M.JR: It is really outrageous.

MR. D.W. BELL: They are every place. Harry said he runs into a banker every time he gets a group together, whether they are a banking group or not.

H.M.JR: Dan, you are a quiet kind of fellow. They came back that afternoon. Isn't this really breaking faith with me?

MR. D.W. BELL: I wasn't quite sure, Mr. Secretary, that the statement they made was clear.

H.M.JR: It was to me.

MR. D.W. BELL: They said that they were going to have to oppose the Fund before the Committee.

H.M.JR: Yes.

MR. D.W. BELL: But if they were asked as to whether they would rather have Bretton Woods in toto or nothing, they would say, of course, they would rather have Bretton Woods, and they were hoping to get something out of their Committee along that line.

12

- 12 -

H.M.JR: The important thing was they said they just felt it was their responsibility that they give their viewpoint. Wasn't this a democracy? Couldn't they do it? Nothing was said about the two of them spending months down here lobbying for this thing.

MR. D. W. BELL: What they will say in answer to that is you and other representatives of the Treasury are going all over the country trying to get people to be in favor of Bretton Woods. Why haven't they got a right to do the same thing?

H.M.JR: All right, I just want to have it out with him, and in the future I am not going to use the ABA as my official contact with fifteen thousand banks; that is all.

MR. LUXFORD: It is equally important to me, the reasons they are using privately in their arguments before Galloway and the American Legion. They kept saying, "You can't believe what is in this paper. The Treasury boys have got a scheme by which they are going to regiment all of our export trade." They continually made remarks like "You can't believe anything the Treasury is saying because they have schemes underneath in order to gain control of all business."

H.M.JR: It is like what they told Bob Wagner--Burgess--they never had an opportunity to sit down.

MR. WHITE: They told something else to another Senator. Joe and I got this.

(Secretary holds a telephone conversation with Mr. Numan.)

H.M.JR: That is your business, though, too.

MR. O'CONNELL: That is the first I had heard of it.

H.M.JR: That the 15th of March is income tax day?

MR. O'CONNELL: No.

13

- 13 -

H.M.JR: I am travelling around the country, and I don't see or hear anything except some stupid jokes.

MR. O'CONNELL: I would be amazed that very few people are very conscious of the fact that tomorrow is the 15th of March and what it means for tax purposes.

MR. D. W. BELL: It is always brought into some of these plays on the radio. Amos and Andy spent a whole session on it the other night.

H.M.JR: Did I tell you about the Red Cross?

MR. D. W. BELL: No.

H.M.JR: This is entirely confidential. Basil O'Connor told Baruch that he had been to see the President and was trying to get him to postpone our Loan.

MR. D. W. BELL: Oh, no.

H.M.JR: And Baruch was surprised I hadn't heard from the President. I said I didn't expect to hear that the drive was going very badly.

MR. GAMBLE: I had a meeting with the Red Cross people, Mr. Secretary. They sent a campaign group over with Guy Emerson, and I told them what we could do to help them in the acute situation they had with contributions--with earlier operations--but there wasn't anything we could do about changing the date. This was about ten days ago. The two campaign managers, a fellow by the name of Bonham and Guy Emerson--they were very pleased and wrote a very nice letter afterwards saying they appreciated what we were willing to do.

MR. D. W. BELL: I think we are ahead of last year for the same period. They announced that at the meeting Monday.

H.M.JR: I spoke to his secretary this morning, and no message came.

Go ahead.

14

- 14 -

Oh, the President sent me a very kidding message about something. She said she has never seen him in a better humor. It was a personal matter. She said, "You know what it is. I don't understand it." It was something about the county.

MR. GASTON: But he didn't mention the Red Cross at all?

H.M.JR: It was mostly about gasoline stations.

Go ahead, Harry.

MR. WHITE: We were speaking of the various statements they are making to different persons, playing on the fears and prejudices of different individuals, and not discussing the merits.

We heard that they have told one Senator at least that this whole thing is a setup to promote--to help out with money the leftist governments in Europe. Was that Burgess?

MR. O'CONNELL: We don't know.

MR. WHITE: But they asked me to speak on Town Meeting of the Air, you know, when you didn't go on to speak, and I agreed. They were going to get Leon Fraser and Burgess.

H.M.JR: This is Frederik Smith, the Blue Network?

MR. GASTON: Yes, it is Libby and Mrs. Marian Carter who run Town Hall.

MR. WHITE: Well, Leon Fraser turned it down; Burgess turned it down; and Hemingway turned it down. They asked every banker, but nobody wants to go on the same platform with us. (Laughter)

H.M.JR: That can be interpreted two ways. You give it the best interpretation.

MR. WHITE: You don't mind if I interpret it my way? (Laughter) There was also another similar episode of that

- 15 -

15

kind in which they wouldn't meet the Treasury. In other words, they are not willing to discuss this thing, apparently, publicly from the same platform. Now, whether it is because they fear we will call them names, I don't know.

H.M.JR: Are you getting some of the stuff I want?

MR. LUXFORD: We are getting it.

H.M.JR: Tell me about it today.

MR. O'CONNELL: It is really amazing to me how little opposition there is to this thing, how Spence could get--he does not yet have the name of anyone that wants to come down and testify. Crawford probably has a few. The bankers are reasonably smart about this.

MR. WHITE: The ASA entertained the whole Banking and Currency Committee in the Carlton and gave the women flowers. They didn't discuss Bretton Woods, and the report is that everything was off the record. I heard of it.

MR. O'CONNELL: I don't know whether you heard the State Department broadcast Saturday night with Acheson and Clayton. They devoted almost all their time to Bretton Woods. They say it was very good.

H.M.JR: Somebody out West heard it; it was Acheson and MacLeish.

MR. O'CONNELL: They had questions and answers. MacLeish asked the questions.

H.M.JR: Good?

MR. WHITE: It was very good.

H.M.JR: Fussell, write to them for me. Get a letter out today for me, will you please?

(Secretary holds a telephone conversation with Mr. Spence.)

H.M.JR: Will you confess for me on subtlety, please? Just add a little extra confession. Will you go to church Sunday?

MR. O'CONNELL: I will take care of it.

16

- 16 -

MR. GASTON: Butter is so short these days, anyway. It contributes to the situation.

MRS. KLOTZ: I didn't think up at Bretton Woods he really took in what was going on.

H.M.JR: He was pretty handicapped; the man practically can't see.

MR. LUXFORD: He can't hear well either, Mr. Secretary.

MR. D. W. BELL: It seems to me, Mr. Secretary, we ought to work hard on this American Legion thing. The boys are going to be coming back from the front pretty soon and joining this organization. They are going to be sore, anyhow, against the foreign governments.

H.M.JR: Now, there are two people, Joan L. Sullivan and Paul McNutt. The President's team has got to support us, and I will be very glad to call McNutt myself.

MR. GAMBLE: You have a good man which I offered earlier, Mr. Secretary. He was former National Commander of the American Legion, and I think he has as much influence with the Legion as McNutt or anyone else. He is Dan Dougherty from Massachusetts, and he is available.

MR. WHITE: I don't think we can delay on that. I spoke to Luxford yesterday; he thought we ought to wait, but I am not sure.

MR. LUXFORD: The fellow who is sponsoring this committee is Louis Johnson.

17

- 17 -

H.M.JR: Well, he would be out.

MR. D.W. BELL: Sponsoring the ARA Committee?

MR. LUXFORD: He is Vice President in charge of the Committee, apparently.

H.M.JR: Take Louis Johnson. I wanted to get him and pay him sixty thousand dollars a year. (Laughter)

MR. O'CONNELL: You can still get him.

H.M.JR: So don't ask Louis Johnson.

MR. O'CONNELL: Leo Crowley--after all, Louis Johnson works for Leo Crowley, and they work very closely. Crowley is with us.

H.M.JR: That is right.

MR. WHITE: Crowley, McNutt, and John Sullivan hitting from different sides--the sooner the better.

MR. GASTON: John Sullivan, Dougherty, and McNutt--you have got three strong men in the Legion.

H.M.JR: Let me know, Luxford, during the day.

MR. LUXFORD: All right.

18

- 18 -

H.M.JR: You and Rabbi Korff have priorities. You better grow a beard.

MR. WHITE: The other man whom we are hoping to talk to, if you haven't already, is Stettinius. We would like to get the State people and we have--

H.M.JR: Look, Stettinius--take it from me, I won't ask him. Well, I did say to Stettinius--I mean the man is really in the first place completely exhausted. He said, "I am so tired I can't talk," and I am not going to ask him to do this thing. I said to him, "What's the matter with Nelson Rockefeller on Bretton Woods?" Quick as a flash he said, "Do you think his uncle has got to him?" So, I am not saying anything, but he doesn't seem to be very enthusiastic.

Now, I wouldn't do this to you. I think this export association in New York, if Luxford will talk to me about that group up there--but I don't want to talk with--

MR. LUXFORD: That's the Foreign Trade Council.

H.M.JR: I think it was a great mistake. He made poor Stettinius go clear out to San Francisco to talk to the Mayor about hotel arrangements and all that for this meeting, and that's ridiculous, you know, making the man go clear to San Francisco just for one day to talk about the hotel accommodations.

MR. LUXFORD: Mr. Secretary, you wanted to talk about R. L. Thornton of Texas. You know, I sent you that letter. I have the answer right here.

H.M.JR: What did we do with it? He contacted sixty bankers in Texas for us.

MR. LUXFORD: It is a little note saying, "Have you had any repercussions from the Congressional Delegation?"

MR. O'CONNELL: I think he sent telegrams to the Texas Delegation.

19

- 19 -

H.M.JR: If you give it to me I will call him on the phone.

MR. LUXFORD: All right. (Hands Secretary letter from Mr. Thornton, dated March 10, 1945.)

H.M.JR: I had a bad night last night. All night long I used my ediphone. (Laughter) It is the first headache I have had, since I've been taking this new medicine, in a month.

Does that clean up Bretton Woods.

MR. WHITE: Yes.

H.M.JR: Would you tell Feltus I want a thumb-nail sketch from him on who is on the positive side? By that I mean who has been as good as the League of Women Voters, for example, and has actually done something concrete. So will you come in some time today and give me a little report?

MR. LUXFORD: All right, sir.

H.M.JR: I just want to know actually what organizations are definitely going all out besides the League of Women Voters.

MR. LUXFORD: All right.

MR. O'CONNELL: You sent me a little chit on Sol Bloom. I haven't seen him yet, but Acheson and I talked about that yesterday and I have tried to reach him.

H.M.JR: He is sore as hell, and I don't know whether it was because Foreign Affairs didn't get Bretton Woods or not.

MR. O'CONNELL: I think actually he is annoyed that we did not discuss with him the way we handled the Johnson Act in the legislation.

H.M.JR: That's what he's talking about.

20

- 20 -

MR. O'CONNELL: That's fundamentally the reason he is annoyed.

H.M.JR: For Dean's sake as much as ours you ought to tell Dean about my conversation with him last night, and tell him he is definitely sore at you two guys and the Treasury in general. He said, "Three weeks have passed and nobody pays any attention to me."

MR. O'CONNELL: There is nothing to tell him. I would be glad to go see him again.

H.M.JR: He would be a little cool.

Does anybody have any chits?

MR. D.W. BELL: I don't know whether you want to get individual Republicans in on Bretton Woods, but Elliot Wadsworth, formerly Assistant Secretary, is very much in favor of Bretton Woods and is trying to get the Chamber of Commerce Committee out in favor of it. He is having a little difficulty.

H.M.JR: Are you making a note?

MR. LUXFORD: I have seen the Chamber of Commerce report and it is bad. They sent the last draft to Melon in Minneapolis and showed it to me.

H.M.JR: You go to Minneapolis and see the Chamber of Commerce report; we go to London and find out what happened in Teheran.

MR. WHITE: That's right.

H.M.JR: Are you making a note of that?

MR. D.W. BELL: Matel Walker Willebrandt is very much in favor of it. She would like to know more about it. I saw her last Saturday night and she is very much interested in it.

H.M.JR: She's a powerful woman.

F-4

21

- 21 -

MR. WHITE: The Chamber of Commerce report will be adverse as will the National Manufacturers Association.

H.M.JR: She's the counsel here for Metro-Goldwyn Mayer.

MR. D.W. BELL: She's well-known certainly on the Coast.

MR. WHITE: What are you going about the Chamber of Commerce report? What can be done?

MR. LUXFORD: There is nothing we can do. That will have to be done within the organization. Alan told me very definitely the bankers have grabbed control of the organization.

MR. WHITE: Why not call Miss Willebrandt and a few friends and put it up to them showing them the importance of the report?

H.M.JR: If Luxford will see me during the day and get hold of Beltus--he said somewhere floating around here is an invitation to the New York Economic Club.

MR. FUSSELL: I have it here.

H.M.JR: What is the date on that?

MR. FUSSELL: They are giving you a choice of dates, April 3rd, April 5th, April 16th or any other date within that range.

H.M.JR: If you give it to Luxford, I will take it up as a whole. What time do you people have to appear on the Hill?

MR. O'CONNELL: Ten-thirty.

H.M.JR: Just before you go out I want to tell you I have decided to appoint Eddie Bartelt as Fiscal Assistant Secretary, and I have cleared it with the President and with Hannegan. I didn't have to. I did it as a matter of

F-5

22

- 22 -

courtesy, with the understanding that if I should ever be through here that Dan would--

MR. D.W. BELL: ...be through, too.

H.M.JR: And I want to say this. I am doing this largely as a--well, I know Dan doesn't mind my putting it this way--in appreciation of what Dan has been doing for me. He is tired and he needs some help, and when a man has given me the loyal service that Bell has I feel he is entitled to the kind of assistance that he wants.

MR. D.W. BELL: I appreciate it.

H.M.JR: And without casting any reflection on Bartelt, it could be anybody else; I wouldn't really care as long as this is going to make it easier for Bell. I think he has more than earned it, and that is what is motivating me.

MR. D.W. BELL: I think it is going to relieve me quite a bit.

H.M.JR: I had a little trouble about it but Jim Barnes wanted to talk to me, sit down with me. This is rather interesting. Very quickly I said, "What about?" He said, "If you don't want to talk, I'll tell the President you wouldn't see me," so I immediately got hold of Hannegan and told him the story, and he said, "That fellow is making too much trouble. I'll take care of it," and he did.

MR. GASTON: That's a strange attitude.

H.M.JR: And I talked to him one minute later and said, "You go ahead, that's right, that's reasonable" and everything. I thought on account of other troubles you have had with Barnes--

MR. GASTON: Well--

H.M.JR: Anyway, you people want to go on the Hill. Does anybody want to be excused?

F-6

23

- 23 -

MR. O'CONNELL: There is the letter from Mrs. Mark Clark.

H.M.JR: From General Clark?

MR. O'CONNELL: Mrs. Clark. She wrote you a letter.

H.M.JR: Just a second, I have something. If I can't find it, I will send it back to you. It is on the League of Women Voters, in New York. They are asking for tax exemptions.

MR. O'CONNELL: We had a little correspondence with them before and suggested that they re-submit it. We'll probably turn them down.

H.M.JR: I'll send it back to your office, but just wait one second.

General Hurley is coming in this morning and I would like you to see him.

MR. WHITE: There is a letter I got from Adler about General Hurley that you will want to see.

H.M.JR: At eleven-thirty.

MR. WHITE: I will give you the letter. Leave about five minutes for him to tell you what is in the letter because it is important.

H.M.JR: All right.

Mr. Gaston?

MR. GASTON: I don't have anything.

H.M.JR: How do you feel?

MR. GASTON: I feel fine, thank you.

(Mr. Luxford, Mr. White and Mr. O'Connell leave the conference.)

F-7

24

- 24 -

H.M.JR: Blough, why is Henry Wallace writing a book on taxes?

MR. BLOUGH: He isn't writing a book on taxes, but on sixty million jobs, and he has to put in a little chapter on taxes.

H.M.JR: Are you satisfied to have him do it?

MR. BLOUGH: I don't see that you can stop him from doing it.

H.M.JR: What was it you wanted me to read?

MR. BLOUGH: The only thing I wanted you to read in the chapter--I don't know if he wrote it, but somebody wrote it--if we had more taxes and compulsory savings during the war, we would be able to control man hours and prices better, and I thought you would want to cut out compulsory savings. The letter came to you and--

H.M.JR: How can I do this? What's the easiest way for me to do it?

MR. D.W. BELL: I thought we were going to rewrite part of it.

MR. BLOUGH: We can make suggestions on the chapter and I can take it up with the Secretary directly.

MR. D.W. BELL: He has already had contact, hasn't he?

MR. BLOUGH: I talked to the Secretary Saturday and Louis Bean, who formerly worked with him at Agriculture, has apparently worked on this, and I can be in touch with Louis Bean.

H.M.JR: Do that, but tell him I feel very strongly on that.

If you need any help, let me know.

MR. BLOUGH: The rest of it is pretty much--it's good Hansenian New Deal Economics--balance the budget in good times and accumulate debt to finance a program of government works in poor times, and that sort of thing.

25

- 25 -

MR. DuBOIS: It's a development of the speech on sixty million jobs.

H.M.JR: This book isn't being written in the Treasury, is it?

MR. DuBOIS: It is being written outside.

MR. COE: He said he wrote the book during February when he was out of the Government.

MR. GASTON: No during office hours Joe said.

H.M.JR: What did he say?

MR. GASTON: Not during office hours.

MR. D.W. BELL: He said he wrote it back in January and February when he wasn't connected with the Government, and therefore it is quite unofficial.

MR. BLOUGH: Louis Bean is helping on it. I don't know of any contacts in Treasury. Certainly some of the sections haven't been written in the Treasury because they would have been done better.

H.M.JR: All right, what else?

MR. BLOUGH: I think you might want to know what is happening to Eccles' Capital Gains Tax Proposal.

H.M.JR: Let me ask--has anybody got a meeting they want to make?

MR. PENLE: We are enjoying it, Mr. Secretary.

H.M.JR: Has anybody got a meeting?

MR. C.S. BELL: I have one at ten-thirty to go over all cafeterias in Treasury with the Welfare and Recreation Association. I am taking them around.

H.M.JR: All right, we will clear you first.

26

- 26 -

MR. C.S. BELL: Mr. Secretary, I want to send a Miss Anne Triano to Rome. She speaks Italian, and was interviewed by Monetary Research and also by Miss Doyle who writes a very complimentary report on her.

Here is Eddie Bartelt's letter if you want to sign it.

H.M.JR: We will have a meeting later on.

MR. D.W. BELL: He is up at the Appropriations Committee now, Mr. Secretary.

H.M.JR: Does he know he is going to be here?

MR. D.W. BELL: No. I just talked to him about it.

H.M.JR: I want to give him this, and I can't have to read that. (Secretary signs letter to Mr. Bartelt, dated March 14, 1945.)

What are you going to do, sample sandwiches?

MR. C.S. BELL: We have had three dismissals in Pehle's cafeteria, and they have already been fired.

H.M.JR: Tough guy!

MR. C.S. BELL: Yes, sir, plenty. They put the cook in St. Elizabeth's. (Laughter)

MR. PEHLE: It was that bad.

MR. GASTON: Does St. Elizabeth's have another good cook so they can make a trade?

MR. C.S. BELL: They found car tokens, hair pins, and shoe buttons in the mashed potatoes over there. They feed as many people as we feed up here and have only half the amount of space.

H.M.JR: Tokens?

MR. C.S. BELL: Streetcar tokens. They were finding shoe buttons, too. There are other reasons, too. That sets up a law Committee, Joe O'Connell, Ted Wilson, and myself.

27

- 27 -

(Secretary signs letters to Mr. O'Connell, Mr. C. S. Bell, and Mr. Theodore Wilson, dated March 14, 1945.)

MR. C.S. BELL: Helfrich--I hope that's correct--is a man Pehle wants to put over in the Legal Division. Joe O'Connell is for it. He would get sixty-five hundred.

MR. PEHLE: He is in the Legal Division.

MR. C.S. BELL: He is moving from Lend-Lease to the Legal Division.

H.M.JR: Would you mind sitting down? You are too forceful.

MR. C.S. BELL: Yes, sir. He is a good man. You wanted all sixty-five hundred cases cleared through you. You started out with eight thousand and dropped down to sixty-five hundred, and I think it is a good case.

H.M.JR: Incidentally, Coe, you might be interested in how many new men he has put on over sixty-five hundred, in case you want some news ones--at least a half-dozen.

MR. COE: I'll check with him.

H.M.JR: I am just telling you that, giving him a hint.

MRS. KLOTZ: You mean taking them away from Pehle?

H.M.JR: All right? Is it all right with Joe?

MR. C.S. BELL: Yes, sir. He has Norman Tietjens on it.

MR. C.S. BELL: Harry White would like Mr. Coe to receive top secret information. You know earlier you wanted only Danny Bell and yourself to receive it.

H.M.JR: What does that mean? Does it mean he wants to know everything that is in my drawer?

MR. C.S. BELL: No, sir, just what comes from War, and possibly Navy.

H.M.JR: And State.

F-11

28

- 28 -

MR. C.S. BELL: State? No, from War.

MR. COE: Mostly from War.

MR. GASTON: It practically all comes from War, and yourself, and Dan Bell and I are the only ones that now are authorized to sign for it to receive it.

H.M.JR: To receive it or see it?

MR. C.S. BELL: Receive it.

MRS. KLOTZ: When they receive it, they see it.

MR. C.S. BELL: Who signs for it?

MR. D.W. BELL: Four people in the Department can sign for high secret mail. You, Gaston, White, and myself, and that is the request you sent to the War Department. Originally it was just you and I that could sign for it.

H.M.JR: This is to relieve White?

MR. D.W. BELL: I don't know. I take it you see it all, Frank?

MR. COE: I didn't know about this, but I take it it is because I have to see most of it.

MR. D.W. BELL: It goes to you eventually.

H.M.JR: What do you think?

MR. D.W. BELL: I see no objection to it.

H.M.JR: Does that mean if something comes from the War Department, you sign for it?

MR. COE: If it is top secret.

MR. D.W. BELL: Usually, Mr. Secretary, a man brings this top secret mail over and that comes to your office first, and if you are not here to sign for it, they bring it to my office, and if I am not there, they will take it to Gaston, and if he is not there, they take it to White, and as far

F-12

29

- 29 -

as signing is concerned, you have plenty of people here to do the receiving, and certainly the four of us are not going to be out all at once.

MR. GASTON: It's up to you to decide, or whoever is in charge, who sees it after it is signed.

MR. D.W. BELL: Most of it gets into Coe's shop anyway.

H.M.JR: There is no question of Coe's being able to see it, but I have certain reasons right now that I don't want to go to State and War to change this. That is no reflection on you. You can see it, but I would like to leave it as it is, Coe. There is no question about your being able to see it, but at this time I don't want to sign something for reasons which I consider good.

MR. D.W. BELL: He eventually gets them anyway.

MRS. KLOTZ: It is a very peculiar thing, Mr. Morgenthau, because I get envelopes which are top secret and I don't open them and hold them for you, and I am sure all the time you people are in you don't get them. Something is wrong somewhere.

H.M.JR: I am going to ask Mrs. Klotz and Charles Bell to review this top secret stuff.

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

MRS. KLOTZ: There is something wrong somewhere.

MR. C.S. BELL: We have two cases of gold coins. There are nine thousand dollars involved in the two cases. Those were the cases you wanted put out in the outer office. Danny and I would rather not see them out there. We are a little bit afraid of it. We had a couple of cases broken into in the front hall.

H.M.JR: I don't scare about anything in my young life.

MR. C.S. BELL: Don't put them out there.

MR. D.W. BELL: They didn't build them right.

- 30 -

30

MR. C.S. BELL: We couldn't get the steel or non-breakable glass.

MR. D.W. BELL: It's too much money to stick in a flimsy case.

MR. C.S. BELL: That's the crop for me, sir.

H.M.JR: Don't get indigestion.

MR. C.S. BELL: No. I am not going to eat anything.

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

H.M.JR: Now, we will come back to Roy.

MR. BLOUGH: The capital gains tax which Chairman Eccles proposed several weeks ago and which was drawn out of him by wild horses down at the Banking and Currency Committee--

H.M.JR: You are being sarcastic.

MR. BLOUGH: Facetious, yes. George Bryant, incidentally, says that what happened was that Eccles wouldn't see Mike Flynn, so Mike Flynn gave the questions he wanted to ask Eccles to Taft, and so Taft asked them at the opening meeting. But anyway the little Inter-Departmental Committee we have had working on taxes spent quite a little time on it and came to the conclusion it was too drastic a proposal to make at this time, and that was the unanimous feeling of that group. On Monday I read our report--Mr. Bell was at the meeting--to the Stabilization Board, and they discussed it some, and I think what they have in mind is to meet again and decide some course of action. You may know more about that.

H.M.JR: You appeared before the Board?

MR. D.W. BELL: I took him with me on two different occasions.

MR. BLOUGH: I was there three times. Once you weren't there and you sent me instead; but Chairman Davis seemed to feel they have to meet again and make some decision, but I gather what they want to do is talk to the tax committees, either through the Treasury, or as a little group, or in some manner not yet determined upon.

P-14

- 31 -

31

Eccles would like to start out with his ninety percent tax and then work down to something less as a compromise. I don't see there is very much point in starting out with that because there is very little sympathy for it. But at any rate, that is still cooking at about that temperature. And we haven't taken any--all I have done is tell George and Doughton that there was some interest in this subject, but we haven't gone any further on that.

MR. D.W. BELL: Mr. Davis asked me on the day of the meeting if we could go with him and Vinson to see the tax leaders, such as George and Doughton and anyone else in the Committee they might have in for a little informal conference on it before it was brought up before the Committee. Now, I think what ought to be done, Mr. Secretary, you ought to set aside some time to allow Roy to go over the whole program and see whether or not it is agreeable to you before we discuss it.

H.M.JR: I have neglected Roy shamefully, but I have had very much on my mind.

MR. D.W. BELL: I think that the suggestions the Inter-Departmental Committee has made are good and ought to be met.

H.M.JR: I will do it.

MR. BLOUGH: My feeling would be since the emphasis on this is too strongly from the Stabilization side, it would probably be a good idea to have the Stabilization people join with the Treasury in discussing the matter with the tax leaders in order not to get the notion this is just some idea that we have gotten for purely tax reasons, that it has a stabilization foundation. The Joint Committee did not meet last week and are not meeting this week because of some other duties.

They have asked Stam and me to bring up whatever transition program--that would be this year's program--we are going to have to give them next week before they go home for the recess. I think we are--Stam and I are pretty much where we were the last time that Joe and I talked to you out at the Wardman Park, but I think it

F-15

- 32 -

32

would be extremely desirable to go over the various items which are under consideration before then.

H.M.JR: You mean the Shoreham?

MR. BLOUGH: I beg your pardon, I mean the Shoreham.

H.M.JR: That's all right, I just didn't want it to appear in the record.

MR. BLOUGH: I think it would be a good idea to go over that with you, if possible, this week. What I am wondering about, though, is the somewhat more basic question, and that is: Is this the stage in which we have to get Presidential approval on the suggestions which are made by this combined group to the Joint Committee?

H.M.JR: I would have to go into that first. I don't know. My offhand opinion would be I wouldn't bother him, because if we do, we run right into Jimmy Byrnes. I haven't been bothering him really about anything these days, you know. We can get along pretty well.

MR. BLOUGH: In the past our defense against the Bureau of the Budget's claim that we ought to clear all this with them is that we go directly to the President with these things.

H.M.JR: Well, I have a request in to see him this week, and I might just say something to him. I don't know if he wants to be bothered with taxes.

MR. BLOUGH: If you could get him to say to go ahead with whatever you think is best, that would be wonderful.

MR. D.W. BELL: Or go ahead with your present program working with the Committee.

H.M.JR: Is that enough?

MR. BLOUGH: That would be enough, I think, but he ought to know we are going to make some suggestions to the Committee very shortly.

- 33 -

33

H.M.JR: Every place I go--all over the country--that's what I tell them that we are working with the Committee and getting along beautifully and everybody seems happy.

MR. BLOUGH: That raises one more question, and then I am through, and that is whether in view of the fact that as soon as the German war is over, and of course we don't know when that is going to be, there would be some pressure to get taxes reduced, and I think we definitely are opposed to that, and the proposals we would make to the Joint Committee will be opposed to that.

MR. D.W. BELL: How does Stam feel?

MR. BLOUGH: He has agreed with the exception of increasing certain exceptions under excess profits.

MR. D.W. BELL: You agree with some of those adjustments, too.

MR. BLOUGH: Yes. Would there be any chance during the recess in an off the record manner of talking to some of the people in the Eastern part of the country, perhaps financial writers and others, on the reasons why there should not be a reduction in taxes after the German war?

H.M.JR: What do you think, Herbert?

MR. GASTON: I don't know. They can't be much--you asked me whether I think there ought to be reductions?

H.M.JR: No, whether you should go around and talk to people about it trying to sell them this thing?

MR. GASTON: I think yes.

H.M.JR: Fussell, what do you think?

MR. FUSSELL: I think so.

34

- 34 -

H.M.JR: There's your answer.

MR. BLOUGH: I think it ought to be completely off the record--no interviews, speeches, or anything like that; no publicity bearing on either the Committee or Bretton Woods.

H.M.JR: Mr. Baruch told me yesterday he was for keeping taxes where they are.

MR. BLOUGH: That's what the House members of the ways and Means Committee will be for, I think, but the Senate I am not so sure about. That's all I better bother you with.

MR. D.W. BELL: In doing that do we get into any difficulty with the Committee?

MR. BLOUGH: I don't think so, as long as it is on an expository basis, and not on any pressure or--

MR. D.W. BELL: It's going to be an attempt to sell them a bill of goods not to get a tax reduction until after the war. Would George get sore at that?

MR. BLOUGH: I am going to think about it, but I don't think he would.

H.M.JR: Are you through?

Mr. Haas?

35

- 35 -

MR. HAAS: I haven't anything except this question of cut-backs after VE-Day is tied up with the whole question of taxes, too, and the Army hasn't come through with anything. My own surmise is they feel they have nothing to gain by hurrying. They are going to try to keep production up to as high a level as they can, but in any case, their program hasn't come through; WPE hasn't received it and it was due, you know, March 1st, and they are still being promised.

H.M.JR: As long as they are killing Germans, I am not going to worry.

MR. HAAS: We are watching it, but that is all.

H.M.JR: Frank Coe?

MR. COE: I have a couple of things.

First, McCloy took action as a result of your letter to Stinson about the Philippines.

H.M.JR: Oh, yes, tell me about that.

T-1

36

- 36 -

MR. COE: He called a meeting of the agencies and set up a committee to clear all travel requests at the top. They agreed in principle with the proposition of getting Foreign Funds started out in the Philippines and at least getting the government people out there who are not behind the bankers, so we are going ahead with arrangements for setting up or planning a contingent or small group in the Philippines, and McCloy has his machinery in order to put them there, so that worked out all right. They have yet to hear from MacArthur on all of this.

Then, there is another one you may be interested in. We had a meeting with the Alien Property Custodian on his proposition of wanting to take over the German and Italian assets which the Treasury has in Foreign Funds Control. He broadened that in the course of the discussions to wanting the rest of the European enemy assets, too, Hungarian, and so forth. We talked with them in terms of agreeing in a memorandum to the President on the basic lines of policy to be followed and said that the Treasury would cooperate in this or any other step if it was going to get the German assets disposed of, and if we got clearance from the President on a broad line, and if he got any legislation which he needs. It was the Treasury group's feeling, however, that the Alien Property Custodian is so mixed up in points of law that he is unlikely to accomplish anything substantial in the next year or year and one-half in this field.

We approached him on some of the personnel clean-ups there and learned that the Board of General Aniline wanted to keep Halbach and that the Alien Property Custodian wants to get rid of him. The Alien Property Custodian said he wants to get rid of Halbach but the managers still want him. I think our general feeling was that administratively they just won't get anywhere. However, we might by working with them a little get them down to a positive program. Every policy point that was raised they said was unsettled. The Custodian hadn't focused on it--Congress hadn't focused on it. There are certain suits

T-2

37

- 37 -

up. They asked us couldn't they get around the suits by getting legislation. Well, they were working on that, but it was not a very heartening series of meetings. We thought we might ask you if this thing doesn't move, to refer the matter to the President.

Then, one more thing for general information. State and FEA want to get going now on 3-C arrangements for the addition of the Belgians--for the Netherlands people. However, on the Belgian one we sent a letter out the other day trying to tighten up the arrangements. They are getting quite prepared to tighten it up in another direction by giving them less, because they have really got worried about the amount of money they are going to have to ask for under Lend-Lease. It is going to run around ten billion dollars under present plans, just three billion dollars more than they asked for last time, and they are seriously worried.

MR. GASTON: They are very much in danger of a strong not only Congressional but popular reaction. It has to be very cautiously done.

H.M.JR: Are you through, Coe?

MR. COE: That's all.

H.M.JR: John?

MR. PERLE: I just want to mention, Mr. Secretary, we have another Chinese matter in which the Procurement Division is asked to enter in a contract with Chrysler Corporation.

H.M.JR: I sent you a letter on that.

MR. PERLE: I know. The reply is in your office. The contract is about ready. We have been working closely with Monetary Research with Irving Friedman. The Chinese currency involved two and one-half billion Chinese dollars which will all be furnished by the Chinese government, and this government will put up United States dollars which

38

- 38 -

amount to eight and one-half million dollars. It involves Chrysler Corporation sending to China about five hundred people to maintain Chrysler trucks. There are fifteen thousand of them sent to China under Lend-Lease, and they are going to maintain them.

H.M.JR: What is the eight million dollars for?

MR. PERLE: The eight and one-half million dollars is for the United States training these people in the United States and sending them out. Those are United States expenses.

H.M.JR: Is that under Lend-Lease?

MR. COE: It would have been much more--

MR. PERLE: Monetary Research was responsible for getting the Chinese Government to put up two and one-half billion Chinese dollars. I think it is a very sensible program. It makes all the sense in the world.

H.M.JR: We give them the trucks and then we go out--

MR. PERLE: ...and help them train them. Transportation trucks are terribly important to us. What we are doing here is providing skilled help to maintain trucks.

H.M.JR: In my talk with General Stillwell he didn't know--it hadn't yet been settled whether the Americans were going to run and operate those trucks.

MR. PERLE: I don't know about that either. The maintenance is going to be in charge of these five hundred some odd men Chrysler is sending out.

H.M.JR: Can somebody find out whether it is going to be operated under the supervision of the United States Army or whether it is going to be under the Chinese Army?

MR. PERLE: I'll find out. All of these arrangements are made under the Army's approval. I submitted to Mr.

T-4

39

- 39 -

Sell the only thing that needs approval at that level, the advance to the Chrysler Corporation. Chrysler is doing this part of the work on a no profit basis.

H.M.JR: They are very anxious to have it.

MR. PERLE: That's right.

(Secretary holds a telephone conversation with Mr. Hassett.)

MR. PERLE: That thing is all in order and makes sense, and we'll find out whether the Army runs these things. That is all I have.

H.M.JR: May I tell you this? You send me a flood of material, see? And there is so much, John.

MR. PERLE: Yes. I'll be glad to hold back, Mr. Secretary.

H.M.JR: No. You send it, but if there is something important, or if there is something that you think is going to be difficult, ask to see me and come over.

MR. PERLE: Right.

H.M.JR: Right.

MR. PERLE: I'll do that on everything.

H.M.JR: Let me just say this, for example, that maybe it went across my desk, but I have to take--for instance, I didn't know that there were one million dollars worth of food packages sitting in Switzerland. I'm just using that as an example.

MR. PERLE: You mean on the War Refugee Board?

H.M.JR: I wouldn't know. I don't know that I was ever advised--maybe I was, but at least I wasn't told verbally so it never registered, you see? I'm just using that. Now, on this stuff--I mean--which I just took out to Minneapolis, there is at least two hours solid reading there. I haven't had time to read it.

T-43

40

- 40 -

MR. PERLE: I know.

H.M.JR.: But I want it for my record, but if there is something you think I should know, you've got to seek me out, see?

MR. PERLE: I know, and I'll do that on anything that needs your attention.

H.M.JR.: Yes, good or bad.

MR. PERLE: Yes.

MRS. KLOTZ: And also may I bring up one thing? If you want approval, put a special ticket on it. We slipped up on something in our shop because it didn't come over marked properly from yours.

MR. PERLE: You want to say on the top, "For Approval."

MRS. KLOTZ: Yes, so it doesn't lie around as reading matter.

H.M.JR.: I carried this around for a week.

MRS. KLOTZ: You never saw it. You didn't get around to reading, and I thought it was reading material.

MR. PERLE: It was probably the matter on advertising agencies.

MR. GASTON: It might be a good idea to have a colored tag, a special tag.

MR. D. W. BELL: A red tag saying, "For approval of the Secretary."

MRS. KLOTZ: It was in the very last line, "May I have your approval?"

MR. PERLE: That's right. We'll put that at the top, and urgent matters I'll carry to you. It will save you time to clear them that way, but I have been sending a lot of

41

- 41 -

material assuming that when you got time you would like to read some of it. Mr. Fox is entering on duty this morning.

H.M.JR.: Fussell? Excuse me, are you through?

MR. PERLE: When you find time you said you would like to see him. It would just take a minute.

MRS. KLOTZ: Somewhere around two o'clock today.

MR. FUSSELL: I have nothing, except there is a question in my mind when you'd release the Bartelt appointment, Mr. Secretary. Would the press conference tomorrow be all right?

H.M.JR.: That is as good a time as any.

2 Is that the way this thing went up to Congress?
(Indicates photostat of front page of St. Louis newspaper)

MR. GASTON: Yes, we thought it might be good not to give them anything in a letter because it might have a bad reaction.

H.M.JR.: If you could have another one on Detroit to take over to the President tomorrow, it would be very nice.

MR. GASTON: Detroit or Minneapolis?

H.M.JR.: It's a little too early for Minneapolis, but Detroit would be very nice.

MR. GASTON: Have it go along to the Michigan people, too?

H.M.JR.: Yes, but I would like to show the President what I have been doing. I think that if they have told about three different people that these things should be speeded up--I mean George Little and different people--

42

- 42 -

I have to do something to get the President interested in Bretton Woods. Let's pin it on you.

MR. FUSSELL: O.K.

H.M.JR: See that I get the Detroit one, will you?

MR. FUSSELL: Before noon tomorrow.

H.M.JR: Get this sort of thing and let it go up on the Hill the same way, and I think when we do these--I think a copy of this--this is the St. Louis one--I think it should go to Barkley and to Senator what's-his-name, from Alabama?

MR. PERLE: Hill.

H.M.JR: Lister Hill, and in the House it would be the Speaker and party whip, you know, and John McCormack. What's the fellow's name from Georgia, the party whip of the House?

MR. PERLE: Ramspeck.

H.M.JR: So they know what I am doing.

Joseph DuBois?

MR. DuBOIS: I don't have anything.

H.M.JR: I know you want five minutes, and you will get it.

Mr. Gamble?

MR. GAMBLE: Yes, sir. We have a telegram we would like to send out to these three thousand firms which we have sent them for the last two Drives. I thought you might want to glance at the text of it before you approve it.

H.M.JR: Just get Gaston's independent view.

MR. GAMBLE: I have already.

H.M.JR: Wasn't I mild compared to what Gaston was?

43

- 43 -

MR. GAMBLE: I would say you both showed about the same reaction.

H.M.JR: (Reads draft of telegram to all presidents of companies, excepting railroads, having over 1,000 persons) "Plans for Seventh War Loan provides for extra bond sales to workers during months of April, May, and June, as against a two-months' period of deduction followed in previous drives. I am asking our War Finance Committee Chairmen to have a representative of the Treasury meet with you personally to help establish a Seventh War Loan quota for the employees of every branch of your company. With the demands of the war still great and with individual income high, it is imperative that every possible current income dollar be diverted into war bonds in the critical months ahead. The urgency and magnitude of this task impels me to wire you in solicitation of your continued good support."

Couldn't you give me another word than solicitation?

MR. GAMBLE: That's exactly what it is. We were trying to put some words in there to avoid any criticism of you.

H.M.JR: They used a word in Minneapolis I liked, payroll accumulation.

MR. GAMBLE: We have three hundred and fifty million dollars tied up in payroll savings--promotion of it. Savings is better than accumulation.

H.M.JR: You mean, eventually, why not now? Why not stick to them?

MR. GASTON: Accumulations--

MR. GAMBLE: Savings is a substitute for deductions. To most people payroll savings means money taken from their pay checks. The average fellow doesn't know what accumulation is.

H.M.JR: I'm below par, it doesn't pay to argue with me today.

44

- 44 -

MR. GAMBLE: I am arguing with Herbert.

MR. GASTON: I didn't understand your argument, Ted.

H.M.JR: You were looking at Herbert, hoping I was listening.

MR. GAMBLE: I agree with Viner. The average fellow doesn't know what accumulation means. We are having a ceremony in Atlanta tomorrow. Coyne is there, and I am sending this down to him. I am going to Boston today.

H.M.JR: Is Coyne in Atlanta?

MR. GAMBLE: Yes, sir, he will be tomorrow.

H.M.JR: What is our contact with Mr. Woodruff of Coca Cola?

MR. GAMBLE: Good.

H.M.JR: Ask Coyne when he is down there to find out how Mr. Woodruff feels about Bretton Woods, and if he feels right, if he will be willing to help us a little. The next thing to do is get him to tell Walter George what to do.

MR. GAMBLE: That is a follow-up.

H.M.JR: That's very important. If Woodruff is all right, I might give him a ring myself, and as far as Atlanta, Georgia goes, I got a letter--he listened to my speech in St. Louis and he liked it. But I would like very much to get Woodruff. They have close to a one hundred million dollar expansion program on paper for foreign markets. You might tell that to Coyne. Eighty-five million dollars they have set aside just the minute the war is over to expansion overseas, and they ought to be interested, and I would love to get Woodruff on my side.

MR. GAMBLE: I will send him out there.

T-9

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45

- 45 -

H.M.JR: Is there anybody here--have we got somebody in Atlanta?

MR. COE: There is a friendly banker who was up at Bretton Woods. His name is Conniff.

MR. GAMBLE: That's right, he was from Atlanta.

H.M.JR: Conniff--he was the fellow what's his name sent up there?

MR. GAMBLE: George asked you to appoint him.

H.M.JR: Anybody in Atlanta today?

MR. D. W. BELL: Bryan.

MR. COE: Malcolm Bryan of Atlanta Federal Reserve.

H.M.JR: Is he for Bretton Woods?

MR. D. W. BELL: I think he is in favor of Bretton Woods.

MR. COE: Very favorable. He is in town.

H.M.JR: Coyne might want to take somebody with him.

MR. D. W. BELL: Bryan is a very good man.

MR. BLOUGH: Bryan was employed by the Treasury at one time.

H.M.JR: Anything else?

MR. GAMBLE: Yes, I wanted to ask if Bartelt's appointment means we are going to replace him as interdepartmental chairman for war bonds?

MR. D. W. BELL: I shouldn't think so at the moment. We started the Seventh, and I think we should go through with it.

T-10

46

- 46 -

MR. GAMBLE: If he stays in charge of it, I wouldn't want to appoint one of his subordinates. I don't think this fellow in there is aggressive enough to do it, and he is--

MR. D. W. BELL: I certainly would let him carry on for the Seventh.

MR. GAMBLE: I would like to see him carry on permanently even if we had to give him assistants.

H.M.JR: I again want to say that as far as my end went, I couldn't have been handled better out there, and George Little, who is a very sincere, very fine fellow-- you agree to that?

MR. GASTON: Yes, he did a very good job.

MR. BLOUGH: Ransom is Bryan's sponsor.

H.M.JR: What else?

MR. GAMBLE: That is all. I am sorry about the Ball-Shipstead thing, but it is hard to protect yourself against every act that the volunteers are going to do.

H.M.JR: There is another thing more embarrassing. You asked me who I wanted at the head table, and I said Mr. and Mrs. Pattridge. We got down there and were just about to go in, but somebody had completely slipped up on that and there wasn't a place for them.

MR. GAMBLE: They had been invited to sit at your table.

H.M.JR: When Seymour lined them up, there was no place for them, so I asked Little and Luxford to step out.

MR. GAMBLE: I guess that Arnold's trouble was that he brought Gideon Seymour in to head this up.

T-11

47

- 47 -

H.M.JR: Those are little things.

MR. GAMBLE: And Seymour is not a detail man, and Arnold didn't want to by-pass him on these operations, because when I called him about the Ball-Shipstead thing--

H.M.JR: I asked for my daughter-in-law. She didn't lose an ounce. Mr. Pattridge keeps referring to me as his father-in-law. He said that people around town are saying, "I hear your father-in-law, Mr. Morgenthau, is coming to town."

MRS. KLOTZ: I don't think it's funny.

H.M.JR: I tell them there is an expression for it. What is it called?

MRS. KLOTZ: You didn't tell him that.

MR. GASTON: What is it? I would like to know.

H.M.JR: Mrs. Klotz would say my pronunciation is wrong, but the word is mahutan.

MR. GASTON: There isn't any in English.

H.M.JR: It is the relationship between two sets of parents.

(The Secretary holds a telephone conversation with Mr. Eccles.)

(Mr. Gaston leaves the conference.)

H.M.JR: (To Mrs. Klotz) Make a note of the conversation and let White and Luxford and O'Connell see it.

I am sorry this has run so long, but I don't think I did all the talking, I was listening.

MR. D.W. BELL: The Byrd Committee had a meeting on the reduction of personnel in Government service yesterday. Harry was on that a little and Paul McNutt appeared, and I thought made a terrible showing. He made a formal state-

- 48 -

ment and then they got to quizzing him on his authority, and he said that he didn't have any authority and he got his work done by great persuasion.

(The Secretary holds a telephone conversation with Sam Rayburn.)

MR. GAMBLE: I am going to Texas next week end. I'll be in Dallas next Sunday afternoon.

H.M.JR: You go up to his penthouse. I'll supply the butter.

MR. GAMBLE: All right.

H.M.JR: I mean a couple of these fellows--it is amazing just what a little word will do.

MR. D.W. BELL: Well, anyway, the Byrd Committee is starting hearings again, and they will probably carry on for some time. George is having a debt limitation hearing tomorrow morning at ten-thirty, Thursday. He said he was trying to clear it up tomorrow. There are two or three witnesses. Burgess is going to appear.

H.M.JR: This fellow is kind of getting under my vest.

MR. D.W. BELL: He said he didn't think Burgess wanted more than ten minutes to file a statement. He is going to have me appear first and explain the Bill, and is going to ask if anybody else wants to appear.

MRS. KLOTZ: You must say something for him. If he goes on your side, he is good.

H.M.JR: He's not on our side.

MR. D.W. BELL: I hope we can get that out this week and through next week so we can get it signed before the recess.

T-18

- 49 -

Some time ago I talked to you about transferring to the RFC these railroad obligations that we have to handle, and you said to hold it up and see what happened on the home front.

H.M.JR: I would like to be the biggest stockholder in the Atlantic Coastline.

MR. D. W. BELL: Seaboard.

H.M.JR: Oh, I think I had a good--

MR. D. W. BELL: It is a pretty good railroad; they are making money now.

H.M.JR: Stocks are going up, too.

MR. D. W. BELL: We can get out about three million dollars of our principal.

H.M.JR: How high does it have to go to get out?

MR. D. W. BELL: Stocks have to go up to eighty-five; we can sell the bonds out now, and one hundred and a quarter--

H.M.JR: With Fred Vinson in there I would be glad to turn that stuff over to them.

MR. D. W. BELL: I think they are closer to these railroads than we are, and they can do more with these outside committees and do a little horse trading. We are not in a position to do much horse trading. We haven't any horses.

Some time ago I talked to you about sending a letter to some of the printers that were doing work for us on this invasion currency.

H.M.JR: Excuse me, when you turn that over, I would like that to go over my signature.

MR. D. W. BELL: It will be an executive order, and there has to be a letter. I asked you if you would be

50

- 50 -

willing to sign letters to some printers who have done excellent work on this invasion currency. They have lost a good deal of commercial business by doing it. Included in that group is a California State printer who really went ahead and did a job. We have worked up a parchment citation that I would like to send them if you will sign it.

