TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

TO
Mr. Luxford

FROM
Secretary Morgenthau

DATE March 18, 1945

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

MERCANTILE NATIONAL BANK AT DALLAS
DALLAS, TEXAS

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 medium of exchange and international affairs.

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

I am

[Signature]

Mr. Henry Morgenthau

c/o Secretary of the Treasury
Washington, D. C.
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
Mar. 8, 1945.

My dear Mr. Secretary:

I want you to know how much I enjoyed, and benefited by Wednesday's luncheon. I had covered 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,

[Signature]

Richard Harriman.

The Secretary of Treasury,
Washington, D.C.
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.

KBS/mah
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 there is a separate project offered up for the exercise of their partisan talents, which can be molded 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 distantly connected to 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 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,
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 closest planning to employ our resources for our own and the common good, we shall have economic ills that will jeopardize our common victory, and a security organization, or any other Allied achievement of this epoch. So it is to be devoutly hoped that Congress will take the Bretton Woods program that Congress will not approach the Bretton Woods program that Congress will not approach the Bretton Woods program that Congress will not approach the Bretton Woods program that Congress will not approach the Bretton Woods program that Congress will not approach the Bretton Woods program that Congress will not approach the Bretton Woods program.
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,
Bex 686,
Benedict Franklin Station,
Washington, D.C.

Ford 34/45

Brought In by Miss Chauncey 3/7
UNITED KINGDOM TREASURY DELEGATION

BOX 680
BENNINGTON FRANKLIN STATION
WASHINGTON, D.C.

REFERENCE

MARCH 5, 1965

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’ proposal 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,

[Signature]

The Honourable Henry M. Rees, Jr.,
Secretary of the Treasury,
Washington, D.C.
March 19, 1945

Dear Mr. Turck:

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. Turck,
Chairman, Executive Committee,
Minnesota United Nations Committee,
St. Paul, Minnesota.

AFL und = 3/19/45
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 THESE CITIES WILL GREATLY STRENGTHEN THIS ATTITUDE.

CHARLES J. THORPE, CHAIRMAN EXECUTIVE COMMITTEE.
Mr. White  
Mr. Luxford  
Mr. Feltus  
Mr. Russell  
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.

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.
March 12, 1945

Mr. 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 he 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 in it, and 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 43-old 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,

Richard L. Wilson
Chief of the Minneapolis Star Journal and Tribune
National Press Club.
Mar. 13, 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.

Mar. 12, 1945

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. Hull, 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.
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

March 10, 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 8 (received in your office March 9). Mr. White got in touch with me late in the day and we ascertained that the letter had been referred to Mr. Furseal 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. Oe, and others. I prepared some suggested changes in language and also, at Mr. Furseal’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. Furseal and I went over at that time. Mr. Louis Penn 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:
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.

March 13, 1945

Mrs. Klotts -

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

INTER OFFICE COMMUNICATION

Mr. White
Mr. Luxford
Mr. Feltus
TO
Mr. Russell

FROM Secretary Morgenthau

DATE March 13, 1945

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.
March 12, 1945

PERSONAL and CONFIDENTIAL

To: Henry Morgenthau, Jr.
Secretary of the Treasury

From: Mr. Hubbard
Radio Station K8EP

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 we along on the gold basis.
March 19, 1945

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

Subject: Chapters from Secretary Wallace’s forthcoming booklet.

(Prose 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 declining income and employment the “Government expansion program” be speeded up and financed by bank borrowing.

His chapter “Tax Policy and 50 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 50 Million Jobs” he says in the first paragraph referring to the wartime tax policy: “With more effective use of...”
March 13, 1945

MEMORANDUM FOR THE SECRETARY

From: Mr. Slough

Subject: Chapters from Secretary Wallace’s forthcoming booklet.

(Please read at least one 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 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.
TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

TO Secretary Morgenthau (For action)
FROM Mr. Joe P

DATE 03/14/43

The answer toapper's letter on Earth is a matter of judgment. I have drafted and recommend the first letter.

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

Please sign one of the letters submitted.

State will probably show our letter to Earth.
TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE: 3/18/45

TO: Secretary Morgenthau (For Action)
FROM: Dr. Joe P.C.

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.
In reply refer to
FMA SECRET

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 entrance 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 much a part of 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 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 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 illicit 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. It is especially noted 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 interest of the Treasury Department, 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 shall, 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

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

[Signature]

Acting Secretary

DEPARTMENT OF JUSTICE
UNITED STATES ATTORNEY
Southern District of New York
New York, N.Y. January 16, 1946

Irving Moskovitz, Esq.,
Foreign Funds Control,
Treasury Department,
Room 405, 705-7th Street, N.W.
Washington, 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 N. 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. Salt and his company, who were the defendants. Leonard J. A. Salt and his company have pleaded guilty and have been sentenced. The case against the Chase National Bank is still pending. Alfred N. Barth was one of the men in charge of administering the freezing order as it affected the Chase National Bank, and as such authorized payments from the account of Anton Salt & Co., which according to the conviction of the defendants 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 stated 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 freezing order. The violation is particularly serious because it enabled Leonard J. A. Salt 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 freezing order would ultimately involve aid to the Axis.

The activities of Alfred N. Barth have also been investigated both by the Department of Justice and by this office, in connection with the role of Benedict, Wertheim & Co., the Chase National Bank, Mr. Alfred N. Barth, and others of that group for the Chase National Bank.