H.M.JR: You and Fussell get together on it, Dan.

MR. D.W. BELL: It is already worked up. Gaston passed on it two or three weeks ago, and I will pass it to Fussell, but it is too late to change it unless they do the job over.

H.M.JR: All right. In other words, they don't want your advice, Fussell.

MR. D.W. BELL: Oh, yes, we want his advice, but Gaston passed on it a few weeks ago.

We could have Burgess in Thursday, but I would think about it a little more. I am inclined to let Burgess go. We are not going to have him in here until another war loan.

MR. GAMBLE: I wouldn't pay any attention to him.

H.M.JR: All right.

MR. GAMBLE: I would let him hang himself, and that is all the reason you need.

H.M.JR: All right.

MR. D.W. BELL: I think if we just leave him alone--

MR. GAMBLE: If you try to win the sympathy of the people now on our side--

H.M.JR: All right. Anything else?

MR. D.W. BELL: No.

H.M.JR: Class is adjourned with twenty dollar gold pieces.

March 14, 1945
10:02 a.m.

51

H.M.JR: Hello.

Brent
Boscoe: Hello, Mr. Secretary.

H.M.JR: How are you?

S: I'm pretty well. How are you?

H.M.JR: Oh, fine. We had a good meeting out in Minneapolis.

S: Yes. Yes. Luxford told me that.

H.M.JR: A good meeting.

S: Good meeting.

H.M.JR: I think it was a nice gesture toward Volcott to adjourn yesterday afternoon.

S: You think it was -- well, I guess so, but you know it looks to me -- now, I'm not saying now -- we've got to go along now.

H.M.JR: Yes.

S: We don't want to do anything that will cause any friction, but it looks to me like they're putting on a filibuster. They were all delighted that we weren't going to do anything during the adjournment, and I don't think we could anyhow.

H.M.JR: Yes.

S: But there seems to be a disposition -- I don't know -- to loaf on us.

H.M.JR: Yeah.

S: And I'm going to go along for awhile, but when it gets too aggravated, we'll put pressure on.

H.M.JR: Yeah. Well, I'm glad to hear that.

S: I can't do -- now, they're talking about taking Mr. -- taking Dr. White off the stand today or tomorrow. I can't very well do that.

H.M.JR: Yeah.

- 2 -

52

S: We'd have to let him go along for a while.

HMJr: Yeah.

S: But when the time comes, we just can't -- we've got -- listen, this Committee has got more work than probably any committee in the House.

HMJr: That's right.

S: We can't just go along here indefinitely on these things. We've got to do our work, and I'm not going to say anything now, because I don't think it's the right time to do it.

HMJr: Yeah.

S: But if it gets so that it's very apparent what's being done

HMJr: Yes.

S: why, then we can take some steps. It will be necessary to correct it.

HMJr: How are our boys doing up there?

S: Oh, fine. Fine. Fine.

HMJr: Any suggestions?

S: No, I have no suggestions. I think you're doing all right, and I tell you the sentiment of the country seems to be all right. The letters I get are all right. I don't -- of course, I think the American Bankers Association are working hard.

HMJr: Sure.

S: But they -- they haven't been right since I've been here.

HMJr: No.

S: They were against -- they were against the Federal Reserve. I wouldn't give them a -- they fought bitterly against the Federal Deposit.

HMJr: Well

- 3 -

53

S: And they were against the Security and Exchange Act. They've been against everything.

HMJr: That's right.

S: Well, there's no use getting into a quarrel with them yet.

HMJr: Not yet.

S: No, not yet.

HMJr: No.

S: (Laughs)

HMJr: Well, I just wanted to keep in contact with you.

S: Well, all right, Mr. Secretary. I'll do everything I can.

HMJr: My man

S: I'm very much -- I'm very much delighted that I have anything to do with putting this thing into effect, because I think it means much to the future of the world.

HMJr: Well, that's fine. My men tell me that you are an excellent presiding officer.

S: Well, we -- we -- we try to get results. That's the main thing.

HMJr: Yeah. Well, they're very pleased the way you're handling the Committee.

S: Are they?

HMJr: Yeah, very complimentary.

S: Thank you very much.

HMJr: Thank you.

*Copy to Mr. White
Mr. Lufford
Mr. O'Connell*

54

55

March 14, 1945
11:03 A. M.

Chairman
Eccles:

.....getting into. The Hamilton Bank, Bill Wallace, President, invited the group to this dinner, and Randy Burgess was there to speak on Bretton Woods.

HMJr: Yep, thanks.

E: The directors of the bank were all there and he's also invited two Senators and the Vice-President.

HMJr: Yeah.

E: Truman was there and--and Admiral Hart, the new Republican Senator from Connecticut, you know.

HMJr: Yes.

E: That took Maloney's place.

HMJr: Yeah.

E: And Moore of Oklahoma, the oil man.

HMJr: Yeah.

E: And what's his name -- General -- head of the Veterans Bureau.

HMJr: General Hines.

E: Yeah, Hines. That's right. Well, anyway there was Hal Stonier, and -- and what's his name -- Chairman of the A.R.A., Hemingway, who is heading the A.R.A. Committee, you know, against Bretton Woods.

HMJr: Oh, yeah, I know him.

E: And he was there. Well, and Wallace introduced the different guests, and then he said there would only be one speaker, which was Mr. Burgess, and he gave Burgess quite a take off, and asked Burgess to -- said he was going to explain Bretton Woods.

HMJr: Yeah.

56

- 2 -

E: Well, I had been sitting next to Randy and he got up in his way, which wasn't very honestly direct, and I had been talking to him about the inflationary danger of the whole set-up here, and he got up and went on to say that he'd had a very interesting talk with me and we seemed to be pretty well in agreement, and then he went on into Bretton Woods, and the whole implication was that I was in agreement with him on Bretton Woods -- the implication, you see.

HMJr: Yeah.

E: Then he ask for questions after, so I didn't ask any questions, but when he finally got through, I said I hadn't known exactly what I was coming to, and I hadn't -- didn't want to take too much of their time, but I did feel that I should not let them go away with the wrong impression with reference to my views.

HMJr: Right.

E: And I would like to say just a word on the other side of this question, if it was not inappropriate.

HMJr: Yeah.

E: And they said they would be delighted. So I got -- I got a good chance to -- to get into the discussion that I really wasn't looking for, and as a matter of fact, it was good practice on the subject because I haven't -- that's the first time I really got into a debate on the question.

HMJr: Good.

E: And three or four of the fellows came up afterwards and said, "Well, by golly, we agree with you. We don't agree -- you -- you've just straightened us out entirely. We don't think this fellow Burgess gave us all the story."

HMJr: I'm sure he didn't.

E: So I just thought you'd be interested because this was night before last and I was tired, and was just going to get dinner and go right home, and, hell, I ended up by getting home at eleven o'clock, after getting into a rough and tumble debate.

57

- 3 -

HMJr: Oh, well, it was mighty lucky you were there.

E: Huh?

HMJr: It was lucky you were there.

E: Well, in a way, because I -- I saw -- I saw Randy perform, and I must say that I got a pretty low opinion of him. I used to have a pretty high opinion because he seemed to be pretty frank and direct.

HMJr: Yeah.

E: I don't object to a person disagreeing with you if he does it honestly and directly.

HMJr: Yeah.

E: But Randy just told a lot of half-truths in that quiet sort of a subtle

HMJr: Yeah.

E: innocent way. He just -- he just left those fellows, I am sure, with a lot of misinformation.

HMJr: Yeah.

E: He does it purposefully.

HMJr: Yeah, he's been doing that all over town.

E: Well, he just -- it was -- well, he did it over there, and I -- he got quite a surprise when I tore into him.

HMJr: Well, I'm awfully glad you were there.

E: Well

HMJr: Harriner, I want to -- I want you to know out at Minneapolis, Mr. Peyton was most helpful and very considerate and we had a very good meeting.

E: Well, that's fine. That's fine. He -- he arranged dinner and everything for you all right, huh?

HMJr: Everything went off fine.

58

- 4 -

E: Was he there himself?

HMJr: Oh, yes.

E: Uh huh.

HMJr: Yeah.

E: Well, John's a good fellow. I think John's for us on the thing.

HMJr: He says he is now.

E: Yes, I'm -- I'm sure he is.

HMJr: Since that meeting they had over there at your office. He said that Dean Acheson converted him.

E: Yeah, Dean did a peach of a job.

HMJr: Yeah.

E: And -- Well

HMJr: Take care of yourself.

E: Yeah, well, all right then, Henry.

HMJr: I'll be seeing you.

E: Good bye.

Copies to

Mr. White

Mr. Lufford

Mr. O'Connell

59

March 14, 1945 60
11:09 a.m.

HMJr: Sam.
Speaker
Rayburn: Yes, Henry.
HMJr: How are you?
R: Fine.
HMJr: How do you hear things are going before Banking
and Currency on Bretton Woods?
R: Well, going pretty good, our witnesses are.
HMJr: Yeah.
R: Dean Acheson, I know -- he was one of the first
witnesses, wasn't he?
HMJr: Yeah.
R: Patman was among them that told me he made a fine
witness.
HMJr: Good.
R: Now, what's happening is this: those damn fellows
are filibustering.
HMJr: Yeah.
R: I think Crawford now has got himself up seventeen
witnesses.
HMJr: Yeah.
R: Well, of course, that's just -- and then we've got
a lot of damn crack-pots among that list.
HMJr: Yeah.
R: I told Patman yesterday that I'm going to talk to
Spence. I'd like to pass that before we recess for
Easter....
HMJr: Really?
R: if we're going to. Well, I'd like to pass it
through the House.

61

- 2 -

HMJr: Yeah.

R: But I told them this thing of having a six -- a month or six weeks' hearings looks to me like is nonsense, and I'm going to talk to Patman and Spence and see if they can't set a date

HMJr: That would be wonderful.

R: to close the damn hearing.

HMJr: That would be wonderful.

R: Now, I don't know whether they can do it or not. I guess the only thing we can do is just to be -- to have to organize all the Democrats on the Committee, by God, to go in and vote. And I just discussed that with Patman a little, and haven't discussed it with Spence. Patman just -- and Spence both say that they are just filibustering.

HMJr: Yeah. There's a Congressman from California that's very helpful. Uh -- let me ask one of the men here what's -- (Talks aside.) -- Outland -- Outland.

R: Yeah, he's a Democrat, Henry.

HMJr: What?

R: He's a Democrat.

HMJr: Yeah. But I mean he's been very helpful.

R: Yeah.

HMJr: He's new, isn't he? Outland.

R: Well, this is his second term.

HMJr: Second term. But your thought was that you might get this thing out and through before the 24th?

R: Well, that's been our hope. I don't know. It's -- probably it's going to vanish on us.

HMJr: But there'll be no hearings if you don't do that, after the 24th?

R: Well, I don't know about that. I don't know what they will say.

62

- 3 -

HMJr: Well, I was talking to Spence this morning, and he said they were filibustering, but he said -- I gathered -- no hearings after the 24th.

R: Well, I hope not.

HMJr: But if -- I'll call you up again tomorrow if I may to see how

R: I'll talk to Spence and Patman, and -- at lunch today.

HMJr: And I -- this banker of yours down there in Texas, Bob Thornton, you know.

R: Yeah.

HMJr: He's got busy. He's contacted over sixty bankers in Texas, and I'm going to talk to him on the phone again.

R: Well, I told you about him, you know.

HMJr: I know you did.

R: You can just bet \$100 on him.

HMJr: Well, I am.

R: And don't overlook him, Henry, in things that are going to happen down there.

HMJr: I'm not.

R: You bet you. He's the type, and he has a heluva fight with his directors and all this, that and the other -- he's built up a tremendous bank there, but he votes the Democratic ticket and gives us money, and he's about the only one there that does.

HMJr: Well, that's all important.

R: You bet it is.

HMJr: Thank you.

R: All right, Henry.

E3

March 14, 1945
3:10 p.m.

RE: THE NATION

Present: Mr. O'Connell
Mr. Sterling
Mrs. Schultz
Miss Kirchwey
Mrs. Klotz

H.M.JR: This is the last call for the Nation, going, going, gone.

MISS KIRCHWEY: We are all here. We thought we had lost Mr. Sterling, but we found him in Washington, so we are all right.

H.M.JR: You go ahead.

MISS KIRCHWEY: I have been summoned.

H.M.JR: No, no, no. I understood you wanted one more chance to see me.

MISS KIRCHWEY: I do, indeed, yes.

MRS. KLOTZ: Well, Mr. O'Connell was going to render a decision.

MR. O'CONNELL: What happened was, last week after we had spent several months in the Bureau re-examining the whole situation we had a report prepared which because of the pressure of other things we didn't really get a chance to discuss until about two weeks ago, and having had several discussions, I called Mr. Sterling and suggested that any time that it was convenient to him and me we would be glad to talk with him once more. We had come pretty clearly in our own minds to the result we thought the proper one, but before making it final, we thought we ought to give you people one more chance to talk to us, and at that point

64

- 2 -

you suggested, I think, that possibly early next week would possibly be a good time; then I understood since then that Mrs. Klotz had arranged for a meeting today, which is equally good as far as that is concerned. It is as well this week as next week from our point of view.

H.M.JR: Mrs. Klotz was under the impression I said I would see you once more before we decided.

MRS. KLOTZ: That is why I arranged it.

MISS KIRCHWEY: Of course, if we discuss the technical problems you had in mind, this should, of course, be launched by our Counsel, but if it is on the basis of principle of what the decision should be determined by, I think perhaps we two would have some things to say about it, too.

H.M.JR: Miss Kirchwey, I haven't had a chance--so why don't you sum up where you stand today, will you?

MR. O'CONNELL: Yes. Our position--and I must say that there is almost complete unanimity among the people we have discussed it with, and I don't know of any case in recent years that has had as much attention and time spent on it. We are pretty unanimously in agreement on the view we shouldn't grant the exemption to the Nation. We don't say we are one hundred percent right on that, but we think we are clearly right on the ball from the point of the Bureau of Internal Revenue in attempting to maintain a position which admittedly by virtue of a number of court decisions we have had difficulty in maintaining over the years. The area of exemption has been constantly broadened by court decisions beyond what we think the Congress intended, certainly beyond the place that we attempted to hold the line.

We feel that to grant this exemption would mean that we would be going at least a couple of steps further along the road of broadening the exemption.

To put it another way, if the Nation is exempt, I have difficulty in seeing how we can avoid being forced to grant exemptions to almost any type of organization

- 3 -

which stops short of actually and affirmatively lobbying in support of legislation. In other words, we would have to come to the conclusion that almost any organization run on a non-profit basis was exempt from taxation, or contributions to it would be exempt unless it directly attempted to influence legislation by the sort of things that would be involved in circulating certain things among your Congressmen and getting integral groups to press for legislation. We don't think we can go that far. It would be difficult for me to go along with an exception to the Nation without almost being forced to say that the Frank Gannett Committee of Constitutional Government is free. I think we can still distinguish those two companies only because Gannett's organization is notorious, and we have a five or six-year record of notorious lobbying by them. I don't think we are forced to exempt Frank Gannett's organization, but we are getting awfully close to it.

MR. STERLING: I would--if I may add to Mr. O'Connell's comments, I think that is the nicest distinction and the proper one, because the record in the case with respect to the Nation's Associates and the Nation is that there is no lobbying, and that is a tremendous help in deciding this case; so when we eliminate that phase of the exemption and come down to the matter of policy of the Bureau, I realize that the Bureau a number of years ago confessed that a number of cases were lost in the higher courts. However, Congress did not change the law, knowing that those decisions existed, and bound the Treasury in those particular statements of fact.

The Treasury has of its own volition and without court action taken a policy of exempting organizations which are very active in furthering causes, which I take it most of us believe to be good causes, without lobbying, organizations such as the National Sharecroppers Fund and the Southern Conference for Human Welfare, Friends of Democracy, Inc.--there are quite a number of them, Free World, Inc., which publishes a periodical indistinguishable from the publishing activity of the Nation insofar as broad character of comments is concerned. We do have--I don't believe we have any distinction between such liberal organizations which, without attempting to lobby, attempt to educate the people along certain lines of public policy.

66

- 4 -

MR. O'CONNELL: The point I was trying to make was a little different, and that was if we were to exempt the Nation, we would have no non-exempt area left, except organizations which were as notorious as Frank Gannett's League for Constitutional Government, and we don't want to go that far.

I am perfectly willing to concede there are cases in which we have decided a case granting an exemption which is in many respects indistinguishable from this. I would say we have a little difficulty with the New World.

MISS KIRCHWEY: The Free World.

MR. O'CONNELL: Free World. I hope there is a line of demarcation between the Nation and the Free World. Otherwise we will have to revoke

MISS KIRCHWEY: The Free World doesn't--isn't way out ahead of several of the others. It is only one. There is a whole group which are as completely committed to a range of interests and of attitudes. They are so closely comparable with the Nation I swear I don't see where we push you one inch further toward the Gannett organization than you already are.

MR. O'CONNELL: We may have made a mistake on the Free World.

H.M.JR: The point is this: From all I have heard, if we made a mistake and we really wanted to be entirely ethical, we ought to revoke those others.

MR. O'CONNELL: Well, we can. It seems to me we ought to retrace our steps.

H.M.JR: To justify the Free World.

MR. O'CONNELL: There is a possible distinction, but I don't know how fundamental. There are other factors that go into making up--

67

- 5 -

H.M.JR: I don't see how you can justify the Free World.

MR. O'CONNELL: The Free World is new, and the Nation, on the other hand has a record of sixty-five or seventy years of--

MISS KIRCHWEY: Eighty.

MR. O'CONNELL: ...background as a commercial enterprise which was transformed into a non-profit organization within the past year.

H.M.JR: If I were passing--I mean I would personally put the Free World and the Nation in the same class. I mean, after all, if it isn't exempt, then I think we should revoke the Free World.

MR. STERLING: Mr. Secretary, I think--

MR. O'CONNELL: I was hopeful we wouldn't have to do that. But it is very difficult not to, I agree.

MR. STERLING: Mr. Secretary, may I suggest that the policy of the Bureau has been the proper one and not an incorrect one, and there are difficulties, Mr. O'Connell, you might raise in connection with some of these other organizations, but I don't believe you should necessarily revoke your policy with respect to these, which have been good forces in educating the public and our people as to these matters now before them. We don't have the situation we had many decades ago where people had to be educated on simple things such as income tax forms. We have much more intricate problems and different approaches. You need forums for it, periodicals of the nature of the Nation, and I don't think you are wrong in granting exceptions to those organizations. I think that where you are lobbying, well, then, you definitely have a distinction; and isn't it enough for the purpose of the Bureau here that it put the Nation and the Nation's Associates, Inc. in the same category as these very worthy organizations such as the Free World, Inc., National Sharecroppers, Inc., Friends of Democracy, Inc., and any number we can list which are not engaged in lobbying and which are bona fide?

E8

- 6 -

MR. O'CONNELL: We think our rulings in the past such as rulings on the Free World were rulings which were ill-advised, and we have been forced by decisions of the Circuit Court of Appeals and Tax Court decisions to go in a direction not always the way we like to go, and not always in the same direction. Within the last six months the Tax Court gave a decision holding the League of Women Voters in St. Louis was exempt from taxation, and reversed the decision on the National League of Women Voters in New York and held they were not exempt under 1016.

MISS KIRCHWEY: They freely admit they lobby, but they are carrying on a non-lobbying educational function.

MR. O'CONNELL: I think if we exempt the Nation, we have to come to the conclusion that the only outfits that are not exempt are ones which do a very active lobbying activity, and we think the line should be drawn somewhere short of that. The only other contribution I could make to this situation at the moment is it would not be difficult, and we would be very glad to cooperate with you if you have a contribution, or made a contribution, to the Nation last year--it would be a very simple matter to get this matter before the Tax Court and have it decided within a matter of months so that if the Tax Court were to decide on the basis of the arguments pro and con that are made that the Nation is exempt, you will have your exemption by the end of this year. If the Tax Court decides you are not entitled to an exemption, that will merely mean we have been right, one of the few times we have been in this area.

MISS KIRCHWEY: I hate to use the contributors' money in a case before the Tax Court.

H.M.JR: Would it be expensive?

MISS KIRCHWEY: No, but I feel we would then, and the Treasury might then feel obliged to go ahead and litigate that. And while I appreciate that the law must be made with someone, we would rather fit into that category.

H.M.JR: If you get a favorable decision--

- 7 -

MR. O'CONNELL: If the Tax Court of the United States held that the Nation was exempt under 1016, we would not appeal to the Circuit Court of Appeals. We would acquiesce in that decision. We very seldom do that, and that is a close enough case, so if the Tax Court held you were exempt, we would take that.

MRS. SCHULTZ: Mr. O'Connell, how do you distinguish between the tax exemption for the Southern Conference for Human Welfare and the Nation Associates? Our activities are almost analogous in many respects, and yet the Southern Conference, which does conduct very broad educational campaigns of a political nature, because education today is political and you can't look at it any other way, isn't tax exempt. It educates--asks people to learn how to vote and whom to elect, and how to organize and--

MISS KIRCHWEY: It happens to be more closely analogous than almost any other, because they have been fighting to get rid of the poll tax, and fighting about ten major issues that the Nation through--it is both through the Nation's Associates and--

MR. O'CONNELL: I am not familiar with the details, but I assume there is a factual difference. I don't suppose the Conference prints--

MISS KIRCHWEY: They publish directly in the magazine, but the magazine is subsidiary to the organization, and, of course, you can make that distinction if it is a distinction, and in our case the association is subsidiary to the magazine, but as far as the things we are trying to forward are concerned, the only difference is that the Southern Conference does lobby for such legislation as anti-poll tax laws, and we have never carried on any sort of lobbying of any kind.

MR. O'CONNELL: I am afraid I made a mistake in talking about the lobbying business, because I don't want to be in a position of saying that the only organizations that should not be exempt are organizations that do not lobby. If we exempt the Nation, that is all we will have left, and we think--

70

- 8 -

H.M.JR: Let me ask you, Joe, has this ever been done? Not being a lawyer, I don't know. Has the Treasury ever gone to the Board of Tax Appeals for advice?

MR. O'CONNELL: No.

H.M.JR: You mean the litigant must go himself?

MR. O'CONNELL: Yes.

H.M.JR: We couldn't lay two or three of these before them at the same time?

MR. O'CONNELL: No.

H.M.JR: It wouldn't be illegal?

MR. O'CONNELL: No, we never have. If I recommended a discussion with Judge Muddock, the Tax Court probably would feel that is an improper way of handling the situation.

H.M.JR: Supposing we said to them, "Now, here are four different kinds of cases," and we can get a good type of one of each, one on lobbying, and different ones?

MR. O'CONNELL: I don't think that would contribute very much, because I think that informal advice from half the Tax Court wouldn't seem to me to change the situation very much, but what we want is a decision from the Tax Court.

H.M.JR: I am not asking for a decision.

MR. O'CONNELL: I would be glad to inquire. I don't think there is any authority in the Tax Court to issue advisory opinions in connection with a matter like this. I think it would have to be on a case involving a deduction.

H.M.JR: I wrote to Judge Hand on one--

MR. O'CONNELL: I know, I was thinking of that.

H.M.JR: I went to Judge Hand on one, remember?

71

- 9 -

MR. O'CONNELL: Yes.

H.M.JR: He did advise me.

MR. O'CONNELL: Yes. Judge Hand has written some of the best opinions in connection with--

H.M.JR: And that was a far more complicated one than this, and he certainly was very frank. I wouldn't repeat that, but we went to Judge Hand. It was my suggestion, and Paul thought it was crazy and everything, that Hand wouldn't entertain it, and he did, you know.

MR. O'CONNELL: He gave you good advice, but it wasn't the advice we gave.

H.M.JR: I know. Do you remember that? Just a minute--I am thinking out loud. Why couldn't we follow that thing that we did in that case with Judge Hand?

MR. O'CONNELL: You mean with the Tax Court?

H.M.JR: Yes. Why not ask him?

MR. O'CONNELL: I think this differs from that other situation in that the Bureau is still cold, and we are no better off after Murdock or any other Tax Court Judge tells us informally what he thinks than we are now. I have taken a poll of forty people in the Treasury and the Bureau of Internal Revenue, and if I add ten more to it, even if they are all Tax Court Judges, we are no better off. I will be glad to talk to Murdock.

H.M.JR: Irrespective of what you say, I wish you would. And I was thinking of possibly first doing it informally.

MR. O'CONNELL: We can start by talking to him informally.

H.M.JR: I wouldn't only say the Nation, I would give half a dozen of these things.

72

- 10 -

MISS KIRCHWEY: Pass that over. That is a very good little summary (indicating leaflet entitled "This is the South").

H.M.JR: I don't think we are on very shaky ground.

MISS KIRCHWEY: The thing that puzzles us so and drives us into a state of near rebellion is that we absolutely can't see any distinction in the kind of activity, point of view, purpose, or intent--method, yes, we put more weight in what we publish than this organization does, for instance, but if you took our domestic policy--they have worked to get rid of discrimination of railway rates against the South. So have we. They fought to get rid of the poll tax. All down the line of social and political questions that affect the welfare of people in the South they have taken what we consider a liberal position and worked like the dickens to put it over, both through legislation, and in a more active way than we ever thought of doing, and public education through their magazine, and through public meetings and dinners and conferences just as we are doing, and we don't see the difference.

H.M.JR: Well, to get back to the same old story, two wrongs don't make a right.

MISS KIRCHWEY: No, but I consider them right.

H.M.JR: I wouldn't want to overrule Mr. O'Connell on the facts, but I am certainly going to, as a result of this, I have got to raise the question, what are these other ones?

MISS KIRCHWEY: I hate to have that raised, but if we are denied it, there is no escape from it.

H.M.JR: I am raising it now. If you are right on the Nation--and I am not definitely equipped to argue with you, but I am intelligent enough to raise the question after listening to these good people--then why are these others exempt?

73

- 11 -

MR. O'CONNELL: Why, admittedly, in the memo the report points out that in all there are some thirty-five thousand organizations which have been given rulings of either exemption or not exemption under the 1016 Code. We have not examined all of those cases; we have not reported on a number of typical cases.

H.M.JR: I want to do it every year. The thing I want is, I want every one of these tax-exempt cases--I want the burden of proof on them. Make them go through with it every year. That is what we are going to try to do.

MR. O'CONNELL: In a sense, all I am suggesting in this case is that they sustain a fair burden of proof, because in any one of these cases if the Bureau feels that it is sixty-forty that the outfit should not be exempt, I think their position should be that they are not exempt until told otherwise by the Tax Court.

H.M.JR: I am going to have to stop. Let's leave it this way: I can't overrule Mr. O'Connell on this thing, see? And most of our argument is based on the fact that if some other organization has it, you should have it, which is all right.

MISS KIRCHWEY: That is right.

H.M.JR: But from my standpoint, if Mr. O'Connell is right, that you shouldn't have it, then he has got to prove why do these other people have it. That doesn't help you.

MISS KIRCHWEY: It doesn't help us, and I would be sorry if we precipitated any action against them.

H.M.JR: I am going to have to ask him to consult with the Board of Tax Appeals and ask them about it.

MR. O'CONNELL: I will.

H.M.JR: But I want to leave it this way, because there is no doubt in my mind you may hear from Mr. O'Connell again, but not immediately, because it is just a--

74

- 12 -

MISS KIRCHWEY: If we are forced to do it, we will accept Mr. O'Connell's suggestion and make a test before the Court.

H.M.JR: It wouldn't be very expensive, I say, with the assurance which is most unusual that if you got a favorable decision, we would let it rest on that.

MR. STERLING: I appreciate that, Mr. Secretary; I think it may take more time to get a case like that before a Tax Court, and my only point--and I don't want to take your time--is that it would take so long.

H.M.JR: He hears you.

MR. O'CONNELL: If you want to do that, we will handle it expeditiously, get it on the front end of the docket.

MR. STERLING: I appreciate that.

MRS. KLOTZ: Mr. Morgenthau, may I make one correction with Miss Kirchwey? You were not summoned down here. You have been asking, and--

MISS KIRCHWEY: Listen, I didn't mean to say that, I only meant--

MRS. KLOTZ: I just wanted to explain that to Mr. Morgenthau that I did not summon you down. I spoke to Mrs. Schultz and told her Mr. O'Connell was going to see the attorney and give him his recommendation, and then you asked for one more chance to see the Secretary.

MRS. SCHULTZ: That is correct.

MISS KIRCHWEY: I am glad you cleared it up. I had in mind the letter Mr. Sterling got from Mr. O'Connell.

MRS. SCHULTZ: That was intended to be humorous.

MRS. KLOTZ: Mr. O'Connell knew just exactly--we talked it over, and he agreed that--

75

- 13 -

H.M.JR: During twenty-three years with Mrs. Klotz I always rule in her favor.

MISS KIRCHWEY: I do, too.

MRS. KLOTZ: I just wanted to explain that to the Secretary.

H.M.JR: Anyway, this is a difficult one, but I do think that you will do this thing. My views would be to start at once to bring it before the Board of Tax Appeals. Mr. O'Connell would see that it gets there very promptly. Do they adjourn in the summertime?

MR. O'CONNELL: I am not sure.

H.M.JR: You could get it there.

MR. O'CONNELL: I am sure we can get it--if you can find your customer, we can get the thing handled in the Tax Board before the end of the year. That doesn't mean before the recess this summer, but it might be.

H.M.JR: Why couldn't you get it right before them?

MR. STERLING: We have to have disallowance of the taxpayers contribution, and that involves--that was the delay I was thinking of, not Mr. O'Connell's office at all, but in connection with the taxpayer who is willing to have his case go before the Tax Court.

MRS. SCHULTZ: We could get that.

H.M.JR: I am very much obliged. Will you see that this--

MR. O'CONNELL: I will do it right away. You haven't any more time for me, have you?

H.M.JR: I think later today.

76

March 14, 1946
4:00 p.m.

BRETTWOODS

Present: Mr. White
Mr. Gaston
Mr. Luxford
Mr. DuBois
Mr. Feltus
Mr. Doe
Mr. Fussell
Mrs. Klotz

H.M.JR: We have already seen McCloy.

MR. WHITE: Is McCloy likewise willing to continue to cooperate?

H.M.JR: Yes.

MR. WHITE: I was afraid maybe a good friend like Henderson might have done some damage there because he accused the Army of being sucked in by the Treasury.

MR. DOE: They are sending General Draper, formerly of Dillon Read & Company, over to take Colonel Graeme Howard's place in charge of the German plan in the next week or two.

(Mr. Luxford and Mr. Fussell enter the conference.)

MR. WHITE: Not only that but he expects to be the Deputy under the top control man. He came to see me and he had interesting names that had been suggested to him, including Wayne Taylor. I told him I thought he would do a very able work in Germany.

H.M.JR: That's sarcasm. Did he mention John Hanes?

MR. WHITE: No, he didn't mention him. Maybe he did. He had quite a few of them. I didn't know he was from Dillon Read & Company.

77

- 2 -

MR. COE: Yes, He's a Dillon Read man.

H.M.JR: Now, gentlemen--in the next five minutes, Feltus, what are your plans that you have for the promotion of Bretton Woods, and then five minutes of what, if anything, do you have on Morgenthau.

MR. FELTUS: All right. Here are the things we have lined up.

Saturday there will be three radio programs. Will Clayton is appearing during the intermission--

MR. WHITE: I think the Secretary said that involved him only.

H.M.JR: First, the plans for Bretton Woods.

MR. WHITE: I'm sorry, I misunderstood you.

H.M.JR: Five minutes on plans for Bretton Woods, and five minutes on Morgenthau.

MR. FELTUS: Will Clayton will be on the Metropolitan Opera Hour intermission. I'll send you--

H.M.JR: Does he sing?

MR. LUXFORD: He's going to sing.

MR. FELTUS: He's going to sing "Babes in Bretton Woods." The same night a character named Luxford is on "Peoples Platform", CBS.

MR. GASTON: Is that an argument--debate?

MR. LUXFORD: Song and dance.

MR. FELTUS: Lyman Bryson's program where he asks questions, and I don't think they have anyone from the other side. They have been trying to get someone, but

78

- 3 -

they haven't been successful. It isn't a debate exactly. The same night the Blue Network with Taft and a banker from Commerce named Arvin vs. Dean Acheson, and I think, George Outland. I am not sure, we have invited him and he hasn't said definitely whether he can make it. If not Outland, you may want Monroney, who is a member of that Committee..

MR. WHITE: He asked Vinson and hoped he would come but he wasn't able to.

MR. FELTUS: Vinson? No, that's Saturday, and then two or three days later is the American Forum over Mutual with Taft and Wilcox vs. Tobey and Gregory.

H.M.JR: Who is Wilcox?

MR. LUXFORD: An ABA financing man.

MR. WHITE: He's that white-haired fellow.

MR. GASTON: U.V. Wilcox--Treasury reporter.

MR. LUXFORD: Burgess wrote me that he is a straight double crosser.

MR. GASTON: Are you talking about U.V. Wilcox, the man who works for the bankers?

MR. LUXFORD: Yes.

MR. WHITE: You don't have it on your list, but Monday night there is a program in Constitution Hall in--

MR. FELTUS: That's not radio. On the 22nd there is the Town Meeting of the Air which they are changing somewhat for this purpose, with the Honorable Dr. White vs. the Honorable Dr. Burgess.

MR. WHITE: Nine rounds to a finish.

78

- 4 -

MR. WHITE: They had to cut it to two. They couldn't find a man for the other side, and Burgess finally accepted.

MR. FELTUS: They actually couldn't find anybody that was willing.

H.M.JR: Is there any time limit?

MR. FELTUS: Forty-five minutes.

H.M.JR: Are there any rules?

MR. WHITE: Kick anywhere above the ankle.

H.M.JR: White will win. (Laughter)

MR. WHITE: After all, the rules have to be fair.

H.M.JR: I feel better now.

MR. GASTON: Let him last a while, Harry; give the customers a chance.

MR. FELTUS: That, incidentally, is quite a triumph, to get them smoked out in the open. Leon Fraser accepted the Blue Network and backed out and put Erwin in his place. They are trying to keep their names out of the place if they can. No one was willing to take it, and finally Burgess had to do it.

MR. GASTON: Fraser would be swell if you could get him.

MR. FELTUS: He was on but backed out.

Now, on commentators. The luncheon the other day was very good, not only the commentators but the columnists. Seven commentators came on that night with favorable broadcasts.

H.M.JR: I offered your people another luncheon and was turned down cold.

80

- 5 -

MR. FELTUS: Not by me.

MR. WHITE: You mean last Wednesday?

H.M.JR: Today. I offered to have another group today.

MR. FELTUS: No one said anything to me about it. I would have jumped at the chance.

H.M.JR: I was turned down cold.

MR. WHITE: That's true. Mr. Fussell talked it over with Herbert, myself, and O'Connell and we all agreed that it would be very desirable to have another luncheon, but to have it after the opposition appears, so we will be able to tell them what they said and what is behind it; whereas if you call them now, they would feel that we don't have anything fresh to tell them.

MR. FELTUS: There are other people.

H.M.JR: I thought you had to keep feeding these people stuff all the time.

MR. FELTUS: Not the same ones.

MR. GASTON: I said if you have another list of people, it was all right.

MR. WHITE: He's talking about something else.

MR. FELTUS: I would get another list and another crowd.

H.M.JR: I prefer the same people. You take Stokes. He runs out of material.

MR. GASTON: Send it to him.

H.M.JR: He won't read it.

MR. FELTUS: There is nothing--

81

- 6 -

MR. WHITE: Stokes is doing a good job. He wrote four or five articles.

Have you another list?

MR. FELTUS: Sure I have.

MR. WHITE: The Secretary said he is willing to have another luncheon.

MR. FELTUS: I have a list here and in New York, both.

H.M.JR: Keep moving.

MR. FELTUS: All right. So much for that--for radio--for the time being.

H.M.JR: It sounds good.

MR. FELTUS: You might be interested to know that Jim Marlow called me today. He's the AP columnist that was at the luncheon, the only columnist for AP. He has carried five hundred afternoon papers and he told me he had written two that have wide circulation. Somehow the clippings haven't got through to us, so he is sending them to me.

H.M.JR: The dividends from that luncheon were amazing.

MR. FELTUS: Stokes and Lincley with Ralph W. Page of the Philadelphia Bulletin--he ought to be invited to lunch. The Christian Science Monitor has been going all out for it.

H.M.JR: Whodo we have?

MR. FELTUS: Nobody yet.

MR. GASTON: Drummond is the head of the bureau. Dick Trout writes a lot.

MR. FELTUS: Trout, Fleming and Morgan have all been writing on this. Monday in New York I've made an arrangement with Frank Gervasi. Have you ever read any of his overseas material? He is a very fine writer on the Staff of Collier's, and Gervasi and I went together to talk to Henry LaCossitt

82

- 7 -

and sold him an article on Bretton Woods which will be a definitive article for popular use.

He will come down here and spend a week with us next week and the article will be listed on the cover and it will be a cover article for that week. We are working with writers for Collier's on a number of other matters of that kind. They are turning their machinery over completely.

H.M.JR: Have you a meeting, Frank?

MR. COE: No.

H.M.JR: Go ahead.

MR. FELTUS: You know, of course, we have made a movie short and we are now trying to get distribution straightened out so it will get the widest possible distribution.

H.M.JR: Is Gamble helping you on that?

MR. FELTUS: I haven't been able to get Gamble. I have tried.

MR. WHITE: Can you run it off downstairs? We would like to see it?

MR. FELTUS: The negative was made and a man from the company called me and said the negative was good and the voices were good.

H.M.JR: There is no better man to get distribution for you than Gamble. He will be here tomorrow. Shall we make an appointment for you tomorrow?

MR. LUXFORD: We called him and he is in Boston.

MR. FELTUS: I'll call him in Boston.

MR. GASTON: He was here at eleven o'clock.

MR. FELTUS: I want help with Skouras and the raw film from Gamble. I can handle Harry Warner, and we have the newsreel distribution all ready. We have been filling up the

83

- 8 -

the Congressional Record with choice bits here and there.

R.M.JR: Did you put my Minneapolis speech in?

MR. FELTUS: Not yet, but it is going in. Your opening statement went in, though, and the following things have appeared that I know of, and I think there probably have been some others: The St. Louis Democratic Editorial introduced by Wagner, the Independent Bankers report by Spence, the Commerce report by Spence, two Stokes' columns by Outland and also Miller's column, the Washington Post Editorial by Spence, Morris' remarks in New York by Pepper-Wayne Morris' remarks--your opening statement, and a Congressman named De Lacy put a CIO pamphlet in on his own hook.

MR. GASTON: He comes from Seattle, and he is a Communist.

MR. WHITE: De Lacy?

MR. FELTUS: De Lacy?

MR. GASTON: Yes. He's all right, but we need to kind of watch our step, that's all.

MR. FELTUS: It's a little abortive to put that in at this time, but it's in.

We have over there now editorials from the Milwaukee Journal and the Baltimore Sun which are being given to different people to slip in, and I think if we choose our material wisely, we can have something in every two or three days from now on. Twenty thousand reprints of the Commerce Report were sent out over Spence's frank to all the banks in the country.

R.M.JR: What report?

MR. FELTUS: Twenty thousand reprints of the Commerce report, one to every bank in the country.

MR. LUKFORD: Ben Dubois is sending out his report directly to the banks.

84

- 9 -

MR. FELTUS: On speeches we have the following: Mr. Gaston speaking to the Fifth Annual Chartered Life Underwriters in New York.

MR. GASTON: When is that?

MR. FELTUS: Didn't you know about that? I thought it was all arranged.

MR. GASTON: When is it?

MR. FELTUS: April 20th.

MR. GASTON: I guess I did.

R.M.JR: Do you have time to say yes, Herbert?

MR. GASTON: That's correct. (Laughter)

MR. FELTUS: I hope you remember.

MR. WHITE: He must have forgotten about the second one he agreed to.

MR. FELTUS: He did? I won't mention it then. Szymosak is making two speeches in Chicago, one at the Illinois Manufacturers Association and the other to the banking group there. Ness is making four on the West Coast, one in Los Angeles, San Francisco, Portland, and Seattle.

R.M.JR: Isn't Ness in Mexico City?

MR. FELTUS: He's in Baltimore today.

MR. WHITE: Yes.

MR. FELTUS: I asked him to go over and speak to the representatives of thirty-five local groups who are going to sponsor the meeting for us, and prepare them technically to get them in the right frame of mind. Acheson is speaking at the Commonwealth Club in San Francisco. We arranged for Mrs. Sundelson to speak for an organization called American Women's Ort, whatever that is, O-R-T.

85

- 10 -

H.M.JR: You know, Miss--the woman Delegate from Vassar--she gets over very well with women. We haven't used her at all.

MR. FELTUS: I know she does.

MR. LUXFORD: She has been on the West Coast, Mr. Secretary. I don't know whether she is back or not.

H.M.JR: We ought to put her to work. She has great influence with the women. Mabel Newcomer--it's a mistake not to use her.

MR. FELTUS: I have an arrangement in New York for five minutes three times a week on a commentators' program, WORK. We can put her on one of those.

H.M.JR: I meant generally.

MR. FELTUS: Yes. The International Latex Corporation is going nearly all out for us.

MR. WHITE: We'll get it down here, get moral support.

H.M.JR: It's a mistake not to use her--may I interrupt you just a second? I am going to take ten minutes. So far everything is good. Now just take a minute or two and tell me, are you anywhere near your businessmen's committee?

MR. FELTUS: Yes. I'll tell you this. I have the money to start it with. We have forty names of people who will go on it, and I have land spotted. The Executive Secretary--I am trying to get him up there. I have the money to pay him and everything. Treasury won't show in it at all, and it is ready to go.

H.M.JR: Is it a tax-exempt organization?

MR. FELTUS: No.

H.M.JR: Well, that sounds very good.

86

- 11 -

Now, as I understand it from this trip of mine, the cotton shippers are not definitely committed, are they?

MR. FELTUS: Yes, they are. Sure, they are.

H.M.JR: Luxford gave me the impression that it is doubtful.

MR. LUXFORD: No, sir, I didn't.

H.M.JR: No? They haven't definitely decided, have they?

MR. LUXFORD: They haven't sent out a report yet.

MR. FELTUS: They are working on the Committee. They haven't sent a report yet.

H.M.JR: What about the tobacco group in the export business--the tobacco people?

MR. FELTUS: We haven't reached the tobacco people yet.

H.M.JR: We have been talking about that.

MR. WHITE: We tried to locate the proper people.

H.M.JR: What about the shipping people?

MR. FELTUS: The shipping people we haven't got as a group. We have got individual shipping people, a number of them, but we are trying to get--they have to take their own initiative. We have to find somebody that will take initiative such as the cotton people did with their people. We are sometimes late in those things.

H.M.JR: The other thing--is the American Farm Bureau Federation coming in?

MR. FELTUS: Yes, it's on the record.

MR. WHITE: O'Neal.

87

- 12 -

H.M.JR: For instance, can you get O'Neal to work on two Senators from Minnesota?

MR. FELTUS: I think so. He had agreed to go to work on other people.

H.M.JR: There are two states I would like to have very much. One is Georgia, and the other is Minnesota. I would like--

MR. FELTUS: All right.

H.M.JR: Those two States--if the American Farm Bureau Federation and if the cotton shippers in Georgia would do something--

MR. FELTUS: Also the National Cotton Council.

H.M.JR: Whatever it is--I am very anxious to put all the heat I can in Georgia and Minnesota and Michigan. Check, Luxford?

MR. LUXFORD: Yes.

MR. WHITE: We are having difficulty with the AF of L, because there is a woman who according to Bernstein--according to Fry who is the economist in there--studied economics about thirty years ago and hasn't learned anything since and is against everything, and Green rests heavy on her and the other people--the ones that have been dealing with us and writing articles so that Green is not very enthusiastic and I think pressure has to be brought to bare--

MR. FELTUS: That's not--

MR. GASTON: Did you talk to Phil Pearl?

MR. WHITE: No.

MR. GASTON: He is their public relations man and I don't think you would have any difficulty in getting him

88

- 13 -

to go along with you, and it would help quite a bit.

MR. FELTUS: Is that Miss Thorne?

MR. WHITE: Thorne.

MR. FELTUS: She's all right; she can be handled easily.

H.M.JR: I have to stop in a minute or two. What about myself? I gave you fifteen minutes on your stuff and you only have one minute left for me.

MR. FELTUS: I have a lot of compliments, Mr. Secretary.

H.M.JR: I agree.

MR. FELTUS: Many more, incidentally. I would like to get you--

H.M.JR: If you will send me a little one-page bulletin and by-pass whoever is necessary--

MR. FELTUS: All right.

H.M.JR:..and get it in to Mrs. Klotz by two o'clock as you did the day before. I will read it. Confine it to one page and get it to her by two o'clock. I am very anxious to be kept posted.

MR. FELTUS: All right.

(The Secretary leaves the conference temporarily.)

H.M.JR: Well?

MR. FELTUS: There are three spots that if we can't get together on the dates, I wish you would make a decision anyway for speaking. You mentioned Georgia. Skymczak has McLarin, the President of the Federal Reserve Bank in Atlanta, excited about doing something in Atlanta, and the League of Women Voters there will sponsor a meeting in

89

- 14 -

conjunction with whatever other local groups they can get. I have to call McLarin today and tell him whether or not we are interested in Atlanta. The dates can be set later.

H.M.JR: I'll answer that. I guess you haven't told him what we did this morning?

MR. LUXFORD: No, sir.

H.M.JR: Coyne, the First Deputy to Gamble, is there today and he and the economists from the Federal Reserve in Atlanta are calling on the Chairman of the Board of Coca Cola to see how he feels, Mr. Woodruff, and if Mr. Woodruff would feel favorable and he would sort of sponsor me, I would be interested in going, because Mr. Woodruff can just about settle Mr. Walter George, see?

MR. LUXFORD: I didn't tell him because I didn't know about it. I wasn't here this morning.

H.M.JR: That happened afterwards. Coyne was there, and I called Eccles and Eccles was going to call Bryan, and Coyne and Bryan are calling on Mr. Woodruff this afternoon.

MR. FELTUS: That's why Szymczak told me Bryan was seeing Woodruff today. I didn't know what he meant.

H.M.JR: All right?

MR. FELTUS: Shall I call McLarin and see if that could be arranged under Woodruff's auspices?

H.M.JR: No, let me get my report from Coyne.

(The Secretary holds a telephone conversation with Mr. Stettinius.)

March 14, 1945 90
4:37 p.m.

H.M.Jr: Hello.

Secretary
Stettinius: Henry.

H.M.Jr: Yes.

S: I checked after I saw you this morning to see whether or not we'd done a good job on Bretton Woods in Mexico, or a bad one.

H.M.Jr: Yes.

S: And I find that it's pretty good.

H.M.Jr: Yes.

S: And I have sent to you by special messenger, marked copies of the various resolutions

H.M.Jr: Oh.

S: and really -- it really adds up pretty good.

H.M.Jr: Well, I'd like very much to get it, because I was under the impression that you had not.

S: Yeah.

H.M.Jr: If I'm wrong, I'd like to know it.

S: Yeah. I think -- I think you'll be pleased.

H.M.Jr: Now, I got the letter from the President

S: Yeah.

H.M.Jr: and a copy of his memorandum to you.

S: Yeah.

H.M.Jr: And I've written him and written you saying that I would be delighted to cooperate, and look forward to the opportunity.

S: Good.

H.M.Jr: And I'm delighted that you're having this meeting tomorrow afternoon.

- 2 -

91

S: Now, on that meeting tomorrow afternoon

HMJr: Yes.

S: I have received from the President this morning -- you remember the private matter we discussed this morning on Germany? You remember you asked me about sending over -- that you'd like to be brought up to date on something

HMJr: Yeah.

S: I've gotten -- I've gotten something from him

HMJr: Yes.

S: since I saw you....

HMJr: I see.

S: which says, "Go ahead and present it to these fellows."

HMJr: Oh, wonderful.

S: So the time -- we're -- we're moving rapidly.

HMJr: Wonderful.

S: And that was -- I didn't get -- I got that middle-morning, so we'll have a good meeting tomorrow.

HMJr: Good. You remember the other thing which I mentioned which I'd like to see, too, you know? Do you remember those?

S: Well, this -- this is just -- what I -- what I've told you is that.

HMJr: No, but there were -- I think there was something you took over with you.

S: Took over with me?

HMJr: To Yalta, on Germany, a memorandum.

S: Well, let me -- yes, well, I'll -- I'll -- whatever I did take, I'll have available here tomorrow to show you.

- 3 -

92

HMJr: Fine. And the copies that we might have?

S: Right, old boy.

HMJr: And you -- and he evidently cleared this thing with you this morning, I take it.

S: Well, I haven't -- I got it back this morning. It was in -- it was in the works when I -- before I got back from Mexico, you see.

HMJr: Oh, I see.

S: I'll -- It'll -- but I -- I'm quite sure you'll be very pleased.

HMJr: You think so.

S: I think so. I'm quite sure so.

HMJr: Fine.

S: All right, old boy.

HMJr: Now, I'm seeing him at noon tomorrow.

S: Yeah.

HMJr: And I think I'll remind him of that Committee which is in my drawer.

S: Good.

HMJr: And tell him that I'm going to wait until you catch your breath before we do anything about it.

S: All right, Henry.

HMJr: Don't you think I ought to remind him about it?

S: I think it will be very constructive.

HMJr: All right.

S: Thank you.

HMJr: Much obliged.

S: All right, old boy.

93

- 15 -

H.M.JR: Where are we? We are running way over time.

MR. WHITE: Atlanta, and he is to wait.

H.M.JR: Wait, I don't want to cross Coyne. You don't know him, he is a very able fellow.

MR. FELTUS: Shall I wait until I hear from you?

H.M.JR: Yes, I'll get word back to him.

MR. FELTUS: The other two spots are San Francisco and Baltimore. Have you heard from Mayburn yet about hearings? Can you make a date in Baltimore?

MRS. KLOTZ: We are following that up every day for you.

H.M.JR: Mrs. Klotz is bringing Baltimore to my attention every day. The thing is simply this, and we were talking about it earlier; we talked with Mayburn this morning and Mayburn--in the room here--is talking about passing this legislation through the House by the 24th. Then it gets down to personal situations about whether I should go away and get a little rest or not, and I don't know how White feels about it and some of the other people feel about it. I don't know myself.

MR. WHITE: Well, it's important that you be around and important that you get a rest. It depends--if it passes and if there is a favorable report from the House by that time, well, I think that is all right.

H.M.JR: That isn't what Mayburn said. He said he would pass it.

MR. WHITE: If it is passed, it is my judgment that you ought to take a rest and there will be a hiatus in the Senate. If it doesn't pass, if there is any difficulty, then I don't know--I kind of think you ought to be around.

94

- 16 -

H.M.JR: Let's just wait awhile.

MR. WHITE: The chances of its passing--maybe he knows better than I what they are.

MR. LUXFORD: I don't think you will get this House Committee to report it out by the 24th the way things are going, unless you really put a closure rule in there on asking questions.

H.M.JR: I have seen Mayburn operate, and if he gets his teeth into this thing, he can pass it by the 25th.

MR. LUXFORD: Sure he can.

H.M.JR: So you have to mark time as far as I am concerned, but we will keep reviewing this thing.

MR. FELTUS: On both Baltimore and San Francisco--

H.M.JR: And Atlanta. I don't think there is one chance in ten that I will go to San Francisco.

MR. FELTUS: They are the most persistent people. They call me every day.

H.M.JR: I'm interested in Senatorial votes, and I think I should go and speak where I can get some Senators.

MR. WHITE: From here to San Francisco and back--I thought you might go to San Francisco if you were going to Mexico, but from here to San Francisco and back is a four-day trip and wearing, and I should think you could accomplish more in four days around here than in that speech unless you were going somewhere from San Francisco.

H.M.JR: I am talking very frankly because Gaston and Luxford were with me, and I think we have a fifty-fifty chance of picking up two Senators in Minnesota, right? And I think that's where you people should encourage me to go, where there is a chance to get some votes.

95

- 17 -

MR. FELTUS: Let me tell them no on San Francisco definitely and then just close the deal.

H.M.JR: That's all right. Tell them no. That's accomplished.

MR. GASTON: Why shouldn't you plan to get away when the House recesses?

H.M.JR: I don't know. If it's all in a mess and everything else--

MR. GASTON: It's in ten days.

H.M.JR: If it's in a mess, I don't know.

MR. LUXFORD: By the end of next week we will know pretty well whether we will have a fight or not.

H.M.JR: By the end of next week is the 24th.

MR. LUXFORD: You won't know until you get adverse testimony in.

H.M.JR: I am now convinced it will be done in a week.

MR. FELTUS: Except where there is a group who already has something scheduled and want to know--

H.M.JR: We can do what we did up in Minnesota. We learned how to do it up there.

MR. GASTON: It was done well.

H.M.JR: We can say we want a meeting in Atlanta and in one week get at this War Bond crowd.

MR. GASTON: If you get the right people.

H.M.JR: We got no help out of the Federal Reserve in Minneapolis.

96

- 18 -

MR. LUXFORD: No.

MR. GASTON: I don't know what went on.

H.M.JR: The War Bond crowd put it across.

MR. LUXFORD: They didn't do anything. The only fellow who helped was Uggren and he didn't get in until Sunday night.

H.M.JR: They put the meeting across.

MR. LUXFORD: You better raise New York--

MR. FELTUS: I have only one other request and I was going to let Mr. Fussell raise New York. I would like to have you give a luncheon or a dinner in New York for the counterparts of the bunch who were here the other day. They would respond fully and many more of them.

H.M.JR: I'm willing to do that.

MR. FELTUS: I would like to have a date from you now. They will have to have more notice in New York than they did here--ten days anyway.

H.M.JR: Oh, I can't give you a week's notice. These fellows--the radio commentators--send them a telegram.

MR. FELTUS: They need a week. They are much more sophisticated up there. Their days are planned. They have such things as theaters up there which they don't have here.

H.M.JR: I can't give you a week's notice.

MR. FELTUS: How much notice can you give?

H.M.JR: I'll sleep on it. I'll talk to you.

MR. GASTON: Isn't it more to the point to pick a day now, and then--

H.M.JR: Give me until tomorrow. I'll be in touch with you tomorrow. Washington and New York--what about the Economic Club?

97

- 19 -

MR. FUSSELL: The New York Economic Club looks to me to be planned for a wrangle rather than a speech, using you to draw the crowd.

H.M.JR: Is the old man still running that?

MR. LUXFORD: Your friend Parkinson.

MR. FELTUS: He wrote you that nice letter.

MR. FUSSELL: He is President and Mr. Kiehle is the Director. He wants to have four speakers. You would be the one to draw the crowd, and the British Representative, and a banker who would be critical and an economist.

H.M.JR: I would say no.

MR. WHITE: You shouldn't speak anywhere unless you are the only speaker.

H.M.JR: I would say no. I don't want to go to New York. I'll go to New York for your people.

MR. FELTUS: This has national implications.

H.M.JR: The Economic Club?

MR. FELTUS: No, my people.

H.M.JR: I'll go up for you. Just give me a chance to catch my breath.

MR. GASTON: If you could speak under the auspices of the Foreign Policy Association in New York, just you and somebody to introduce you and probably some questions, the same as you did in Minneapolis, that would be a good idea, and nothing like this.

MR. LUXFORD: You have Senatorial votes up there, Warner and Wendt. You don't need to speak there. You have Warner and Wendt tied up.

H.M.JR: He's a practical fellow.

98

- 20 -

MR. FELTUS: I think he's right.

MR. GASTON: New York makes a story.

H.M.JR: Pull!

MR. GASTON: New York is losing out.

H.M.JR: All right, I'm up to date. If you get a memo in to Mrs. Klotz by noon each day when you have something--keep me up and I'll see you again tomorrow.

MR. FELTUS: What do you want on this memo bringing you up to date?

H.M.JR: I wouldn't read it.

MR. WHITE: Did you ever read the ABA letter Burgess sent to every banker?

H.M.JR: No.

MR. WHITE: You should look at it.

H.M.JR: But I'm pleased.

MR. WHITE: He sent a letter to every banker. You ought to read it.

H.M.JR: We'll both get up. Good luck.

99

March 14, 1945
4:55 p.m.

WAR REFUGEE BOARD

Present: General O'Dwyer
Miss Model
Mrs. Klotz

H.M.JR: This is in answer to your request.

GEN. O'DWYER: Yes, sir. We have some nice information I think you would like to hear. UNRRA has finally decided to regard these internees after they cross the line into Switzerland as intransient, and as their wards, and they will furnish to the Red Cross an adequate food supply to feed them while they are intransient, no matter how long they are waiting for transportation. I thought that would be--that's a good victory. We are very pleased with that because it gives us a fine talking point in Switzerland when any question is raised about getting them out of there right away, on the basis of food supplies.

H.M.JR: Does that mean they can stop over in Switzerland?

GEN. O'DWYER: They can stop a little longer. The pressure of getting them out of there is relieved.

(Mrs. Klotz enters the conference.)

GEN. O'DWYER: Now, I think Katski is going over just as soon as we can get them out, and I was in the middle of a brief talk to him about how to work this thing out when he gets there so that we can get the word back promptly as to what food supplies to ask UNRRA for. They can furnish it from local stock piles, incidentally. There is no sense in bothering you with operation methods, details, and so forth.

Now, incidentally, I met Rabbi Korff today on Connecticut Avenue, and he stopped me on the street and said, "Did Mr. Dunn of the State Department have anything to do with this prohibition and the licensing?"

100

H.M.JR: I don't quite get that.

GEN. O'DWYER: You remember prohibition and licensing against ransom?

H.M.JR: Yes.

GEN. O'DWYER: He said, "Did Mr. Dunn of the State Department have anything to do with that?" I said, "He didn't have any more to do with that than the lamp-post, and the Secretary told you yesterday why that was done and took a lot of trouble to tell it to you, and that's that." Now, today, I understand they barged into Mr. Dunn's office and Rabbi Korff was with them leading those poor rabbis around by the hand.

H.M.JR: By the beard.

GEN. O'DWYER: ...from one office to another, and barging into Mr. Dunn's office and more or less insisting that Mr. Dunn and the State Department will give us a lot of help. He called me up and I was a little rough with him. I said, "Now, I think you took too much on yourself to do that. You saw the Secretary yesterday and you know that we didn't suggest to you that you go to the State Department, and it was clearly understood that we had full cooperation from everybody. And if you listened to what the Secretary said, he told you that it was amazing how much cooperation we got in view of the stress of winning a war."

H.M.JR: The only criticism I could have made of myself was I was too frank.

GEN. O'DWYER: No, no! You did a swell job!

H.M.JR: I gave him a straight story.

GEN. O'DWYER: You not only did a great job for them, but for us, too. It cleared the deck for us and put us in the right light with them, because I am too new to them and they thought I was too idealistic on that. You straightened them out.

101

- 3 -

R.M.JR: I tried to.

GEN. O'DWYER: Yes, you did.

That's the situation as of today.

R.M.JR: Did you call Dunn?

GEN. O'DWYER: I called him.

R.M.JR: What did he say?

GEN. O'DWYER: He is at a meeting and--

MISS HOUEL: He reached me when the General was at lunch, and I gave him the facts as I knew them. He seemed to be very satisfied.

MRS. KLOTZ: Korff has been trying to get me, but I haven't answered the phone. I wouldn't take it.

R.M.JR: He had his day in court. I told the fellow the straight story.

GEN. O'DWYER: I think he is a bad boy.

R.M.JR: For a while there Pehle kept telling me not to see him.

GEN. O'DWYER: The other three are fine. Kalmanowitz is a grand old fellow but--

R.M.JR: Is Mr. Burekhardt meeting in Switzerland with Himmler?

MISS HOUEL: Is that in the news?

GEN. O'DWYER: We knew he had gone.

102

- 4 -

Something came up some time ago you ought to be briefed on because it will come again, and that is the Oswego Camp. This Oswego Camp is troublesome, but it can be worked out without much trouble.

Let me tell you what I did today on that to kind of lift the weight. You are going to have pressures and the reason you are going to have pressures here is because there is justification for pressures. You take about nine hundred odd people, and they are all of varying ages and varying degrees of health who have been looking at fences and jails from the beginning of the war. They are over here and they are still in jail, and every penologist they have generally recognizes something that happens in jails, and that is they go what is known as stir-crazy, and under the best of conditions it will happen to them, and it is apparently happening here. More than that, you have had some suicides.

R.M.JR: Have we?

GEN. O'DWYER: People actually go insane, not particularly on account of Oswego, but the lives they lead, the experiences they have had in the last three or four or five years.

R.M.JR: How many is that?

GEN. O'DWYER: I think he said four. I saw this letter. The children are there. Now, here is the picture, you see. It is easy enough to take Middle's statement and that is a brick wall. You just approach that--what you had. You are just going to end up getting swept into a dustpan.

However, I was over today to see this Dillon Myer, who is actually in charge of the Camp in the Interior and Abe Fortas for lunch, and what they are going to do at my suggestion is make no frontal attack on this at all, but you have to do something for them. It is criminal to sit by and see them take this punishment. Now, all that is

103

needed--they are in a camp and that is where they were assigned, and they are allowed six hours a day out. Well, anybody that would be satisfied to spend six hours in the town of Oswego in the middle of winter hasn't had much fun out of life. They are strange people; it is a strange town; it is in the middle of winter. They are looking at a fence all day long, worrying about what is going to happen. They have no hope. Naturally you are going to have some of them go insane. It has actually occurred and it is expected to increase. Now, the rule is that they can't go out of there. Well, the Board can change that rule. It could say, "Look, if the management of the camp uses good judgment where it has good and sufficient reason, where they see an illness coming on or see an existing illness, a cure for that, or a prevention of it would be to allow them a little more time with their families, or let them go somewhere else." The Welfare Agency would supervise so that there will be plenty of security and they can stay out instead of six hours, sixty hours or six weeks, so long as their security is followed, and they are still in the camp on the record and are properly taken care of outside and not going the wrong way.

This business of putting one hundred and thirty-five men around the camp with guns pointed for fear one fellow is going to get out is just crazy, and it is working badly. Now, our thought is that we would get to him the worst of these cases, and we would say, "Look, the memo you wrote in the beginning didn't know the facts," and we'd get him to actually change that thing in writing and say he will go along with this proposition. Would you have any objection if I asked for a meeting of the Board based on the Attorney-General's recommendation, to ask that the management of the camp be given more latitude to use their judgment?

H.M.JR: The answer is yes.

GEN. O'DWYER: All right, fine. Now, that finishes that one. I think we will begin to put that one across and build a case out of it.

104

- 6 -

The next and last thing is this political thing is showing up in the newspapers again on me, my connections with politicians, and it is getting me down. I have a batch of clippings from yesterday's papers on my desk, and I think what I would like to put before you is this: Between now and the first of April we ought to have all our trucking organized. We should have at that time our food stock piles organized and organized for replenishment. We ought to have people coming out and we ought to have UNKRA feeding them. We must take them away. The whole thing will be finished by that time; the machinery will move, and then I would like to leave at that time. Once it is actually done I would like to take either official leave or take a vacation and go away. I don't want to be around where these reporters are. They barged in yesterday afternoon and asked leading questions. There was another one this afternoon.

H.M.JR: I am not going to answer you on that tonight. I never make a decision after five o'clock.

GEN. O'DWYER: I am only suggesting it in the interest of our work.

H.M.JR: Let me think about that.

GEN. O'DWYER: I am serious about it. I am not oversensitive and don't give a hoot, but it is likely to affect the work of our Board.

H.M.JR: Let me think about it.

GEN. O'DWYER: All right. It is not immediate. Let it be the first of the month or later. So long as there is a job to be done, I won't suggest it.

H.M.JR: This is important. I can't give an answer right off. I think other people should be consulted, the Board itself.

GEN. O'DWYER: All right. Well, if there is anything--

105

- 7 -

H.M.JR: If I had to answer you tonight, I would say no.

GEN. O'DWYER: If there is anything to be done, I wouldn't ask.

H.M.JR: If I said anything tonight, it would be no.

GEN. O'DWYER: Will you say nothing tonight then, please?

MISS MODEL: I would like to call your attention to the fact that the State Department notified us that Earl Harrison has been approved by the President and will go to London shortly.

H.M.JR: That's good news. I told the Rabbis last night we would send instructions over there.

MISS MODEL: It's in the process.

H.M.JR: But leaving the use of the money to Mr. McClelland's discretion--that will have to be through the Board.

MISS MODEL: We'll have to clear it through the board.

GEN. O'DWYER: You don't need a formal meeting of the Board.

H.M.JR: "That's in the works," as they say in Brooklyn.

106

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE March 14, 1945

TO Secretary Morgenthau (for information)
FROM Mr. Coe F.C.

You will be interested in this article on the Aachen mines under our occupation. OSS (London) prepared it. It indicates that the top managers of the mines, who were and are Nazis, still run the mines. It also indicates that the mines are being maintained and repaired, but that no surplus of coal is being produced for Army or liberated area purposes. This is what the Germans want.

A clipping relating to Steve Early's visit to Aachen is attached. The fact that Early was sent to Aachen indicates that the President was worried about policies being followed. The President might be interested in this article.

3/13/45

Photostat to Mr. Cee.

107 ✓

March 14, 1945

My dear Mr. President:

I wish to acknowledge receipt of your letter of March 12th. I shall be delighted to cooperate with Mr. Stettinius in implementing the decisions reached at the Crimea Conference.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

The President,

The White House.

Secret

106

THE WHITE HOUSE
WASHINGTON

March 12, 1945

My dear Mr. Secretary:

I am, of course, anxious to see that the decisions we reached at the Crimea Conference should in the light of current developments be carried forward as expeditiously as possible in conjunction with our Allies. I have, therefore, charged the Secretary of State with the responsibility for implementing the Crimea decisions exclusive, of course, of those dealing with purely military matters and I am enclosing for your information a copy of a memorandum which I sent him on February 28. Mr. Stettinius will, I know, wish to tell you personally of those decisions of the Conference which are of interest to you in connection with your duties.

Sincerely yours,

Franklin D. Roosevelt

Enclosure

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

Secret

110
SecretTHE WHITE HOUSE
WASHINGTON

February 28, 1945

MEMORANDUM FROM THE PRESIDENT TO THE SECRETARY OF STATE

I desire that you, as Secretary of State, assume the responsibility for seeing that the conclusions, exclusive of course of military matters, reached at the Crimea Conference, be carried forward. In so doing you will, I know, wish to confer with other officials of this Government on matters touching upon their respective fields. I will expect you to report to me direct on the progress you are making in carrying the Crimea decisions into effect in conjunction with our Allies.

LSP

111

MAR 14 1945

My dear Mr. President:

In accordance with your request of March 9, 1945, I am enclosing a reply for your signature to the letter of Mr. George Faish dated February 19. There is also attached, for your information, a brief memorandum commenting on Mr. Faish's proposal.

Mr. Faish's letter is returned herewith.

Faithfully yours,

(Signed) H. Morgenthau, Jr.

The President,

The White House.

HSG:sp 3/13/45

112

Dear Mr. Paish:

Your letter of February 19 has been received and I appreciate having had the benefit of your views on the question of German reparations.

Sincerely yours,

Mr. George Paish,
Fell Hall,
London, England.

W:gg 3/13/45

113

MEMORANDUM FOR THE PRESIDENT

Subject: Letter from Sir George Paish on German Reparations

The proposals of Sir George Paish have been examined and found bad from every point of view. He evidently has learned nothing from the last war and is anxious to repeat all the mistakes again, even going so far as to suggest reparations in money.

The two principal objectionable features of his proposal are:

1. Paish's proposal is, in fact, that the United States pay Germany's reparations (amounting to the "reasonable sum of only \$4 billion) and then try to collect from Germany in the future. The financial device for achieving this would be the issuance of \$4 billions of reparations securities by Germany, guaranteed, among other nations, by the United States. If she defaulted on the annual \$200 millions of payments, we would be obliged to pay in her stead.

2. The proposal is evidently based on the theory that the Germans will soon become a peaceful nation if permitted to become prosperous.

A suggested brief reply to his letter is attached.

FC:HO:er 3/13/45

WHITE HOUSE
WASHINGTON

March 9, 1945.

THE SECRETARY OF THE TREASURY:

FOR ELABORATION OF REPLY
FOR MY SIGNATURE.

F.D.R.

Private and Confidential

REGISTERED
1528

The Honorable

Franklin D. Roosevelt

President of the United States

The White House

Washington

D.C.

*Via Punch 18628
PKS*

*Pall Mall
London E.W. 1
19 Feb '45*

Dear Mr. President,

*The declaration of the
Crisman Conference has been warmly welcomed
here in London and meets with general
approval including my own. Please
accept my warmest congratulations.*

*I have been asked for my
comments on the Declaration personally and
they were published last Wednesday and
it occurred to me you might wish to
have them in condensed form or rather
supplementary form as some things could
not be stated in a public interview.*

*In 1942 before becoming President
the Russian Ambassador to England*

returned to Russia. I tried to get him to obtain some idea of what Russia's Reparation demands were likely to be. I explained to him to say that Russia would claim back the Baltic Provinces, Part of Poland, Bessarabia &c but to my relief he said that all Russia would ask was the machinery out of the German factories in replacement of the destroyed Russian machinery.

After the most careful consideration I have come to regard the claim of Russia for German industrial machinery with anxiety rather than relief.

Of course we have first to make up our minds whether or not we wish to destroy the people of Germany or whether we wish to

set them free from Nazi and Junker domination and thus to make them into a peaceful nation which will make its full contribution to the well being, health, culture and happiness of all nations under the wise supervision and control of the United Nations.

I am in no doubt which of these two courses you and the American people will wish to pursue.

Having decided which of these two courses is the right one we have some ground to our future course of action and can come to the right decision on our matters.

If we wish to destroy the German people and not to reform them and set them free we should take all the machinery

out of their factories and thus prevent them from earning a living which inevitably would mean that the occupying nations would have to maintain them by charitable gifts - an impossible proposition with a large part of Europe already on our hands.

It is indeed true to affirm that the full consequences of taking Germany's machinery in order to replace the destroyed Russian machinery would be the starvation of the German people and with them the drying of practically every other country in Europe with the exception of Russia and France. Russia by virtue of her great size and unlimited productive power and France by reason of her Empire and her power to trade with other continents can be practically

self-sufficiency and can avoid distress and starvation in far greater measure than the other nations of Europe if Germany is deprived of her manufacturing power and thus cannot buy the products of her neighbors including the Balkan States by exporting German goods.

It is abundantly evident that the course suggested of depriving Germany of her industrial machinery shows only to resort to after full recognition of all the disastrous consequences it would entail. In brief such a course would be ruinous and suicidal.

One must at the same time recognize that the Russian claim for the restoration of her machinery is a just one and that it is well desirable and necessary to recognize

the Russian factories without bringing German industrial production to a standstill.

After the most careful consideration I have fortunately been able to discover the way out of the dilemma.

Germany must be caused to pay annual sums for Reparation which will fully make good the loss and damage of Russian machinery as well as of the machinery of all the United Nations. Further by capitalizing these same payments, the capital sum that would be made immediately available would be fully sufficient to replace and restore the machinery of the whole of the United Nations. It would therefore be a factor of great importance not only to Russia but to France, Czechoslovakia and even to

to England. It might even be that the United States would have justifiable claims upon the Reparation Fund.

The annual sum for Reparation which I am convinced Germany could pay provided the necessary measures are taken to restore world trade to a reasonable level is £50 millions per annum.

This is the sum which the German Government volunteered to pay before the appointment of the Dawes Committee.

A sum of £50 millions a year for a sufficiently long period of years would provide a sinking fund on a capitalized sum of £1,000 millions at 3 percent interest and 2 percent sinking fund.

The loan could not be placed on that
basis on the security of German Reparations
alone but it could be placed on that
basis under guarantee of the United Nations.

But these objections imposed a
Germany and the guarantee of the United
States given. Russia could at once
begin to buy and to order machinery
wherever it could be obtained in
anticipation of the actual rise of the
loan. Doubtless large orders would
be placed in the United States as well
as in Great Britain and would help
to prevent the post war slump that
would be inevitable in the absence of
new capital expenditures on a large
scale.

And beyond the Russian orders would be
the orders of all the nations which
obtained their legitimate share of the
war fund of £1,000 millions provided
by the Reparations loan.

Clearly Russia must have her full
share but Great Britain will certainly
have claims as well as the United States.
And it is doubtful that France, Poland,
Czechoslovakia, Greece, Norway and other
small countries will also have to be
considered.

The collective effort of orders from all
these countries would be very considerable
and would probably be sufficient to cross
the world's great trade machine to life
to function. At any rate it would make

a valuable contribution to world production.

Thus when the question of German
Reparations is examined from all points
of view the advantage of securing
reasonable annual payments over a
period of years is unquestionably
the. The London of 1919 was in making
German Reparations payments so
large that they could not be paid and that they
frightened the nations into taking
measures to prevent the accumulation
of even reasonable sums.

With very kind wishes

I am, dear Mr. President

Yours very sincerely

Wm. B. E. Smith

Franklin D. Roosevelt
President of the
United States

126

MAR 14 1945

Dear Mr. Costello:

You did a fine job of explaining the importance of Bretton Woods in your broadcast on March 7.

I am sure that your radio listeners are much better informed now, and I feel that you have done a distinct public service in stressing the need for the economic counterpart of Dumbarton Oaks.

It was a pleasure to meet you at the luncheon on Wednesday, and I hope you will return soon to pay us another visit.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Mr. William Costello
Radio Station WTOP
Earle Building
Washington, D. C.

RB:ec 3/9/45

127

March 14, 1945.

My dear Archie:

It was my good fortune, last Saturday in Minneapolis, to hear the World Trade and World Peace program, broadcast under your leadership.

This particular program will be particularly helpful to us in the Bretton Woods matter and I congratulate you, both on the excellence of the program and the fine sense of timing indicated by its staging.

Will you be so good as to convey my thanks to Assistant Secretaries Acheson and Clayton for their parts in this program, and for the assistance they have given Bretton Woods otherwise?

I am also writing Secretary Stettinius, to thank him for the splendid cooperation being displayed by the State Department generally.

Sincerely,

(Signed) Harry

The Honorable Archibald MacLeish
Assistant Secretary of State
Washington, D.C.

ERF/mah K. P. F.

128

March 14, 1945.

Dear Ed:

Let me congratulate you upon the success of the Mexico City conference.

I know you feel, as I do, that the world security program is a whole, made up of many parts, and that it has to be carried out by teamwork.

As one of the players on the team I am happy to see the ground that you have gained. And I am equally appreciative of the fine teamwork that is being done by the State Department, under your leadership, in clearing the ground for us on the Bretton Woods matter.

Sincerely,

(Signed) Henry

The Honorable Edward R. Stettinius, Jr.
Secretary of State
Washington, D.C.

EBF/mah < 2 7

129
THE SECRETARY OF STATE
WASHINGTON

March 15, 1945

Dear Henry,

I appreciate tremendously the sentiments expressed in your fine letter of the 14th. It was good of you to have taken the trouble to write me.

With kindest regards,

Sincerely,

The Honorable

Henry Morgenthau, Jr.

Secretary of the Treasury

130
TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE March 16, 1945

TO Secretary Morgenthau (For information)
FROM Mr. Coe *EC*

A letter from Aldrich of Chase to Arons advises that Niedermann, who was in charge of Chase's Paris office during the occupation has been discharged by Chase. This is stated to be on the basis of an examination of the Chase records, (which have been under review by our Paris office) by Larkin, Vice-President of Chase, now in Paris.

March 14, 1945

Dear Ed:

I received a letter from the President today transmitting a photostatic copy of a memorandum dated February 28th, addressed to you.

I cannot tell you how pleased I am that the President is giving me the opportunity to work with you in implementing the decisions reached at the Crimea Conference. I assure you of my hearty cooperation in this most important task.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

The Honorable Edward R. Stettinius, Jr.,
Secretary of State,
Washington, D.C.

132

MAR 14 1945

Dear Mr. Grew:

Receipt is acknowledged of your letter of March 8, 1945 (FMA-Secret) concerning Mr. Alfred W. Barth. I sent you the letter concerning Mr. Barth from the U. S. Attorney for the Southern District of New York because it contained information which I thought that your Department might not have in its possession and which you might want to consider in connection with the proposed employment of Mr. Barth. However, the question of the employment of Mr. Barth by the World Trade Intelligence Division is obviously one for the decision of your Department.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Mr. Joseph C. Grew,
Under Secretary of State,
Washington 25, D. C.

JBF:fls
3/7/45

132A

March 14, 1945

Joe O'Connell.
Secretary Morgenthau.

I saw Sol Bloom last night. It seems that you and Acheson called on him three weeks ago in connection with the cancelling of the Johnson Act. He feels sore that you haven't been around to see him since then.

Discussed at Group 3/14/45-

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE MAR 14 1945

TO Secretary Morgenthau

FROM Mr. Holt

Subject: Federal Borrowing Requirements and Sources
of Funds Available

This memorandum presents a series of charts on Federal borrowing requirements and sources of funds for the present six-months period, January-June 1945. I showed you one or two of the preliminary charts when we talked about financing on the St. Louis trip. The final charts were held up by the Bretton Woods work in the graphic section.

A series of notes has been prepared explaining each chart, the arrangement being that the chart is on the right-hand side with the notes opposite it on the left-hand side. The notes reflect the Seventh War Loan program as set out in your recent announcement.

Attachment

FEDERAL BORROWING REQUIREMENTS
and
SOURCES OF FUNDS AVAILABLE

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

March 15, 1945.

FEDERAL BORROWING REQUIREMENTS AND SOURCES OF FUNDS AVAILABLE

This memorandum presents an analysis of Federal borrowing requirements and the sources of funds for Federal borrowing available in the current financing period, January-June 1945. The presentation consists of a series of charts, with accompanying brief explanations, and is divided into five sections as follows:

- A. Federal Borrowing Requirements. This section presents figures on Federal borrowing requirements in the six months January-June 1945, together with back figures and future estimates taken from the 1946 Budget. For the immediate period ahead, borrowing needs will be as high as they have been in the recent past.
- B. Gross Expenditure Stream and Income Generated. As the next step after determining the Treasury's borrowing needs, this section presents an analysis of the flow of expenditures and income for the entire economy. A study is made of the gross expenditure stream and of the equal amount of income generated by it, as received by individuals and corporations. An analysis is then made of the uses of the income received by individuals as between spendings, taxes, savings transferred to other investors, and the remainder of new savings available.
- C. New Savings Available. This section presents an analysis by financing periods of the proportion of new savings available invested by each investor class in Federal securities as opposed to new accumulations in currency and commercial bank accounts. Individuals have been placing a declining proportion of their new savings available in Federal securities in recent financing periods. Also, corporations and associations

have recently been accumulating somewhat larger cash balances than formerly. Other nonbank investor classes, however, have continued to put practically all of their new savings available in Federal securities. In the present financing period new savings available will be greater for each investor class than ever before.

D. Gross and Net Purchases of Federal Securities. This section compares gross purchases of Federal securities from the Treasury by the various investor classes with their net investment in Federal securities in the five months financing period, ending with the Sixth War Loan, August-December 1944. Gross purchases from the Treasury are shown as well as offsets represented by net market switches and by maturities and redemptions. Switches were very important in the transactions of insurance companies and mutual savings banks, and of other corporations and associations. These switches provided banks with the largest part of the securities they required during the period.

E. Accumulations of Liquid Assets by Nonbank Investors. In addition to new savings available, nonbank investors have old accumulations which may be tapped in war loan drives. This section analyzes three major forms of available liquid assets -- checking accounts, currency, and savings accounts in commercial banks -- held by nonbank investors at the end of 1944, and shows their growth over the war years. In addition, the ownership of Federal securities over the period is examined. Finally, a percentage analysis of total liquid assets classified by the four major components is shown. This indicates that the proportion held in currency has stayed constant, the proportion in checking accounts and savings accounts in commercial banks has declined significantly, while the proportion invested in Federal securities has gone up sharply.

A. Federal Borrowing Requirements.

Budget estimates indicate that Federal expenditures will reach their wartime peak of almost \$100 billions during the fiscal year ending June 30, 1945. For the fiscal year 1946 (ending June 30, 1946) the Budget expenditure estimate drops to \$83 billions, but the expected reduction will take place only if war expenditures fall in line with a rather arbitrary estimate. The Budget figure for war expenditures is \$89 billions for the fiscal year 1945 and \$71 billions for the fiscal year 1946. The estimate for 1946 was explained in the President's Budget Message as follows:

"Depending on various assumptions which may reasonably be made with respect to the course of the war, estimates of war expenditures for the fiscal year 1946 range from less than 60 to more than 80 billion dollars. I propose to use 70 billion dollars as a tentative estimate of war expenditures for the fiscal year 1946. I repeat, however -- the rate of actual spending must depend on developments on the battlefronts."

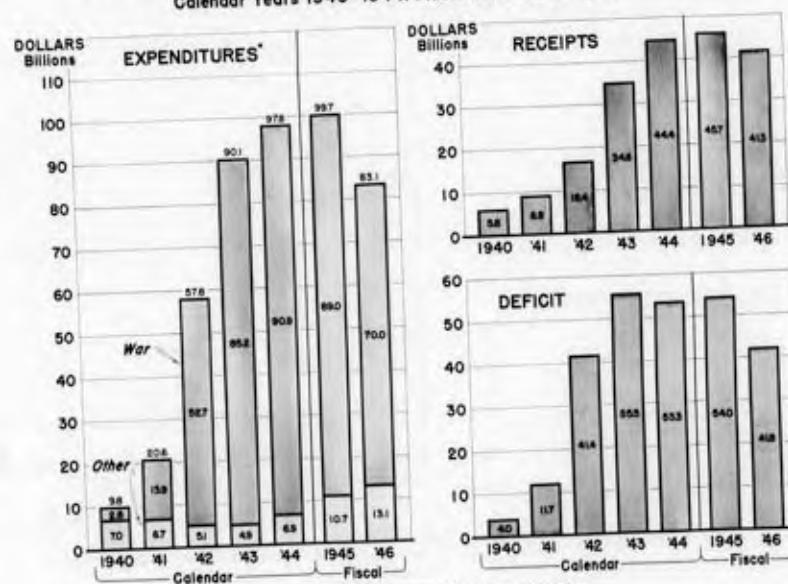
Expenditures other than for war will continue to increase from the low levels reached in 1943, principally because of larger outlays for interest on the public debt, aid to veterans, and tax refunds -- expenditures which may be characterized as "aftermath of war".

Federal receipts -- almost all from taxes -- are estimated to decline from nearly \$46 billions in the fiscal year 1945 to about \$41 billions the following year. The reduction is explained principally by two facts: (1) The decrease in Federal expenditures is expected to result in a lower level of business activity, and (2) there are certain nonrecurring receipts in fiscal 1945.

The Federal deficit is estimated at \$54 billions in fiscal 1945 and at \$42 billions in fiscal 1946. The present level of the deficit is thus almost at its peak and a large reduction is not expected for some time.

FEDERAL EXPENDITURES, RECEIPTS AND DEFICIT

Calendar Years 1940-1944, Fiscal Years 1945-1946



*Includes net outlays for operations of Government corporations

Office of the Director of the Census
Bureau of Economic and Statistics

B-512-A

- 2 -

Federal expenditures during the current six months period -- January-June 1945 -- are estimated at \$51 billions on the basis of the Budget figures, with \$44-1/2 billions for war, \$2-1/4 billions for interest on the public debt, and \$4-1/4 billions for other activities.

These figures will probably not be materially changed even if Germany is defeated before the end of the period. The latest information available on outlays indicates that military production will not be decreased significantly immediately after the German defeat. Treasury expenditures particularly will hold up for some time after the German collapse because of a number of factors, chief of which are: (1) The lag in payments as compared with production, and (2) the large expenditures for war activities outside of the production sphere, such as for transportation and military pay and subsistence.

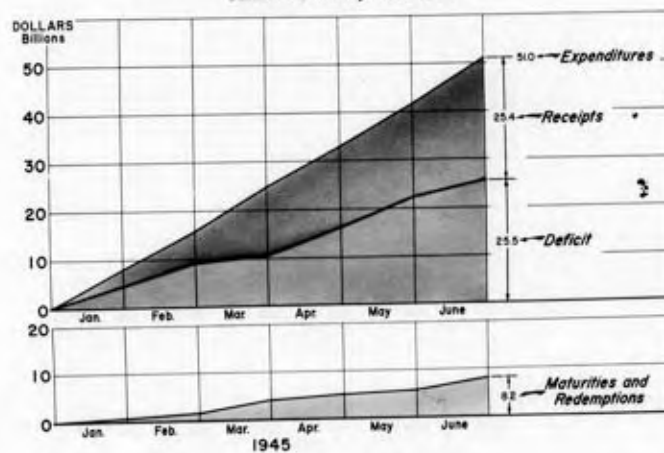
Receipts of approximately \$25-1/2 billions will cover one-half of estimated expenditures, leaving the other half as a deficit of \$25-1/2 billions to be covered by borrowing. The 50 percent ratio of taxes to expenditures is unusually high during this period because of certain nonrecurring items.

In addition to financing the deficit, funds must also be provided to meet maturities and redemptions of a little over \$4 billions. These covering cash outlays for redemptions of savings bonds and savings notes and for payments on matured or called securities which are not turned in on exchange offerings. The aggregate amount of cash requirements which must be covered is thus about \$33-1/2 billions in the six months period.

140

FEDERAL BORROWING REQUIREMENTS

Cumulative, January - June 1945

Bureau of the Census, U. S. Treasury
Source: Bureau of the Census

8-545

141

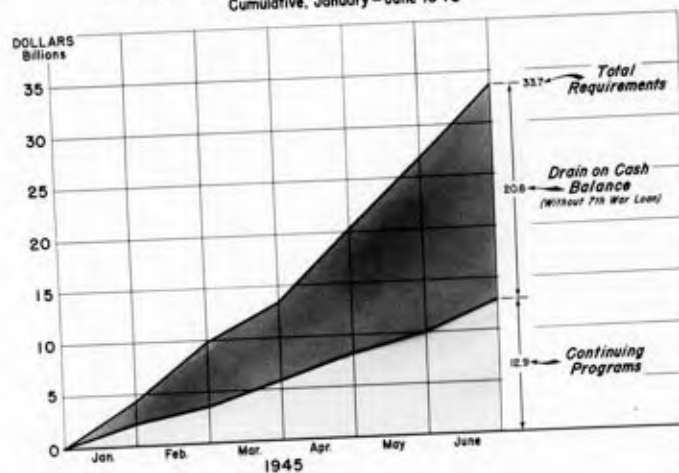
- 3 -

Nearly 40 percent (\$13 billions) of the \$33-1/2 billions of cash requirements during the current six months period will probably be raised through continuing sales programs outside of the Seventh War Loan. These include the regular payroll savings program and other purchases of savings bonds and savings notes; they also include net sales of special issues of securities to Federal agencies and trust funds, the net increase in Treasury bills outstanding, and the limited sale of securities to commercial banks concurrently with the Seventh War Loan.

The remaining \$20-1/2 billions would thus be a drain on the Treasury's cash balance, before allowance is made for the proceeds of the Seventh War Loan.

FINANCING OF BORROWING REQUIREMENTS

Cumulative, January - June 1945



143

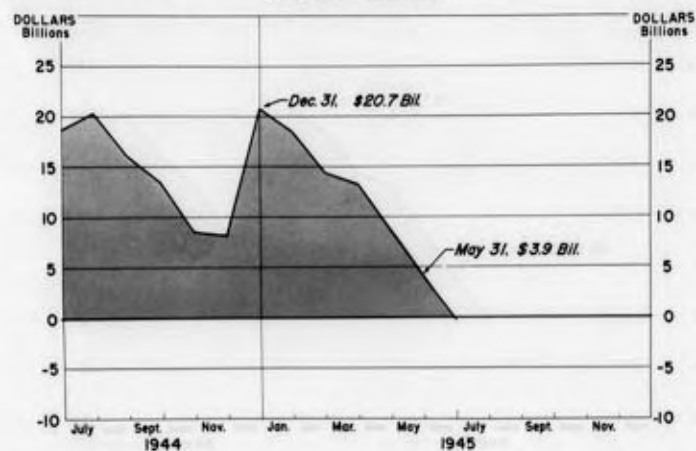
- 4 -

The Treasury's cash balance on December 31, 1944 was \$20.7 billions. The steady drain on that balance will probably bring it to about \$4 billions by the end of May, and to zero by the end of June, excluding the proceeds of the Seventh War Loan.

144

TREASURY CASH BALANCE WITHOUT 7th WAR LOAN

June 1944 - June 1945

Office of the Director of War Relocation Authority
Washington, D.C. 20540

B-555-1

145

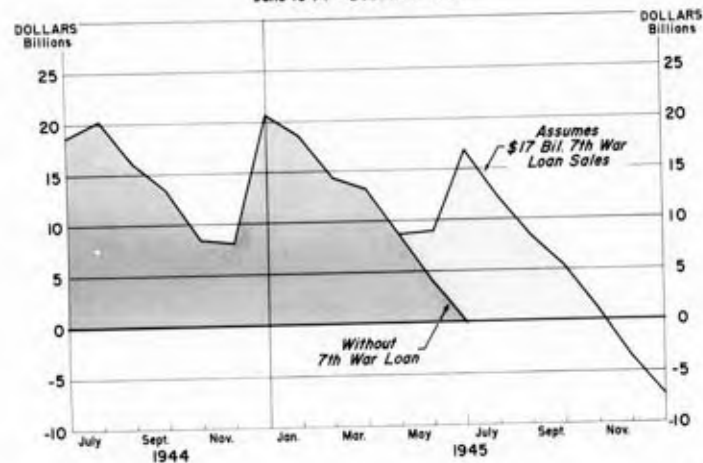
- 5 -

If Seventh War Loan sales are assumed at \$17 billions the June 30 balance works out at about \$17 billions, sufficient to carry the Treasury into the fall. With Treasury cash requirements expected to continue at high levels throughout the summer and fall the cash balance will probably be reduced to about \$5 or \$7-1/2 billions by the first of October. It is assumed that the cash balance will not be permitted to fall below about \$5 billions because of the uncertainties facing the Treasury with respect to the progress of the war and in view of the large volume of demand obligations outstanding. This would seem to indicate that the timing of the Eighth War Loan be arranged so that the proceeds begin to flow in early in October. This schedule could, of course, need some revision if the course of the war should severely alter the Budget estimate of war expenditures.

The Seventh War Loan program as announced was worked out to increase subscriptions by individuals and to reduce corporation subscriptions with the idea of bringing in perhaps \$16 or \$17 billions in the aggregate as against sales of more than \$21 billions in the Sixth War Loan. This is in line with an optimum schedule for timing of war loans in order to raise the maximum proceeds from nonbank investors, particularly individuals. It is believed that four war loans of \$16 or \$17 billions each within a period of eighteen months would bring in more funds from individuals than would three war loans of \$21 or \$22 billions each in the same period. The argument is that nearly as much can be raised from individuals if the war loans are four or five months apart than if they are six or seven months apart; consequently more frequent drives would absorb more individual funds in the long run. Scheduling the Eighth War Loan for around October would fit in well with this optimum schedule.

TREASURY CASH BALANCE

June 1944 - December 1945



- 6 -

B. Gross Expenditure Stream and Income Generated.

The preceding charts have indicated the Treasury's borrowing requirements in the period January-June 1945 -- the period ending with the Seventh War Loan. The next step is to turn to the other side of the picture -- where is the money in the economy which the Treasury should seek in meeting these requirements?

In studying the flow of income which the Government should tap as far as possible in financing the war, the first step is to examine the size and composition of the gross expenditure stream in the economy. Aggregate expenditures determine aggregate income.* One man's outgo is another man's income.

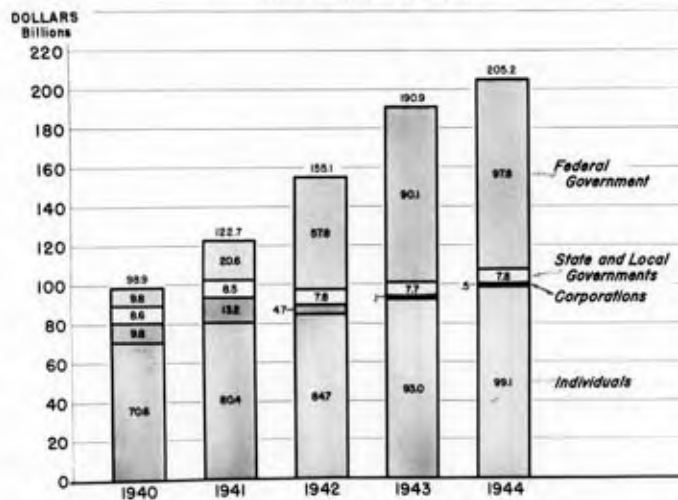
The gross expenditure stream has grown from \$28 billions in the calendar year 1940 to \$205 billions in calendar 1944. Almost all of the increase, of course, has come from the growth of Federal expenditures during the period. In calendar 1944 Federal expenditures aggregated \$77.8 billions, or about 40 percent of the total of \$205 billions. The other 52 percent was composed of State and local government expenditures of \$7.1 billions, corporation expenditures of \$4.5 billion for producers' goods and services. The corporation expenditures included here are only those made on capital account, such as for plant and equipment and inventory increases; the purchases of materials used up in production are not included because the materials are already counted in the value of the final finished goods.

Most of the increase in the expenditure stream over the war period represents an increase in the dollar value of production in the economy. Practically all expenditures (over 90 percent) are for production, either of goods or of services. The exceptions comprise governmental expenditures for such items as pensions, military dependency allowances, payments to veterans, purchases of existing assets, and prepayment on war contracts. These provide income throughout the economy without a corresponding amount of production of goods and services. Accordingly, the Commerce Department figures on gross national product do not include these items. They are, however, included here because the objective is to examine the gross income flow.

* The term income is used in a nontechnical sense to mean gross money income received as the outcome of aggregate expenditures in the country.

GROSS EXPENDITURE STREAM

Calendar Years 1940-1944

BUREAU OF ECONOMIC ANALYSIS
U. S. DEPARTMENT OF COMMERCE

C-134-G

- 7 -

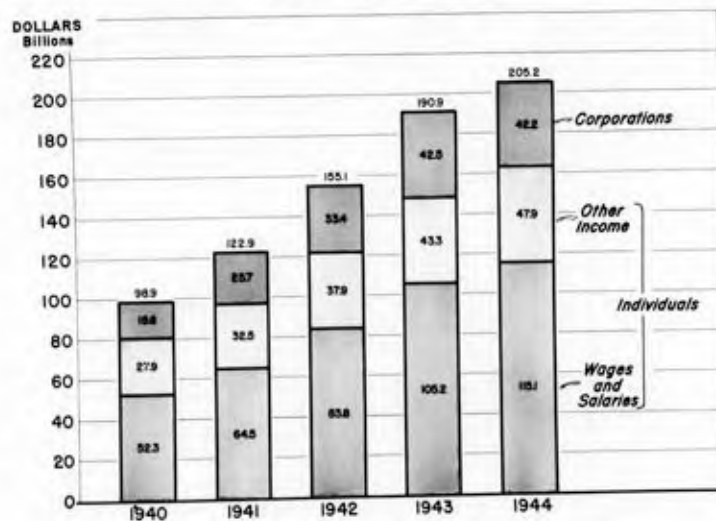
As already noted, the gross expenditure stream in the economy generates an equal amount of income. The total of this income, accordingly, has also increased from \$32 billions in 1940 to \$205 billions in 1944. Wages and salaries have increased from \$52 billions to \$115 billions during the period, while other income of individuals has risen from \$22 billions to \$48 billions. This income includes such items as net income and allowances for reserves of unincorporated business and farms, dividends, interest, rents, royalties, pensions, and relief.

Corporations received the remaining amount of income, estimated at \$19 billions in 1940 and \$42 billions in 1944. This does not represent the gross income of corporations in the usual sense, but comprises corporation allowances for reserves and income before deductions for either direct or indirect taxes, less dividends paid to individuals. ^{1/}

^{1/} For the calendar year 1944 corporation allowances for reserves for depreciation, etc., are estimated at \$6-1/2 billions; corporate profits before direct taxes (and before renegotiation of war contracts) but after dividends, were probably about \$21-1/2 billions; and indirect taxes such as sales taxes, which are included because corporations are presumed to be acting as collectors on behalf of Federal, State and local governments, are estimated at \$14 billions.

INCOME GENERATED BY GROSS EXPENDITURE STREAM

Calendar Years 1940-1944

BUREAU OF ECONOMIC ANALYSIS
U. S. DEPARTMENT OF COMMERCE

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151

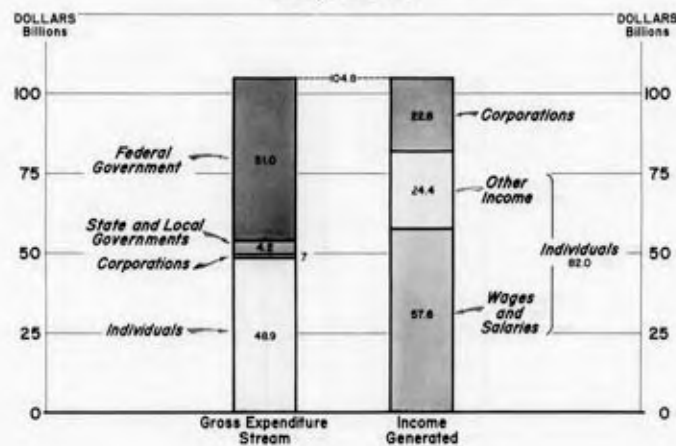
- 2 -

The gross expenditure stream and the income that it generates are expected to continue at a very high level during the present six months period. For January-June 1945 gross expenditures are estimated at \$105 billions. This is made up of \$51 billions of estimated Federal expenditures, as noted previously, \$4 billions of State and local government expenditures, \$1 billion of corporation expenditures for producers' goods, and \$49 billions of expenditures by individuals.

Individuals will probably receive about \$82 billions of the \$105 billions income generated -- \$56 billions in wages and salaries and \$24 billions of other income. Corporations will receive the remaining \$23 billions.

GROSS EXPENDITURES AND INCOME

January-June 1945

Source: U. S. Department of the Interior
Bureau of Economic Warfare

C-407

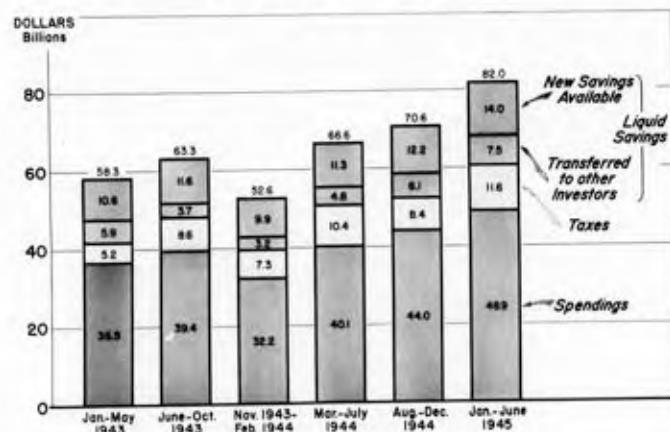
What will individuals do with this \$62 billions of income that they are expected to receive in the first six months of 1945? Their expenditures are estimated at \$49 billions and they will probably pay about \$11-1/2 billions in direct taxes -- principally Federal income taxes which will be swelled during this period by nonrecurring items. New liquid savings of individuals will account for the remaining \$21-1/2 billions.

All of these savings, however, are not available for direct investment by individuals in Federal securities. About \$7-1/2 billions will probably be transferred to other investors who in turn may invest the funds in Federal securities. These transfers include the amounts individuals invest in insurance -- both in private life insurance companies and Government social insurance funds (social security, military insurance, etc.). They also include savings invested in savings banks and amounts used to repay debts.

The transfer of \$7-1/2 billions of individuals' savings out of a total of \$21-1/2 billions for the January-June period leaves \$14 billions of "new savings available" -- a higher figure than for any preceding war loan period. The highest previous peak for any war loan period was \$12.2 billions in August-December 1944. The \$14 billions of new savings available represents the amount of money individuals will have available from current income during the present six months period to invest in Federal securities, or alternatively to hold as currency or to place in commercial bank accounts.

USES OF INCOME RECEIVED BY INDIVIDUALS

Six Financing Periods 1943-1945



- 10 -

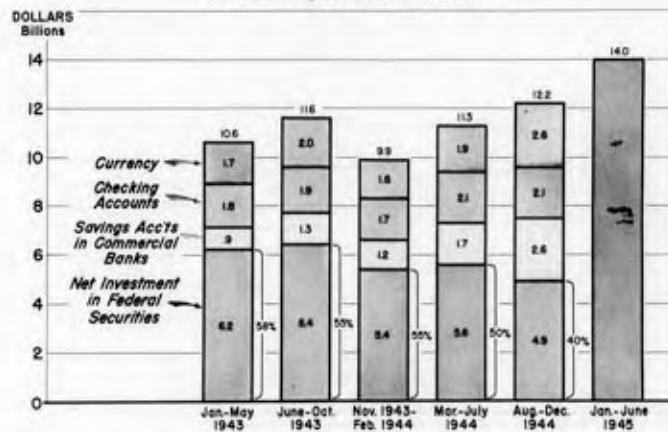
C. New Savings Available.

To what extent have individuals been investing their new savings available in Federal securities? The table below shows the ratio of such investment to new savings available during each of the last five financing periods.

January-May 1943 (Second War Loan).....	25
June-October 1943 (Third War Loan).....	25
November 1943-February 1944 (Fourth War Loan).....	25
March-July 1944 (Fifth War Loan).....	25
August-December 1944 (Sixth War Loan).....	25

To the extent that new savings available are not invested in Federal securities they are, of course, placed in commercial bank accounts or held as currency, as is shown on the chart.

INDIVIDUALS:
NEW SAVINGS AVAILABLE
Six Financing Periods, 1943-1945



- 10 b -

The net percentages shown in the preceding chart and table tell the story of how a decreasing proportion of individuals' new savings available has been going into Federal securities. A large part of this decline is due to the fact that redemptions have been rising as the amount of savings bonds outstanding has increased, and thus a growing share of the gross sales to individuals by the war loan organization has been "washed out" in this way. It is interesting to examine gross purchases as well as net investment in Federal securities in relation to individuals' new savings available. The following table presents figures on (a) gross purchases, (b) market switches, (c) redemptions and maturities, and (d) net investment in Federal securities, all as a percentage of new savings available:

	Gross purchases	Less: Market switches	Equals: Gross purchases less switches	Less: Redemptions and maturities	Equals: Net investment
January-May 1943 (Second War Loan).....	65*	*	65*	7*	58*
June-October 1943 (Third War Loan).....	76	24	52	13	39
November 1943-February 1944 (Fourth War Loan)...	71	9	62	11	51
March-July 1944 (Fifth War Loan).....	76	10	66	16	50
August-December 1944 (Sixth War Loan).....	65	6	59	19	40

* Less than one-half of 1 percent.

158

- 10 c -

From the point of view of the war loan organization, these figures are very interesting because they show the situation both before and after "charging off" market switches and redemptions and maturities. The first column shows that gross purchases by individuals reached a high of 76 percent in relation to new savings available in the Third and Fifth War Loan financing periods, but there was a decline in the Sixth War Loan period to 65 percent.

The second column shows that net market switches -- representing securities sold by individuals in the market, including free riding -- have varied considerably between financing periods. The third column subtracts the "water" represented by these switches from gross purchases, and shows a fairly even set of percentages of 65 to 68 percent except for a decline to 59 percent in the Sixth War Loan financing period.

The fourth column reflects the large increase in redemptions by individuals which has occurred as the amount of savings bonds outstanding has risen. Redemptions and maturities in relation to new savings available have increased from 7 percent in the Second War Loan period to 19 percent in the Sixth. The last column shows the net investment figures for individuals, the same as are shown in the preceding chart.

The essence of these ratios is that the Sixth War Loan period showed a decline in the absorption of individuals' funds, whether figured on a gross or net basis.

- 10 d -

What is the significance of the declining investment ratios for individuals in the face of the greatly expanded effort put forth by the war loan organization in successive drives? A number of reasons make it clear that the ratio should be expected to be less than 100 percent, but it is virtually impossible to set any precise figure as an optimum.

First of all, since the gross expenditure stream has more than doubled since 1940, more money is needed for current operations than before. Second, many small businesses have experienced unusual prosperity during the war period and have accumulated large funds part of which they have preferred, as a matter of business practice, to keep in very liquid form. Finally, many individuals and small businesses are accumulating large amounts in currency and commercial bank accounts simply because they feel they are already doing their share in buying Federal securities.

All of these factors are reflected in the currency and bank account figures for individuals. To the extent that the factors represent positive savings preference or business practice -- rather than a temporary accumulation of cash for potential spending at the first opportunity -- the funds are not inflationary and the optimum percentage investment in Federal securities may be reduced.

It is also known that one of the reasons for the declining trend in the ratio is that sales of securities were bolstered in the early war loans by tapping old accumulations in large amounts, so that a few sales went a long way. These large sales have mostly disappeared in later war loans and it has been necessary to make more sales at smaller amounts to replace them.

160

- 10 -

What is the outlook for January-June 1945 with individuals' new savings available estimated at the highest figure for any financing period thus far? (See last preceding chart.) This high level of newly available savings, plus the declining ratio of investment of new savings available in Federal securities, presents a definite challenge for the Seventh War Loan.

The Seventh War Loan program faces the challenge squarely by setting the individual goal at \$7 billions, the highest figure for any war loan to date, with \$4 billions in E bonds as compared with the highest previous E bond goal of \$3 billions. The expanded payroll plan running over a period of three months should aid materially in reaching these goals.

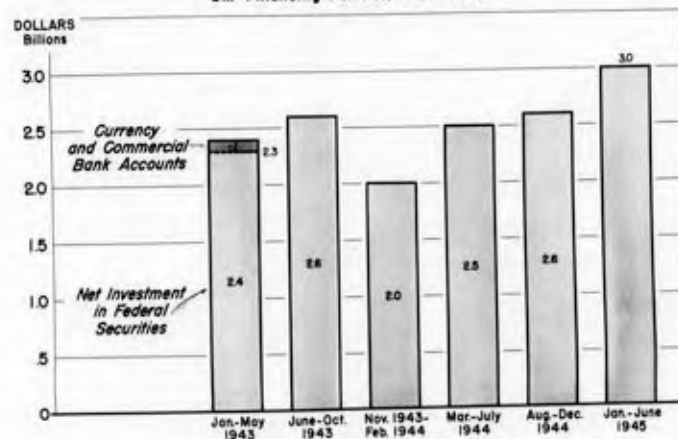
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- 11 -

In the case of insurance companies and mutual savings banks the record on net investment of new available savings in Federal securities is about 100 percent. In fact, in the January-May 1943 period these investors actually withdrew funds from their commercial bank accounts in order to purchase Federal securities.

For the Seventh War Loan period it is estimated that the new savings available in the hands of insurance companies and mutual savings banks will reach a new peak at \$3 billions. Purchases of Federal securities will probably be less than the \$5-1/2 billions which occurred in the Sixth Loan because these investors are being asked to reduce their switching operations.

INSURANCE COMPANIES AND MUTUAL SAVINGS BANKS:
NEW SAVINGS AVAILABLE
Six Financing Periods, 1943-1945



153

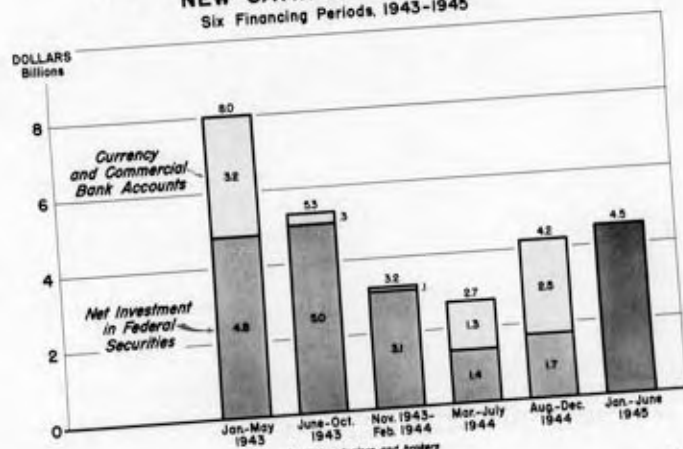
- 12 -

Other corporations and associations have been investing a large share of their new savings available in Federal securities. New savings available, however, have been declining rather sharply during the last year. This is due mainly to the fact that the one-year lag in Federal corporation income tax payments provided temporary new savings while profits and tax rates were rising, but the leveling off of these factors has removed this source of temporary new savings available.

Moreover, corporations and associations have tended during the last two financing periods to add substantially to their holdings of currency and commercial bank accounts, thus decreasing their net new investment in Federal securities.

Other corporations and associations are expected to have about $\$4\frac{1}{2}$ billions of new available savings in the period January-June 1945, slightly higher than in the August-December period.

OTHER CORPORATIONS AND ASSOCIATIONS*
NEW SAVINGS AVAILABLE
Six Financing Periods, 1943-1945



Office of the Secretary of the Treasury
Bureau of Economic Warfare

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157

- 13 -

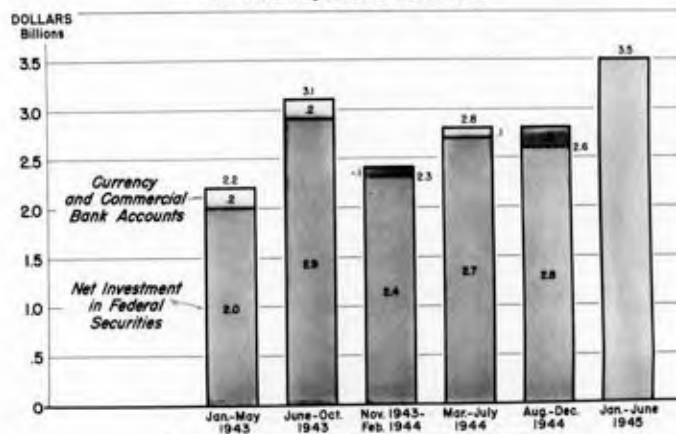
Governmental accounts include State and local governments as well as Federal agencies and trust funds. State and local governments have been running substantial surpluses during the war period as their tax collections continue to increase while their expenditures have been curtailed, principally because of the reduced construction programs for highways, schools, etc. Part of the surplus funds has been used to retire State and local securities outstanding which declined by about \$1-1/2 billions in the two years ending June 30, 1944. The greater part of these funds, however, has been invested in Federal securities.

Federal agencies and trust funds invest their new savings available in Federal securities as a matter of course. The largest part of the money involved is represented by accumulations in social security funds.

New savings available in the hands of governmental accounts are expected to be at a new peak during the current six months period -- about \$3-1/2 billions.

GOVERNMENTAL ACCOUNTS: NEW SAVINGS AVAILABLE

Six Financing Periods 1943-1945



*Comprises State and local governments and Federal agencies and trust funds

U.S. GOVERNMENT PRINTING OFFICE: 1945

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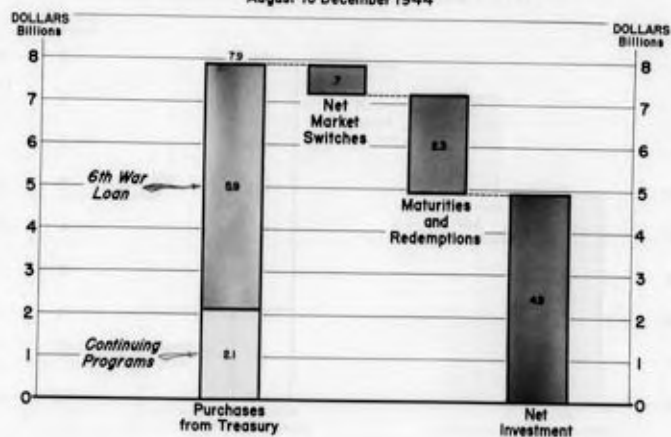
D. Gross and Net Purchases of Federal Securities.

The material in the preceding group of charts presented figures on the net investment in Federal securities by various classes of nonbank investors. The figures thus took account not only of gross purchases from the Treasury but also of redemptions and maturities and net market switches. These switches mostly represent indirect bank participation in the war loans. The volume of switches varies considerably among investor classes.

In the August-December 1944 period individuals purchased \$7.9 billions of securities from the Treasury but their net investment was only \$4.9 billions. The difference of \$3.0 billions was accounted for by \$2.3 billions of maturities and redemptions and \$.7 billion of net market switches. Of these switches, about \$.5 billion occurred in the months of November and December while the Sixth War Loan was in progress, with the remaining \$.2 billion taking place in the earlier months. In summary, individuals thus kept about 60 percent of what they bought from the Treasury during the period ending with the Sixth War Loan.

168

INDIVIDUALS:
TRANSACTIONS IN FEDERAL SECURITIES
August to December 1944



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160

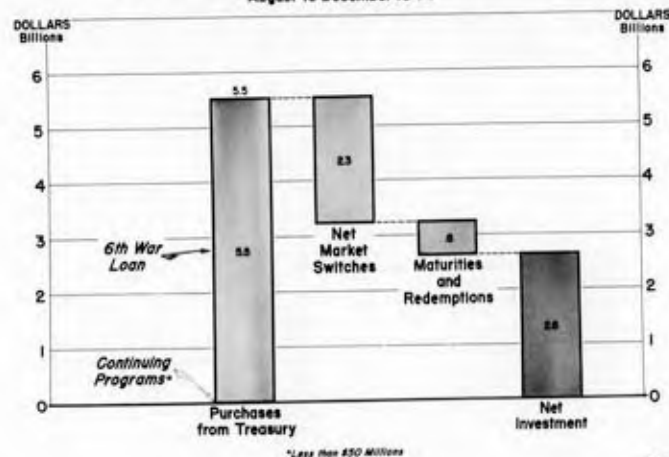
- 15 -

Insurance companies and mutual savings banks purchased \$5.5 billions of securities from the Treasury in the August-December 1944 period, almost all in the Sixth War Loan. Their net investment during the period was only about half of this total, however, amounting to \$2.6 billions. The difference of \$2.9 billions was accounted for by \$1.6 billion of maturities and redemptions and \$1.3 billions of net market switches.

The basket of securities to be offered to corporations in the Seventh War Loan has been altered in order to reduce corporate switching. In previous war loans, a 2 percent marketable bond, with a maturity of about 10 years, has been offered to both individuals and corporations. In the Sixth Loan, this issue occasioned a good part of the corporate switching, especially on the part of savings banks. In the Seventh Loan, no middle term bond issue will be offered to corporations, although individuals will be offered a 1-1/2 percent marketable bond.

INSURANCE COMPANIES AND MUTUAL SAVINGS BANKS: TRANSACTIONS IN FEDERAL SECURITIES

August to December 1944



171

- 16 -

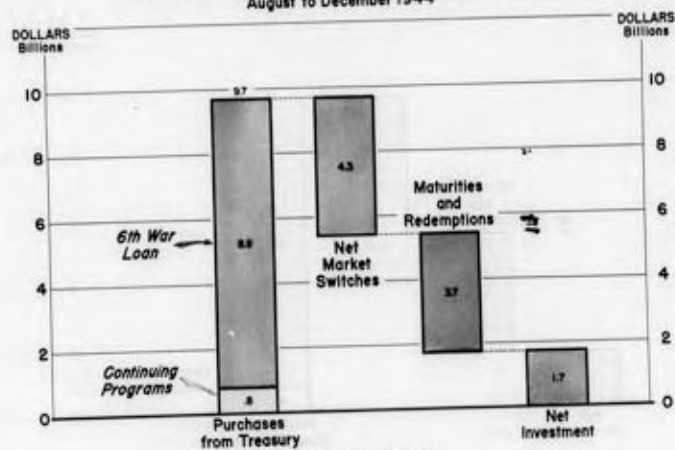
Other corporations and associations bought \$3.7 billions of securities from the Treasury in the August-December 1944 period, mostly in the Sixth War Loan. Their net investment during the period was only \$1.7 billions, however, or less than 50 percent of what they purchased. The other 50 percent was, in effect, liquidated through \$3.7 billions in maturities and redemptions (mostly redemption of tax and savings notes) and \$4.3 billions of net market switches.

As already noted, the basket of securities in the Seventh War Loan is intended to facilitate individual purchases while reducing switching on the part of corporations, including insurance companies and savings banks. The elimination of the middle term bond from the corporate basket will cut out some of the corporate switching but the inclusion of this bond in the individual drive will facilitate absorption of individuals' funds with only a moderate amount of leakage.

In addition, the overall corporation quota, including insurance companies and savings banks, has been reduced to \$7 billions in the Seventh Loan as compared to \$9 billions in the Sixth. This will tend to reduce corporate switching further by decreasing quota pressures.

Sales to all investors in the Seventh War Loan may thus be reduced from over \$11 billions in the Sixth Loan to about \$15 or \$17 billions. As mentioned previously, this is probably the optimum size of a war loan drive and will hold switching to a satisfactory level. In general, bank absorption of Federal securities will tend to be lower by a fairly substantial margin if drives providing \$15 or \$17 billions are held over any given period rather than drives in excess of \$20 billions.

OTHER CORPORATIONS AND ASSOCIATIONS:
TRANSACTIONS IN FEDERAL SECURITIES
August to December 1944



*Includes dealers and brokers

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- 17 -

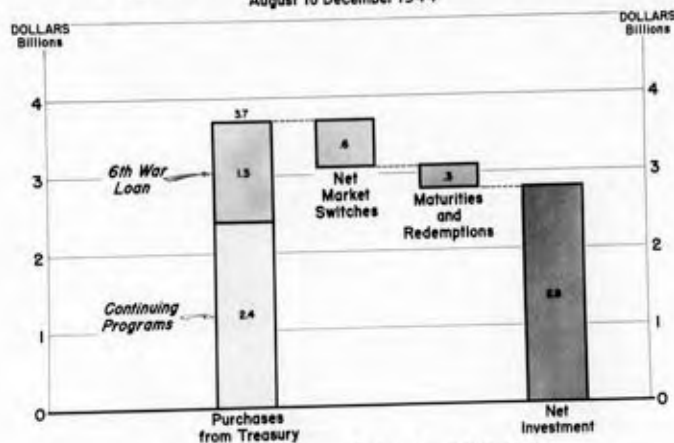
Governmental accounts retained the largest part of the securities they purchased from the Treasury in August-December 1944. Their gross purchases from the Treasury amounted to \$3.7 billions and net investment to \$2.6 billions. Maturities and redemptions aggregated \$1.3 billion and net market switches \$1.6 billion.

Nearly all of the \$1.6 billion of switches during the period, however, was accounted for by State and local governments and if these are considered separately from Federal agencies and trust funds the relationship of total purchases to net investment is shown to be sharply different for the two groups of governmental accounts. State and local governments purchased \$1.3 billions of securities from the Treasury during the period, all in the Sixth War Loan. Their net investment was \$.7 billion, with the difference accounted for almost entirely by \$.6 billion of market switches.

On the other hand, Federal agencies and trust funds bought \$2.4 billions of securities from the Treasury and retained \$2.1 billions, with net market switches of \$.1 billion and maturities and redemptions of \$.3 billion. Switching, therefore, is a major operation for State and local governments but is unimportant in the case of Federal agencies and trust funds.

GOVERNMENTAL ACCOUNTS: TRANSACTIONS IN FEDERAL SECURITIES

August to December 1944



*Comprises State and local governments and Federal agencies and trust funds

9-540-1

- 12 -

It is interesting at this point to summarize gross purchases and net investment in Federal securities by all nonbank investors during the August-December 1944 period. Total purchases from the Treasury amounted to about \$27 billions, of which all but \$5 billions took place in the Sixth War Loan. Redemptions and maturities aggregated \$7 billions and net market switches \$8 billions, leaving about \$12 billions for net investment. In other words, nonbank investors as a group invested net in Federal securities slightly less than 50 cents out of every dollar of securities they purchased from the Treasury.

Banks (counting both commercial banks and Federal Reserve Banks), on the other hand, increased their holdings of Federal securities by close to \$10 billions during the five months period although their direct purchases from the Treasury amounted to only \$2 billions. The remainder, of course, was purchased in the market and represents the other side of the \$8 billions of net market switches by nonbank investors. Bank maturities and redemptions were negligible.

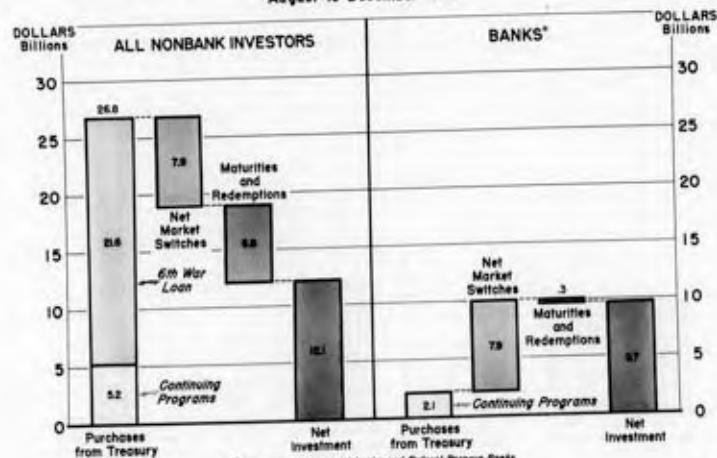
On balance, the Treasury borrowed \$12 billions from nonbank investors and \$10 billions from banks in August-December 1944. Thus 56 percent of the total increase in the debt during the five months period came from nonbank investors and 44 percent from banks.

The amount of indirect participation by banks was greater in the August-December 1944 period than it has ever been before. The Sixth War Loan reached a higher figure for total sales than any previous war loan and the increase in sales over the Fifth Loan represented increased indirect participation by banks. Total sales in the Sixth War Loan of \$21-1/2 billions, as already noted, were considerably in excess of the optimum figure for war loan sales and thus resulted in extending the Seventh War Loan financing period to six months, or the longest period to date. Increased bank participation in the Sixth Loan was responsible, therefore, for pushing out the Seventh Loan and making it a little harder to keep even in absorbing individuals' new savings available.

The program for the Seventh Loan is designed to cut down indirect bank participation sharply, but not to eliminate it altogether. Some bank financing is necessary in any event and a moderate amount of switching in war loans is helpful in adjusting portfolios and in maintaining the liquidity of the market. The objective in the Seventh Loan is to reduce indirect bank participation, while retaining the advantages of moderate amounts of such participation.

SUMMARY OF TRANSACTIONS IN FEDERAL SECURITIES

August to December 1944

Office of the Director of the Treasury
Bureau of Finance and Accounts

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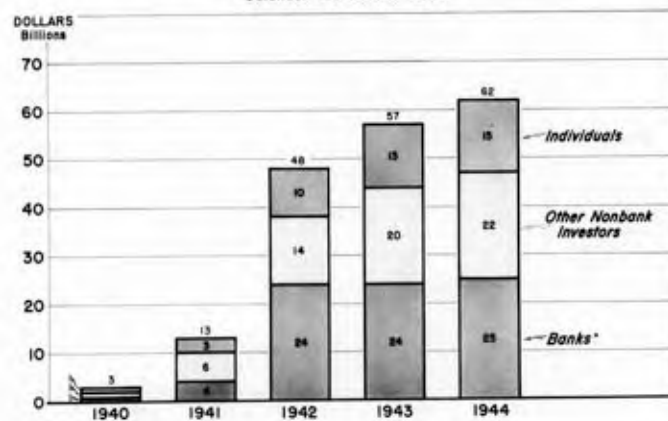
- 19 -

The preceding charts have indicated the relative participation in Federal financing by individuals and other nonbank investors, as opposed to banks, during the five month period ending with the Sixth War Loan. A brief survey of similar data for each of the calendar years 1940-44 will be helpful in measuring progress from year to year.

Federal borrowing increased from \$48 billions in the calendar year 1940 to \$57 billions in 1943 and \$62 billions in 1944. In each of these three years banks accounted for \$24 to \$25 billions of this borrowing. Thus nonbank investors, by increasing their net annual investment in Federal securities from \$24 billions in 1940 to \$33 billions in 1943 and \$37 billions in 1944, accounted for practically all of the needed annual increase in total borrowing. Stated in terms of percentages of total borrowing, nonbank participation increased from 51 percent in 1940 to 58 percent in 1943 and to 59 percent in 1944.

This improvement accompanied a sharp increase in the tempo of sales operations. In 1940, there was only one war loan, the First, and it was small by present standards. In 1943, there were two loans, and in 1944 there were three. This year there will only be two loans so it will be difficult to carry forward the improvement made in recent years.

NET ABSORPTION OF FEDERAL SECURITIES
BY INVESTOR CLASSES
Calendar Years 1940-1944



*Comprises commercial banks and Federal Reserve Banks

U.S. GOVERNMENT PRINTING OFFICE: 1944

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- 20 -

E. Accumulations of Liquid Assets by Nonbank Investors.

In addition to new savings available from current income, nonbank investors have large accumulations of savings from past periods. These funds are also available in part for the Treasury to tap in war loans and in fact it is impossible in practice to determine whether securities are purchased from new or old savings.

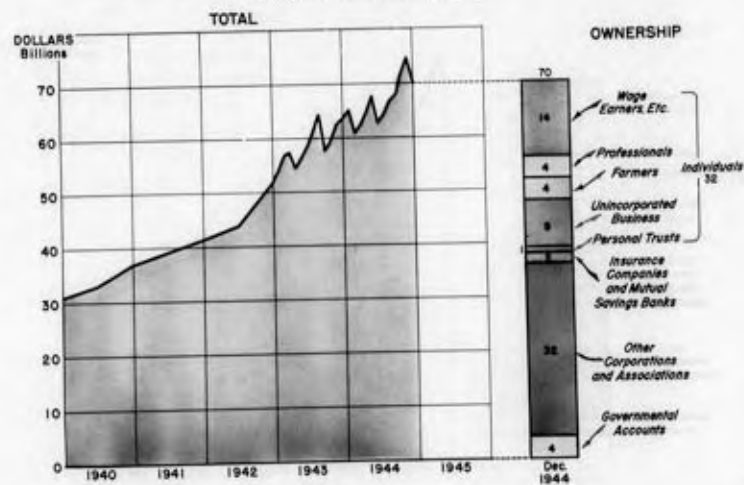
Checking accounts of nonbank investors amounted to \$38 billions at the beginning of 1940. By December 1944 this figure had risen to \$70 billions. Checking accounts were even higher in November 1944 but the Sixth War Loan drew them down by close to \$5 billions. This has happened in the earlier war loans too but it is significant that checking accounts have always been higher after each war loan than after the preceding war loan. Similarly, they have been higher at the beginning of each successive loan and they will be higher than ever before when the Seventh War Loan opens.

It is estimated that total checking accounts of nonbank investors of \$70 billions on December 31, 1944, were divided about as follows: Individuals held about \$32 billions of the total, insurance companies and mutual savings banks \$2 billions, other corporations and associations \$30 billions, and governmental accounts \$4 billions, practically all held by State and local Governments.

Over half of individual checking accounts of \$32 billions was owned by self-employed persons, including unincorporated business with \$8 billions, farmers \$4 billions, and professional persons \$4 billions. Wage earners, retired persons, and other individuals held about \$15 billions and personal trust accounts about \$1 billion.

CHECKING ACCOUNTS OWNED BY NONBANK INVESTORS

December 1939–December 1944



Graph of the Year-Ends of the Treasury
Source: Federal Reserve Board

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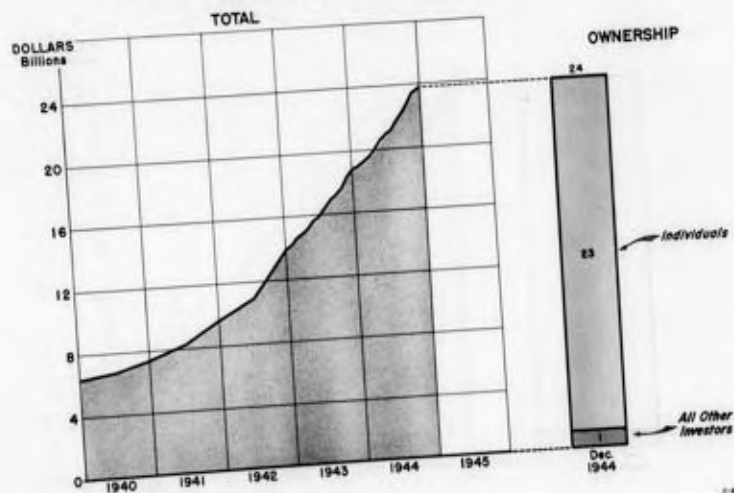
181

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The outflow of currency has continued during recent years at an average rate of close to \$100 millions a week. Total currency outstanding in the hands of nonbank investors aggregated about \$24 billions at the end of December 1944 as compared with about \$6 billions five years previously. Practically all of the increase has been absorbed by individuals. It is estimated that individuals held \$23 billions of currency at the end of 1944, leaving only \$1 billion in the hands of corporations and all other nonbank investors.

CURRENCY HELD BY NONBANK INVESTORS

December 1939 - December 1944



Office of the Secretary of the Treasury
Bureau of Economic Warfare

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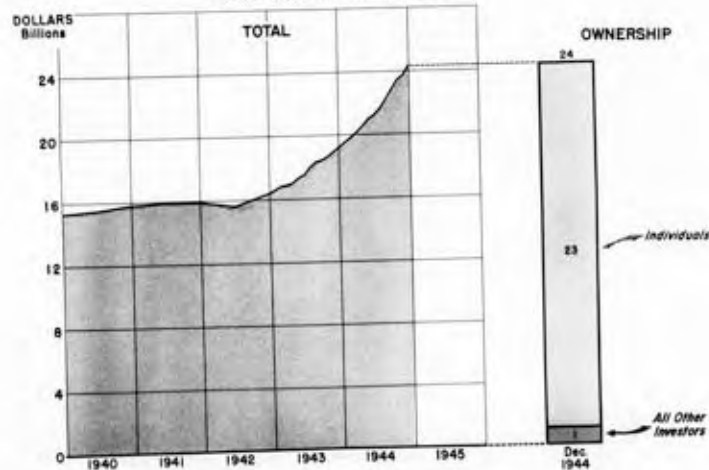
193

- 25 -

Savings accounts of nonbank investors in commercial banks increased from \$15 billions in December 1939 to \$24 billions in December 1944. Practically all of the increase took place in the last two years, with an increasing rate of growth. Individuals hold practically all of these savings accounts, although minor amounts are held by State and local governments and by corporations and associations. It is obvious from the figures that individuals saved close to \$9 billions in this form during the war period.

SAVINGS ACCOUNTS OF NONBANK INVESTORS IN COMMERCIAL BANKS

December 1939 - December 1944



Source: Federal Reserve Board, Federal Reserve Bank of New York, and Federal Reserve Bank of Chicago.

U. S. GPO

185

- 23 -

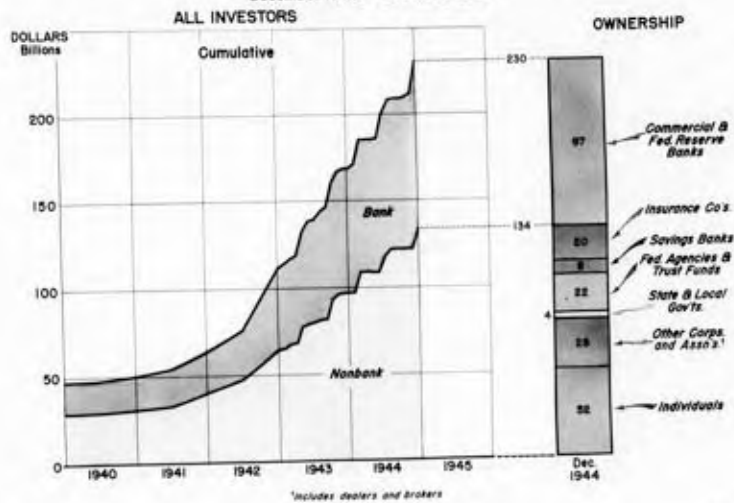
The three preceding charts have presented data on the accumulations of liquid assets by nonbank investors during the war period which were not invested in Federal securities. To round out the picture for all of the major forms of liquid assets held by nonbank investors, data are presented here for the ownership of Federal securities over the period.

Federal securities outstanding have increased from \$47 billions at the end of 1939 to \$290 billions at the end of 1944. Nonbank investors owned \$134 billions of Federal securities at the close of 1944. Individuals were the largest group of nonbank holders, with \$52 billions; insurance companies owned \$20 billions and mutual savings banks \$8 billions. Other corporations and associations held \$28 billions, while State and local governments held \$4 billions and Federal agencies and trust funds held \$22 billions.

The remainder, amounting to \$97 billions, was owned by banks -- \$75 billions by commercial banks and \$19 billions by Federal Reserve Banks.

OWNERSHIP OF FEDERAL SECURITIES

December 1939 - December 1944



U.S. Bureau of the Census

1-145-8

- 84 -

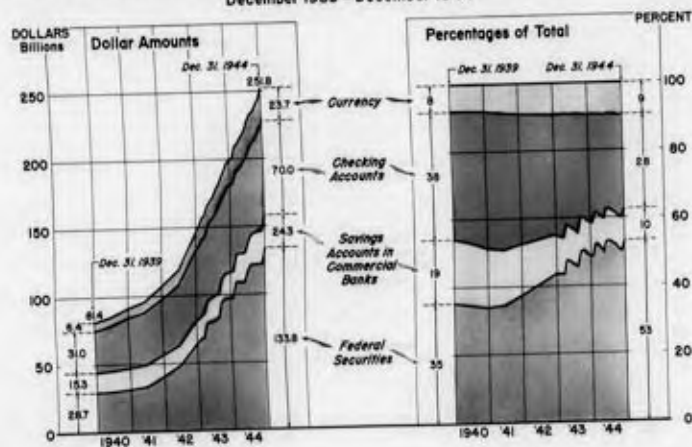
The total of the four major forms of liquid assets held by nonbank investors has increased from \$11 billions in December 1939 to \$258 billions by the end of 1944. This huge increase of \$171 billions during the five year period was brought about by the Federal deficit, since savings by nonbank investors correspond to the Federal deficit.

There has been considerable discussion about the significance of some of the increases in liquid assets over the war period. The opinion is often expressed that currency, for example, has perhaps risen so sharply that the outstanding supply is at an uncomfortably high level today. It should be noted, however, that currency now represents a little over 9 percent of the major forms of liquid assets of nonbank investors just discussed, as compared with 6 percent in December 1939. In other words, nonbank investors are today keeping roughly the same percentage of their total liquid assets in the form of currency as they did before the war.

The percentage of major liquid assets in checking accounts has decreased from 36 percent to 28 percent over the war period, while savings accounts in commercial banks have decreased from 19 percent of the total to 15 percent. Federal securities, on the other hand, have increased from 35 percent to 53 percent. The objective of the war financing program has been to borrow as much as possible from nonbank investors and as little as possible from the banks. The fact that Federal securities make up 53 percent of the liquid assets of nonbank investors as compared with 35 percent five years ago is a reflection of this program. What the ideal figure should be is, of course, a matter of conjecture. If the 53 percent could be raised there would, of course, be a corresponding reduction in the percentage in currency, checking accounts, or savings accounts in commercial banks.

The rate of improvement of Federal securities as a percentage of major nonbank liquid assets has been declining, however. Holdings of Federal securities amounted to 44 percent of major nonbank liquid assets at the end of the First War Loan -- December 1942. This percentage rose to 47 percent at the end of the Second War Loan, 50 percent after the Third, 52 percent after the Fourth, and 53 percent after both the Fifth and the Sixth War Loans. Unless some improvement is shown in tapping nonbank funds during the current financing period, the ratio may fall by the close of the Seventh War Loan.

MAJOR FORMS OF LIQUID ASSETS OF NONBANK INVESTORS December 1939 - December 1944



Office of the Secretary of the Treasury
Division of Finance and Accounts

6-526-A

March 14, 1945.

Mr. Edward F. Bartelt,

Commissioner of Accounts.

Sir:

You are hereby transferred and appointed Fiscal Assistant Secretary of the Treasury, CAF 16, in the Office of the Secretary, with compensation at the rate of ten thousand dollars per annum, payable from the appropriation, "Expenses of Loans, Act of September 24, 1917, as Amended and Extended", effective March 16, 1945.

Very truly yours,

(Signed) H. Morgenthau, Jr.

CEB/mhg
3/14/45

190

March 14, 1945

Dear Bert Sarazan:

Ted Gamble has just shown me your sketch for the proposed new V-Mail bond. It rings the bell with me.

This is of course just another of your many patriotic services in the war effort.

It is a pleasure for me to write this note of thanks--and in doing so to feel sure that you are one of those whose interest will never slacken, and whose cooperation will never be sought in vain.

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Bert Sarazan
Director of Advertising
The Hecht Company
Washington, D. C.

BHF:ds

191

MAR 14 1945

Dear General Arnold:

As you know our plans for the Seventh War Loan drive are already taking definite shape. The major effort will cover the months of April, May and June.

My purpose in addressing you is to ask that you be kind enough to again accord us the full cooperation of the Army Air Forces.

It is our feeling that the task confronting us in this coming drive, particularly the high goal set for sales to individuals, seven billion of the fourteen billion dollar total, will be an arduous task.

The cooperation given us in past drives by the Air Forces has been extremely helpful and my associates in the War Finance Division join me in hoping we may count on it again during the coming campaign.

Sincerely,

(Signed) H. Morgenthau, Jr.

General Henry H. Arnold
Commanding General
U. S. Air Forces
War Department
The Pentagon
Washington, D. C.

HSM:shah 3-14-45

192

MAR 14 1945

Dear Mr. Arnold:

I appreciate tremendously the splendid help that you gave the Treasury in setting up the several important meetings in Minneapolis on Monday.

I came away with the feeling that this had been almost one of the most productive days that I had spent anywhere in the country in connection with the Bretton Woods agreements. Every detail was very well worked out and was typical of the fine help that we have had from you for several years in our War Bond program.

You are one of the half-dozen men whose leadership has helped to serve as an inspiration to the thousands of people whose wholehearted support is needed in the prosecution of the Treasury's wartime projects. Certainly you can take pride in what you have done for us.

Mrs. Morgenthau joins me in thanking you personally for the hospitality and attention shown to us.

With all good wishes, I am

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. O. J. Arnold
Chairman
War Finance Committee
570 Northwestern Bank Building
Minneapolis, Minnesota

TAG:RFP

193

MAR 14 1945

Dear Mr. Seymour:

I wish to compliment you and to thank you in behalf of myself and those of my party for the excellence of the arrangements attendant to our visit to Minneapolis.

I don't know when we have spent a more productive day in the interest of the important Bretton Woods agreements.

Mr. Arnold told me of your interest, enthusiasm and good work in connection with both the breakfast and dinner meetings. I feel certain that without your good help we would not have had these good opportunities to discuss, as effectively, these agreements.

With all good wishes to you, I am

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. Gideon Seymour
Vice President
The Minneapolis Star-Journal
Minneapolis, Minnesota

TAG:RFP

194

MAR 14 1945

Dear Mr. Peyton:

I wish to thank you for the help you gave us in connection with the visit of myself and party to Minneapolis yesterday.

I know that your interest, identity and influence served appreciably in making the affair the success that we in the Treasury feel that it was.

With all good wishes, I am

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. John W. Peyton
President
Federal Reserve Bank
Minneapolis, Minnesota

TRO:RFF
2/12/48

185
Original to
Mr. C. 2/16/45

MAR 14 1945

The Honorable

The Secretary of the Treasury

Dear Mr. Secretary:

I have your letter of 9 March 1945 concerning four Treasury representatives recently liberated from the Japanese in Manila.

A radio has been dispatched to the Commander in Chief, Southwest Pacific Area, forwarding your message and advising him that you desire the expeditious return of these four men to the United States.

Sincerely yours,

(Sgd.) HENRY L. STIMSON
Secretary of War

COPY TO ACCOMPANY ORIGINAL

196

25

MAR 9 1945

Dear Harry:

I should appreciate it if you would send the following message through the facilities of your Department to the men named in the text, all of whom are Treasury representatives who were stationed in Manila and interned by the Japanese forces:

"Personal from Secretary Morgenthau for Albert E. Price, T. Maxwell Anderson, William L. Hebbard, and Thomas Page Nelson.

"We are most happy to hear of your liberation and hope you are in reasonably good health. Please advise me if we can be of any assistance to you. I hope arrangements can be made for all of you to return to Washington at the earliest possible moment."

I am also anxious that these men should return to the United States as soon as possible, and should appreciate any assistance you can extend to this end.

Sincerely yours,

(Signed) Henry

Secretary of the Treasury

Hon. Henry L. Stimson,
Secretary of War,
Washington 25, D. C.

JJSaxon:rg 3-8-45

NOT TO BE RE-TRANSMITTED

COPY NO. 4

KNS-1358

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

Secretary of State,
Washington.

433, March 14, 2 p.m. FOR COMMERCE

Following confidential comments on economic developments in free China during January, February supplement Embassy's 431, March 14.

Inflation apparently getting out of hand with no evidence of government intention to take drastic action to curb prices, presumably because realized price control without effective rationing incapable of enforcement. Treasury Attache believes inflation has now entered snowball phase with financial reforms instituted January, although steps in right direction, barely scratching surface of inflationary situation.

Note circulation and February estimated CN dollars 238 billion, increase of about 20% since January one. Monthly budgetary deficit now around CN dollars 30 billion compared about CN dollars 12 billion in 1944. About 25% of monthly deficit made up by gold sales, receipts from which exceed revenue from taxation. Deficit likely to increase as projected reorganization of Chinese Army will entail further heavy expenditures while revenues remain extremely low. Immediate effect of financial reforms is to lower revenue and thus increase budgetary deficit. Chinese Government now relying on sale of gold and six month gold deposits as main source of revenue, receipts from such sales January and February being CN dollars 14 billion plus 20% of that sum from compulsory purchases of Chinese Treasury certificates by gold buyers. Less than 25% of receipts from gold sales were from spot sales with remainder from six month gold deposits. Central Bank's short position on gold now about one million ounces. Gold is being sold at absurdly uneconomic price, China's foreign exchange assets are being dissipated without significantly affecting economic situation, and part of gold is being sent to occupied China.

General Welensperger reliably stated to consider inflationary trend as almost as great an obstacle to U.S. Army operations in China as Japs. U.S. Army Headquarters here is considering plan to import urgently needed consumer goods such as cotton cloth for barter purposes to obtain foodstuffs and other supplies. FMA is also considering plan to import clothing and other products under Lend-Lease. Chinese Government reportedly also has stocks of civilian goods in India which it hopes to move into free China soon. It is doubted whether the volume of goods which can be moved into China in the next six months will materially affect situation characterized by increasing goods shortage and intensified hoarding as hedge against depreciating currency. Some Chinese meanwhile deriving satisfaction from reports conditions in occupied China are much worse than here.

JT

offcopy 3-17-45

ATJ:GCH

Chungking via Navy
Dated March 14, 1945
Rec'd. 4:20 p.m.

SECRET

OPTEL No. 84

Information received up to 10 a.m., 14th March, 1945.

NAVAL

1. NORWEGIAN WATERS. 12th/13th (night). Norwegian M.T.B.'s off S.W. coast of Norway torpedoed 2 cargo ships, one of which sank.

2. HOME WATERS. 12th. U-boat reported in trouble off South coast of Ireland; 48 of crew landed and placed under guard. 12th/13th (night). Coastal forces sank 1 explosive motor-boat and drove another ashore off North Beveland; 1 prisoner taken.

MILITARY

3. WESTERN FRONT. During 12th forces advancing from direction of Trier continued to clear remaining enemy pocket north of Moselle, narrowing gap still open to enemy to about 6 miles. Remagen bridgehead extended against stiff resistance and counter attacks to width of 10 miles and depth of 5 miles. In addition to railway bridge, trestleway and heavy pontoon bridge now in operation.

4. EASTERN FRONT. Central Sector: Russians report advances north along east bank of Vistula and heavy fighting in Kustrin area. Southern Sector: German attacks N.E. and East Lake Balaton continue.

5. BURMA. On West side of Irrawaddy Japanese still active against 4th Corps right flank. North of Meiktila, enemy buildup increasing. No major actions reported, but 170 Japanese killed on 11th by our columns operating north and N.W. of Meiktila. Our forward troops advanced 7 miles to eastward in direction of Myittha-Tel-U road and railway which reported cut. In battle for Mandalay, enemy resistance stiffening and house-to-house fighting in progress. Operations to reduce strongly held Fort Duffin area continue. Road to Mandalay which runs south of Maymyo cut two miles S.W. of Maymyo.

AIR

6. WESTERN FRONT. 12th/13th (night). Bomber Command despatched 103 aircraft (3 missing): Berlin 81 Mosquitoes, sea mining 19, other missions 3.

13th. 334 Bomber Command aircraft dropped 1153 tons through cloud on Bremen. SHAEF (Air). 678 bombers dropped 1001 tons on airfields, railway targets, M.T. depot and ammunition dumps in battle area, results good. Fighter bombers and fighters 2210 operated over battle area; 50 locomotives and road and rail vehicles 1340 destroyed or damaged. Enemy casualties in combat 24,413. Allied bombers 5 and fighters 17 missing. 134 Spitfires attacked rocket targets in Hague area.

13th/14th (night). 396 Bomber Command aircraft (2 missing) despatched: benzol plants at Gelsenkirchen and Herne (Ruhr) 227, Berlin 50, other operations 121.

7.

BURMA AND MALAYA. 11th. 48 Mitchells and 397 fighter bombers and fighters attacked communications, stores and other targets in Central and Lower Burma. Liberators dropped 109 tons on dumps Rangoon and railway bridges. Super Fortresses dropped 59 tons on oil storage in Singapore area.

HOME SECURITY

8. ROCKETS. 1 incident reported.

199

March 18, 1945
10:25 a.m.

PRE-PRESS

Present: Mr. Gaston
Mr. Blough
Mr. Fussell
Mr. Shaeffer
Mrs. Klotz
Miss Chauncey

H.M.JR: Have you given this out? (Indicating
Press Service No. 48-52, dated March 18, 1945, attached)

MR. SHAEFFER: They just got it outside.

H.M.JR: What else?

MR. SHAEFFER: They want to know when the material
for the Seventh War Loan basket will be announced.

MR. FUSSELL: In the event you have a question on that
surplus property--

H.M.JR: That's good service. Okay, thank you.

What else?

MR. BLOUGH: Mr. Eccles is in the paper this morning,
The Washington Post, with a statement on defending himself
against the Post's editorials on his capital gains plan.

200

- 2 -

You will probably be asked about that. Mr. Eccles is
very anxious that the Treasury take the position that we
believe whatever steps are necessary should be taken to
prevent inflation of capital assets, and if you are asked
about the matter this morning, that's practically what you
said two or three weeks ago.

H.M.JR: What's that?

MR. BLOUGH: That you were aware of the social undesir-
ability of inflation, because you recall you mentioned your
own experience with the Farm Credit Association. You are
in favor of measures to prevent such inflation from taking
place, but I wouldn't go beyond that, unless you want to
say that you rather believe that it is better to start with
milder measures than with drastic measures, but I don't
think I would mention his tax, and I think there is really
nothing to report about the further operations of that field.

H.M.JR: Herbert, do you have anything?

MR. GASTON: No. I suppose they will ask some questions
about Bretton Woods and what you think the chances are,
and so forth.

201

TREASURY DEPARTMENT
WashingtonFOR IMMEDIATE RELEASE,
Thursday, March 15, 1945.Press Service
No. 45-52

Secretary Morgenthau today announced the appointment of Edward P. Bartelt, Commissioner of Accounts, as Fiscal Assistant Secretary of the Treasury, effective March 15, 1945.

The Office of Fiscal Assistant Secretary was set up under Reorganization Plan Number III, approved June 4, 1940, and Mr. Bartelt will be its first incumbent. This Plan provided that the appointee be named by the Secretary of the Treasury in accordance with the Civil Service laws and would receive a salary of \$10,000 per year. In other words, the position is characteristically known as a "career job".

Under the Direction of the Secretary of the Treasury, the Fiscal Assistant Secretary will supervise the administration of and coordinate the functions and activities consolidated into the Fiscal Service, and to perform such other duties as the Secretary shall direct. In addition, he is responsible for the installation of accounting procedures in all bureaus and offices of the Treasury Department.

The Fiscal Service of the Department embraces the Office of the Commissioner of Accounts, the Division of Bookkeeping and Warrants, the Division of Disbursement, the Division of Deposits, the Section of Surety Bonds, the Office of the Commissioner of the Public Debt, the Division of Loans and Currency, the Office of Register of the Treasury, the Division of Public Debt Accounts and Audit, the Division of Savings Bonds, the Division of Paper Custody, and the Office of the Treasurer of the United States.

Mr. Bartelt was born June 17, 1895, in Quincy, Illinois, and he embarked upon his Government career in 1917, when he came to the Treasury Department and was assigned to the office of the Auditor for the Navy.

He has held several important positions in the Treasury, having been appointed to the position of Commissioner of Accounts in 1935. As head of the nationwide emergency accounting and disbursing organization established in 1935 by Executive Order to handle expenditures under various relief appropriation acts, he was responsible for the job of accounting for \$15,000,000,000 in work-relief expenditures. Upon recommendation of the Secretary of the Treasury Mr. Bartelt was designated by President Roosevelt to head the Interdepartmental War Savings Bond Committee which introduced the payroll savings plan in the Government service in 1942.

Mr. Bartelt is married, has three children, and resides at 3017 Stephenson Place, N. W.

oOo

March 15, 1945
4:55 p.m. 202

HMJr: Hello.

Fred
Vinson: Hello.

HMJr: Henry speaking.

V: Henry.

HMJr: Yeah.

V: I want to borrow something from you.

HMJr: Huh! Uh -- sounds suspicious to me.

V: Well, by gosh, they tell me that you're generous and warm-hearted.

HMJr: Yeah.

V: And I know you haven't got that stoney-eyed, glassy glare of the bankers.

HMJr: (Laughs)

V: Henry, what I called you about was -- wondering whether or not I could get the loan of a Treasury car.

HMJr: Oh, sure, heavens.

V: I'm in a position over here -- very peculiar, as far as the statute is concerned, and I just turn to you.

HMJr: We'll fix you up.

V: All right, old fellow.

HMJr: Have you got somebody to drive it?

V: Yes, sir.

HMJr: You have?

V: Yep.

HMJr: Well, we'll take care of the rest.

203

- 2 -

V: All right, Henry.
HMJr: It may not be a seven-passenger limosine.
V: Well, that's all right. I wouldn't -- I'd rattle around, you know, in there until I put on a little weight and get some austerity, that little -- that dignified demeanor, you know, that some folks have.
HMJr: Sure.
V: But I'll appreciate it, old fellow.
HMJr: Oh, sure. Who should -- I'll have Charlie Bell call somebody at your office. Who should he call?
V: He can call Kelley.
HMJr: Kelley?
V: Yep. Any -- anybody here seen Kelley? My God, he's that kind.
HMJr: Okay. I'll try to have it for you in the morning.
V: All right, fellow. Thanks a lot, Henry.
HMJr: That's easy.
V: All right.
HMJr: Bye.

204

March 15, 1945
4:59 p.m.

HMJr: Fred Vinson just called me.
Charlie Bell: Yes, sir.
HMJr: And he wants to borrow a Treasury car. He's got a man to drive it.
B: Yes, sir.
HMJr: I told him we'd fix him up.
B: All right, sir. We'll fix him up immediately.
HMJr: The man's name is Kelley.
B: Kelley?
HMJr: I'd like to give him some service and fix him up by tomorrow morning.
B: All right, sir. We'll deliver the car tomorrow morning then.
HMJr: I told him it wouldn't be a limosine, but it would be pretty good.
B: All right, sir, we'll get him a good one.
HMJr: Thank you.
B: Okay, sir.

UN-661

UNITED KINGDOM TREASURY DELEGATION

BOX 680

BENJAMIN FRANKLIN STATION
WASHINGTON, D.C.

REFERENCE

TELEPHONE EXECUTIVE 6802

14-1-3

14th March, 1945

Dear Mr. Secretary,

This is to acknowledge, in Mr. Brand's absence, the receipt of your letter of March 13th concerning the French private assets in the United States. I am most grateful for the information which I am transmitting to London. With reference to the last sentence of your letter, I am asking London to let me have a copy of the agreement between the Chancellor of the Exchequer and M. Pleven if it exists, but I do not believe that the agreement was in fact formalised in a document.

Yours sincerely,

F. G. Lee

F. G. Lee.

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

Treasury Department 205
Division of Monetary Research

Date 1945

To: Miss Chauncey

From: Miss Rippel

This has been noted by
Mr. Cox and interested members
of our Division.

EX-101

3/16 - from Miss Chauncey 207
"for Mr. Cox's attention".

TREASURY DELEGATION

BOX 220
BENJAMIN FRANKLIN STATION
WASHINGTON, D.C.

TELEPHONE EXECUTIVE 2022

REFERENCE

14-1-3

14th March, 1945

Dear Mr. Secretary,

This is to acknowledge, in Mr. Brand's absence, the receipt of your letter of March 13th concerning the French private assets in the United States. I am most grateful for the information which I am transmitting to London. With reference to the last sentence of your letter, I am asking London to let me have a copy of the agreement between the Chancellor of the Exchequer and M. Pieven if it exists, but I do not believe that the agreement was in fact formalised in a document.

Yours sincerely,

F. G. Lee

F. G. Lee.

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

12"

Lisbon

Dated March 14, 1945

Rec'd 10:10 p.m.

Secretary of State

Washington

565, March 14, 8 p.m.

THIS IS WPA 356, UNITARIAN 426 FOR CHARLES JOY
FROM NAITHA SHARP.

Replying 257 Embassy here sent request direct to
State Department. Simplified procedure unknown American
Consulate here two American affidavits for each transit
visa required.

Substance of cable received here through Mexican
Legation follows.

Intergovernmental Committee for Spanish refugees
main office London requests word be transmitted through
Mexican Embassy to secure from Unitarian Committee all
information necessary regarding Spanish republicans in
Portugal including number, civil status, means of main-
tenance, political situation and probable number interest-
ed emigrating Mexico. Inquire of committee concerning
Delvayo's request for 500 visas and inform committee that
same will be granted in terminus. Coded communication
will be sent by us. END OF MESSAGE.

Information sent by Lisbon to ICC via Mexican
Minister London March 11 regarding 94 Spanish families
27 unmarried imprisoned men. Hopeful all Bryan cases
may soon be liquidated which makes budget cut re year
248 inadvisable now and endangers refugees. Urge your
consideration of emergency increase of 2,000 monthly for
three months to assist men, women, children, starving,
hunted and as hungry as in other European areas whose
lives in greater danger. Balance of funds for relief
Spain exhausted. If block visas granted ICC balance
inadequate. Particulars re 50 Spaniards today requested
by Venezuelan Minister Lisbon.

BN

CROCKER

DSH-1281

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

Jerusalem

Dated March 14, 1945

Rec'd 1:00 p.m.

Secretary of State

Washington

48, March 14, 6 p.m.

Doctor Jalah Magnes requests that JOINT DISTRIBUTION
COMMITTEE NEW YORK be informed through War Refugee Board
that following message has been cabled Schwartz at
Paris: "Jewish Agency requests Joint pay Lichtenstein
Geneva \$65,000 for special rescue purposes. They will
pay us equivalent here immediately we inform them
payment Geneva effected.

We recommend acceptance. Informing New York".

PINGTON

BN

Miss Chauncey (for the Sec'y), Akstin, Cohn, DuBois, Gaston,
Hodel, Hutchison, McCormack, O'Dwyer, Files

211

PLAIN

March 14, 1945

AMERIGATION

BERN

1061, Fourteenth

Re your 1477 March 8.

It is not (repeat not) considered expedient to have persons in reference at liberty within Switzerland.

Therefore pending completion of arrangements for their departure, suggestion is made that they not (repeat not) be given medical discharges until their inclusion can be effected by McClelland in the evacuation of two refugee groups now in Switzerland and for whom transportation to UNTERA camps is being arranged with SHAN, unless McClelland through private agency facilities in Switzerland can arrange for their immediate departure to Philippeville.

STETTINIUS
(GIM)

212

CABLE TO MINISTER JOHNSON AND OLSEN, STOCKHOLM, SWEDEN, FROM WAR REFUGEE BOARD

Re our 2372 of November 25, 1944.

The Board requests from you at the earliest possible moment a report on the status of the on-shipment of the 224, 328 three-kilo WRH food parcels which were shipped to Wothenburg the latter half of November. It is suggested that you check with either Glen Whisler, AHC representative, Stockholm, or ICRC delegate, and report your findings immediately to the Board.

THIS IS WRH STOCKHOLM CABLE NO. 332

4:45 p.m.
March 14, 1945

213

CABLE TO MINISTER HARRISON AND MCCLELLAND, BERN, SWITZERLAND, FROM WAR REFUGEE BOARD

Re our 4001 of November 25, 1944.

There is repeated below for your information the text of a cable to the Board's representative in Stockholm.

QUOTE The Board requests from you at the earliest possible moment a report on the status of the on-shipment of the 224, 328 three-kilo WRH food parcels which were shipped to Wothenburg the latter half of November. It is suggested that you check with either Glen Whisler, AHC representative, Stockholm, or ICRC delegate, and report your findings immediately to the Board. UNQUOTE

If you have any information with respect to the on-shipment of supplies from Wothenburg, it will be appreciated.

THIS IS WRH BERN CABLE NO. 454

4:45 p.m.
March 14, 1945

214

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Mission, Helsinki
TO: Secretary of State, Washington
DATE: March 14, 1945
NUMBER: 94

CONFIDENTIAL

Again, on March 13, I took up with Orlov the subject of American relief activities in Finland of the type mentioned in the Department's cable of January 25, No. 4, and subsequent cables. He said that he had not as yet heard from Moscow. Orlov conjectured that the delay might have been occasioned by the Yalta Conference and possible endeavor to work out a formula which would be of general applicability. Also I informed Orlov that American organizations desired to get this work under way in Finland as soon as possible. This matter will again be taken up with the Finnish Government by Orlov.

The foregoing message was repeated to Moscow as my No. 29 for information of the Embassy.

HAMILTON

215

1 CABLE TO AMERICAN LEGATION BERNE, FOR MCLELLAND, FROM THE WAR REFUGEE BOARD

Please deliver the following message to Gerhard Riegner, 37 Quai
Wilson, Geneva, from Kurt R. Grossman of World Jewish Congress:

QUOTE PLEASE INVESTIGATE WITH HEINRICH GOLDSCHMIDT, STRADTACHSTR
12, BAUMEN NEAR ZURICH WHEREABOUTS LILIA GOLDSCHMIDT BORN MACBOLL
DECEMBER 21, 1880, MUNICH LAST KNOWN ADDRESS IN TREBESINGSTADT.
UNQUOTE.

THIS IS WRS BERNE CABLE NO. 453

4:45 p.m.
March 14, 1945

Miss Chauncey (for the Sec'y) Akstin, Cohn, DuBois, Gaston, Hodel,
Hutchison, McCormack, O'Dwyer, Files.

RRH 3/14/45

Plain

March 14, 1945

AMEMBASSY

LONDON
1967, Fourteenth

Contributions of this Government to administrative and operating expenses Intergovernmental Committee have been under constant consideration since receipt of cables and despatches mentioned in your 2154 March 2.

War Refugee Board has felt strongly that estimate by IOC of two million pounds for operational expenses for 1945 may be inadequate to meet needs which Committee will have to face this year. Board and Department have consequently recommended to President appointment Earl G. Harrison of Philadelphia, recently Commissioner of Immigration and Naturalization to succeed Myron Taylor as representative this Government on Committee. President has accepted recommendation and press announcement of appointment will be made March fifteenth.

Harrison will proceed to London immediately to review plans and estimates of IOC with Emerson and to confer with you and possibly British Government officials with respect to contributions of British and United States Governments to operational expenses. It is planned that Harrison return to Washington as soon as possible in order that his recommendation as to the contribution of this Government for operational expenses may be presented to Congress without further delay.

STANTINIUM

TELEPHONE BOARD

	ROOM	TELEPHONE
Chaney, Doris	505 Sloane	5660 - 5661
Cohn, Marym	504 Sloane	5661 - 5660
Doherty, Helen	2410 Treasury	5675 - 5676
Eastin, Virginia	2410 Treasury	5664 - 5665
Gillen, Martha F.	507 Sloane	5670 - 5659
Harris, Constance	502 Sloane	5683 - 5689
Hodel, Florence	2410 Treasury	5675 - 5676
Hutchison, Roberts	2414 Treasury	5677 - 5678
Janis, Ruth	503 Sloane	5666 - 5669
McCormack, Paul	503 Sloane	5683 - 5689
O'Dwyer, William	2410 Treasury	5674 - 5665
Orbach, Jerome K.	2410 Treasury	5665 - 5664
Peters, Ida	2414 Treasury	5678 - 5677
Hollock, Letha G.	502 Sloane	5683 - 5689
Rosett, Anita L.	502 Sloane	5689 - 5683
Smith, Nadia	505 Sloane	5660 - 5661
Towler, Elizabeth	2414 Treasury	5677 - 5678
Talley, Mary H.	2410 Treasury	5675 - 5676
Tussey, Ruby	508 Sloane	5670 - 5659
Vincent, Louise	2410 Treasury	5676 - 5675
Ward, Marie	507 Sloane	5659 - 5670
White, David	500 Sloane	5666 - 5669
Wills, Mary V.	508 Sloane	5659 - 5670

March 14, 1945

DEPARTMENT
OF
STATEINCOMING
TELEGRAMDIVISION OF 219
CENTRAL SERVICES
TELEGRAPH SECTION

AG - 1253

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

Chungking via Navy

Dated March 14, 1945

Rec'd 11:40 A.M.

Secretary of State,

Washington

438, March 14, 7 p.m.

TO SECRETARY OF TREASURY FROM ADLER.

Commission for control of foreign exchange
units is being abolished and its functions trans-
ferred to Central Bank.

Suggest this is convenient time to visit
India on pending business.

LITTONSON

BB

219

March 16, 1945
9:00 a.m.

BRETTON WOODS

Present: Mr. Gaston
Mr. White
Mr. O'Connell
Mr. Bernsteins
Mr. Luxford
Mr. Russell
Mrs. Klotz

M.W.JR: Good morning. I have to do this in two or three minutes.

I talked with Luxford last night as to whether I should encourage the speaker to try to get this thing passed by the 4th. It's what I suggested yesterday. It is a pretty important decision and I wondered how many of you were in agreement.

MR. O'CONNELL: I don't know whether Luxford told you that that thought is entirely consistent with what we hope to arrange with Spence this morning. We hope to arrange through the Chairman that at today's session, whether all the Congressmen have questioned Harry or not, the Chairman would announce Mr. White would not be available tomorrow, that the Committee has planned to hear from Judge Vinson and Mr. Brown of Chicago, and that they will devote a little time next week to hear from any opposition witnesses to the Bill, and if there are any, Mr. White will come back at a later time. We have got to get some opposition or you can't close the hearings.

M.W.JR: Do you want me to do anything with the speaker?

MR. LUXFORD: I don't know whether that would come from the speaker or Treasury. Spence isn't too explicit.

MR. O'CONNELL: Spence is expecting us to give him the guidance on how the order of witnesses will be. We have to

220

- 2 -

tell Spence that Vinson and Brown, who have definitely agreed to be there, are to be witnesses tomorrow.

(Mr. Gaston enters the conference.)

M.W.JR: I just want to know, do you people think I should call the speaker? Spare me the details.

MR. WHITE: I should think you should, and we should also talk to Spence.

MR. O'CONNELL: Oh, sure, there is nothing inconsistent about that.

M.W.JR: Sure, tell Gaston about that, please.

MR. WHITE: Of course, he has to feel he can cut it over because we do stand the danger, the risk of antagonizing Crawford and Wolcott by that procedure, because we have to be pretty sure of his shots, and there is a good chance of winning him over.

M.W.JR: Who?

MR. WHITE: Rayburn.

MR. BARNETT: It seems to me next week is a better time to make a decision, when the opposition has had a chance to come out.

MR. BARNETT: You have to make a decision now if you are going to shoot toward it today, because otherwise you are not going to get through your case.

M.W.JR: I've got to stop. I have to see White alone on another matter--Gaston and White.

March 15, 1945 221
10:16 a.m.

HMJr: Hello.
Operator: Mr. Thornton.
R. L. Thornton: Hello.
HMJr: Morgenthau speaking.
T: This is Bob Thornton, Mr. Secretary, in Dallas.
HMJr: How are you?
T: Pretty good. How are you?
HMJr: Fine. Mr. Thornton, I got your letter of the 10th of March, in which you said you contacted some sixty-odd bankers.
T: That's right.
HMJr: I just wondered how these sixty-odd bankers reacted.
T: I haven't heard from all of them, but those that I have heard from reacted okay.
HMJr: They have?
T: And any number of them are writing their Texas Senators and Congressmen.
HMJr: That's what I wanted to find out.
T: Yes, and there's very little, if any, opposition to the Bretton Woods plan so far as I can locate here, yonder and thither.
HMJr: I see.
T: They have, some of them, been reading the suggestions of the New York State bankers, but they don't seem to take a lot of stock in that. Most all of them that I've talked to -- we talk to a lot of them every day, they come through the bank here -- and while we find a good many of them that don't know a lot about it, we do not find any of them at all that object to Bretton Woods.
HMJr: Well, that's wonderful.

- 2 -

222

T: Yes.
HMJr: Have you let Speaker Rayburn know that?
T: No, I haven't communicated with Sam at all.
HMJr: Well
T: I will do that.
HMJr: I wish you would.
T: Yes, I'll be happy to do that, and send you a copy of my letter.
HMJr: And have you let Wright Patman know?
T: No, I haven't communicated with him any further about it.
HMJr: Well, if you would let those two gentlemen know, I'd appreciate it, because I think they'd like to know.
T: I'll be happy to do that. I'll attend to it today.
HMJr: That will be wonderful.
T: And I'm putting out a lot more stuff that will go into the mails tonight which I think will clear a lot of the minds of country bankers out in my State who haven't paid a lot of attention to the Bretton Woods plan.
HMJr: Fine.
T: And I think we are all right down in this part of the country, so far as the sentiment of the bankers is concerned.
HMJr: Well, it's a very important part of the country as far as we are concerned.
T: How's that?
HMJr: It's a very important part of the country.
T: Yeah. Well, I'll keep right on it, and I think we'll get enough evidence up there so that it will prove to be helpful.

223

- 3 -

HMJr: Well, if you could let Sam and Wright Patman know,
I think it would be good.

T: Yes, I'll do that today.

HMJr: Wonderful.

T: Yes.

HMJr: Thank you.

T: Good bye.

224

March 15, 1945,
11:34 a.m.

HMJr: Henry talking.

Sam Rayburn: Henry, I'm not so optimistic this morning.

HMJr: You're not.

R: No, I -- well, they claim they are getting along pretty well. Of course, Patman expects to upset those filibusters, but I don't. If we end up around the 24th or 25th, I doubt -- I don't much think we will get it out before then.

HMJr: I see.

R: Frankly, though, I think it will be sometime in April.....

HMJr: Oh, well

R: before

HMJr: I was hopeful yesterday -- because I'm afraid when these boys go back home the bankers will go to work on them, and they are in a pretty good frame of mind now.

R: Yep. But what you ought to do -- if you could get you a Bob Thornton around in each of these states, by gosh

HMJr: The trouble is there aren't very many Bob Thorntons.

R: No.

HMJr: I've been looking. While I was talking to him this morning. He's been working for us.

R: You bet.

HMJr: On the other hand, we don't want to get our friend Jesse Wolcott upset.

R: That's right. That's right.

HMJr: According

225

- 2 -

R: So it will have to go along a reasonable time.
HMJr: Yeah.
R: I think we can beat those things when we get ready, but I think we had better let it run a little while.
HMJr: Well
R: We'll be all right when the time comes.
HMJr: All right.
R: I'll check with you again, but you'll know the
HMJr: I'm counting on you.
R: All right, Henry. Well, it's in the -- I'll see if you -- we can't get along with it.
HMJr: Thank you.

March 15, 1945
11:58 a.m.

226 ✓

Operator: Mr. Nunan went to New York this morning and will be gone until Monday.
HMJr: He went to New York today?
Operator: That's what she said. His secretary is on the wire.
HMJr: Let me talk to the secretary.
Operator: All right. Miss Conroy.
HMJr: Hello.
Miss Conroy: Good morning.
HMJr: The Commissioner is in New York?
C: Yes, he left for New York this morning.
HMJr: What's that?
C: He left for New York this morning on the early plane.
HMJr: Is it something unexpected?
C: No, I don't think so. He usually goes up, you know, over the week-end, but this week he had to go up to the Legislative Correspondent's dinner in Albany. He's going to attend that.
HMJr: Pardon me? A Legislative Correspondent -- in Albany?
C: Yes. He's to go up there this afternoon. Do you want me to get in touch with him?
HMJr: Well, I was waiting to hear from him. I have to send out these telegrams. Today is income tax day.
C: Well, they have been sent out. The telegrams were also received here, and Mr. Schoeneman is sending them over to you in about half an hour.
HMJr: I'm seeing the President. If he was going to ask me, I wanted an answer for him.

- 2 -

227

C: Yes. Well, that stuff will all be over to you within a half hour, I think.

HMJr: Well, you tell the Commissioner I called and I was disappointed not to be able to talk to him today of all days.

C: I'll tell him that.

HMJr: Pleasee.

C: Thank you.

228 ✓

March 15, 1945
4:43 p.m.

HMJr: Listen, Jack.

John McCloy: Yes.

HMJr: (Laughs)

M: That was quite a party.

HMJr: Listen, why don't you train your boss the way you train me?

M: Well, I didn't get a chance to, you see, before the -- before the show. (Laughs)

HMJr: (Laughs) He -- poor Ed said, "I don't know where Stinson got this far before the meeting."

M: Yeah, I know.

HMJr: Yeah.

M: Yeah, I know. It was good.

HMJr: I didn't look at you. Give me credit.

M: Okay.

HMJr: And I didn't kid you over there.

M: No, I didn't get a chance to put that into him.

HMJr: But give me a good mark.

M: I will.

HMJr: I -- I was awfully tempted to give you the "ha ha".

M: I deliberately didn't look in your direction.

HMJr: I was scared to look at you. (Laughs)

M: (Laughs)

HMJr: It was just to have a laugh; that was all.

M: How did you -- did you -- did they do anything after we left?

229

- 2 -

HMJr: No, they're -- we're going to study the thing and

M: Yes.

HMJr: we'll most likely file a report to Stettinius on this thing.

M: Uh huh. Uh huh.

HMJr: But there was nothing said afterwards that was of any

M: Importance.

HMJr: Anything new.

M: There wasn't, huh?

HMJr: No.

M: Uh huh. No really low-down dope or anything?

HMJr: No, I -- I -- I can't -- because they said -- they tried to imply that -- that this thing -- that the protocol sort of made it go this way, you see?

M: Yes.

HMJr: Well, I said, "I can take that protocol and interpret it so that it will be 1067."

M: Yeah. Yeah.

HMJr: And these boys have taken it and interpreted it quite differently.

M: Something entirely different, which is back where they wanted it originally.

HMJr: No, I mean, as far as the protocol is concerned, there's nothing in that but what you could say 1067 does it.

M: It will do it.

HMJr: Yeah. See?

M: Oh, yes. At least with the slightest modification, you may have reparations here and there.

230

- 3 -

HMJr: But I told them that we'd prepare a document and would file it with them direct.

M: Uh huh.

HMJr: Yes.

M: Okay.

HMJr: Right.

M: Thank you very much.

HMJr: Bye.

231

March 15, 1945
5:21 p.m.

HMJr: Hello.

Operator: Mr. Coyne in Atlanta.

HMJr: Hello.

Robert Coyne: Hello, Mr. Secretary.

HMJr: Hello, Bob.

C: How are you, sir?

HMJr: Fine.

C: I have talked to Ted this morning....

HMJr: Yes.

C: and I have tried to get in touch with Mr. Woodruff, but I found that he is in New York.

HMJr: Oh.

C: So I have -- I left a message that I would be in touch with him either by phone or I would catch up with him in New York or Washington or here within the next few days.

HMJr: I see.

C: Now, you might be interested in knowing, sir, that a representative of the Georgia Bankers Association

HMJr: Yes.

C: told me this morning that if you were interested in making another Bretton Woods talk, if you could be interested in Atlanta, why, they would like very much to host such a meeting.

HMJr: I see.

C: Now, I don't know that they are a 100% friendly group. He told me that most of the bankers down here had no fixed opinion whatsoever

- 2 -

232

HMJr: Yeah.

C: and that they take more or less what Burgess tells them as gospel.

HMJr: I see.

C: So I thought you might like to turn that over in your mind, sir.

HMJr: Right.

C: And then I'll talk with Ted in the morning and we can move in on Mr. Woodruff from another angle.

HMJr: I thank you.

C: Right, sir.

HMJr: Bye.

C: Good bye.

233

March 15, 1945
5:30 p.m.

RE: PROTOCOL ON REPARATIONS

Present: Mr. Gaston
Mr. White
Mr. DuBois
Mr. Glasser
Mr. Coe
Mrs. Klotz

H.M.JR: Good afternoon. Dan Bell is not here.

If you are worried, I can give you a lift.

MR. WHITE: Excuse me.

H.M.JR: I can give you a lift if you are worried.

MR. WHITE: No, I am going to a CED meeting tonight, and I was just making arrangements.

H.M.JR: If you go to the CED meeting, you had better find out from Bell--

MR. WHITE: Dan just spoke to us and told us what you had spoken to him about.

H.M.JR: I just want to be sure that in telling what happened I gave myself full credit, I mean, this afternoon with Stettinius. I wasn't sure that Frank would do me justice.

MR. COE: It is a good precaution.

H.M.JR: I am just joking, but what I did was this-- and it is awfully hard; you boys have to protect me on this thing. From what I gather, Jimmy Dunn must have come in and shown this new directive on Germany, you see, to Stettinius, because Stettinius said, "It was the day I got back, and I was

234

- 2 -

tired." He as much as said he didn't read it. Somebody asked him whether the President read it carefully, and he didn't answer him. I was with him alone, and I told him very quietly, "I feel that this is a completely different philosophy; it is a complete change." I said, "This is Riddleberger and Leon Henderson, and I can't prove it, but it is their approach."

MR. GASTON: Where did it come from, State?

H.M.JR: Riddleberger--State, there is no question about it, because he explained it.

I said to him, "It is all very well to say you are just going to start with a complete decentralization of Germany and eventually change and reorganize the companies and run the seventeen companies from the main office."

He said, "You have to reorganize and subsequently break them up again."

I said, "You know damn well you won't do it." I unquestionably shocked him tremendously. He can't be reached for a week; he is going away.

"I had bad luck," he said. "Will you talk to Grew the way you talked to me?" I said I would, so he sent for Grew. I said, "Look, Mr. Grew, if I tell you Riddleberger, I think, is at the bottom of this, does that mean you will press a button and send for him right away?" And he said NO.

Stettinius said, "No, this would be just for Grew."

So what I want you fellows to do--and I said I would work with them--is to prepare, paragraph by paragraph, you see, have it ready for me Monday, where 1067 differs from this. What I told them was that you can take this protocol on reparations and perfectly well interpret it and get 1067, or you can take this protocol on reparations and get out of it the kind of document that Riddleberger did. So we will have our day in court, and the fact that the President signed it, I don't think it is too important.

235

- 3 -

MR. WHITE: This protocol you speak of--did you see this protocol of reparations here?

H.M.JR: Yes, and I can't caution you fellows enough to keep it strictly among yourselves. I told Stettinius Wednesday that somehow it was going to leak because they had a dozen people there, but he said to Grew, "After all, some of our boys didn't treat the Secretary very well after--"

MR. GASTON: Quebec?

H.M.JR: "...Quebec and Montreal; and this time if they don't, somebody is going to get fired."

So, anyway, Monday I want to sit down with you, I hope, and I am looking to Frank for guidance together with White if it is agreeable to White.

MR. WHITE: Quite entirely agreeable.

H.M.JR: And when you have it, I want Mr. Gaston to have a chance to study it between now and Monday, or he can get it when I see it, either way he wants. But Frank and Glasser and DuBois can get it, see? And then the other thing that I have been thinking about in view of the turn that this thing has taken, see, is, I was right, and I still haven't gotten the thing straight. Reparations is being referred to London, I think.

MR. WHITE: What is this commission that has been set up in Moscow?

H.M.JR: I don't know, I can't understand it.

MR. GASTON: The question is to whom do they report?

H.M.JR: They said you were there, but--

MR. COE: I didn't hear anything.

236

- 4 -

H.M.JR: They said that I have got to get this thing off for guidance from Winant.

MR. DuBOIS: This document, Mr. Secretary, deals with a lot more than 1067, and reparations; it goes into the fundamental policy.

H.M.JR: Well, I wish you would read it and talk it over among yourselves. I am not opposed to having DuBois go with what's-his-name to Moscow if that is the key place.

MR. WHITE: I would certainly rather see a Treasury man there in Moscow. I don't know how, but--

H.M.JR: I don't think I can get them out there any more than get somebody to the Argentine, but if Lubin wants to take him, see--Lubin asked you for somebody, didn't he?

MR. WHITE: Yes, he indirectly meant somebody. He asked me about a week ago.

MR. DuBOIS: He generally hasn't taken any recommendations.

MR. WHITE: He rarely takes recommendations, because the recommendations we make are usually good men.

MR. DuBOIS: The important thing, it seems to me, if we can get the position where you can do something, and that should be a position where you can report direct to the Treasury--

MR. WHITE: You could if you went over as his assistant.

MR. DuBOIS: Well--

H.M.JR: Don't. I am simply saying if it is going to be Lubin and the thing is going to be settled, I am willing to let DuBois go, but I am not sure that the thing will be settled in London, and I have got Taylor there. I don't need DuBois.

237

- 5 -

MR. COE: Mr. Secretary, after looking at this, Joe, Harold, and it would seem to add up that what you said to Stettinius was right, and more particularly the reparations documents which they signed at Yalta and the parts on reparations in the State Department directive look good, but everywhere else it is chiseled.

H.M.JR: I know.

MR. DuBOIS: This goes into the question of industry and everything else, this document.

H.M.JR: What?

MR. DuBOIS: This goes into the basic question of industry and everything. They whittle away at that as much as they can.

H.M.JR: I just wanted to tell you fellows now I felt, and I will get at this thing Monday, but there is no question I am tremendously shaken.

MR. WHITE: Tremendously shook. This document on reparations, as you say, can do anything. You can either do what you want, or do what they want.

H.M.JR: Did you tell about the conversation you had with Riddleberger outside?

MR. COE: No, I didn't get a chance. We started looking over the documents. Outside I talked with Riddleberger and Despres, and there was a good deal of joking as to previous Treasury positions on this subject. Despres used the phrase 'bargaining' with regard to the question of decentralization and de-industrialization, and both Riddleberger and Despres expressed the view, in opposition to McCloy, that you had to start with a strongly centralized setup in Berlin and were arguing with McCloy, who was maintaining you needed to leave all the residual powers in the zones and feel your way and gradually assign powers to Berlin as you went along.

MR. GASTON: Coordinate in Berlin.

238

- 6 -

MR. COE: Yes, instead of administered. Either Riddleberger or Despres--I forget which--used the phrase, "Anyway, we have to take an extreme position to start off this bargaining process."

MR. WHITE: I want to qualify what I just said; I didn't notice this. There is a paragraph which states the amount of reparations in paragraph two of annual delivery shall be twenty billion dollars.

H.M.JR: Look at the very last paragraph.

MR. DuBOIS: He is right.

MR. COE: Mr. Secretary, did you notice the British didn't go along on--

H.M.JR: The very last paragraph--what does it say?

MR. WHITE: It is one--oh--

H.M.JR: What?

MR. WHITE: As one of the proposals to be considered, the British--

H.M.JR: No, excuse me. The very last thing-- (Reading from "Protocol on the Talks Between the Heads of the Three Governments at the Crimean Conference on the Question of the German Reparation in kind), "The above Soviet American proposals have been passed to the Moscow Reparations Committee as one of the proposals to be considered by the Commission."

MR. WHITE: It is in the form of a proposal.

H.M.JR: Let's get this thing. I am not going to put on any pressure. You are working as Lubin's assistant, and if you want to, I am not going to make a fight for a Treasury representative if you don't want to go that way.

MR. DuBOIS: It is not a question of going personally; it is a question--

H.M.JR: I am not going to make a fight, so don't start something. This business of high-pressuring me all the time--

239

- 7 -

I can't take it all the time. I mean, my God, you fellows-- I have gone over this personally with Stettinius and had the courage to do the only thing after the President of the United States and Stettinius initialed this thing, and you fuss with me in what capacity you should go. I mean, once in a while think of what I do each day, will you please, Joe?

MR. WHITE: Joe isn't interested in--

H.M.JR: All right, it is always something special. Good heavens, I am willing to give up another person to go over there, but I mean, right away you have got to go as a Treasury representative.

MR. DuBOIS: I am only interested in one thing, and that is to have the job done right.

MR. WHITE: Nobody questions that, Joe. You have got these documents.

MR. DuBOIS: Frank has them.

MR. WHITE: Leon Henderson is going to China by Saturday. Did you know that?

H.M.JR: No. The point I want to make is this: I make a suggestion and say he can go as Lubin's assistant, but right away you want to go as a Treasury representative. I can't do it. How can I get you to go as a Treasury representative? Will you tell me?

MR. DuBOIS: The main thing--if you will let me tell you why I think there is all the difference in the world between the two--

H.M.JR: Sure.

MR. DuBOIS: I think that Lubin's representing the U. S. Government on this thing is a joke. Now, if I am going to be put in the position of being an assistant to a man who I think representing this Government on this issue is just a boy--

H.M.JR: I can't hear you.

240

- 8 -

MR. DuBOIS: He is just a boy. I think on this issue-- and I think others around here can confirm it--that Lubin is--

H.M.JR: If you will sit in that chair, I will be able to hear you.

MR. WHITE: He won't hit you, Joe.

MRS. KLOTE: He is concentrating on what he is saying.

H.M.JR: I am sorry I lost my temper, so will you please accept my apology? I am over-tired.

MR. WHITE: There is an argument on that score.

H.M.JR: Let him finish.

MR. WHITE: He is licked before he starts until we have a chance to talk it over.

H.M.JR: Let him finish. I had my day, so let him have his.

MR. DuBOIS: I think with the proper representation in Moscow the German problem can be largely solved through the Reparations Commission in Moscow. And I think that if that representation is Lubin and people under him, that that is just a farce. Lubin is not a man who can carry the ball on such an important issue.

H.M.JR: That is water over the dam.

MR. COE: Mr. Secretary, I wonder if this doesn't boil down to this: If Lubin is going to want Treasury's cooperation for this work and--

MR. WHITE: He hasn't asked for any.

MR. COE: Either he is, or he isn't. If he isn't, then you can only make some sort of half-way deal with him which might very well not be worth while.

241

- 9 -

MR. WHITE: I don't look upon it that way; I look upon it, Joe--sure, if you can get there as Treasury representative, fine, but the next best thing is, if you can go there under Lubin, you can find out what he is doing and so on, how things are going, and you can send a cable home, "Please call me home." Then you have got it first hand. You have got communication with us, and you don't have to arrange anything.

Also going back and forth there are a dozen different ways to communicate, and you can always come home, and you will have a fresh view of what is going on there, and you can also influence Lubin. Lubin is fairly easily influenced.

MR. GASTON: I think so.

MR. WHITE: And you will either change him, or you will come home. (Laughter)

H.M.JR: I think we are all tired. I think what Harry said before--it is a good time to quit.

MR. WHITE: You got it. Leon Henderson just called me and said he was going to leave for China to stabilize the Chinese prices. Put that on the record. And he wanted to know whether he could get any information from us, and I said, "Well, Leon, you know you can learn more there in half a day than we can tell you," and he said he thought that was right.

MRS. KLOTZ: He is talking and answering.

H.M.JR: Look, I asked Joe to come up here, and Joe takes the chair and moves it back.

MRS. KLOTZ: He wanted to get that chair out of the way.

H.M.JR: Why didn't you tell me about Henderson?

242

- 10 -

MR. WHITE: He just called me and said first he wouldn't dream of going there, but Nelson called him up and he has got to get there before Soong goes to San Francisco in order to advise him.

I have a letter for you to read from Mr. Adler that is very worth while reading over the week end. You didn't hand it in, did you?

MR. COE: I just told the Secretary the other day, when Hurley was here yesterday.

MR. WHITE: Telling the gist--this letter should be read.

H.M.JR: That is just enough.

MRS. KLOTZ: That is awful.

MR. GASTON: We did apparently quit some time ago.

H.M.JR: Are you all right, Joe?

MR. DuBOIS: Fine.

H.M.JR: So am I.

MR. COE: There is going to be a new head for the Central Bank of China, too.

H.M.JR: Harry, what is happening? Where is Henderson these days?

MR. WHITE: Foot-loose and fancy-free; he wants to--I don't know.

H.M.JR: All I can say is somebody did some fast work around this town on Leon. (Laughter)

MR. WHITE: I think we were about a month too late.

243 ✓

March 15, 1945

MEMORANDUM FOR THE PRESIDENTSubject: Foreign Economic
Policy Board

After discussing the establishment of the Foreign Economic Policy Board with you at noon today I again brought it to Ed Stettinius' attention.

He and I feel that the public announcement of the Board at this time may cause certain confusion within the Administration and if Mr. Crowley is going to get out in April we might better wait until that time and then in consultation with you decide the ultimate disposition of the Foreign Economic Administration.

*Wm H.
and
(E. L. J.) very reg.
10/12*

244

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.

245

- 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, 1943

ADDRESS OFFICIAL COMMUNICATIONS TO
THE SECRETARY OF STATE
WASHINGTON, D. C.



In reply refer to
FMA

DEPARTMENT OF STATE
WASHINGTON

March 10, 1943

My dear Mr. Secretary:

I have your letter of March 9 in regard to the lend-lease documents that it is proposed to present to Belgium, and enclosing a copy of a memorandum submitted by Baron Boel on the Belgian balance of payments. I have noted your concern over the possibility that the Belgian holdings of foreign exchange might increase during the period of the agreement, and the modifications that you make to prevent this occurrence. As you suggest, I would be happy to have technical representatives of our Departments discuss these proposed changes, and when this meeting is held there are also some points that this Department would like to raise in regard to the modification in the papers as originally prepared.

In connection with your concern over the possibility that the Belgian holdings of foreign exchange will increase during the period of the proposed agreement, there is one consideration that you make no reference to that I feel should be kept in mind. As you know, Belgium has been furnishing services and supplies on an extensive scale to the American Army as reciprocal aid, and available information indicates that these are substantially in excess of anything that we have furnished to Belgium as lend-lease. It is expected that Belgium will continue to supply a large amount of reciprocal aid. In view of this situation it is my feeling that the question of Belgian dollar balances has to be

approached

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



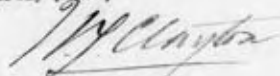
245 L
Handwritten notes in right margin:
"The Secretary of State
3/10/43"
"The Secretary of State
3/10/43"
"The Secretary of State
3/10/43"

217

-2-

approached in a somewhat different way than would be the case were Belgium not furnishing such extensive reciprocal aid. This is a question that can be discussed in more detail at the meeting of the technical representatives of our two Departments.

Sincerely yours,



William L. Clayton
Assistant Secretary

248

MAR 15 1945

Dear Mr. Agronsky:

Your broadcast on Bretton Woods last Wednesday evening was a splendid presentation of the fundamental importance of the legislation now before Congress. It was a distinct pleasure to hear it and I am sure that your radio audience now realizes that the Bretton Woods proposals mean a great deal to them.

I enjoyed meeting you at our little luncheon get together last week, and look forward to seeing you again in the near future.

Sincerely yours,

(Signed) H. Morgenthau, Jr.
Secretary of the Treasury

Mr. Martin Agronsky
Blue Network
National Broadcasting Company
Washington, D. C.

ENF:vw 3/15/45

12"

MAR 15 1945

Dear Drew:

Thank you very much for calling to the attention of your radio listeners the fact that the Independent Bankers Association has reported favorably on the Bretton Woods proposals.

I think it is extremely important that the American people realize that not all bankers are opposed to the legislation now before Congress.

Sincerely yours,

(Signed) Henry Morgenthau, Jr.

Secretary of the Treasury

Mr. Drew Pearson
Blue Network
National Broadcasting Company
Washington, D. C.

HMF:vw 3/15/45

Mr. Ted Gamble

The Secretary

Mrs. Claude Pepper, the wife of the Senator, has told me twice now that she would like to do some speaking or broadcasting during the 7th War Loan. If you can't think of anything else, I'd let her make a record which could be used in Florida. I needn't point out to you the importance of her husband.

Will make her on Kate Smith's show -

3/15/45

251

MAR 16 1945

Dear Mr. Brown:

I enjoyed very much your broadcast of March 9, in which you made such a clear and convincing exposition of the close relationship between economic warfare and armed conflict.

As you know, my own feeling about this matter is much the same as yours, and I believe that you have done a distinct public service in presenting this point of view to your radio audience so effectively.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Mr. Cecil Brown
News Room
Mutual Broadcasting System
1440 Broadway
New York, N. Y.

RB:ec 3/12/45

252

3/15/45

Harry White

Secretary Morgenthau

I understand Miss Mabel Newoomer is in town talking on Dumbarton Oaks. I think you can locate her at the Women's University Club. I repeat that Mabel Newoomer ought to be spending all of her free time assisting us in selling Bretton Woods, and I think you are overlooking a wonderful bet in not using her. Please do so.

Dane

253

MAR 15 1945

My dear Mr. Shafer:

I have read with great interest the article by Junius B. Wood which you inserted in the Congressional Record for February 27. It seems to me that Mr. Wood has presented the British problem very well and that the article should be of real value to all those who are concerned with the economic problems which will confront us after the war.

I am deeply troubled by Mr. Wood's conclusion that the future policy of the United States should not be formulated until Great Britain has determined whether it will adopt a policy of bilateralism, import and export controls, and other devices which restrict the growth of world trade. I believe that Mr. Wood has overlooked two extremely important factors.

The first of these is that the responsibility for establishing proper trade policies is a joint one of all United Nations. We should do everything we can to influence the adoption by Great Britain of trade policies that will not have adverse effects on our trade. The pattern which will be set in the immediate future is likely to govern international economic relations for a long time to come, and I am convinced that we must do all we can to see that this pattern is shaped to meet the needs of our own economy.

The second point which Mr. Wood has overlooked is very closely related to the first. It is the effect which the adoption by Britain of a policy of bilateralism and trade restriction would have on our own exports. During the 1930s, when bilateralism was coming into its own, it was the United States that suffered most from the resulting decline in world trade. This loss of trade was caused not by United States policies of restriction but, on the contrary, by policies adopted by other countries, including Great Britain.

254

- 2 -

What both Britain and the United States need after the war is an expansion and balanced growth of world trade. This can only be obtained by multilateral agreement to abandon restrictive policies. The Bretton Woods proposals do exactly that in the monetary and investment fields and, in view of this fact, I thought you would want to give further consideration to the conclusion Mr. Wood reaches in his article.

If you wish, I will be glad to arrange for a member of my staff to make an appointment with you to discuss these problems at greater length.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Honorable Paul W. Shafer

House of Representatives

RE:ec3/2/45

Return to 2026

Regraded Unclassified

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD

INTER-OFFICE COMMUNICATION

DATE March 15, 1945

TO Secretary Morgenthau
FROM Miss Hodel

There is attached for your information a copy of the reply which the War Department has received to the cable Mr. McCloy sent on March 8 to General Eisenhower.

Howe Hodel

SECRET

258

PARAPHRASE

INCOMING

WAR DEPARTMENT MESSAGE

FROM: Headquarters, Communications Zone, European Theater of Operations, U S Army, Paris, France
TO: War Department
Supreme Headquarters, Allied Expeditionary Forces, Main, Versailles, France
NUMBER: EX 19500
DATE: 11 March 1945

This is EX 19500 from HQS COMZONE APO 887 signed Eisenhower action to AGWAR information to SHAEF Main.

Subject is provision of food parcels for inmates of concentration camps in Germany through War Refugee Board operations.

Your WAR 49234 of 8 March 1945 is referred to. Consultation with McClelland will be made and information as to what facilities can be made available will be forwarded.

ACTION: OAS/W

INFORMATION: ASF, OPD, G-2 (War Refugee Bd), CUS/W, C of S
CM-IN-12549 (12 Mar 45)

258 ✓

March 15, 1945.

McCloy called me up this morning in great excitement and came over to see me. He had gotten a copy of the document on reparations which was agreed to at Yalta, which he feels is terrible, and then another document which he had gotten somehow on the sly which has been prepared in the State Department and agreed to, according to Stettinius, by the President yesterday. This is a substitute for 1087, and, according to McCloy, sets up complete authority for central control of Germany very much along the lines that I understand Henderson wants. One of the reasons McCloy was so excited was that, according to McCloy, Stettinius told the President that the War Department had seen this and agreed to it, which was untrue, and evidently, according to McCloy, this was the impression that Stettinius had. Well, nobody in the War Department had seen it and McCloy feels it's up to Stettinius to tell this to the President. He said Stettinius had not yet done so.

It is quite evident that he wanted me to go to this meeting at 2:45 with Stettinius and raise hell. Well, I am not going to do it and I told him that, two or three times; it's up to Stimson to take the lead on this thing.

He evidently wants the thing kept a secret and he told me about it and the only person who knows about it is White, because White was here and McCloy cautioned White not to talk about it, and I cautioned White not to talk about it.

We will see what happens.

TREASURY DEPARTMENT

260 ✓

INTER OFFICE COMMUNICATION

DATE March 15, 1945

TO Secretary Morgenthau (for information)
FROM Mr. Cee F.C.

Here are some excerpts from London of press comment on the Crimean Conference. A good deal of stress is laid on the fact that the Conference communique said Germany's war-making industries were to be "eliminated or controlled". The little word "or" makes a great difference as to what is actually done, the British rightly believe.

262

261

COPY

March 1, 1945.

MEMORANDUM

Re: British Press reaction to the Crimea Conference.

The observed reaction in the British press to the Crimea Conference up to the time of the Debates in Parliament with respect to the Conference was almost overwhelmingly favorable. British newspapers of all political persuasions including those with such diverse views as The Times, The Manchester Guardian, The Daily Herald and The Daily Mail all commented extensively and at great length on the statement which emanated from the Conference and all found it to be, on the whole, excellent. Favorable comment also appeared in The Economist, The Sunday Times, The Observer, The New Statesman and Nation, The Financial News and in The Daily Express.

It should be noted however that some of the favorable comment seems to be predicated on the feeling that implicit in the decisions reached was repudiation of certain aspects of the "Morgenthau Plan". Thus, for example, The New Statesman and Nation does not feel that the decisions will call for the "deindustrialization of Germany". Similarly The Times and The Observer have run editorials which might be interpreted as being based on the assumption that complete deindustrialization will not come to pass.

One aspect of the Conference which received almost unanimous praise was the will to unity among the Three Powers which the terms of the statement demonstrated. This was particularly noted in The Observer, The New Statesman and Nation and in The Statist.

Only two observed comments could be termed generally critical. One appeared in the Statist whose criticism was caustic and pointedly anti-Russian. The other appeared over the signature of Douglas Reed in The Sunday Graphic and was a rather inarticulate protest whose main point seemed to be directed at Russia and which termed as "slavery" the idea of German "labor and machinery" being used to repair devastation.

There were, however, certain criticisms voiced in publications which were on the whole favorably inclined toward the results of the Conference. Thus, for example, in regard to Germany, The Economist, The Observer and The New Statesman and Nation found portions of the statement ambiguous in the sense that they could be interpreted, for example, as meaning that German industry would be destroyed or on the one hand or that German industry would be controlled on the other. The Financial News went somewhat beyond this and voiced the fear that the ambiguity might be resolved in terms of control rather than destruction and indicated that this would be undesirable. In particular the point was struck that "reparations in kind" might, although not necessarily, indicate a looking toward the rehabilitation of German industry in order to enable it to produce the requisite goods.

The settlement of the Polish issue aroused the violent resentment of The Daily Mail and The Statist and more moderate criticism in The Daily Herald. On the other hand and perhaps more significantly The Times and The Manchester Guardian, together with the Reynolds News approved the conclusions reached with respect to Poland found them both sensible and reasonable.

There is attached hereto as an appendix a group of excerpts of certain British journalistic commentary on the Conference. These excerpts are not intended to be representative but rather to illustrate various points of view expressed.

(Sgd.) H.H.T.

Mr. W. Robinson

U.S. Treasury Representative.

(Sgd.) H.H.T.

Mr. W. Robinson

U.S. Treasury Representative.

253

COPY

The Observer, February 18, 1945

"The fervent applause which immediately greeted the Yalta communiqué - partly due, no doubt, to the excitement of getting so full and frank an account and not a mere formal statement - has quickly given way to a more sober appreciation . . . The Conference, though it has not built a new heaven and a new earth, has at any rate averted two great disasters: on the one hand, a premature break-up of the Great Alliance; on the other, a complete capitulation to the views of the conventionally strongest partner, which would have made future clashes all the more certain. There has been give and take; and there has been an almost passionate 'agreement to agree'." . . .

The editorial stresses the vagueness of the statement on Germany:

"Let us look first at the plans for Germany. They show a curious vagueness masked by very firm language. The fundamental question whether Germany will, under the Allied Control Commission, be governed and administered by Germany or not is left open. All German industries that could be used for military production are to be 'eliminated or controlled' - behind the non-committal 'or' is a question of profound economic consequences, almost of life or death, for millions of Germans. The duration of occupation, the methods of reparation, the extent of territorial annexations are all left to the future. In fact, nothing is definitely fixed beyond the two non-controversial demands (already stated in the Atlantic Charter) - destruction of Nazism and the disarmament of Germany.

"This caution is natural and prudent. For such must clearly depend on the character of the political forces which defeat will release in Germany - on their willingness to make the destruction of Nazism and militarism their own business and to contribute honestly towards world reconstruction. On the other hand, the communiqué as it stands gives no guarantee that full Allied agreement on the treatment of defeated Germany has yet been reached."

"Although the statement on Germany leaves most questions unanswered, a wide measure of agreement on policy towards Germany has been reached. It is, for instance, regarded as certain that post-war Germany will not be allowed to retain the two great industrial areas, the Rhineland and Upper Silesia.

"The Rhineland will apparently be a separate State, nominally independent but subject to joint control by the Western Allies. The separation of the Rhineland from Germany will probably be radical. Economic ties between the West and the Rhineland will probably be severed as drastically as possible; and special measures will be taken to prevent attempts to link them again . . . Unlike the Rhineland, Upper Silesia will not be a separate State. Together with East Prussia, it will be incorporated in Poland. . . . A wide measure of agreement also seems to have been reached on the payment of reparations by Germany. Broadly speaking, the emphasis will be less on dismantling and transferring German plant and labour to Russia than on making German industry pay the reparation bill in goods. Russia's first claim on reparations has been recognized, and it is understood that the industries

254

- 2 -

of western as well as eastern Germany will work for Russia's needs. A strict and relatively short time limit has, however, been set to the working of this arrangement. After the lapse of the fixed period no reparations will be exacted from Germany. This, it is hoped, will help to avoid a repetition of the protracted bargaining over reparations which resulted from the Versailles settlement."

The Statist, February 16, 1945.

The Statist introduces the Grimes statement "as firm an assertion of Allied unity as anybody could wish" and then proceeds to a bitter denouncement of the "implications of the statement". The most acid comments are against the decision on Poland. The article states:

"The desire then was to protect Poland; as a small and independent nation, from being dismembered by an aggressive larger Power . . . But even the Grimes Conference comes a plan which, while it does not permit Poland to be carved up by Germany, does carve her up for the benefit of Russia. . . . It is a sorry end to the five and a half years of war which Britain and the Poles have endured together. . . . Morally, both Britain and Poland have been betrayed by the hazards of war into a grave departure from the pledge which Britain gave in 1919, and vainly tried for a while to honour, while Russia, forced into war by Germany's treacherous attack, emerges the richer by that betrayal."

For the proposed San Francisco Conference to prepare a Charter for an organization to maintain peace and security the Statist has only scorn. After questioning the solidity of the foundations laid at Dumbarton Oaks, the Statist states that:

"Dumbarton Oaks and Bretton Woods both produced paper schemes to which assent in the democracies was far from general. Neither has been submitted to the judgment of the British electorate, nor is there any indication of any kind that the Charter to be drawn at San Francisco will command the approval and ratification of either the British House of Commons or of any other free legislative body. . . . A League of Nations on a brand new plan, as devised by a madley of representatives nominated by nobody knows whom, who foregathered nobody quite knows how or why, in the hotels of Dumbarton Oaks, is to be equipped with a Charter and imposed upon the world. Before this sweeping proposal the attempt of Napoleon and Hitler to impose upon one Continent a United States of Europe pales to insignificance."

265

- 3 -

The Statist feels that the decision for the zoning of Germany provides an assurance that "the Reich is to be maintained as a single political-economic bloc and that there will not, by Germany's dismemberment, be a creation of new potential Soviets. That, in view of the rapid development of Russian power, will itself be a stabilizing factor in the new Europe." The Statist, however, already finds the seeds for disunity among the Allies in the decision for the zoning of Germany. The article states:

"Much care will have to be taken, by safeguards yet to be devised, that national interests do not even seem to be threatened by the economic unworkability of the areas controlled. There has already been such suspicion about 'spheres of influence' outside the Reich that more darkling suspicion may be anticipated about the national advantages which these internal spheres will seem to provide. It will be when these areas are zoned and allotted that the test of Allied unity will come - not now, immediately after the Crimea Conference, in this phase of generalizations."

In the statement for the proposed treatment of divided Germany, the article finds "much yet to be gained".

"After the destruction of all German military equipment it is the intention to 'eliminate or control all German industry that could be used for military production.' In our times, surely, this means all German industry, for it is difficult to conceive a plant or an enterprise - a set of premises that could not be so used. How is the elimination to be achieved? By whom, and for whom, and with what effect upon the interplay of international trade, is the control of that portion not eliminated to be conducted? The statement says that 'it is not our purpose to destroy the people of Germany' - but you take my life when you do take the means whereby I live! What is to be the position of the displaced workers of the eliminated industries, and of those thrust out of use by the control? Are they to be kept on the bounty of the victors? If so, it will be a strange fruit from deserved defeat. Or are they to be forcibly migrated in herds to Russia or elsewhere? If so, it will be an odd example of the freedom and liberation which the victory of the demoralized was to bring to the world. Similarly, what may be called the reparation clause in the Crimea announcement leaves much about which speculation must swirl unsatisfied. The location of the Commission at Moscow is an assurance that it will not err on the side of under-assessment, but when it has deliberated as to the extent and methods for compensating damage caused to the Allied countries, what is to be the force of its findings? Is its role to be merely advisory? To whom, or to what body, or bodies, will it report? Will its recommendations come before the legislatures of the various countries for ratification, or

266

- 4 -

will they have all the force of fiat? Will those countries which are to be compensated have any say as to what compensation in kind they can take without injuring their own economy? What is meant by the phrase 'the greatest extent possible'? Does it mean possible to Germany, or possible to the absorptive capacities of the recipients? 'A Commission will be established' - but how composed, with members by whom nominated, and on what basis? The clause as it reads is, indeed, so wide as to be almost meaningless, except as an assurance that some reparation there will be."

The Economist, February 17, 1946.

The Economist finds the Crimea Conference "a simple endorsement or logical development of the policy of Teheran". The only exception is "the assumption of joint responsibility for liberated Europe, which opens a door to far more genuine and fruitful collaboration than any achieved so far." The Economist states in summary that:

"The actual list of terms to be imposed - after unconditional surrender - upon Germany is in parts so ambiguous that it is difficult to say whether the peace proposed is hard or soft or even whether the Allies have postponed or taken firm decisions The Declaration states that the Allies will 'eliminate or control all German industry that could be used for military production.' Interpreted harshly, this could mean the total destruction of German heavy industry; leniently understood, it could mean a measure of Allied supervision - admittedly difficult - over a functioning German industrial system. The Declaration further establishes a Reparations Commission in Moscow and demands that 'Germany be obliged to make compensation for the damage in kind to the greatest extent possible'. Everything turns here on the two phrases 'in kind' and 'the greatest extent possible'. Does 'in kind' include forced labour, and the dismantling of existing German factories, or alternatively, the export from Germany of reconstruction goods made by German workers at home? Does 'the greatest extent possible' mean simply physical limits - the amount of industrial equipment and food-stuffs that can be taken and the transport available to carry them - or does it include some conception of a minimum standard of life for the Germans? And, since it cannot be a policy of indefinite duration, what time limit is envisaged?"

257

The Sunday Times, February 18, 1945.

An editorial in the Sunday Times points out that "it was inevitable - and perhaps desirable - that policy and programme covering such a vast area should be expounded in general terms," and states that "it is enough to know that in its broad aims and purposes, and in the chief means proposed for their realization, the report has been given warm approval in every Allied country". The editorial in commenting on plans for Germany points out that "in one important respect we have learned from experience after the last war. The attempt then made to exact from Germany large reparations calculated in terms of money soon ended in humiliation for the victors. It was an economic and political fiasco. This time reparations are to be paid in kind. In what kind? If it is to be in raw materials, foodstuffs and manufactured goods the extent to which a country such as ours can accept the tribute will not be large. After the last war we soon found that imports from Germany were not wanted; and the Dominions and Colonies would certainly disapprove any plan of reparations that deprived them of a market here. We hope this question has been carefully considered by the Government. It is dangerous."

258

The Financial News, February 22, 1945.

An editorial entitled, "Reparations or Disarmament" in the Financial News states that the decision to require reparations in kind from Germany have resulted in the entertaining of fears "that the Allied statesmen have abandoned the idea of Germany's total economic disarmament." The editorial continues as follows:

"It is argued that if they intended to enforce a thorough-going industrial disarmament, on the lines suggested by Mr. Morgenthau (who would like to have Germany converted into an agricultural country), that would inevitably prevent her from making any substantial deliveries in kind for reparations payment. The fact that the Allied declaration laid stress on deliveries in kind may, therefore (it is suggested), imply that Germany is to be left in possession of a large part of her industrial capacity."

After stating that one of the major mistakes of the Treaty of Versailles was "that while it provided for the removal of the bulk of Germany's war materials, it left her in a position to reconstruct her armed power, because her industrial capacity remained unimpaired." The editorial makes the following conclusion:

"If the Allies wish to be really on the safe side, Germany must be deprived of physical possession of her arms industries. in the broadest possible sense. Any solution short of that would only be regarded as partial disarmament. Fortunately, the Crimea declaration is a statement of intentions rather than of precise commitments, and, in any case, the view that the Allies have 'softened' their peace terms is not one which is borne out by the tone of the rest of the document."

269

The New Statesman and Nation, February 17, 1945.

"To the Big Three it may well have seemed that the need to 'soften' Germany by assurances had lapsed. There is, indeed, an affirmation in general terms that 'it is not our purpose to destroy the people of Germany'; but the terms which the Allies have agreed to impose will not be disclosed until final victory has been secured. All that the world is now told is that all German armed forces will be disbanded, that all war criminals will be punished and the Nazi regime extirpated, that reparations - assessed by a Commission in Moscow - will be exacted in kind, and that (apart from 'other measures ... necessary to the future peace and safety of the world') all German industry capable of use for military production will be eliminated or controlled. Dr. Goebbels, of course, declares that this means de-industrialisation of Germany on Morgenthau lines. But it may (more reasonably) mean that, if only in order to provide reparations in kind over a long period, Germany must retain enough industrial equipment to provide employment for most of her factory workers. To these questions there is no answer."

270

The Times, February 15, 1945

"Friend and foe have alike recognized the cardinal significance of the Crimea conference. Its far-reaching decisions, achieved with exemplary rapidity, have dissipated at a stroke the last fears on the one side, and the last hopes on the other, that deep-seated rifts of opinion would embarrass the principal United Nations in the hour of victory and perhaps even postpone victory itself.

"The central fact disclosed by careful study of the Crimea declaration is the magnitude of the commitment which the three signatory Powers have jointly undertaken and the degree of unity between them which it presupposes. They have undertaken not only to destroy all Nazi institutions and German military power, but to 'eliminate or control all German industry that could be used for military production.' It can hardly be doubted that total elimination would be impracticable, as well as inconsistent with the declaration and that it is 'not our purpose to destroy the people of Germany'; and this undertaking therefore already implies the prolongation for an indefinite period of a joint responsibility for control which cannot be discharged without an active policy common to the three Powers and maintained by constant consultation between them....."

"The brusque protest issued by the Polish Government in London re-enacts the tragedy familiar throughout history of those who can bear neither to learn nor to forget. It will affect neither the course of events nor the judgment of impartial observers. The two main decisions of the conference relating to Poland are firmly rooted both in common sense and in equity...."

271

The Sunday Graphic, February 15, 1945

"How do the Crimean decisions compare with the decisions of twenty-seven years ago? The doom of Poland (and of several other countries not even mentioned) seems clearly implicit in them. ...

"Last time Germany undertook to pay enormous sums annually until 1989. Payments ceased in 1932 and foreign loans (on which Germany defaulted) probably exceeded the tittle that was paid. The thing was a farce.

"This time, to preclude such evasion, reparations are to be paid 'in kind'; that is, by the supply of 'labour and machinery to repair devastation.'

"That means reparations not only in kind, but in mankind. The export of human beings belongs to Asia or darkest Africa; Europe never countenanced it since it began to call itself 'civilised'.....

"The Germans would not object. They would willingly go to Coventry or Rotterdam. They would be well treated, would hardly spread the news that 'Germany hasn't had a fair deal' - and would go home with much valuable military information in little note books...."

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE March 15, 1945

TO Secretary Morgenthau (For information)

FROM Mr. Coo F.O.

Subject: Greek Inflation Continues

The Greek inflation continues, with money in circulation, prices and wages rising rapidly and the premium on gold also rising. Between January 15 and February 11 the amount of new drachmas in the hands of the public rose from 2.4 to 5 billion. The government is spending 75 million drachmas daily and receiving only 2 million.

The British Treasury's confidence is so low that they have been thinking of withdrawing the BMA currency, for fear it will be ruined along with the drachmas.

The monetary situation parallels economic deterioration.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE March 15, 1945

TO Secretary Morgenthau

FROM Randolph Feltus

Subject: Action of the past day or so in connection with Bretton Woods

1. Robert Boothby, British M. P., has caused considerable stir by virtue of his letter to the Times and other activity. He was scheduled to appear on the People's Platform (CBS) this Saturday. I protested through a friend at CBS that this would open irrelevant, but dangerous, issues. He has been removed from the program. Time magazine is on his trail. They called me and I left the thought with them that he is being used by the ABA to cloud the real issue. Time will probably follow that line in their treatment of him. Meanwhile, White has cabled London for information on Boothby's connections there. If he persists, we can have him blasted by a Senator.

2. We have prepared the first of two articles for the bulletin of the Women's Division of the Democratic National Committee. Senator Wagner yesterday agreed to sign the article and it has gone to press.

3. We prepared an article, which Representative Spence has signed, for the foreign language press. It will be circulated through the Overseas Press Bureau to foreign language papers in this country — translated into 28 languages.

4. We have in preparation a 12-1/2 minute transcription to be released by the businessmen's group or some other respectable sponsor. It will be a dramatization of the theme and will have a professional cast, including one big-name star, probably Freddie March.

(This is all I can get on one page)

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

March 15, 1945

TO Secretary Morgenthau (For Information)
FROM Mr. Gee FC

Mendes-France, the French Minister of National Economy, submitted to deGaulle, a report which advocates extensive nationalization of French industry, and, in particular, nationalization of deposit banks. A French economy divided into three sectors is visualized: (1) nationalized industry; (2) controlled but not nationalized industry, including non-basic big industries and wholesale trade; (3) a free sector including agriculture, retail trade, and craftsmanship industries.

The report takes the position that France's financial problem can be solved only if the State becomes the sole master of the money market. The record of the banks in acting contrary to national interest is cited. Mendes-France has thus flatly challenged Fleven and the Ministry of Finance on banking policy. DeGaulle is said to have rejected the recommendations of Mendes-France.

In taking this position, Mendes-France, who is a Radical Socialist and personally on the conservative side, is making himself a spokesman for the economic program of the Resistance movement.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

March 15, 1945

TO Secretary Morgenthau
FROM Mr. Shaeffer EP

The State Department does not plan to issue a joint statement on the Italian Mission to this country. On the contrary it expects the Mission to issue a statement upon its return to Italy. In the meantime Mr. Byington of the State Department is answering queries concerning the group.



OFFICE OF
COMMISSIONER OF INTERNAL REVENUE
ADDRESS REPLY TO
COMMISSIONER OF INTERNAL REVENUE
AND REFER TO

TREASURY DEPARTMENT
WASHINGTON

March 15, 1945.

MEMORANDUM for
The Secretary.

In response to your request of yesterday, I have asked the Collectors of Internal Revenue to give me a telegraphic report indicating the publicity coverage they have been able to secure during the current filing period. Reports have been received this morning from practically all of the Collectors and they are transmitted herewith for your information. You will note that we have secured splendid results.

I am also enclosing a booklet which contains (1) a memorandum addressed to me by Mr. Irving Perlman, Public Relations Officer of the Bureau, outlining the scope of the Bureau's publicity program, and (2) a copy of the data released to the press, as well as data furnished to the Collectors for use by them in their radio program and radio contacts.

I believe our efforts to secure publicity during the 1945 filing period exceed those of previous years and I also feel that the results achieved are gratifying.

Encls.

Joseph A. Sullivan
Commissioner.



*Reference to the above is
made to Mr. O'Connell*

COPY

FEDERAL RESERVE BANK OF NEW YORK

MEMORANDUM

Foreign Prop. Control Department
Compliance Division

March 15, 1945.

RECAPITULATION OF CURRENCY DEPOSITS MADE BY
HENRY LUSTIG AND HIS INTERESTS

Reporting Banks:

Total Deposits made Between
March 1, and March 13, 1945

Chemical Bank & Trust Co.	\$ 166,000.
Chase National Bank	115,000
Manufacturers Trust Co.	205,500
Guaranty Trust Co.	25,000
	<u>\$ 511,500</u>

* All in denominations of \$500 and \$1000 bills

Deposited in Account of -- Henry Lustig

(Refer to separate reports for specific amounts) Henry Lustig Co. Inc.
Restaurants & Patisseries Longchamps Inc.
Broadway & Forty-First Street Corp.
(All of the same address-405-10 E. 19th St., N.Y.)

Safe Deposit Facilities -- None maintained at the above banks

Comments -- The reporting banks consider the above mentioned deposits minimal and have no inkling whatsoever of the underlying purpose. Our examination has not uncovered any clue which might lead us to believe that it is a matter of interest to Foreign Funds. A considerable part of the serial numbers on the bills have been checked to the Caveat List with negative results. The flaxoline contains no material on the names reported. It is quite possible that additional reports may be received of further deposits. One point of interest learned from Manufacturers Trust Company was that Lustig has since drawn three checks against his account there; two for \$30,000 each, one to the order of himself and another to the order of Longchamps Farms, both deposited in the Lawyers Trust Company, 11th St. Branch. The other check for \$40,000 drawn to his order was deposited in the Miami Beach First National Bank, Miami, Florida.

Information obtained from the Manufacturers Trust Company disclosed that Henry Lustig is the dominant principal of the aforementioned concerns. He is 47 years of age, of substantial means, and has been engaged in produce line for many years. He married the sister of the late Arnold Rothstein, notorious gambler and racketeer but stated that he never had any relations with the latter. Lustig is known as a gambler and no secret is made of it. He is known to have a racing stable. His moral risk is not the best but little criticism is attached to this.

278

- 2 -

Restaurant & Patisseries Longchamps Inc.

This is a New York corporation formed in 1926. At the outset it functioned as a commissary and service organization for four restaurants operated by Longchamps Inc. but in 1933 it took over the operations of the restaurants and since 1935 has expanded considerably. It is the sole, direct, wholly owned subsidiary of Henry Lustig Co. Inc. It owns and operates a well known chain of nine restaurants. While no direct figures concerning this corporation were available agency information indicates that in December of 1940 it reflected current total assets of \$872,000, current liabilities \$330,000 and a net worth of \$900,000. A consolidated statement of the parent company, Henry Lustig Co. Inc., as of December 31, 1940, showed current assets of \$935,000, current liabilities of \$352,000 and a net worth of \$1,069,000. Loans are made to it against collateral consisting of various types of liquor. The officers of the company are:

Henry Lustig - President and Treasurer
 Hal G. Lustig - Secretary
 E. Allan Lustig - Vice President.

Henry Lustig is 100% owner of Henry Lustig Co. Inc. The Lustig family also operates the Broadway & Forty-First Street Corp.

JAS:mc:dgk
 3/15/45

279

MEMORANDUM

March 15, 1945.

CURRENCY DEPOSITS - CONFIDENTIAL CIRCULAR NO. 155 (IC-64)

Reporting Bank -- Chemical Bank & Trust Company, N.Y.

Deposited in Account of -- Henry Lustig Co. Inc.

<u>Date of Deposit</u>	<u>Total Amount</u>	<u>Denominations</u>	
		<u>\$1,000</u>	<u>\$500</u>
3/13/45	\$ 24,000	-	48

280

MEMORANDUM

March 15, 1945.

CURRENCY DEPOSIT - CONFIDENTIAL CIRCULAR NO. 155 (IC-64)Reporting Bank - Chemical Bank & Trust Company, N.Y.Deposited in Account of - Restaurants & Patisseries Longchamps Inc.

<u>Date of Deposit</u>	<u>Total Amount</u>	<u>Denominations</u>	
		<u>\$1,000</u>	<u>\$500</u>
3/9/45	\$ 34,000	29	10

281

MEMORANDUM

March 15, 1945.

CURRENCY DEPOSIT - CONFIDENTIAL CIRCULAR NO. 155 (IC-64)Reporting Bank - Chemical Bank & Trust Company, N.Y.Deposited in Account of - Henry Lustig

<u>Date of Deposit</u>	<u>Total Amount</u>	<u>Denominations</u>	
		<u>\$1,000</u>	<u>\$500</u>
3/5/45	\$ 108,000	96	24

282

MEMORANDUM

March 15, 1945.

CURRENCY DEPOSITS - CONFIDENTIAL CIRCULAR NO. 155 (10-64)Reporting Bank - Chase National Bank of the City of New York, N.Y.Deposited in Account of -- Restaurants & Patisseries Longchamps Inc.

<u>Date of Deposit</u>	<u>Total Amount</u>	<u>Denominations</u>	
		<u>\$1000</u>	<u>\$500</u>
3/5/45	\$ 40,000	40	-
3/13/45	35,000	35	
	\$ 75,000	75	

283

MEMORANDUM

March 15, 1945.

CURRENCY DEPOSITS - CONFIDENTIAL CIRCULAR NO. 155 (10-64)Reporting Bank - Chase National Bank of the City of New York, N.Y.Deposited in Account of -- Broadway and Forty-First Street Corp.

<u>Date of Deposit</u>	<u>Total Amount</u>	<u>Denominations</u>	
		<u>\$1,000</u>	<u>\$500</u>
3/9/45	\$ 35,000	25	20

284

MEMORANDUM

March 15, 1945.

CURRENCY DEPOSITS - CONFIDENTIAL CIRCULAR NO. 155 (10-6d)Reporting Bank - Chase National Bank of the City of New York, N.Y.Deposited in Account of -- Henry Lustig Co. Inc.

<u>Date of Deposit</u>	<u>Total Amount</u>	<u>Denominations</u>	
		<u>\$1,000</u>	<u>\$500</u>
3/9/45	\$ 35,000	34	2

285

MEMORANDUM

March 15, 1945.

CURRENCY DEPOSITS - CONFIDENTIAL CIRCULAR NO. 155 (10-6d)Reporting Bank - Manufacturers Trust Company, N.Y.Deposited in Account of -- Henry Lustig

<u>Date of Deposit</u>	<u>Total Amount</u>	<u>Denominations</u>	
		<u>\$1,000</u>	<u>\$500</u>
3/3/45	\$ 88,500	80	17
3/5/45	77,000	61	32
3/9/45	40,000	37	6
	<u>\$205,500</u>	<u>178</u>	<u>55</u>

286

MEMORANDUM

March 15, 1945.

CURRENCY DEPOSITS - CONFIDENTIAL CIRCULAR NO. 155 (10-64)Reporting Bank -- Guaranty Trust Company of New YorkDeposited in Account of -- Henry Lustig

<u>Date of Deposit</u>	<u>Total Amount</u>	<u>Denominations</u>	
		<u>\$1,000</u>	<u>\$500</u>
3/12/45	\$ 25,000	15	20



TREASURY DEPARTMENT

WASHINGTON 25



March 15, 1945

To: Secretary Morgenthau

From: J. W. Pehle

The following is a summary of significant developments in the Surplus Property and Procurement offices for the week ending March 3, 1945:

Surplus Property:

Total disposals for the month of February amounted to \$12,916,466, with net acquisitions totaling \$16,579,159, reported cost. Inventory balances as of February 28 amounted to \$81,303,464, reported cost.

A meeting of Regional Directors and Regional Surplus Property Deputy Directors is scheduled in Washington for the period April 8 - 12. It is hoped that, as a result of this conference, procedures will be clarified and uniformity will be promoted throughout the Regions.

Much consideration is being given to the problem of whether surplus property should be sold to exporters. At the present time no one Government agency is exercising complete authority in the formulation of policies concerning sales for export. This has left to our determination the question of whether we should sell for export purposes commodities known to be in short supply in this country. This is not satisfactory as we have no means of policing resales to exporters of commodities purchased from us. Therefore, it has been decided to ask the Surplus Property Board to take the lead in securing the designation of one Government agency to formulate and enforce policies in this field.

- 2 -

Drawing paper of various types is being declared in large quantities and the preparation of an appropriate sales program is underway. Sales programs are also being prepared for 115,000,000 asbestos filter discs and \$432,096 worth of periscopes which have been declared as surplus.

We have requested twenty-four tire manufacturers to extend existing contracts for the purchase and distribution of repairable Army and Navy tires, in view of a change in the Army specifications as to what constitutes a repairable tire. It is not unlikely that some of our contractors will refuse to handle further of these tires for the time being.

The Army has withdrawn all wearing apparel, shoes, blankets and comforters heretofore declared surplus. We have transferred to the Army \$30,000 worth of porcelain enamelware for kitchen use.

A spot sale of construction equipment was held at Midvale, Utah by the Denver office. This sale proved very successful and six large spot sales of similar equipment are scheduled for March.

We are continuing to work with the Surplus Property Board and the other disposal agencies on problems relating to priorities and preferences under the Surplus Property Act.

A forthcoming issue of Life Magazine will feature a series of pictures on Surplus Property. Many of these pictures relate to our Washington Regional Office.

An agreement has been reached with the War Department whereby warehouse centers throughout the country, aggregating approximately 3,500,000 square feet, will be used by the Procurement Division to store War Department surpluses pending disposal.

- 3 -

Arrangements were concluded for an automotive parts school to be conducted at the Ordnance Depot, Cressona, Pennsylvania beginning March 18, by the Procurement Division with the aid of the War Department and instructors from private industry. Two inspectors from each regional office will attend and, after completion, will act as supervisor-inspectors in the regional offices.

Procurement:

Purchases for the week amounted to \$16,560,025.22, including \$16,100,000 for Lend-Lease (schedule attached) and \$460,025.22 for regular purchases.

Lend-Lease carloadings for the week totaled 3,277 cars.

Unusual requisitions for the week included \$28,500 worth of horseshoe nails for the Belgium Government; 2,350 farm trailers for civilian relief by UNRRA in liberated areas; \$4,820,000 worth of railway steel wheels and tires for France; 1,000 vials of sodium penicillin for Belgium; 812,000 pounds of fruit wrapping paper for Australia; and 44,800 pounds of artificial bates, a chemical used in conditioning leather. The latter product is produced only in the United States and the French urgently need this amount to alleviate the critical shoe shortage in North Africa.

Unusual purchases for the week included 22,000,000 pounds of book paper and newsprint, urgently needed in France for the coming election, and 16 military bridges for Continental France. These bridges are the same type as those used for military operations and will be used to replace bridges destroyed by Allied and German bombings.

280

- 4 -

Negotiations with the Philippine Commonwealth continued with respect to the furnishing of office supplies and equipment for the reestablishment of government activities.

The Price Adjustment Board has disposed of eleven 1943 cases and one 1944 case. Excessive profits amounting to \$345,000 were recovered.

A conference was held with representatives of the War Department, Procurement Division, and the International Shoe Company to discuss details of the Army assuming the operation of the Buford, Georgia, Shoe Reconstruction Factory. If the Army can obtain additional necessary machinery promptly, the change-over will take place April 1, 1945.

A claim has been made by the Department of Agriculture for restoration of a forest service building in Columbia, South Carolina, used by the Treasury Procurement Division, which was partially destroyed by fire. According to a clause in the agreement between the Departments, which states in substance that Treasury will return the building in approximately the same condition as received except for wear, the Department of Agriculture expects Treasury to restore the building.

It is proposed to request new license agreements from the owners of patents needed in connection with the Russian oil refinery projects. These new licenses would, generally speaking, provide for cash payments in full, the transferability of the license in the event the refinery was not used for Lend-Lease purposes, and adequate protection for the transferees.

- 5 -

The investigation into the complaint of the Adept Mercantile Company, which alleged that the procedures employed by the Procurement Division in the purchase of used clothing discriminated against small dealers and made it possible only for the largest dealers to participate, seems to indicate that the complaint may be partially justified. Further study of the matter is being made and any necessary measures will be taken to afford small dealers an opportunity to participate in used clothing programs.

Administration:

The civic organizations in Philadelphia are continuing their active cooperation in locating suitable office space.

Approximately \$6,000,000 has been received by the Finance Division as voluntary repayments on the overall business of the payors with the Procurement Division. A study to determine the proper allocation of these refunds is being made.

J. W. Rule

LEND-LEASE
TREASURY DEPARTMENT, PROCUREMENT DIVISION
STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS
AS OF MARCH 3, 1945
(In Millions of Dollars)

	Total	U. K.	Russia	China	Administrative Expenses	Miscellaneous & Undistributed
Allocations	\$5957.8 (5957.2)	\$2628.0 (2628.0)	\$2457.4 (2457.4)	\$172.9 (172.8)	\$17.4 (17.4)	\$682.1 (681.6)
Requisitions in Purchase	\$147.5 (127.3)	\$27.1 (21.8)	\$25.7 (21.8)	\$.2 (.2)	-	\$94.5 (83.8)
Requisitions not Cleared by A.P.B.	\$124.4 (118.1)	\$17.6 (22.7)	\$43.6 (33.1)	\$.5 (.7)	-	\$62.7 (55.6)
Obligations (Purchases)	\$4716.6 (4700.5)	\$2688.7 (2687.4)	\$2371.0 (2362.3)	\$104.9 (104.8)	\$16.9 (16.9)	\$434.1 (429.1)
Deliveries to Foreign Governments at U. S. Ports*	\$3016.1 (2981.1)	\$1619.2 (1616.9)	\$1311.6 (1291.4)	\$26.4 (26.4)	-	\$60.9 (60.0)

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

Note: Figures in parentheses are those shown on report of February 24, 1945.

COPY

283

FEDERAL RESERVE BANK
OF NEW YORK

March 15, 1945.

CONFIDENTIAL

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

I am enclosing our compilation for the week ended
March 7, 1945, analyzing dollar payments and receipts in
official British, French, Canadian, and Australian accounts
at the Federal Reserve Bank of New York.

Very truly yours,

(signed) H. L. Sanford,
H.L. Sanford,
Assistant Vice President

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

Enclosures 2

284

TREASURY DEPARTMENT
OFFICE OF THE SECRETARY

March 16, 1945

CONFIDENTIAL

Received this date from the Federal Reserve
Bank of New York, for the confidential informa-
tion of the Secretary of the Treasury, compila-
tion for the week ended (see incoming letter),
showing dollar disbursements out of the British
Empire and French accounts at the Federal Reserve
Bank of New York and the means by which these
expenditures were financed.

1495

Reports and Analysis Division

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

Week Ended March 7, 1945

Statistical
Confidential

PERIOD	CANADIAN (and Australian Government)										AUSTRALIAN (and Canadian Government)									
	DEBIT					CREDIT					DEBIT					CREDIT				
	Total	to Official	Others	Total	Proceeds of Gold	Transfers from Official: British A/C	Post Office	For French	Other	Net Incr. (+) or Decr. (-) in U.S. Dollars	Total	to Official	Others	Total	Proceeds of Gold	Other	Net Incr. (+) or Decr. (-) in U.S. Dollars			
War Years (a)	Debits	A/C	Debits	Credits	Sales	A/C	A/C		Credits		Debits	A/C	Debits	Credits	Sales	Credits				
First	321.0	16.6	304.4	304.7	412.7	20.9	38.7		32.6	+ 181.7	31.8	3.9	27.9	34.1	30.0	4.1	+ 44.9			
Second	460.4	-	460.4	458.0	245.2	3.4	123.9		88.1	+ 3.6	72.2	16.7	55.5	81.3	62.9	18.4	+ 9.0			
Third	523.8	0.3	523.5	566.3	198.6	7.7	-		360.0	+ 40.3	107.2	57.4	49.8	112.2	17.2	95.0	+ 5.0			
Fourth	723.6	-	723.6	958.8	87.1	170.4	-		742.3	+ 235.2	197.0	155.1	41.9	200.4	-	200.4	+ 3.4			
Fifth	849.3	1.0	848.3	958.5	39.1	61.4	-		889.0	+ 283.3	298.6	253.0	45.6	287.7	-	287.7	+ 10.9			
1944																				
September	74.5	0.1	74.4	91.8	-	50.4	-		41.4	+ 17.3	5.8	1.0	4.8	7.3	-	7.3	+ 1.1			
October	26.1	-	26.1	84.2	-	7.4	-		78.8	+ 30.1	20.3	1.0	19.3	21.0	-	21.0	+ 0.1			
November	36.8	-	36.8	53.7	-	2.9	-		30.8	+ 14.0	3.4	1.0	2.4	5.8	-	5.8	+ 2.4			
December	41.5	0.7	40.8	52.7	-	-	-		10.7	+ 8.8	8.1	-	8.1	10.6	-	10.6	+ 16.3			
1945																				
January	35.1	-	35.1	91.6	10.0	31.3	-		56.3	+ 56.5	21.4	-	27.4	5.4	-	5.4	+ 21.8			
February																				
March																				
April																				
May																				
June																				
July																				
August																				
Week Ended																				
February 14, 1945	3.1	-	3.1	25.2	-	0.5	-		80.7	+ 22.1	0.2	-	0.2	0.3	-	0.3	+ 0.1			
February 21, 1945	4.1	-	4.1	54.7	-	-	-		54.7	+ 10.4	0.3	-	0.3	0.6	-	0.6	+ 0.3			
February 28, 1945	19.6	-	19.6	7.5	-	-	-		74.3	+ 11.1	1.0	-	1.0	0.8	-	0.8	+ 0.4			
March 7, 1945	1.1(a)	-	1.1	38.2(c)	-	1.7	-		26.1(d)	+ 29.1	1.3	-	1.3	0.8	-	0.8	+ 1.3			

Average Weekly expenditures for

First year of war	6.2 million.
Second year of war	8.9 million.
Third year of war	10.1 million.
Fourth year of war	13.9 million.
Fifth year of war	16.1 million.
Sixth year of war (through March 7, 1945(a))	7.7 million.

- (a) For monthly breakdowns see tabulations prior to: April 23, 1941; October 8, 1941; October 14, 1942; September 29, 1943; September 6, 1944.
(b) Reflects changes in all dollar holdings payable on demand or maturing in one year.
(c) Does not reflect transactions in short term U. S. securities.
(d) Includes \$ 6.0 million deposited by War Supplies, Ltd. and \$ 19.5 million received from New York accounts of Canadian chartered banks.

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

Week Ended March 7, 1945

Strictly
Confidential

Month	BANK OF ENGLAND (BRITISH GOVERNMENT)							BANK OF FRANCE (CAISSE CENTRALE) (H)			
	DEBITS			CREDITS				Total		Net Incr. (+) or Decr. (-)	
	Total	Gov't Expendi- tures (a)	Transfers to Official Canadian Account	Other Debits	Total	Proceeds of Sales of Gold (b)	Transfers from Official Reserve Account (c)	Other Credits (d)	Total Debits (e)	Total Credits (f)	Net Incr. (+) or Decr. (-) in \$ Funds (g)
Mar. 1944	1,293.2	93.6	20.9	1,166.7	1,828.2	1,356.1	22.0	3.9	416.2	+ 35.0	865.3 (F)
March	1,293.2	93.6	20.9	1,166.7	1,828.2	1,356.1	22.0	3.9	416.2	+ 35.0	865.3 (F)
April	2,203.0	1,392.2	3.4	407.4	2,189.8	1,193.7	274.0	16.7	705.4	- 13.2	38.9
May	1,231.6	904.8	7.7	229.1	1,361.5	21.8	5.5	57.4	1,276.8	+ 125.9	18.5
June	764.0	512.7	170.4	280.9	1,072.3	-	0.5	155.1	916.7	+ 308.3	10.3
March 1945	1,197.7	500.4	61.4	635.9	1,269.6	-	-	253.0	1,116.6	+ 171.9	-
1944											
September	151.0	19.9	20.4	80.7	56.5	-	-	1.0	55.5	- 94.5	-
October	127.9	21.0	7.4	99.5	54.7	-	-	1.0	53.7	- 73.2	-
November	74.2	45.4	2.9	25.9	92.1	-	-	1.0	91.1	+ 17.9	-
December	80.4	21.9	-	58.5	91.6	-	-	-	91.6	+ 11.2	56.7
1945											
January	148.2	48.7	31.3	18.9	54.2	-	-	-	54.2	- 94.7	27.4
February											
March											
April											
May											
June											
July											
August											
Week Ended											
February 14, 1945	8.1	1.3	4.5	1.9	31.2	-	-	-	31.2	+ 22.9	0.1
February 21, 1945	12.8	4.4	-	8.2	21.8	-	-	-	21.8	+ 9.0	0.5
February 28, 1945	7.8	4.5	-	3.3	20.6	-	-	-	20.6	+ 12.8	85.6
March 7, 1945	19.0	6.8	3.2	8.3	21.4	-	-	-	21.4(1)	+ 2.4	0.2

Average Weekly Expenditures Since Outbreak of War

France (through June 19, 1940) \$19.6 million
 England (through June 19, 1940) \$27.6 million
 England (through June 20, 1940 to March 12, 1941) \$54.9 million
 England (since March 12, 1941) 21.8 million

See attached sheet for footnotes.

Reports and Analysis Division

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

Week Ended March 7, 1945

Strictly
Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)						BANK OF FRANCE (CAISSE CENTRALE) (h)						
	DEBITS					CREDITS					Net Incr. (+) or Decr. (-) in \$ Funds (d)		
	Total Debits	Govt Expendi- tures (a)	Transfers to Official Canadian Account	Other Debits	Total Credits	Gold (b)	Reserves or Securities (Official) (c)	Transfers from Official Canadian Account	Other Credits (e)				
War Years (g)													
First	1,793.2	405.6	20.9	1,366.7	1,828.2	1,385.1	42.0	3.9	416.2	+ 35.0	865.3 (f)	1,092.3 (g)	+ 299.0
Second	2,203.0	1,492.2	3.4	407.4	2,189.8	1,793.7	274.0	16.7	705.4	- 13.2	38.9	8.8	- 30.1
Third	1,235.6	804.8	7.7	223.1	1,361.5	21.8	5.5	57.4	1,276.8	+ 125.9	18.5	4.4	- 14.1
Fourth	764.0	312.7	170.4	280.9	1,072.3	-	0.5	155.1	916.7	+ 306.3	10.3	1.0	- 9.3
Fifth	1,197.7	300.4	61.4	835.9	1,369.6	-	-	259.0	1,116.6	+ 171.9	-	-	-
1944													
September	151.0	19.9	20.4	80.7	56.5	-	-	1.0	55.5	- 94.5	-	-	-
October	127.9	21.0	7.4	99.5	54.7	-	-	1.0	53.7	- 73.2	-	-	-
November	74.2	44.4	2.9	25.9	92.1	-	-	1.0	91.1	+ 17.9	-	-	-
December	89.4	21.9	-	58.5	91.6	-	-	-	91.6	+ 11.2	56.7	6.5	- 50.2
1945													
January	148.9	18.7	31.3	18.9	54.2	-	-	-	54.2	- 94.7	27.4	6.8	- 21.2
February													
March													
April													
May													
June													
July													
August													
Week Ending													
February 14, 1945	8.1	1.3	4.5	1.9	31.2	-	-	-	31.2	+ 22.9	-	0.1	+ 0.1
February 21, 1945	12.8	4.4	-	8.2	21.8	-	-	-	21.8	+ 9.0	0.5	0.2	- 0.3
February 28, 1945	7.8	4.5	-	3.3	20.6	-	-	-	20.6	+ 12.8	85.9	0.3	- 85.6
March 7, 1945	19.0	6.8	3.9	8.1	21.4	-	-	-	21.4 (1)	+ 2.4	0.2	0.7	+ 0.5

Average Weekly Expenditures Since Outbreak of War

France (through June 19, 1940) \$19.6 million
 England (through June 19, 1940) \$27.6 million
 England (through June 20, 1940 to March 12, 1941) \$54.9 million
 England (since March 12, 1941) 21.8 million

See attached sheet for footnotes.

Reports and Analysis Division

- (a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.
- (b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to \$334 million.
- (c) Includes about \$65 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent current acquisitions of proceeds of exports from the sterling area and other accruing dollar receipts. See (k) below.
- (d) Reflects net change in all-dollar holdings payable on demand or maturing in one year.
- (e) For breakdown by types of debits and credits see tabulations prior to March 10, 1943.
- (f) Adjusted to eliminate the effect of \$20 million paid out on June 26, 1940 and returned the following day.
- (g) For monthly breakdown see tabulations prior to April 23, 1941; October 8, 1941; October 14, 1942; September 29, 1943; September 6, 1944.
- (h) Transactions for account of Caisse Central de La France E'Outre-Mer included for first time in week ended December 6, 1944.
- (i) Includes \$14.7 million apparently representing current and accumulated dollar proceeds of sterling area services and merchandise exports, and \$ 3.0 million transferred from accounts held in this market by State Bank of U. S. S. R.



TREASURY DEPARTMENT

WASHINGTON

298

March 15, 1945

TO: Secretary Morgenthau
FROM: E. B. Fussell

The short answer to the criticism covered in the attached statement is that Surplus Property wants to work closely with AAA in disposal of surplus trucks to farmers and welcomes any criticisms to this end.

To date we have not had enough manpower to make appraisals that are thoroughly satisfactory and for that reason in some cases we throw the bidding open to all dealers present, in the event that a particular dealer who holds AAA certificates is unwilling to pay the ceiling price. However, the whole proposition is being examined with view toward cooperating with AAA.

E. B. Fussell



CHAIRMAN FLANNAGAN OF THE HOUSE AGRICULTURE COMMITTEE ACCUSED THE TREASURY DEPARTMENT OF BY-PASSING THE FARMER IN THE DISPOSAL OF SURPLUS FARM TRUCKS.

"THE TREASURY'S NEW POLICY THROWS THESE TRUCKS WIDE OPEN TO SPECULATORS," HE SAID. HE WARNED THE DEPARTMENT THAT IT MAY BE CREATING A "BLACK MARKET IN FARM MACHINERY."

FLANNAGAN MADE HIS ACCUSATION AS DIRECTOR L. W. MORAN OF THE TREASURY'S AUTOMOTIVE SALES DIVISION TESTIFIED ON TRUCK DISPOSAL BEFORE THE AGRICULTURE COMMITTEE. MORAN DESCRIBED THE NEW DISPOSAL SYSTEM WHICH THE TREASURY HAS PLACED INTO EFFECT.

UNDER THE OLD SYSTEM, THE SURPLUS TRUCK WOULD BE SOLD AT ITS "ASSESSED VALUATION" TO DEALERS WHO HELD PRIORITY CERTIFICATES OF INDIVIDUAL FARMERS. THESE CERTIFICATES WERE ISSUED BY THE COUNTY DIVISIONS OF THE AGRICULTURAL ADJUSTMENT AGENCY.

THE NEW POLICY WOULD GIVE THESE CERTIFICATE-HOLDING DEALERS A PRIORITY ON THE TRUCKS ONLY IF THEY WERE WILLING TO PAY THE CEILING PRICE WHICH IS OFTEN FAR ABOVE THE "ASSESSED VALUATION." IF THEY WERE UNWILLING TO PAY THE CEILING, THE TRUCKS WOULD BE SOLD TO THE HIGHEST BIDDER, EVEN IF HE HELD NO CERTIFICATE WHATSOEVER.

3/14--5205P

For answer from Baku

300
ADD TRUCKS

FLANNAGAN ACCUSED THE TREASURY OF NOT CONSULTING THE WFA OR THE AAA BEFORE MAKING THESE CHANGES IN THE DISPOSAL SYSTEM. THIS, HE SAID, WAS A DIRECT VIOLATION OF THE SURPLUS PROPERTY ACT.

MORAN TOLD THE COMMITTEE THAT MOST OF THE CHANGES HAD BEEN DECIDED UPON BEFORE THE SURPLUS PROPERTY ACT WAS PASSED. HE DENIED THAT HE WAS TRYING TO BY-PASS THE WFA AND THE AAA IN DISPOSING OF THESE TRUCKS.

WHEN MORRIS E. DODD, AAA ADMINISTRATOR, TOLD THE COMMITTEE THAT HE WAS NOT IN ACCORD WITH THE TREASURY'S NEW SYSTEM, FLANNAGAN URGED DODD AND MORAN TO "GET TOGETHER" AND WORK OUT A MORE SATISFACTORY ONE.

3/14--5210P

12"

301

March 15, 1945

2 p.m.

AMERIKATON

STOCKHOLM

486

The following for Johnson and Olsen is from War Refugee Board.

Reference your no. 787 of February 28, 1945. Question of funds for Norwegian labor project has been thoroughly discussed with interested groups here who will make every effort to obtain an additional appropriation from the National War Fund. However, at the moment, it is impossible to secure permission to send any more than the \$80,000 available for 1944-1945 and they have requested that you explain to the trustees that it is impossible at the moment to assure anything further than the aforementioned \$80,000 which they expect to remit immediately.

For your information, the Board is lending every assistance to the efforts of the labor groups here to obtain an additional appropriation from the National War Fund. However, this does not look too hopeful. For immediate needs, Board will arrange for transfer of all confidential War Refugee Board funds now in Turkey (approximately \$80,000) to you. JEC has not (repeat not) been advised of advance made to trustees of Norwegian project from JEC funds.

WRB:DNV:KES
3/14/45

NOE

STANTINIUS
(GHW)
SMP

302

Ankara via Army

Undated

Rec'd March 15, 1945
4:35 p.m.

Secretary of State,

Washington,

356

FOR DEPARTMENT AND WRB

As anticipated in Katski's cable to the WRB (Ankara's 14, re Embassy's 2576, December 16) Jabotinsky's approach to any negotiations with the Turkish authorities to charter the DR TARI without consulting the Embassy or the WRB representative, has afforded the Turkish Minister of Communications an opportunity to reopen the matter of the TARI and to present a claim to the Embassy through the Foreign Office for what in effect amounts to demurrage from April 9 to May 26 inclusive. The amount claimed is 117,500 Turkish pounds being 47 days at 2,500 Turkish pounds a day.

It is not yet clear whether the Foreign Office intends to support the claim wholeheartedly. Under the circumstances I have taken advantage of the fact that there is no longer a WRB representative in Turkey to suggest to the Foreign Office that the Turkish Embassy in Washington discuss the matter with the WRB in Washington. It might thus be possible to arrange to have the claim disposed of under reverse Lend-Lease.

STANTINIUS

RE

303

LFG-1897

PLAIN

Lisbon

Dated March 15, 1945

Rec'd 3:15 a.m., 16th

Secretary of State,

WEB 358 FOR MIAS 425 LAFAYETTE STREET NEW YORK
FROM DAVID SCHWEITZER NICH.

Inform Chaim Schwayer 328 East 19th Street
New York and Perbols 823 Lenox Road Brooklyn New
York and David Gaseroff 85 Howard Avenue Brooklyn
New York Gaseroff Schene daughter Amy grandson
Thomas Kasman safe at Paris 57 Rue Lencry all
others deported financial help needed.

Advise Gerhard Chrasowski Pilgrim State Hospital
Brentwood Long Island Suffolk County New York father
healthy Hotel Colonies Monte Carlo asking financial
help.

Chasikel Rosengarten 1980 Union Port Road Bronx
New York Irma Rosengarten healthy old address asking
financial help Elias deported July, 1944.

Contact Lipschitz Diamond Club Fifth Avenue New
York for urgent financial help favor Avrum Friedmann
Avenue Rabion Cavallion Baucouse France.

CROCKER

JMS

304

LPG-1900

PLAIN

Lisbon

Dated March 15, 1945

Rec'd 3:15 a.m., 16th

Secretary of State,

Washington.

659, Fifteenth

WEB 357 JDC 198 FOR LEAVITT FROM HAROLD GROBE.

Gottfarb advises \$10,000 medicines, 10 tons bread,
5 tons cornflakes left March 13th for Poland.

Magnus cabled "received from Johannesburg 22,000
pounds Poland relief second shipment 60 tons Polish
goods left for Dublin second shipment 8,186 pair shoes
1,836 lambkins 1,173 kilograms textiles left for Balkans"
correcting our 197 sugar price is 24 cents kilo.

CROCKER

HRP
Distribution of true
reading only by special
arrangement. (SECRET W)
March 15, 1945
2 p.m.

AMBASSY

AMEMB
311

The following for Rucker from O'Dwyer, Executive
Director, War Refugee Board, is WFB 146.

Please transfer at once to Iver C. Olsen, War Refugee
Board Representative, United States Legation, Stockholm,
the balance of the \$160,000 transferred to Banque Centrale
de la Republique de Turquie, Ankara, by cable on April 11,
1944 and deposited in Kelley's name. Please confirm trans-
fer by cable.

STEFANIE
(VIM)

SECRET

OPTEL No. 85

Information received up to 10 a.m., 15th March, 1945.

NAVAL

1. HOME WATERS. During last three days at least five Midget U-boat sunk in Scheidt Approaches.
2. ENEMY ATTACK ON SHIPPING. 14th. A 1145 ton Swedish ship in coastal convoy off Stabbs Head torpedoed and sunk by U-boat.

MILITARY

3. WESTERN FRONT. 13th. In face light resistance 3rd U.S. Army closed to north bank of Moselle from Trier to Coblenz with exception of two small enemy pockets. On 14th crossing over Moselle secured some 10 miles south Coblenz where good progress made eastwards towards Rhine in face still light resistance. Further north on 13th heavy fighting in Remagen bridgehead where German counter attacks repulsed. Since then some ground gained to north against only moderate resistance but difficult going hampers progress.
4. EASTERN FRONT.
Northern Sector: Small advances towards Monigsberg made from (corrupt group).
Southern Sector: Zavolen (75 miles north Budapest) captured.
5. BURMA.
Coastal Sector: Landing made in area Letpan (40 miles north Taungup) where complete surprise achieved and operation going according to plan.

AIR

6. WESTERN FRONT. 13th/14th (night). Reference raid already reported OPTEL No. 84, 907 tons dropped on benzol plants Gelsenkirchen and Herne and bombing at former concentrated.
14th. 193 Bomber Command aircraft (1 missing) attacked railway viaducts Bielefeld (79 tons including one 22,000 lb) Arnberg (80 tons) and Benzol plants Battenberg (3/7 tons) and Datteln (344 tons). At Bielefeld six to eight planes outstanding but believed escorted U.S. heavy bombers (12 missing) dropping 54 tons usually on 3 tank plants, 2 railway bridges, 4 railway centres, 4 oil refineries and 1 casting plant between the Ruhr and Hamburg while 401 tons dropped by Pathfinder technique railway centres Osnabruck and Giesse and 35 tons visually lit up. Results mainly fair to excellent and casualties inflicted enemy aircraft 16,000 in combat.
435 SHAEF (Air) Bombers (2 missing) dropped 646 tons landing grounds, railway centres and bridges in Northern and Central battle area with good results while 697 fighters and fighter bombers operated Northern Sector.
91 Fighter Command Spitfires attacked rocket sites and communications Holland.
7. MEDITERRANEAN. 11th/12th (night). 68 heavy bombers attacked railway centre Verona (200 tons) where bombing concentrated.
12th. 799 escorted U.S. heavy bombers (4 missing) dropped 1419 tons Floridsdorf oil refinery with good results and 169 tons on other targets; while 723 tactical (1 missing) aircraft attacked communications, bridges and a sugar refinery in Austria and French Italy with good results including railway lines cut 59 places.
13th/14th (night). 69 heavy bombers attacked Pavia (100 tons) where bombing concentrated. 13th. 569 escorted U.S. heavy bombers (2 missing) dropped 1112 tons on Regensburg Railway Centre with all observed results while tactical aircraft 805 attacked communications and provided escorts over wide area destroying 20 locomotives and cutting railway lines in 58 places.

HOME SECURITY (Up to 7 a.m. 15th)

9. ROCKETS. 13th. One incident now reported for free period reported yesterday. 14th. No incidents reported. 14th/15th (night) 7 incidents reported.
10. FLYING BOMBS. 14th. 2 plotted. 14th/15th (night). 4 plotted.

307

March 18, 1945
11:30 a.m.

BRETTON WOODS
IT & T-REPARATIONS

Present: Mr. White
Mr. Fussell
Mr. Feltus
Mr. Coe
Mr. DuBois
Mrs. Klotz

H.M.JR: First, the American Legion.

MR. WHITE: I called John Sullivan up to find out who he thought would be most important in addition, and he said that he is going to make some very quick inquiries to see just where this matter stands and who is pushing forward, and he will let me know by noon. But he will be out of town, so the only two names we have unless he lets us know to the contrary are McNutt and this chap, Dougherty.

H.M.JR: He's up for his--

MR. WHITE: Those are the only ones unless Sullivan lets us know.

H.M.JR: I hate to go to McNutt unless I have to.

MR. WHITE: Let's wait until we hear from John Sullivan. He should let me hear by this afternoon.

H.M.JR: I'll put you down for eleven o'clock tomorrow, if you want. Will one of you please let Mrs. Klotz know?

MR. WHITE: I'll let Mrs. Klotz know either way.

MR. FELTUS: May I suggest this? If we are not able to get the right people here tomorrow that when you go to New York for the commentators, you ask Mr. Dougherty to come down to New York to meet you there.

H.M.JR: That doesn't have to be done that way. We can handle him on the phone. Ted Gamble--just tell Ted and he'll take care of it. But the thing is,

308

- 2 -

the American Legion fellows are down here lobbying. As a matter of fact, I think that Dan Bell knows these fellows very well.

MR. WHITE: Not at that level. Let's wait and hear from John Sullivan.

H.M.JR: You're wrong on account of the bonus legislation back ten years ago. The same fellows still are there, Harry. There is a very powerful lobby they maintain here that gave me gold American Legion buttons and everything else.

MR. WHITE: As you see, if the American Legion comes out with an unfavorable report, it is hard for these fellows to lobby so as not to get an unfavorable report.

H.M.JR: They have an attorney, I think they maintain on full time. Bell knows.

MR. WHITE: What about Mabel Willebrandt?

H.M.JR: I am not going to see her. You go up and see her.

MR. WHITE: We'll see what we hear from him.

H.M.JR: She tried to get first you and then Mrs. Worgenthau. Will you ever forget that?

MRS. KLOTZ: No.

MR. FELTUS: They had good drinks before dinner they tell me.

H.M.JR: Where, at Mabel's? Were you there?

MR. FELTUS: No. Isn't she the leader of the Prohibition Movement?

(Discussion off the record.)

309

- 3 -

H.M.JR: The important thing is Mr. Stassen was here and said--he had ants in his pants, and I never saw a man so restless. He couldn't get an appointment with the President. He has been studying this thing along with other things. He has been putting most of his time on it. Now, he said the way he likes to work--I tried to pin him down. I told him I wanted him before he leaves, if he could, to make a public statement. He said, "How soon?" I said, "The sooner, the better." He said he would like to take a lot of papers to study and then he wants people to go out. I said, "How would it be--" I tried every way to pin him down. He is going back tonight and Uggren would bring papers to him. He has confidence in Uggren, you see, and he would deliver the papers to him, and I thought Uggren would be competent to answer any questions he might have. I hope I am right.

MR. WHITE: It's the best we can do. He is the last on the list because of a variety of reasons, but if he wants him, we have no other choice.

H.M.JR: He said he would call together people from universities there and have a kind of seminar out there, but first he wanted to familiarize himself with our arguments and questions and answers if he can.

MR. WHITE: We send them to Uggren to bring to him. I think I'll telephone Uggren and say, "There is an important job for you, and if you can get him convinced, you will have done a marvelous job." We'll try to seam Uggren up because he is an accomplished boot-licker and second-grader.

H.M.JR: It was the best I could do. I tried every possible way to pin the man down. He is going home. He hasn't had his leave. I said, "Would you be interested to know both John Cowles and Mr. Richter are for this?" He said, "That has no influence on me." I said, "It might be of interest for you to know they are both for it." I also said, "Mr. Cowles still has a doubt and we thought if he would come out with a statement, it would have great influence on the whole country." He said, "I am very much

310

- 4 -

interested; I believe in this sort of thing," and he asked me, "Can this--supposing some country misbehaved, can Bretton Woods police this country?" And I said, "My off-hand opinion is no." I said, "The whole idea is to give these countries political independence for their financial needs, and we would look to other organizations to do the policing as long as they live up to the rules of international finance and behave themselves. If they should begin to do something politically, we cannot police them. If I am wrong, I will advise you, but the whole idea is to let small countries have financial independence."

MR. WHITE: If they are, as you said, abiding by--

H.M.JR: If they live up to the rules of exchange and the philosophy--we cannot go in and police them on political grounds. Is that right?

MR. WHITE: Quite true.

H.M.JR: It was not the answer he wanted, but I thought we might as well tell the truth, and he said, "Well, you would go along with the other organizations?" I said, "We would try to, but it is not our job to do a political job. We are wholly there to guarantee their financial needs." That's right isn't it?

MR. WHITE: That's right. They couldn't get financial assistance if they weren't behaving the way they should, but that's not policing.

H.M.JR: Now, could you take off my hands Congressman Judd and Senator Shipstead? I'll be glad to call them on the phone to arrange for you to see them.

MR. WHITE: Does Senator Shipstead have to be seen specially?

H.M.JR: Yes. It's too bad Luxford isn't here but he said he thought if I would call Shipstead and Judd and then ask them whom to see, I wouldn't have to see them.

311

- 5 -

MR. WHITE: I don't know why we are going to see Shipstead again, but Judd--I don't know, we'll find out if we can. If we can't, I'll let you know.

H.M.JR: Now, the next thing.

I had Luxford out for almost two hours last night. That's an exaggeration, it was an hour and fifteen minutes. Randolph Hearst--I am supposed to see--I might do something through Hickeyser.

MR. WHITE: Hickeyser the writer? He should know this thing thoroughly. He attended dozens of meetings and is a very smart boy, and if he is against it, it is not out of conviction. He's following a policy line which--I may be wrong--I'm inclined to think is love's labor lost.

H.M.JR: I won't take the time now to tell you the story. I don't want to--I'll tell you the story sometime about Hickeyser, Hearst, and me. It is very amusing.

MR. WHITE: Hickeyser is a very able fellow.

H.M.JR: Before I call Hickeyser, how important is this thing up in New York--seeing these columnists?

MR. FELTUS: I would say it is extremely important. We can get the same kind of response we did here.

H.M.JR: Give me an idea of the kind of people coming.

MR. FELTUS: Shirer, George Eliot, Vandercook, Quincy Howe--

H.M.JR: Those kind of people?

MR. FELTUS: Plus a few columnists.

MR. WHITE: They are at least as important as the people you had here.

312

- 6 -

H.M.JR: I have talked to Mrs. Morgenthau. I am busy Tuesday but I can cancel that. I'll postpone that. I think if we decide to have that, we should send these people telegrams today for Tuesday, see? I was thinking that the middle of the day, the way it was here--that seemed to be very good.

MR. FELTUS: That's a very good time.

H.M.JR: At twelve-thirty, say. Mrs. Klotz, I am still a member of the New York Advertising Club and the City Club, both of which are in the middle of the town, aren't they?

MR. FELTUS: I would say the City Club would be the better of the two.

H.M.JR: If they can take care of us.

MR. FELTUS: I don't know about the City Club's regulations. I had an unfortunate experience at the University Club; they wouldn't admit any press people at all. The City Club doesn't have that policy, does it?

H.M.JR: No, no! The City Club is around 33rd or 34th Street. The only trouble--how many would there be? I could have them call up.

MR. FELTUS: We would invite probably twenty-five and hope to get eighteen or twenty out of them.

H.M.JR: Between twenty or twenty-five. We want some kind of a buffet luncheon. Do you want to handle that for me, Mrs. Klotz?

MR. KLOTZ: Yes, I'd be delighted.

H.M.JR: See whether Tuesday noon, if I came up there, they would have a private place where we could have a luncheon, cocktails, and so forth.

MRS. KLOTZ: Yes.

313

- 7 -

H.M.JR: That would be a good place. I prefer that to the New York Advertising Club. It is more private.

MR. FELTUS: The New York Advertising Club has such a tremendous membership, but the City Club is more exclusive and these people might feel they are being invited to something a little higher-grade.

H.M.JR: Those are the only two I belong to.

MR. FELTUS: There's the Waldorf you know.

H.M.JR: I think it would be much nicer to take them to a place like the City Club, don't you?

MR. FELTUS: Yes, I think so.

H.M.JR: It will be less expensive, too.

MRS. KLOTZ: I don't know.

H.M.JR: The City Club is a nice old building. It's a very nice place.

MRS. KLOTZ: You don't necessarily have to have a buffet luncheon.

H.M.JR: No, no! I think if we can find out--Mrs. Klotz will do it--I am willing now to say yes. Now, who would go with me, Harry?

MR. WHITE: I think you would want Luxford and Mr. Feltus. I have a meeting with about twenty of the freshmen Congressmen Tuesday night, and I was going to bring either Luxford or Bernstein with me, but maybe you could--would you want to take Dean Acheson up there?

MR. FELTUS: That would be wonderful if he would go.

H.M.JR: I'll ask him.

MR. WHITE: Dean Acheson, Luxford, and Feltus would make a nice team. They are not apt to go into any technical questions that you couldn't handle.

314

- 8 -

MR. FELTUS: It would be awfully nice to put them through the same routine we did the other time.

H.M.JR: Yes, except I have no excuse to leave.

MR. FUSSELL: How about Mr. O'Connell?

H.M.JR: No, I don't think so.

MR. WHITE: If you get through by four and if you feel you want to, I can get on the four o'clock train and be back here by eight if it's necessary.

H.M.JR: This is going to be at noon.

MRS. KLOTZ: Yes, do you want to?

MR. WHITE: Well, noon--but I imagine that the advantage of it is there is an hour's discussion or so later. Will that be possible?

MR. FELTUS: You could make the three-thirty train and get back here around eight.

H.M.JR: That's crowding him. He is not in much better shape than I am physically.

MR. FELTUS: How about a plane?

MR. WHITE: The train would be satisfactory.

MRS. KLOTZ: We can get you a plane.

MR. FELTUS: I would suggest also that Mr. Fussell go because he ought to know these people. It will be better for your own future relations with them. I think it's a good thing for him to do.

H.M.JR: That's a nice suggestion.

MR. FELTUS: You are going to be in constant touch with them from now on, so why not use this opportunity? (The Secretary holds telephone conversation with Dean Acheson's secretary.)

315

- 9 -

MRS. KLOTZ: Chances are if he is leaving for the Coast he won't go.

H.M.JR: No.

MR. WHITE: Maybe Bill Clayton might go. Well, I don't know, he wouldn't be too helpful.

H.M.JR: I don't think that we need anybody except our own people.

MR. FELTUS: You don't really. Acheson would be window-dressing, but it would help a little.

MRS. KLOTZ: You wouldn't need him.

H.M.JR: When this breaks up the first thing to do is to nail down the City Club and let Mr. Feltus know so he will get the telegrams out.

MRS. KLOTZ: Do you want to make it definite for Tuesday or shall I say Tuesday or Wednesday?

MR. FELTUS: I am going to have to phone New York for addresses.

H.M.JR: She can call up and say there will be between twenty and twenty-five people.

MRS. KLOTZ: I'd better make it twenty-five or thirty.

MR. FELTUS: I'll start getting my list up anyway and be sure about it.

H.M.JR: And the wires can go out over my name.

MRS. KLOTZ: I think you should give them their choice of Tuesday or Wednesday. Sometimes they have a luncheon planned.

316

- 10 -

MR. FELTUS: It is not necessary in the wire to say what you want them for, is it?

H.M.JR: I think it is so they won't misunderstand, don't you?

MR. WHITE: That's right. I think it is better to say it will be a discussion on Bretton Woods because otherwise, there might be a slight reaction of annoyance.

MR. FELTUS: See, we are being attacked gently, and it might get into quite an attack of propaganda in some of the papers.

H.M.JR: That's just hearsay, isn't it?

MR. FELTUS: No, the Herald-Tribune and Wall Street Journal have been after us. They said we are using high-powered Government propaganda machinery to get this legislation. They haven't said anything specific.

H.M.JR: Do they say anything about Dumbarton Oaks--same criticism?

MR. FELTUS: Yes.

H.M.JR: That's it.

MR. FELTUS: We have to be careful how we do. The Wall Street Journal reporter came in to interview me the other day and wanted to know what we were doing, and I said we were answering inquiries, that we had thousands of inquiries and it was my job to give taxpayers the true story of what this was about.

H.M.JR: You said it just like that, without smiling?

MR. FELTUS: That's right, but he caught me, I might say.

H.M.JR: He caught you?

MR. FELTUS: He caught me good.

317

- 11 -

H.M.JR: now?

MR. FELTUS: Well, he was waiting to see me and we had two girls from the pool in the office who were proofreading to each other a document to Senator Wagner which we had written, and he asked me what it was.

H.M.JR: I wouldn't worry. I know, Luxford told me. I can't go around all the time dodging shadows.

MR. WHITE: Supposing they know you have been up to New York talking to commentators on Bretton Woods?

MR. FELTUS: He asked me of course who was scheduling a tour of the country by Morgenthau.

H.M.JR: That's the bankers. Listen, the amazing thing to me is that they haven't started to get dirty.

MR. FELTUS: They are. That's what I am saying.

H.M.JR: So what?

MR. FELTUS: I think so long as we don't do anything too blatant, we are all right.

H.M.JR: Don't worry about me. As far as I'm concerned--believe me, I go out there and I am so mixed up with the grandchild and with war bonds and Bretton Woods, I can't tell the babes from the woods. (Laughter) So, don't worry.

Now, somebody--when Paul was out once--got angry and Doughton threw Paul out--but I am glad you warned me, but I think it is a much franker thing to say to these people.

MR. WHITE: It is nicer because when the Secretary of the Treasury invites them, they don't know what's up.

H.M.JR: Somebody maybe didn't pay his income tax.

318

- 12 -

MR. FELTUS: Sure.

H.M.JR: I don't want to go up there if you have any doubts.

MR. FELTUS: No, I have no doubts. We should take a position that we are trying to let the country know what this is about since there has been so much criticism even from bankers that information has been withheld, and that sort of thing, so we are just answering inquiries.

MR. WHITE: I think that's the most innocuous of the things we are doing.

H.M.JR: So long as you raise it, I'll meet with Mr. Gehle State Chairman of War Bonds, while I'm up there.

MR. FELTUS: All right.

H.M.JR: But I'll try to Tuesday. Now, are you all right?

MR. WHITE: We could have a meeting with a few War Bond people before or after.

H.M.JR: Sure, but Luxford was worried that if we were getting War Bonds mixed up with these, it would hurt War Bonds.

MR. FELTUS: I'd be careful on that score.

H.M.JR: I'm not going to go through the formality of having to call on a Collector of Internal Revenue. I have plenty to do on War Bonds.

MR. WHITE: I don't think that need give you any concern.

MR. FELTUS: The only thing I meant about being careful is that we don't want it to appear that we are using War Bond machinery to sell Bretton Woods, because then they can raise the roof and say there is great propaganda machinery being built up to sell bonds which is being turned over to political purposes. That can cause a bad effect.

319

- 13 -

H.M.JR: Well, Ted is all for it.

They won't have anything to do up there, but in Minneapolis that was sort of supposed to be Peyton and War Bonds, but it was the War Bond people who put it through.

MR. FELTUS: I think that's all right. What I am talking about is you shouldn't use local committees to distribute literature on transcribed speeches, or anything like that.

(The Secretary holds a telephone conversation with Mr. Acheson.)

H.M.JR: All right, you get on that, Mrs. Klotz.

As long as you are here, Coe's got a tough one, so do you mind staying?

MR. WHITE: There are a couple of things you would be interested in.

MR. FELTUS: May I raise a question about Atlanta?

H.M.JR: Yes.

MR. FELTUS: What shall I do about calling McLarin? I've held it up.

H.M.JR: Oh--

MR. FELTUS: Do you want to accept that Bankers Association invitation?

H.M.JR: Luxford thought absolutely not. It is under the wrong auspices.

I have a message here from Baruch which isn't clear. I think it means the attitudes of the gentlemen in the Senate are more favorable than you think. Mr. Baruch suggested a better understanding in this regard, and he said it could be arranged. Baruch will be home this afternoon. I'll call him and find out what Walter George said.

320

- 14 -

Will you be here tomorrow?

MR. FELTUS: Yes, sir.

H.M.JR: Between you and Luxford, if you keep after the Atlanta thing, I'll see you again tomorrow, but I want to see where Baruch stands.

MR. FELTUS: You will be interested to know that Baltimore is in wonderful shape and they are going to do a full-dress job and invite representatives of all the Embassies to sit on the platform and make a big international shindig of the Bretton Woods Rally over there in the Armory with fifteen thousand people present.

(Mr. Coe enters the conference.)

H.M.JR: Right.

(Mr. Feltus and Mr. Russell leave the conference.)

MR. WHITE: I was at a meeting of the CED last night and I got a copy of the report that is coming out and they have a very illustrious list of names of businessmen including Eric Johnston, Ernest Kanzler, Ray Rubican, and a lot of others on the Committee that is endorsing it, and I have sent you a note about it and a copy of the report. We are not supposed to say anything about it Tuesday, but I think it would be very helpful. It doesn't come out apparently with a fiat endorsement. It seems to be a synthesis, but actually what they are asking for we already have, but which we don't want to state until later when lots of people have climbed in on the band wagon, and then we will explain that is what we had anyway.

H.M.JR: The question of the Bank being able to make stabilization loans--explain that to me later. That's fine, very encouraging.

Frank, can you boil down this business on IT and TT

321

- 16 -

MR. COE: Yes, sir. IT and T by the way did transfer or did get fifteen million dollars yesterday or a few days ago of their debts in dollars paid to them by the Spanish Government and that they are allowed to do under our general license, so that's all right. However, it is in part in their presentation to us, part of a deal for the sale of the company in Spain, so they are trying thereby to force our hand. Now, the proposition which they have had up over some years in different forms now takes this form. They can get their receivables paid off in dollars which they say they have not been able to do hitherto--either fifteen million now and ten or eleven million dollars later. They will sell the company to Spain and take in return fifty million dollars worth of bonds, Spanish Government bonds, which are to be amortized over a number of years and roughly at the rate of two million dollars per annum, and they are to receive twenty percent of those exports in order to amortize the bonds faster, if they are to export it to the United States.

H.M.JR: Like the match dealer I mentioned in my speech.

MR. COE: That's right, the Spanish Government. They are willing, they say--they are able to get from the Spanish Government assurances that these will not be, that the shares which the Spanish Government intends to resell will not go to anybody on the black list, and so forth. In some negotiations we have had with them over the last few weeks they have been willing to come further on that. Our hesitation on the matter relates to two things; one, that you can't trust Franco, and that if they are able--if Franco is able to sell fifty million dollars worth of shares of this company in Spain in the next period of time, he may very well sell it to pro-German interests. It seems doubtful that he would be able to dispose of it to the Spaniards, so that is the first thing. The second thing we can't document too well, but I think it is more pronounced in my mind than in the minds of the Foreign Funds and legal people. I don't think we can really trust Behn either.

322

- 16 -

MR. WHITE: I'm sure you can't.

MR. COE: We have records here of interviews, going far back, that some of your men had with Behn--Sammy Klaus was one--in which Behn said that he had had conversations with Goehring with the proposition that Goehring was to hold IT and T's property in Germany, and as you may recall, IT and T here did try to purchase General Aniline and make it an American company thereby, and that was part of the deal which Behn told State and our lawyers very frankly he had discussed. He thought it was perfectly all right protecting property. That was before we entered the war.

H.M.JR: I don't remember that.

MR. COE: The man in charge of their properties now is Westrick who, you recall, came over here and was mixed up with Texaco. They tried in every way to cook up deals earlier to escape. They are tied up with the top German group, and so forth. On the other hand, Colonel Behn has been used several times as a emissary by the State Department, and I believe he is personally on very good terms with Stettinius. We have had from State on this a letter saying they have no objections. We proposed to you earlier--the letter which I sent in to you suggested that you ask State if in view of our safe haven objectives they still said yes. I am confident from talking with them on the phone the last day or two they will write back and say yes, they still think it is a good deal.

H.M.JR: This is the position I am in. As you gentlemen know, I am over extended now and I can't go into this thing personally, see, and I think that we are just going to have to throw the thing in the laps of the State Department, and if they want to clear it, all right. I just haven't got the time or the energy to fight them on that basis.

MR. COE: Then we ought to license it now.

- 17 -

MR. WHITE: First you ought to get a letter. I agree with the Secretary from this point of view that this fellow Behn is not to be trusted around the corner. There is something about this deal that looks suspicious and has been for the last couple of years that we have been dealing with him. However, it's one thing to believe that and another thing to defend that before the pressure that will be brought in here that they are trying to deprive this company of the business deal, but I think that what we might do is get the State Department on record that in view of the safe haven project they don't think there is any danger that any of these assets-- I would cite some of them, spell the letter out. Get them down on record and either make them a little frightened and hold out or they will at least have the record and you will have called their attention to these dangers. This fellow Behn hates our guts anyway. We have been standing between him and deals for four years at least.

H.M.JR: Follow what White said, something along that line. "Mr. dear Mr. Stettinius: I am bothered about these things due to the following facts, and I would like you to advise me whether we should or should not--"

MR. WHITE: "In view of the danger that German assets may be cloaked here, in the future-- and let him come back and say, "No," and we'll watch him."

MR. COE: We said we wanted to give Acheson something Monday.

H.M.JR: And if you get that ready for me by tomorrow morning, I'll sign it.

MR. COE: Okay.

(Mr. Coe hands Secretary the requested documents--Yalta Reparations Protocol and the March 10th Draft Directive on Germany, and a brief memorandum concerning them.)

- 18 -

324

MR. COE: It has been raised with him, but I didn't tell him that.

H.M.JR: (Reading memorandum) I see you were proposing to run copies of this for working purposes.

MR. WHITE: I haven't read it yet.

H.M.JR: Good. (Laughter)

MR. WHITE: I mean both of them.

H.M.JR: You put in a request--

MR. COE: Now, we don't have anything unless you give us back the original.

H.M.JR: I'll give you back the original, but I told you to have it in your safe, and I am going to hold you personally responsible, so if I read about it in Drew Pearson's column--

MR. WHITE: It could only come from you.

MR. COE: Not with some twenty, and I believe forty people at State having copies.

H.M.JR: I know. I want to be able to say there is only one copy around here.

MR. COE: Mr. Secretary, one more thing, although I hope you will not enforce this kind of rule on all Top Secret, because literally the Army and occasionally cables from State, for instance on this safe haven stuff, they are likely to slap Top Secret on lots of things.

H.M.JR: Let's leave it this way; stuff that comes to my office Mrs. Klotz and myself will give to you-- if it comes to my office--before copies are made.

MR. COE: Yes, sir.

325

- 19 -

H.M.JR: Is that fair?

MR. COE: That's fair.

MR. WHITE: One more thing. I saw Lubin last night and I told him that the Secretary was just about to call him up. I pulled a gun--

H.M.JR: I thought you said you pulled a Morgenthau.

MR. WHITE: I thought I would take advantage of the opportunity to say, because we talked it over last night--in view of the fact he had asked for Treasury help and that I did want to give him a good man--that the Secretary of the Treasury wants to cooperate fully and he will recommend one of his top men, and I didn't tell him who because I think he will find nine reasons not to accept anybody I recommend, but if you recommend somebody he won't dare turn it down. But he will probably also say what he needs is an economist.

Now, what he needs is Joe DuBois, and he can build a big staff because the British are taking fifty, so you can give him DuBois and we can find another economist. On these matters he is better. But I don't think he will accept a recommendation from anybody but yourself because I have done business with him before.

H.M.JR: Luxford prepared me for that last night.

MR. WHITE: Did he?

H.M.JR: DuBois?

MRS. KLOTZ: It was suggested in here.

MR. WHITE: Oh, was it? I didn't know.

H.M.JR: That's all right.

326

- 20 -

MR. WHITE: Donald Nelson called me up and read me a release he was giving to the public about Henderson's going to China.

H.M.JR: Who do you suppose pulled that to get him out of town?

MR. WHITE: I don't think anybody pulled that, but I think Henderson is completely at loose ends and doesn't know what to do and will grab at a straw. He turned this thing down flat before, but he is taking it up now. He may be getting a very sizeable fee--maybe twenty-five or fifty thousand dollars from the Chinese Government.

H.M.JR: Oh, it's the Chinese Government.

MR. WHITE: Yes.

H.M.JR: I had my suspicions.

MR. WHITE: Nelson arranged that over there before he left.

H.M.JR: Oh, I thought this week Baruch wanted to get him out of town. He's going to get the invitation of the Chinese?

MR. WHITE: Soon, yes.

H.M.JR: Is he leaving tomorrow?

MR. WHITE: Saturday.

H.M.JR: You won't see him?

MR. WHITE: I spoke to him over the phone and I said he could find out more over there in half a day than I could tell him.

H.M.JR: You weren't too friendly, were you?

(Mr. DuBois enters conference.)

- 21 -

MR. WHITE: No, I don't trust the man. We have helped him in every way we can, and he didn't act in a way I thought was appropriate, and I told Irving not to. I gather from bits here and there he was giving the Treasury a pretty black name around town. That is evidence enough, so I am not going to make the same mistake of towing him in.

H.M.JR: The reason I wanted you, Joe, is this: I want to speak to Mr. Baruch at lunch, see? Have you seen this man?

MR. DuBOIS: I am having lunch with him at twelve-thirty.

H.M.JR: Before you talk to Mr. Baruch I want to see him. I have been thinking it over, see, and I would give the fellow a pretty good line of talk about what we are doing because I am convinced that Baruch is definitely for the Morgenthau Plan, see?

MR. DuBOIS: Well, I'll be glad to do that, and I think that is absolutely right, if you feel confident in Baruch, you are a much better judge than I am. There is nothing I know that could convince him more than to have a copy of this preliminary draft of this book.

H.M.JR: That I can't answer today, but you have a little talk and find out when they are going, see?

MR. DuBOIS: Yes.

H.M.JR: That I don't know. I can't trust Baruch completely, because he always uses Arthur Krock as his mouthpiece.

MR. WHITE: I think you can do a better job of selling than to trust him with the book.

328

- 22 -

H.M.JR: I don't think I would give him the book because Arthur Krock will know about it.

Anyway, do you people want me to call Lubin?

MR. WHITE: It's a great sacrifice. He should appreciate it.

MR. COE: We heard from Taylor that Rosenman's mission seems to be expanding--more countries and more people.

MR. DuBOIS: Taylor is tied up in that.

MR. WHITE: He's in London, but Rosenman evidently is there now. When Taylor wrote he was expected back. They didn't know much about it. I would leave it to Taylor to be wary. He thinks it is more important because those are his instructions.

H.M.JR: Did Lubin ask you for somebody?

MR. WHITE: Several days ago.

H.M.JR: Did you tell him you had to speak to me?

MR. WHITE: No. I said I didn't want to recommend a poor man and couldn't recommend a good man because Treasury couldn't spare them, and then I said I spoke to you and you said, well, if Lubin is going on this very important job, you are willing to make a sacrifice and recommend one top man.

MR. COE: He wants Joe Fisher.

MR. WHITE: Joe Fisher is not for that job, and he doesn't fill the bill at all. Joe Fisher is nobody at all, as far as we are concerned.

MR. DuBOIS: He can be a real help.

MR. WHITE: If he can spend a week here.

H.M.JR: Fisher?

MR. WHITE: He's a lawyer.

329

- 23 -

MR. DuBOIS: He gets all over and all around. He is Bernie's top man in Paris right now.

MR. WHITE: But the fact Lubin saw him and wants him is sufficient for me to say that he should not get him, because I know Lubin--I have known him for ten years. We have recommended not one, but thirty or forty persons at various times, and he always picks somebody else.

MR. DuBOIS: The important part of the Lubin thing, Mr. Secretary, as I get it, primarily through Harold Glasser, is the British intend to send a delegation of fifty. There has been talk of Lord Keynes heading it up. The Russians regard it as being very important. It will be a big delegation and Lubin is talking in terms of himself add a few people, a general from the Army, somebody way down in State, and some guy whom he said ought to be an expert, and a few people like that. He is trying to get people obviously who won't overshadow him. He wants to handle everything himself, and when he gets up against the British delegation of fifty, they are going to make a fool of him.

MR. WHITE: I quite agree with Joe.

MR. DuBOIS: You know what the British will do? They will shoot five or ten memos a day in there. That's the way they operate.

MR. WHITE: That's a wonderful document that came out of Yalta. I read it over carefully. I don't see--there isn't a single thing there that can't be regarded as one hundred percent perfect.

MR. DuBOIS: It is clear what State has done. They have taken the Yalta document and tried to make it fit into their pattern.

H.M.JR: That's what I said.

MR. DuBOIS: You were one hundred percent right.

330

- 24 -

H.M.JR: Now, if you said ninety-nine--

MR. DuBOIS: One hundred on this one.

MR. WHITE: He is building up something for later.

H.M.JR: Accent on this one.

MR. WHITE: Lubin said that when the President was talking to Leon Henderson yesterday--I think that's correct, or the day before yesterday--he said the President made a remark that he passed on to me that he thought was interesting and pleasant. The President said, "It is a very nice thing to have the man in charge of reparations over in Germany to be a Russian-Jew." I may not be quoted.

H.M.JR: He said that to Henderson?

MR. WHITE: That's the way I got it from Lubin.

331

March 16, 1945 ✓
12:18 p.m.

HMJr: Hello, Lubin.

Isador
Lubini:

How are you, Mr. Secretary?

HMJr: How are you?

L: Fine. A little thinner -- five pounds thinner
than when I started, but feeling swell.HMJr: Well, I don't know whether you can afford to
lose it or not.L: I couldn't, but I worked so damned hard and had
so good a time doing it

HMJr: Yes.

L: that I didn't know I'd lost it until I came
back.HMJr: Wonderful. I got your letter you brought me from
Colonel Bernstein. Did you bring me a letter?

L: No, I brought one for what's-his-name -- Bell.

HMJr: Oh. Oh, maybe that was it. I -- White's been
talking to me about your mission, and I think
you're to be congratulated on the opportunity
the President has given you.L: Well, I -- I certainly appreciate that. The only
thing is it's going to be a tough one.HMJr: I hear -- it certainly is, and Harry tells me
you'd like a little help from us.L: Yeah, I want a good financial man who has the
Treasury point of view, because after all, you
people are directly involved in this.HMJr: Well, we're very much involved. And of course, it's
like all these things, they're always asking us for
people, but I think your mission is so important,
I'm going to have to break all my rules and give you
really a good fellow.L: Well, listen, I know you won't give me anything
else. (Laughs)

332

- 2 -

HMJr: Well, there's a man that I can really spare as
little as anybody, but really knows my viewpoint
as much as anybody on this is Joseph DuBois.

L: Joseph DuBois.

HMJr: An Assistant to the Secretary.

L: A fellow who will work with me well, won't he?

HMJr: He'll work with you very well. He'll be loyal
to you and you'll find him -- he went to England
with me last year when I went over, and he's
fully conversed on the way I feel on this matter.L: By the way, I bring you greetings from Major
Pennington. I don't know whether you remember
him, but he is the fellow who met you at Freshwick
when you

HMJr: Oh, yes.

L: had trouble with your car when this girl

HMJr: Oh, yes.

L: You went to see her family.

HMJr: Oh, yes, we went up to see Mrs. Crawford.

L: Yeah.

HMJr: Yeah.

L: He was very thrilled about you.

HMJr: Oh, yes. And I'd be glad to sit down with you.

L: Well, I want to talk to you and Harry both because,
after all, this is a question of policy. I'm
perfectly frank off-the-record

HMJr: Yes.

L: the Boss has given me a certain point of
view on this thing, and Acheson's given me a
point of view, and that point of view is different
from the people in the State Department.

- 3 -

333

HMJr: Yes.

L: Now, the reason being -- is that they know more about the problem than these other people who are supposed to read books.

HMJr: Yeah. Well, are you busy tomorrow afternoon?

L: No, sir. I shall be free any time you say.

HMJr: Well, I'm having lunch at the White House. It ought to be, maybe, three o'clock?

L: Three o'clock.

HMJr: And then maybe White and DuBois and you and I -- do you know Frank Coe?

L: Yes.

HMJr: Would you like to have him sit in on this?

L: I would, very definitely.

HMJr: And I think I'll have Dan Bell, too.

L: Swell.

HMJr: So we can

L: Your office at three?

HMJr: Yes, and then I can introduce DuBois to you at that time.

L: Now, one other thing. It would be very helpful if you would tell the boys who have been working on this aspect of the problem -- foreign holdings and, well, the whole question of financial aspect

HMJr: Yes.

L: to -- if they want to prepare any memoranda....

HMJr: Yeah.

L: to guide me

HMJr: Yeah.

- 4 -

334

L: that they'll be doing me a real favor.

HMJr: Well, after you have seen DuBois and decided that you want him, and I'm sure you will, we'll put him right on this, and I'll tell Coe and White to do the same.

L: Swell.

HMJr: See?

L: Yeah.

HMJr: And I'll look forward to seeing you at three o'clock tomorrow.

L: Thanks so much.

HMJr: You're welcome.

L: Bye.

335

March 16, 1945

Frank Coe.
Secretary Morgenthau.

On the financial page in the New York Times
I see that International Telephone is receiving \$15
Million from Spain. I thought that you were holding
that up pending speaking to me, or was that International
Telephone transaction from Mexico? In any case speak to
me about both Mexico and Spain and let me know where they
stand vis a vis International Telephone. *Finished*



BRITISH AIR COMMISSION

1785 MASSACHUSETTS AVENUE
WASHINGTON 6, D. C.

TELEPHONE DECATUR 9000

PLEASE QUOTE

REFERENCE NO.

336

With the compliments of British Air Commission
who enclose Statements Nos. 179 and 180 —
Aircraft Despatched — for the weeks ended
March 2nd and March 9th respectively.

The Honourable Henry Morgenthau, Jr.
Secretary of the Treasury
WASHINGTON, D.C.

March 16, 1945.

STATEMENT NO. 179

Aircraft Despatched from the United States
Week Ended March 2, 1945

SECRET

TYPE	DESTINATION	ASSEMBLY POINT	BY SEA	BY AIR	FLIGHT DELIVERED FOR USE IN CANADA
<u>FORG</u> Liberator B-VI	W.E.	W.E.		15	
<u>DOUGLAS</u> Dakota IV	U.K.	U.K.		4	
Dakota IV	India	India		1	
Dakota IV	R.A.F.T.C.	300 Wing		16	
<u>VOUGHT-SIKORSKY</u> * Corsair	Australia	Brisbane		20	
<u>GRUMMAN</u> * Helicat	India	Cochin		12	
<u>NOORDWYN</u> Harvard	U.K.	U.K.		13	
<u>NORTH AMERICAN</u> Mustang	U.K.	U.K.		47	
Total:			92	36	0

* with radio equipment.

Note: One Expediter II was exported February 13, 1945 by Royal Navy to Halifax, N.S.,
Training Station.Movements F1
R.A.F. Delegation
March 10, 1945.mmh.
File V-11-45

STATEMENT NO. 180

Aircraft Despatched from the United States
Week Ended March 9, 1945.

SECRET

TYPE	DESTINATION	ASSEMBLY POINT	BY SEA	BY AIR	FLIGHT DELIVERED FOR USE IN CANADA
<u>FORG</u> Liberator B-VI	W.E.	W.E.		10	
Liberator B-VI	India	India		1	
Liberator GR-VIII	U.K.	U.K.		8	
<u>DOUGLAS</u> Dakota IV	U.K.	U.K.		10	
Dakota IV	R.A.F.T.C.	300 Wing		9	
Dakota IV	W.E.	W.E.		1	
<u>BOEING</u> Catalina IV B	U.K.	U.K.		1	
<u>NORTH AMERICAN</u> Mustang	U.K.	U.K.	54		
<u>GRUMMAN</u> * Avenger	India	Cochin		2	
* Avenger	Australia	Sydney		2	
* Helicat	India	Cochin		18	
* Helicat	U.K.	U.K.		6	
* Wildcat	India	Cochin		2	
<u>STINSON</u> Reliant	India	Cochin		10	
<u>VOUGHT-SIKORSKY</u> * Corsair	India	Cochin		2	
* Corsair	Australia	Sydney		9	
<u>BECH</u> UC-45 Beechcraft	India	Karachi		7	
45 Beechcraft	Australia	Sydney		1	
Total:			113	40	0

* with radio equipment.

Movements Freight I
R.A.F. DelegationMarch 15, 1945
File V-11-45

March 16, 1945 339
3:46 p.m.

HMJr: Hello.
Operator: Mr. Baruch.
HMJr: Hello.
Operator: Go ahead.
HMJr: Hello.
Bernard Baruch: Henry.
HMJr: Yes.
B: Remember you told me to find out about a certain man?
HMJr: A Senator?
B: Yeah.
HMJr: Yeah.
B: Well, I had a visit with him and I found him -- I'll put it this way -- in a much better attitude toward the President and the general Administration.
HMJr: Yes.
B: And we were discussing things generally, and I -- I didn't want to press about the other matter, but he was pressing me to know about the German reparations
HMJr: Oh, yes.
B: and I told him that I think that will be worked out so that the other -- everything will fit into it.
HMJr: Yeah.
B: Of course, that was my -- and then I -- I didn't want to press the other thing because it seemed to me it was moving along favorably and I think a little educational work will be all right.
HMJr: Well, I think

- 2 -

340

B: I can't hear you.
HMJr: I will give him a call.
B: Well, now, you'd better wait until I can have another visit.
HMJr: Well, I -- the only thing is this....
B: All right, you give him a call, but just undertake -- oh, I think you will find him much better than you think.
HMJr: Good.
B: But you needn't mention our conversation.
HMJr: Oh, no, because I've got an invitation to come down to Atlanta, and I wouldn't want to do it without consulting him.
B: Yeah.
HMJr: They want me to come down to Atlanta to speak.
B: Yeah. Well, that -- that would be a good reason and I think you'll find him -- just go on as if you never had any difference with him.
HMJr: I will.
B: And you'll -- and because you are frank, you can deal with him. I think you'll find him in a much better frame of mind than you anticipated.
HMJr: Well, that will be good. I'll give him a -- I'm very much obliged.
B: The -- I see they've got a -- they had a kind of a comical story about my going all the way from San Francisco to Moscow.
HMJr: I didn't see that. What paper was that in?
B: Oh, the I -- the IUP has got it, and I assumed they -- they've been trying to get me to confirm it, but I can't confirm it because I don't know it yet.
HMJr: Was that in the paper today?

341

- 3 -

B: Yeah. It wasn't -- it isn't important.

HMJr: I see.

B: The -- it isn't important. I'll be down there some time next week. The -- our friend is going away on the 27th, isn't he?

HMJr: Well, not that I knew of.

B: Yeah.

HMJr: Is he?

B: Well, he's going -- he's going -- going down to

HMJr: Warm

B: take a little rest.

HMJr: Oh, well, I -- on the 27th?

B: Yes.

HMJr: I didn't know.

B: Now, not with me.

HMJr: No.

B: Not with me.

HMJr: His own place.

B: Yeah.

HMJr: I see.

B: And the -- I think they're working him too hard.

HMJr: I agree. DuBois had lunch with Lubin today.

B: Yeah?

HMJr: Had a good lunch.

B: The -- well, I -- while I'm -- told Frank to get that -- to get that information, as a matter of fact, all I want to see is a proper policy.

342

- 4 -

B: (Cont'd.) I wouldn't -- I don't want -- Lubin's got to do all the other things. I don't want to butt into anything else.

HMJr: Yeah. Okay.

B: I think you'll find that man in a much better frame of mind. I took the evening off and went down to see him.

HMJr: Is that right?

B: Yeah, that's -- so you can give me a dollar for that.

HMJr: I'll give you a dollar less 20% withholding tax.

B: Oh, God, what a tough man you are.

HMJr: That's right.

B: Good bye.

HMJr: Bye.

March 16, 1945
4:09 p.m.

343

Dorothy
Brady:

.... Mr. Secretary.

HMJr:

How are you?

B:

Fine, sir.

HMJr:

Dorothy, Mr. Baruch is asking me for a lot of material that we have here in the Treasury on Germany....

B:

Uh huh.

HMJr:

.... saying that he's going over for the President. See? And he sent a man by the name of Lubell over here

B:

Uh huh.

HMJr:

.... to get it all.

B:

Uh huh.

HMJr:

And I'd just like to know from the President whether he is going and just what his mission is.

B:

Uh huh.

HMJr:

See?

B:

Yes, sir.

HMJr:

Do you suppose you could find out?

B:

Do you have to know right away?

HMJr:

No, but if I could know tomorrow

B:

Just -- by tomorrow. I'll find out, sir and let you know.

HMJr:

Yes. Do you know anything about it?

B:

No, sir, I do not, but then some of the things I don't know about anyway.

HMJr:

You and me both.

- 2 -

344

B:

Huh! (Laughs)

HMJr:

Thank you.

B:

Oh.

HMJr:

If you could let me know tomorrow.

B:

All right, sir. Will do.

HMJr:

Thank you.

March 16, 1945

4:51 p.m.

345

HMJr: Hello.

Operator: Go ahead.

HMJr: Yeah.

Dorothy Brady: Mr. Secretary.

HMJr: Yeah.

B: I just got a chance to take your memo in to the President, and he said to tell you that as far as he knows Mr. Baruch is not going to Germany, and he wanted to know who the man Lubell was.

HMJr: He's not going to Germany?

B: Yes, sir.

HMJr: Well, the point -- no, I -- I -- he was going, he told me, to London....

B: Yes, but you

HMJr: on reparations.

B: Yes, but it was about material on Germany.

HMJr: That's right. Well, Lubell is this man who writes all of Baruch's reports.

B: Uh huh.

HMJr: And he wrote the report for him on rubber, and he does all of his writing. Baruch told me if he goes to London, he's taking with him Mr. Lubell.

B: Uh huh.

HMJr: I think -- wait a minute, let me ask. (Takes aside: Is his name Lubell?) I was asking Mrs. Klotz. It is Lubell.

B: Uh huh.

HMJr: And he's been over here, and I gathered

346

- 2 -

B: Well, I didn't ask the President if he was going to Germany. I said that he was asking to see a lot of material on Germany

HMJr: That's right.

B: which you had in the Treasury.

HMJr: Yes.

B: And that a man by the name of Lubell was asking to see it.

HMJr: That's right. That's right.

B: And that you wanted to know if Mr. Baruch was going over there for the President and could he see this material. And the President's answer was as far as he knows, he's not going to Germany, and who was Mr. Lubell?

HMJr: Well, when you get a chance to ask the President again, say that Mr. Baruch is going to London, he tells me, and he wants a lot of information that has to do with reparations in connection with Germany.

B: Uh huh.

HMJr: See?

B: Uh huh.

HMJr: That may make it a little clearer.

B: Well, maybe he's just avoiding an answer or something.

HMJr: Could be, but that's the thing.

B: Yes.

HMJr: But he didn't say whether I should or shouldn't give it to him.

B: No, he didn't.

HMJr: Well, now you know who Lubell is?

B: Yes.

HMJr: He does Baruch's writing.

- 3 -

347

B: Yes. All right. Fine.
HMJr: He's a magazine writer.
B: Yes. All right. Fine.
HMJr: But
B: I'll see if I can get the answer and tell you.
HMJr: Thank you.
B: All right.

348

March 16, 1945
4:55 p.m.

HMJr: Hello.
Dorothy Brady: Hello.
HMJr: Yes.
B: I went back in, Mr. Secretary, and I told him again, and he said to tell you that if it isn't too confidential, you can show it to him.
HMJr: If it's not too confidential?
B: Yes. And then he said if it will make you feel any better, you can say you haven't even shown it to him.
HMJr: (Laughs) He must be in a good humor over there.
B: He is.
HMJr: (Laughs) Is he sarcastic?
B: Well, I'm just telling you verbatim what he said.
HMJr: And I still don't know whether he's going or not. Is that right?
B: No, I didn't say that.
HMJr: (Laughs)
B: I'm giving it to you word -- I told him who Mr. Lubell was
HMJr: Yes.
B:and that it was reparations in connection with Germany, and so forth, and he said, well, if it wasn't too confidential, you can show it to him.
HMJr: That a man.
B: And that if it would make you feel any better you can say you haven't even shown it to him.
HMJr: Right.
B: Okay.

- 2 -

349

HMJr: Meaning the President.
S: Yes.
HMJr: Okay.
S: All right.
HMJr: You're a wonderful girl.
S: Thank you.

350

March 16, 1945
3:59 p.m.

Secretary
Stettinius: Yes, sir.

HMJr: Ed, if we could see -- I mean, when I say -- Stinson and myself -- well, I'm talking for myself -- the political part of those discussions at Yalta, I think it would be helpful to us in preparing a memorandum.

S: Yeah.

HMJr: And I wish if you're free, you'd leave some instructions before you go.

S: Well, now, Henry, you know as far as I'm concerned, my frankness, but the way that the -- the President is the only one that who can authorize to show the full protocol to anybody. You know the Teheran minutes he has in his vault, and nobody has ever seen them, not even Admiral Leahy.

HMJr: Well, those things you were reading from yesterday.

S: Yeah, but I just wrote -- I just read from one -- from one section of it. You see?

HMJr: Well, I only mean the political section.

S: Well, you'd have to see the whole thing to get the -- you'd get the -- you'd have to read the whole thing to really get a view of it. Now, I -- of course, nothing would please me more

HMJr: Yeah.

S: But

HMJr: Well, I just thought if a man like Lubell could see them, certainly the Secretary of the Treasury could see them.

S: A man like who?

HMJr: Lubell, who is working for Bernie Baruch.

S: He hasn't seen them.

HMJr: He says he's going to see them tomorrow.

S: Lubell isn't going to see the protocol of Yalta at all.

- 2 -

351

HMJr: He told us that today.
S: He's not going to -- definitely not.
HMJr: Yeah.
S: Nobody is going to see them. As a matter of fact the only -- the only copy that exists in the State Department is sealed in the safe.
HMJr: Yeah.
S: And nobody has got it.
HMJr: Well
S: With the bad leaks that we've had before, you know, on all this international stuff, that I just made that a rule, and I'm not -- I'm not going to let any of my fellows here even have it available to them.
HMJr: Okay. Well, we -- we'll
S: But, Henry.
HMJr: Yeah.
S: Why don't you just sometime when you're with the President on a train or lunch, just say that you think it would be helpful if you could, and get him to authorize me to do it.
HMJr: Yeah.
S: And I'd be delighted to do it.
HMJr: Yeah.
S: But you can see the spot I'm in.
HMJr: Yeah.
S: Because it was his private meeting, you see
HMJr: Yeah.
S: at which I was only present as an advisor.
HMJr: Yeah. Okay. I just was -- I hadn't thought of it, but when this man told

- 3 -

352

S: No.
HMJr: my man he was going to see them, I thought, well, if he's going to see them to help Baruch
S: He's not going to see -- he's not going to see them at all. If he's going to see anything -- I doubt if he's -- he's only going to see that part of the reparations, and I doubt if he will be seeing -- given that.
HMJr: Because I can't just figure out Baruch's position in this thing -- because he's pressing me so hard for all of my data.
S: Well, you know, he's got a great influence with the Prime Minister. He's going over there to have a talk on certain political things for the President.
HMJr: Yeah.
S: And incidentally, he's interested in this whole reparations matter.
HMJr: Yeah.
S: All right, old boy.
HMJr: Right. Thank you. Get a good rest.
S: Thanks, Henry.

March 16, 1945 353
4:11 p.m.

Operator: Go ahead.
HMAJr: Hello.
Ted
Gamble: Mr. Secretary....
HMAJr: Where are you?
G: Over in my office.
HMAJr: What are you doing there?
G: Sir?
HMAJr: What are you doing there?
G: Well, I'm travelling fast these days. I'm using a plane and flying nights so I can cover more spots.
HMAJr: I see.
G: That gives me a few days a week in the office.
HMAJr: Yeah.
G: Yesterday when I was in Boston, they told me that they were holding a testimonial dinner tonight to honor Charlie Spencer's twenty-five years of service with the First National Bank.
HMAJr: Yeah.
G: And our people suggested that if it was in keeping with our policies, that it might be a nice idea for him to receive a telegram from you. I have prepared such a telegram for your approval and I think it might be a good thing to do. He's given us Denio out of that bank, you know. He's turned out to be one of the best people we have. He works full time for us. He's our chairman up there. And I think Spencer himself has been a pretty good fellow. I don't agree with all of his associates, but he's a substantial fellow, and I think in a pinch he might be a pretty good Treasury man.
HMAJr: I doubt it.

- 2 -

354

G: This might make some contribution in that direction.
HMAJr: Well, he's -- that's a small clique, you know, that I developed -- every one of these fellows -- and they're all against me now.
G: Yes. Well, I thought he was perhaps less that way than
HMAJr: I doubt it.
G: than some of his people.
HMAJr: Well, Bell is here. Let me ask him a minute. May I?
G: Yes.
HMAJr: (Talks aside.) Well, it grips me like hell, but Bell says, "Yes, do."
G: All right, sir. It's a harmless wire. Would you like for me to read it to you?
HMAJr: Yeah.
G: "I was happy to learn that many of your friends and associates were honoring you at a dinner tonight commemorating your twenty-five years of service with the First National Bank of Boston. Particularly am I familiar with the manner in which you have discharged your responsibilities as President of this important institution during this world conflict. I join your host of friends in wishing that all of New England as well as the country shall continue for many years to have the benefit of your good services."
HMAJr: Okay.
G: All right, sir.
HMAJr: When do you leave town again?
G: I'm not leaving until Sunday and I'm going to Texas. I'm stopping off on the way back in Missouri, and I'll be back here Tuesday during the day.
HMAJr: Do you want to walk me part way home tonight?
G: Yes, sir, I'd enjoy that.

- 3 -

355

HMJr: I'll let you know.
G: I'll be available.
HMJr: Right.
G: Thank you.

356

March 16, 1945
4:35 p.m.

BRETTON WOODS

Present: Mr. Feltus
Mr. Fussell
Mrs. Klotz

H.M.JR: I have only one very little suggestion today. I saw in Advertising and Selling that the Indianapolis Star-- Gene Pulliam, our State Chairman, has just added Parade, and they have one quarter million circulation. And I wondered if you couldn't get a peachy story in Parade. The Chicago Sun has gone all out for us.

MR. FELTUS: It is easy.

H.M.JR: It is Marshall Field who has very good newspapers that carry it.

MR. FELTUS: Yes.

H.M.JR: And they have a quarter million circulation.

MR. FELTUS: That would be no problem.

H.M.JR: I thought I would give you that suggestion.

MR. FELTUS: Did you want me to tell you about Anna Lord Strauss? One of the best broadcasts made on Bretton Woods was by Frank Kingdon in which he says it is going to be one of the greatest strokes of power in the post-war world that we have had yet, and he points out that the bankers fear that the Fund will--

H.M.JR: If it is good, I will read it.

357

- 2 -

MR. FELTUS: It is good. It is excellent. I underlined some parts.

H.M.JR: How about having him sort of add some seasoning?

MR. FELTUS: All right, sure we will. He was one I intended to invite to the luncheon.

H.M.JR: Yes. Any owners of radio?

MR. FELTUS: I thought we would stick to the commentators, but since talking to you, I have talked to several people in New York, and they think we might go through the American Radio News Analysts' Association to get them to help us to get their group there, you see.

H.M.JR: I see. And what's-his-name is very friendly--the fellow who used to be in--

MRS. KLOTZ: Steel?

MR. FELTUS: Johannes Steel? Wonderful! I have seen a lot of them individually in New York.

H.M.JR: But there is an association.

MR. FELTUS: It is called the Association of Radio News Analysts.

H.M.JR: Then you won't have any newspaper columnists?

MR. FELTUS: We will throw in a few.

MRS. KLOTZ: You won't have over thirty, will you?

H.M.JR: Mrs. Klotz said they are so pleased that I am coming that they are going to tear the place inside out--the City Club.

MRS. KLOTZ: I don't know; probably everybody would know in advance that you are coming.

358

- 3 -

H.M.JR: That is all right.

MR. FELTUS: I have been trying to remember to tell you this every time I come in here, and I never get a chance, what Basil Harris said to me about you.

H.M.JR: Yes.

MR. FELTUS: He is very fond of you, apparently. And he said that he gave you credit for really starting the aviation industry in this country and war production. And he told me the story why and said some awfully nice things about you, but he wouldn't join our businessmen's group. (Laughter)

H.M.JR: Wait a minute. I am just doing a little checking. Give me a chance to think. I talked to Paul McNutt--are the people coming in? And Paul McNutt said that the American Legion has got no business sticking their heads into a thing like this. All I had to do was tell him, and he said he could call up Scheiberling, the head of the thing, and tell him to stop. That is a good thing to know when you are losing the argument.

MR. FELTUS: Well, with the committee they have--it is a terrible committee.

H.M.JR: They have no business getting into it, and if I would let him know, he would call Scheiberling and kill the whole thing.

MR. FELTUS: The committee includes such people as Walter Hoving of Lord and Taylor in New York who is a vicious Republican, and a number of people like that.

H.M.JR: McNutt said he can kill it. I am trying to get Walter George.

MR. FELTUS: I had breakfast the other day with Claude Pepper, and he asked me if you would get in touch with Carter Glass. He said he thought that was very important, and I think so, too, since Glass was so important in the Federal Reserve Legislation.

H.M.JR: Yes.

359

- 4 -

MR. FELTUS: You might talk to Pepper about the best way to do it; he has ideas on that.

A statement from Glass would be excellent.

H.M.JR: I read that thing that Ralph Hendershot wrote. He is a dirty so and so, I think. He came up to my farm when I was selling my cattle, and he wrote a filthy article about the farm and how the barns are all this, and the road, and how I came in with dark glasses, just as mean as he could be, but he has been at me right along.

MR. FELTUS: He has done two columns on this.

H.M.JR: You will have to watch that.

MR. FELTUS: We are watching it all we can. There are bound to be aberrations of some kind.

H.M.JR: I have never seen him have any repercussions on the Hill. He doesn't tie in with Scripps-Howard. I have talked to them. He is wholly New York.

MR. FELTUS: We have had Tom Stokes in all the Scripps-Howard papers for us to balance it, and also--

H.M.JR: He isn't syndicated; Ralph Hendershot.

MR. FELTUS: I haven't noticed it yet, but I think P.M. will come out for us. He is a pretty good guy and was at our luncheon.

H.M.JR: Is there any way of finding out how many newspapers there are? George Little might be able to find out.

MR. FELTUS: I have that. I don't have it here, but I will have to send for it. I have an analysis of not only how many newspapers, but what newspapers are in what States, so any time you want to cover a State--we used that during the political campaign.

H.M.JR: Could you dig it up for me? I would like to see it.

360

- 5 -

MR. FELTUS: I don't know whether it is up to date, but--

H.M.JR: Where have you got it? Maybe you could do it over again.

MR. FELTUS: That is right.

H.M.JR: That is about all I have. Have you anything?

MR. FUSSELL: No, I haven't.

Treasury Department 361
Division of Monetary Research

Date March 16, 1945

To: Secretary Morgenthau

From: Mr. Coe

For information

Sweden reports under the date of February 16 that the German food rationing system is being abandoned more and more, communal kitchens replacing it.

Circulate to:

3-10-45

362

1. Mr. Coe
2. Mr. Bitterman
3. Mr. Pollack
4. Mr. Luxford
5. Mr. J. Friedman
6. Mr. Glavner
7. Mr. Nease
8. Mr. Dietrich

From Mrs. Fontaine-Rm. 3457

Unrestricted

ALGERIA

FROM

Bern

Dated February 21, 1945

A-302 to Department

A-113 to Embassy London

Rec'd : March 2, 1945

Secretary of State,

Washington.

A-302, February 21, 1945, noon.

Economic Press

Germany

Basler Nachrichten: Stockholm 16th February (ag). As a result of the stream of refugees from eastern Germany and the intensification of Allied airraids, the German food ration system is being abandoned to an increasing extent and has been replaced by communal kitchens in many parts of Germany. As a result of the shortage of fuel, trees are being felled in public parks and along canals and streets.

According to a decree of the Chief Commission for Iron, Sheet Metal and Metal Goods, the production of disc knives and perforated disc knives for meat cutting machines has been made subject to authorization.

Lists have been published of authorized materials for use in the production of the following: mineral oil boring and conveying equipment, wet ring spinning machines (Ringspinnmaschinen), dairy equipment and machines (2nd edition), rotary compressors, airraid fire extinguishers, rolling mill equipment for steel and other metals, sanitary equipment, acetylene production and welding equipment, gas welding machines and equipment, hydraulic pressure brakes for motor vehicles, speedometers for motor vehicles, electric

switch

DEPARTMENT OF STATE

MAR 3 1945

DC/L
LIAISON OFFICE

354

-2- A-302, February 21, 1945, noon, from Bern.

switch and distribution boxes, spectacles and spectacle cases (2nd edition), dark room and photographic equipment, medical syringes and injection equipment (2nd edition) and fishery equipment (2nd edition).

According to a decree of the Chief Ring for Technical Glass and Ceramics, the production of low tension insulators and insulation materials of porcelain and special ceramic materials has been standardized.

According to a decree of the Special Commission for the Rationalization of Field and Industrial Railway Equipment, orders for the delivery of field and railway equipment have been cancelled if they were: 1) placed before 1st March 1944 but undeliverable by 30th June 1945; 2) intended for delivery by plants in Belgium, France, Lorraine, Luxemburg and Holland; or 3) intended for delivery into enemy occupied territories.

According to a decree of the German Commissioner for Technical Products, the so-called "iron checks" and coupons of the German Bureau for Technical Products must now be presented upon placing orders for iron products, instead of upon delivery of such products as was the case heretofore. The list of goods, the ordering and purchasing of which are subject to the presentation of these checks, has been extended.

HARRISON

HL/JPR/mes

File No. 850.

355

LAWRENCE H. SELTZER
DETROIT

19475 Stratford Rd.
March 16, 1945

Dear Secretary Morgenthau:

I have been at some pains to make inquiries respecting the reception of your address and the discussion of questions from the audience by you and Harry White before the Economic Club of Detroit a few weeks ago; and I am happy to report that the reception was everything you could have wished.

The only adverse criticism I heard was directed at Congressman Woolcott's long recital, without informative comment or opinion, of all and sundry objections that have ever been made against the Bretton Woods proposals.

A number of men volunteered the comment that you and Harry White had made a very favorable impression upon the business community. Several others told me that they had kicked themselves for leaving before the question period: They heard that they had missed a lot. Allen B. Crow, who is no lover of the Administration, told me the meeting was about the best in the history of the Club.

I am sorry I had to miss the luncheon. I had been scheduled to be a member of your reception committee, but Roy Blough asked me to do a job for him in Washington a few days before.

With high regard and best wishes,

Sincerely,

Lawry

Lawrence H. Seltzer

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

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

March 16, 1945

TO Secretary Morgenthau
FROM J. W. Pehle

FOR YOUR INFORMATION

In connection with the Chrysler Export Corporation contract covering maintenance crews for Chrysler trucks sent to China, we have been advised that the Army is to operate these trucks for a period of perhaps five or six months and then, when the Army's need is over, the trucks are to be turned over to the Chinese.

This information was received from Lend-Lease and is furnished you in response to your earlier inquiry.

My JWP

366

367

March 16, 1945

Secretary Morgenthau
J. W. Pehle

FOR YOUR INFORMATION

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JWP:dg 3/16/45

368

March 16, 1945

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This information was received from Lend-Lease and is furnished you in response to your earlier inquiry.

JWP:dg 3/16/45

369

March 16, 1945

MEMORANDUM FOR THE FILES

I telephoned Mr. Opie and told him that Mr. Boothby appeared to be very active in trying to torpedo Bretton Woods and he said that he and the Ambassador were very disturbed too and had sent a cable to London and were going to do something about it.

I said that some of Mr. Boothby's activities and some of the efforts seemed to suggest that he was working closely in hand with some of the members of the American Bankers Association.

Mr. Opie said that he and the Ambassador took a very serious view of the situation and would see what could be done.

H. B. White

Copies to: Mr. O'Connell
Mr. Laxford
Mr. Russell
Mr. Bernstein
Mr. Feltus

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE March 16, 1945

TO Secretary Morgenthau
FROM Mr. White *HW*

The Committee for Economic Development is coming out with its report at a press conference Monday for release on Tuesday.

I obtained confidentially an advance copy of the report. If and when the reporters call you about reactions to the report, we are planning to issue a press release on the day following the report, like the appended. Before that date, you ought to call a meeting to discuss answers to other possible questions.

This report is an important one and we don't want to make a mistake in how we handle it. I am having copies of the report made, and I will send you one as soon as they are ready.

Attachment

Copies to: Mr. D. S. Bell
Mr. Baston
Mr. O'Connell
Mr. Fussell
Mr. Luxford
Mr. Bernstein
Mr. Feltus

The Treasury Department has read the statement on Bretton Woods of the Committee for Economic Development. It is obviously a carefully drawn report made after long study. This is the kind of constructive, critical analysis that we welcome. We are grateful to the Committee for Economic Development for their assistance and advice. A report on an important current issue, signed by a group of such pre-eminent leaders of American business, is certainly entitled to the most careful consideration by everyone. We shall issue a formal statement at a later time, indicating the views of the Government.

371

372 ✓

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date March 16,
1945

TO Secretary Morgenthau

FROM Mr. Bellas

Subject: Jewish Delegates on Bretton Woods

Saturday, March 176:15 p.m. -
6:45 p.m. -

People's Platform (CBO)

Prof. G. H. Dorey

Gen. J. H. Steele, Western Union
Co. of New York
George A. Roberts, Vice
President, National City
Bank

E. A. Bernstein

10:30 p.m. -
11:00 p.m. -

Rine Network Special Program

Prof. Dean Adelson
George G. G. G. G.Gen. Senator Taft
W. A. IrvinSunday, March 189:30 p.m. -
10:15 p.m. -

American Forum of the Air

Prof. Senator Taft
W. A. Irvin, President, Inter-
national Bankers'
AssociationGen. Senator Taft
W. A. Irvin, Vice President

In addition to these dates, Assistant Secretary of State,
Will Clayton, will speak Saturday, March 17, during an intermission
of the Metropolitan Opera broadcast.

R.F.

373 ✓

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE
March 16, 1945

TO Secretary Morgenthau

FROM Mr. Luxford

FOR ACTIONReminder on Bretton Woods

1. You wanted me to remind you about our need for action in connection with the American Legion Report on Bretton Woods. You were thinking of getting Leo Crowley to speak to Louis Johnson regarding the matter and were also going to consider how you could use John L. Sullivan, Paul McNutt, and Dan Dougherty.

2. I am attaching a copy of the report some of the men have prepared on the attitude of the A.B.A. on previous legislation.

3. You wanted me to remind you to call Congressman Judd and Senator Shipstead. Rather than you having to see each of them personally, you were going to see if you could not make appointments for one of us to call on them. The file on this matter is attached.

4. You wanted me to remind you to talk to the silver mine owners.

5. You were going to try to get in touch with William Randolph Hearst through Rukeyser. Shaeffer is trying to get a copy of Rukeyser's clipping. (All the clippings we have found on hold)

6. Joe O'Connell informed me this morning that at his request Joe Noonan had talked to Congressman Barry of New York, who is a good friend of his. Barry informed Noonan that we should not be concerned about the questions he asks since he feels quite favorably disposed toward Bretton Woods. He also assured Noonan that if he were to change his opinion, he would speak to Noonan before taking any action.

Attach.

OFFICE OF THE VICE PRESIDENT

WASHINGTON

March 16, 1945

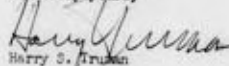
374
photostat to
Mr. Gurnea
3/17/45

Dear Henry:

Thanks for yours of the Fourteenth.

I shall proceed to make arrangements to make
the appearance in Indiana as you and Mr. Pulliam
suggest. I hope I can be helpful.

Sincerely yours,


Harry S. Truman

Honorable Henry Morgenthau, Jr.

The Secretary of the Treasury

12"

375

MAR 14 1946

Dear Harry:

With respect to the invitation that has been extended to you by our Indiana War Finance Committee to speak there on May 7th, I would like to urge you to crowd this into your already busy schedule.

We have an exceptionally fine organization in Indiana under the leadership of Mr. Gene Pulliam, the Publisher and owner of The Indianapolis Star, the affiliated NBC station in Indianapolis, as well as several other newspaper and radio properties in that section of the country. Mr. Pulliam has arranged in connection with the past two War Loans very impressive launching affairs in Indianapolis. He has had for these meetings William Green, Philip Murray, Secretary Claude Wickard and other notables. Not only have they done a good job in getting the War Loan drives under way in Indiana but the meetings have proved so important that their effects have been felt throughout the country.

It is my understanding that the Indiana people have arranged for national radio coverage of their mid-day meeting. The meeting has been set up to provide a greater audience than would be available for an evening meeting, which would have to go out over fewer stations, as a sustaining feature. In other words, I can recommend the time, the place and the people to you and assure you that your acceptance will be most helpful in getting our Seventh War Loan off to a good beginning.

Cordially,

(Signed) Henry

The Honorable Harry S. Truman
Vice President of the United States
Washington, D.C.

107-500

UNITED KINGDOM TREASURY DELEGATION

DIRECTORATE OF COMMON SERVICES

TELEPHONE EXECUTIVE 2020

BOX 482
BENJAMIN FRANKLIN STATION
WASHINGTON, D. C.

11-4-1

16 March 1945

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

Dear Mr. Morgenthau,

In Mr. Brand's temporary absence from Washington I write to acknowledge, with thanks, the receipt of your letter to him of the 13th March, with which you were good enough to forward the copy of a letter which you have sent to the Under Secretary of War on the long-pending question of the "take outs" of British-owned capital facilities in the U.S.A.

I will show this letter to Mr. Brand on his return, but in the meantime I should wish to express our appreciation of the action which you have taken in this matter.

Yours sincerely,

F. Lee

Frank G. Lee

FGL:10

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

TO Secretary Morgenthau
FROM Mr. Peltus

Date March 16
1945

I thought you would be interested in the following:

1. The League of Women Voters is extremely active in behalf of Bretton Woods. They have 5,000 discussion groups in 35 states; 1,500 discussion leaders have been trained to handle meetings on Dumbarton Oaks and Bretton Woods. A ten-page memorandum explaining Bretton Woods was prepared by the National Office and offered for sale to the local chapters. This memorandum has sold more than any other in the history of the League. They have distributed 100,000 of the blue throw-aways which you saw, principally through doctors' offices, beauty parlors, etc. They also have carried articles in the two national publications.

2. We have been working closely with the Catholic groups. The following are quite active in support of the legislation: The Catholic Association for International Peace; the National Council of Catholic Men and the National Council of Catholic Women.

RF

MEMORANDUM FOR THE SECRETARY.

March 18, 1945.

Mail Report

Although there are few quotations from letters asking about the proposals of the Bretton Woods Conference, a great deal of public interest in this is indicated by the fact that many letters were received. Practically all of them simply asked for information, so that quotable comments did not appear. On the whole, however, the evidence is that public opinion is favorable. This conclusion is drawn not only from the few correspondents who expressed their views, but from the editorials and other printed matter received here.

The deadline for income tax returns caused no flurry whatever in the mail. There were a few reports submitted directly to this office, and the usual suggestions and questions. Requests for 1943 refunds reached a new low of 8.

The small news item about the Treasury reception for well-known song writers of the country annoyed some minor composers and encouraged amateurs to try their luck. As a result, an assortment of published and unpublished songs suggested for use in the 7th Drive arrived daily. There were only 2 bonds sent us for redemption, and rumors about the ultimate worth of War Bonds were at a low ebb. The situation regarding the bonds of service men overseas remains the same, as there were again a dozen complaints from families of men whose bonds have not come in.

The week's contributions ranged from \$1 to \$1,000. There was a \$10 bill sent anonymously with a note, "For taxes".

GE. F. Forbush

379

General Comments

Montefiore Levy, New York City. In 1929 prices were high, incomes relatively low. The market was vulnerable to short selling. The persistence of that drove the market lower and lower until the public, scared to death, was afraid to touch anything at any price. With short selling, the production always exceeded the demand. The psychology of fear was lifted by the optimism spread by the President. * * * In 1945 we have prices low and incomes high. People feel prosperous. This is creating optimism and with it prosperity to the nation. Mr. Eccles is now proceeding to strike fear into the minds of the public. It already has had an unfortunate effect. If carried further, pessimism will again set in. Again you will have a panic; this time from the psychology of fear. The public will stop buying the U. S. Government Bonds. They will need cash to protect their investments. When a man has \$250,000 in his business, of which \$100,000 is money borrowed from the bank, he conducts himself accordingly. If the bank calls the loan, he reorganizes his business; even if he is able ultimately to pay the bank it has set in currents, the consequences of which are impossible to anticipate. Fear, instead of halting inflation, may spread pessimism to such an extent that there will be no trust in money. To have employment, you must have optimism. Mr. Eccles is killing that. It is a tragedy. * * *

Alice V. Myers, Acting Director, Des Moines Public Schools, Adult Education, Des Moines, Iowa. * * * On February 28, Raymond Mikesell of the U. S. Treasury Department discussed Bretton Woods with us. We felt he did an exceptionally fine job, particularly in presenting rather complicated matter in a clear and understandable way. Many in the audience told us that they came with the idea that the discussion would be

380

- 2 -

"over their heads", but they were surprised to be able to follow Mr. Mikesell's presentation without difficulty. We want you to know not only what a fine piece of work Mr. Mikesell did here, but how we appreciate the cooperation of the Treasury Department in helping us to carry out this educational program.

Emma Kunschik, Cincinnati, Ohio. The enclosed (check for \$54.99) is my income tax refund under the "tax forgiveness" law, which always seemed a pretty silly thing. I hope it is properly endorsed to insure its return whence it came. The money is long gone, I have lived without it and shall probably continue to do so; and since there is little prospect of being asked to die for my country, I may be permitted to make this small gesture of gratitude for the existence of the United States and the Commander-in-Chief.

Wolfram Hill, St. Paul, Minnesota. Upon asking the Foreign Bond-holders Protective Council, Incorporated, for advice on the Imperial Russian Bonds of the year 1916, I am informed that Mr. Harry D. White of your Department has expressed himself as follows: "Suckers for a lot of rumors" (American people). "No deals are being made; none has been made, none is planned now." It seems to me that if Mr. White were fully conversant with the shameful details behind this "loan" in which the bankers made a huge profit by unloading the loans upon the public, he might have expressed himself in less cynical terms. The fact is that the present Soviet Government got grief rather than benefit out of this loan, but in former Ambassador Joseph Davies' book, "Mission to Moscow", it is clearly stated that Stalin, obviously to overcome the provisions of the Johnson Act, did consent to the refunding of this debt. Evidently this promise was exacted on instructions of former Secretary Hull and it is in flat contradiction of what Mr. White said. As a matter of plain justice, your Department should have reimbursed the few bond holders who still own these bonds just as it was the

381

- 3 -

Treasury Department who bailed out the bankers on other foreign loans. I do wish you would give this your personal attention and look into the matter, which no doubt could be adjusted now with very little expense.

Mrs. Edward Thomson Powell, Hillsboro, Ohio. In 1937 I purchased \$8,000.00 worth of Federal Farm Loan Mortgage Bonds which paid \$130.00 interest March and September. In November 1944 I clipped the September issue and gave them to the Cashier of my bank to credit to my account, not knowing that these bonds had been "called". The Cashier says that he mailed the coupons to me, but I have never received them. A signed affidavit has been sent to your Department to that effect. The mortgages have been turned into Government Bonds, except \$130.00, which you have deducted. It has been over four months and the coupons have not turned up. The Bank and Post Office have been searched. Now the question is -- what becomes of the \$130.00 worth of coupons? Thank you very much for any information you can give me, or advice, as \$130.00 means a great deal to me. P.S. I wish to congratulate you on your advocating the Bretton Woods Conference, as well as the World Bank for Reconstruction, and the Monetary Fund.

Anonymous - postmarked Milwaukee, Wisconsin. According to reports you are using your influence to get the Bretton Woods plans approved very soon to assure our will to peace. Your haste in this matter is uncalled for. The fact that you want everything settled before the war is over and the soldiers return is sufficient proof that an effort is being made to impose the schemes of the internationalists who have always profited by every war. They finance both sides of small wars. The conqueror and the conquered can wait until our soldiers have a chance to be heard and our Congress to pass on it. No reason for haste unless you are trying to put something over on the Republic. An American.

382

- 4 -

A. R. Davis, President, State National Bank, Garland, Texas, sends copy of the following wire addressed to Senator Tom Connally, Senator O'Daniel, and Congressman Summers: Bretton Woods Proposals instrumentalities for postwar economic program seem to me highly desirable and agreements should be ratified by our Congress. Some changes and amendments recommended by New York State Bankers Committee appear logical and deserve study.

- 5 -

Unfavorable Comments on Bonds

William T. Livingston, Springfield, Ohio. * * * With another War Loan Drive coming soon I thought perhaps I would try to help straighten this case out. * * * I know that the next one will not be as successful as our former Drives unless something is done to clear up this particular case. Mr. Harry G. Riley bought bonds through the International Harvester Company pay-roll deduction plan, in his wife's name, Mrs. Margaret E. Riley. March 9, 1944, she took four \$25.00 bonds to the Marysville, Ohio, Post Office to have them cashed. * * * After waiting for months for their check, in return for their bonds, they started to investigate. They wrote to the Cleveland Bank and found that the check had been mailed and cashed and that the case would be turned over to the Claims Department. Many letters have been written to the Claims Department, including one from the Works Relation Board, Springfield; so far have not heard from any of the letters sent to the Claims Department. This man is the father of four children and works every day and has a very good record. Despite his efforts for nearly one year to get his money, he has continued so far to purchase more bonds. Trusting you will do all you can for this man, as others in the department have told me they would refuse to buy bonds in the next Drive unless this case is settled. Thanking you for your trouble.

E. C. Jost, Executive Vice-President & Cashier, The First State Bank, New London, Wisconsin. Before Oct. 1, 1944, this bank, like many other banks, charged 50¢ for the redemption of the first "E" Bond and 10¢ for each additional bond thereafter. Then the Treasury Department advertised in the press that the public could get their "E" Bonds cashed at any bank without cost. This, of course,

- 6 -

was done by virtue of an arrangement whereby the banks would be reimbursed by the Government. For the nine months, ending September 30, 1944, this bank cashed \$2,200.00 in "E" Bonds per month, while for the period of October 1 to December 31, 1944, this bank cashed \$10,000.00 during each of the three months, and for the month of January and February this bank cashed an average of \$7,000.00 each month. * * * Many people have cashed bonds, at least as far as New London is concerned, in place of holding them for a later date. This, in our opinion, means that if any unemployment takes place after the war, it will necessarily increase the relief situation as far as New London is concerned. * * *

Catherine Pearce, Oak Park, Illinois. (Enclosing clipping about "Babe in Bretton Woods") The unfortunate publicity should never have appeared if you wish to engage the buying powers of the average American nowadays. The ones who will buy should be invited to write the songs for bonds -- not the so-called "top songwriters". Great songs come from the people; besides, it is top publicity to recognize an unknown's merit. * * * Your Department has created such disastrous reaction by allowing the Berlins to fatten on patriotic publicity, while hosts of aspirants are sidetracked from their participation in the war effort -- and now peace effort -- that before another blunder is bruited about, you ought to "about face" and extend sponsorship of a humanity song to the nobody or the smalltown choir leader or such. Then you would have a story. * * *

Cyrus B. Weller, (Formerly M/Sgt. U. S. Army), Weller & Weller, Attorneys, San Antonio, Texas. In July 1942, while a member of the U. S. Army and stationed at Camp Wallace, Texas, I made a bond allotment of \$3.75 a month. This allotment was continued until approximately March 1943. According to my personal records, there was a total amount of \$26.25 deducted from my pay on

- 7 -

this allotment. I have been patient and long-suffering in relying upon your trust and the faithful fulfillment of that trust. Several days ago, I received a draft dated May 3, 1944, in the amount of \$7.50, payable to the order of Cyrus B. Weller or to the Treasurer of the United States. I assume, due to the receipt of this check, that my bond will be forthcoming at your pleasure. If you find it so inconvenient to carry out this financial trust on your part, I will forget the whole thing. It is hard for one to see, however, how the Treasury Department expects people conscientiously to respect its numerous demands from the standpoint of reports and remittances when your own business is handled in such a haphazard manner. It is a shame that the Justice Department is not just as ready and prompt to give consideration of complaints against public officers who are derelict in handling funds disbursed in trust as it is in pursuing Mr. Avery through the halls of Montgomery Ward in Chicago.

385

- 8 -

Unfavorable Comments on Taxation

Clark Lionel Keith, c/o B. & O. R.R., Wellsboro, Indiana. I know that you and your staff are very busy at this time of war. I too am very busy working on the railroad, helping to keep the tracks in shape so the trains may haul guns, tanks, and fighting men to win the war. But I am asking you to please listen to my case for a few seconds. In March or February of 1944 I sent you my earnings for 1943 (the amount I had earned), and later a tax collector sent me a bill for \$129.00. * * * I was told that I owed only \$30.00 for 1943 -- that I paid with a big smile. But last Monday my foreman handed me a letter telling me that I owed \$104.14, plus \$6.29 interest, plus \$1.00 filing fee, and that I would get no pay until I had paid up in full. I earned more in 1944 than I did in 1943, and I am told that I owe approximately \$32.00 for 1944. Did the tax go up or was there a mistake made? I seek no pity, but after all, if I don't draw any pay, I cannot buy War Bonds or Stamps. I have no criminal record, and I am not afraid to look the whole world in the face -- that is why I am putting my case before you. Please answer very soon. * * *

Captain E. J. Wood, Coulterville, California. We have a new Assessor here who is getting under everybody's skin. He claims he has the right to tax war pensions and war bonds and all the people are talking of cashing in on their war bonds for this reason. You pay \$2.50 per 100, he wants for tax \$2.80 per 100 -- no profit in that and no savings. So it's up to you now to do something about it. * * *

386

387

- 9 -

Percy Whiteing, New York City. I submit herewith copy of a letter I sent on February 16 last to the Collector of Internal Revenue, Seattle. It was registered, so presumably it was properly delivered by the Post Office. After mailing that letter, I received a mimeographed statement dated February 13, from the Internal Revenue Service at Tacoma, suggesting that if I had not received the refund on my 1943 tax by March 31, 1945, I should write again. This advice shows that evidently my inquiry of January 13, 1945, had been received. However, to this date I have received no reply whatsoever to the second question in my inquiry of January 13, which was repeated in my letter of February 16. With the former I sent a self-addressed reply postcard, and with the latter a self-addressed, stamped envelope for convenience in replying -- though I suppose that an official business reply would be franked. More than two months have elapsed since the first inquiry, and nearly a month since the second, a repetition. I would like to call into question the ignoring by your subordinates of this courteous, bona fide, and simple inquiry, in contrast with the fact that ordinary citizens are required to comply with tax (and numerous other) regulations by some exact date.

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

388

1945 MAR 16 AM 11 45

DC/L
LIAISON

AMELIATION

BREN

1072

The following for Harrison and McClelland is WBS 447.

With respect to the pending evacuation of the 1672 refugees from Bergenbelsen and 760 of the 1210 from Theresienstadt, UNRWA here has requested the Board to make available to them sufficiently in advance of actual evacuation information with respect to departure date together with data on the composition of the groups to be evacuated with respect to nationality (declared or otherwise), and if stateless, what their nationality was before; age, sex, physical condition, and any other information pertinent to documentation; this, so that the Board may be in a position to notify UNRWA here as far in advance of actual evacuation as possible.

STENTINIUS
GLB

REB:MMV:KG
3/14/45

SE

SAP

389

CABLE TO AMERICAN EMBASSY, ANKARA, FROM THE WAR REFUGEE BOARD

Please deliver the following message to Charles Passman, Istanbul, from M. A. Levitt of American Jewish Joint Distribution Committee:

QUOTE STATEMENT MAILED FEBRUARY 18th ANSWERING FISHERMAN'S MEMORANDUM UNRECEIVED STOP IMPORTANT KNOW IMMEDIATELY AMOUNT DUE JEWISH AGENCY TO DATE CABLE URGENTLY. UNQUOTE

THIS IS WBR ANKARA CABLE NO. 147

10:15 a.m.
March 16, 1945

Miss Chumney (for the Sec'y) Aksin, Cohn, DuBois, Gaston, Hodel, Hutchison, McCormack, O'Dwyer, Files.

REB: 3/16/45

390

CABLE TO AMERICAN EMBASSY, LISBON, FROM THE WAR REFUGEE BOARD

Please deliver the following message to Harold Trobe from
M. A. Leavitt of American Jewish Joint Distribution Committee:

QUOTE REMITTED SALLY MAYER \$500,000 FIRST HALF MARCH
SWITZERLAND. UNQUOTE

THIS IS WRS LISBON CABLE NO. 166

10:15 a.m.
March 16, 1945

Miss Chauncey (for the Sec'y) Aksin, Cohn, DuBois, Gaston, Hodel,
Hutchison, McCormack, O'Dwyer, Files.

RSH 3/16/45

391

CABLE TO AMERICAN LEGATION, BERN, FOR NICKELAND, FROM WAR REFUGEE BOARD

Please deliver the following message to Saly Mayer, St. Gall, from M. A.
Leavitt of American Jewish Joint Distribution Committee:

QUOTE UNDERSTAND ARTHUR RISMONT WIFE MIMI SON ANDREW OF STRADA POPA
TATU 18 BUCHAREST ROMANIA IN POSSESSION PALESTINE VISAS AND TURKISH
TRANSIT VISAS STOP PLEASE ASCERTAIN HOW EXPEDITE THEIR EMIGRATION
AND ADVISE SOONEST. UNQUOTE

THIS IS WRS BERN CABLE NO. 487

10:15 a.m.
March 16, 1945

Miss Chauncey (for the Sec'y) Aksin, Cohn, DuBois, Gaston, Hodel,
Hutchison, McCormack, O'Dwyer, Files.

RSH 3/16/45

CABLE TO AMERICAN EMBASSY, BOMB, FROM THE WAR REFUGEE BOARD

Please deliver the following message to Reuben Resnik from
H. A. Leavitt of American Jewish Joint Distribution Committee:

QUOTE BENJAMIN BROOK APPLIED PASSPORT VALIDATION FOR ITALY.
PLEASE ARRANGE HAVE MILITARY PERMIT CABLED SOONEST. UNQUOTE

10:15 a.m.
March 16, 1945

Miss Chauncey (for the Sec'y) Aksin, Cohn, DuBois, Gaston, Hodel,
Hutchison, McCormack, O'Dwyer, Files.

RRR:3/16/45

393

CABLE TO AMERICAN LEGATION, BERN, FOR MCDONELLAND, FROM THE WAR REFUGEE BOARD

Please deliver the following message to Noel Field, Geneva, from Dr.
Charles B. Joy of Unitarian Service Committee:

QUOTE 7 UNITED UKRAINIAN RELIEF HAS VOTED TO BECOME AFFILIATE
OF UNISERCOM WE TO ADMINISTER RELIEF OR ADVISE ABOUT IT EVERY-
WHERE IN EUROPE OUTSIDE ITALY. PLEASE BEGIN QUIET PREPARATIONS
GATHERING INFORMATION AND MAKING PLANS BEING CAREFUL THAT
PREMATURE NEWS OR OPERATIONS DO NOT INTERFERE WITH HOPES FOR
POLISH PROGRAM. UNQUOTE

THIS IS THE BERN CABLE NO. 458

10:15 a.m.
March 16, 1945

Miss Chauncey (for the Sec'y) Aksin, Cohn, DuBois, Gaston, Hodel, Hutchison,
McCormack, O'Dwyer, Files.

394

CABLE TO AMERICAN LEGATION, BERN, FOR NOOKLELAND, FROM WAR REFUGEE BOARD

Please deliver the following message to Isaac Sternbuch, Nijefe, Montreux,
from the Vaad Hahatzala Emergency Committee:

QUOTE INFORMED TRUCKS CARRYING FOOD AND MEDICATION FOR PRISONERS
OF WAR IN GERMANY MAY BE AVAILABLE ON RETURN TRIPS FOR TRANSPORTS
REFUGEES TO SWITZERLAND. WE REQUEST YOU APPEAL TO INTERNATIONAL
RED CROSS AND CONSULT NOOKLELAND. UNQUOTE

THIS IS WBS BERN CABLE NO. 459

10:15 a.m.
March 15, 1945

Miss Chauncey (for the Sec'y) Aksis, Cohn, DuBois, Gaston, Hodel,
Hutchison, McCormack, O'Dwyer, Files.

EBR 3/15/45

395

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

March 16, 1945

In cable from Ankara unnumbered (Received March 15,
11:30 p.m. chartering of the TARI delete word "unnumbered"
and insert "353."

DIVISION OF CENTRAL SERVICES

CBS