It is alleged that the sales of government stocks by the largest source of dollar credits for the German Government. In the course of an investigation of the accounts of the Benedict-Wertheim Co., the Chase National Bank has been identified in having been involved in the sale of these securities. I would estimate that this amount roughly close to 

Regarded Unclassified
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 midst 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 Rückwanderer 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 M. Barth realised 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 realised 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 detection of alien subversion, the purchase of Rückwanderer Marks by an alienenemy is considered some indication of disloyalty to this country.

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

Respectfully,

/s/ John F. X. McCormick,
United States Attorney.
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. Morganau, Jr.

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

Dictated by R.W.C.
3/13/45
The Volunteer State Life Insurance Company
Chattanooga, Tennessee
March 6, 1945

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 Casile for almost four years, first as County Chairman and more recently as State Chairman. Your accomplishment 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,

Cordially yours,

[Signature]

[Address]
Dear Mr. Forrestal:

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 demand 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 Chairman is heartening indeed and I am glad to reflect it to you together with my own.

Sincerely,

[Signature]

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

Dear Mr. Stimson:

As you know our plans for the Seventh War Loan are not 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 material 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,

[Signature]

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

DIVISION OF CENTRAL SERVICES TELEGRAPH SECTION

FEM-913
This telegram must be paraphrased before being communicated to anyone other than Government Agency. (RESTRICTED)

Chungking via Navy

Dated March 13, 1945

LIAISON

Secretary of State,
Washington.

422, March 13, 2 p.m.

TO SECRETARY OF TREASURY FROM ADLER.

Financial situation.

One. Note circulation, January $800,000 million, February $226,010 million, monthly increases of 7 and 11% and an increase of almost 20% since January 1.

Two. 1944 expenditures $172,875 million, revenue $40,750 million, deficit $132,125 million. January 1945 expenditures $49,292 million, revenue from taxation $1,170 million of which two-thirds made up by salt tax and land tax; February expenditures $24,053 million, revenue between 4 and 5 billion, receipts from sale of gold and gold deposits in January and February totalled $2 billion plus $2 billion from compulsory purchase of Treasury obligations. 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. 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 Chongtu around 80% 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 deflation in inflationary process is occurring.

Four. Gold sales: Spot January 61,000 oz., February 95,000 oz.; six-month gold deposits, January 254,000 oz., February 259,000 oz.; other forward about 80,000 oz. in the two months. Official price unaltered, black market price $30,600 at end of February.

Five. Chungking bank clearings January 97.4 billion, February 92 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 650. Rupee currency 185, savings certificates 330, bonds 270, bond coupons 400, and sterling cheques 1400-1500. USD sold USD dollars 11 half million of its January allotment at average of under 300; current USD rate 310.

ATCHISON
CABLE TO MINISTER JOHNSON AND CLAIN, STOCKHOLM, SWEDEN, FROM WAR BOARD

Be our 175, January 31, and your 676, February 23. 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 kroners.

Quite expansion of parcel program from Sweden for detainees in Bergenbelsen desirable at this time and recommended by Embassy and WSH representative Stockholm. Proposal covers an shipments from Sweden of 300,000 kroner medical supplies, 500,000 kroner clothing, and 200,000 kroner (44,000 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 1869, February 13, and earlier exchanges on this subject.

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

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

THIS IS WSH STOCKHOLM CABLE NO. 206

9:30 a.m.
March 13, 1945

SECRETARY OF STATE
Washington

419, March 13, 9 a.m.

Embassy has discussed question of having United Clearing Board sell negotiable checks in China with Bishop, UCS 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 UCS is endeavoring 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 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 as it would be advisable because (1) if conditions of issuance, such as limiting endorsement to even one other party, were liberal these checks would probably...
-3-#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. I agree concurs.

ATKINSON

JT
November 7, 1945

Dear Sirs:

I am enclosing herewith a copy of the cable received from your office in Washington. It is a cable from the UNRRA in regrading the situation of the Jewish refugees in Germany. The cable is self-explanatory and requires no comment.

Yours sincerely,

[Signature]

[Name]

[Title]
APPROVED

(Signed) Joseph C. Grew
Acting Secretary of State

(Signed) H. Morgenthau, Jr.,
Secretary of the Treasury

(Signed) Henry L. Stimson
Secretary of War 8th Division.

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 Ex-Refuge 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 enemy-controlled areas and return to Switzerland for reloading of supplies;

2. Approach countries 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 Cypri mission occurs please approach the Swiss Government for the purpose of obtaining the consent (a) to make available to refugees 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 replacement 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. W320526

2. Cable No. 990 of March 9, 1945

NOTE: For references to No. 337 of February 24, and
No. 1345 of March 2, 1945, and Department's 619 of February 23,
1945.

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.

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 Department today has called 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 connected with War Refugee Board operations. End at Paris has been instructed by the War Department to order your orders on 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.

W320526
Secretary of State,
Washington

694, March 13, 4 p.m.

To Mr. Leavitt from Joseph Schwartz. 7.

Have called 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
Regraded Unclassified

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

Secretary of State
Washington

695, March 13, 4 p.m.

TO LEAVITT JDJ FROM SCHMITT 9

We are informed that approximately 1,072 internes from Bergen Belsen now Switzerland will be moved to Stalag III A but their movement will take place before mid-April. Of the 1,200 from Theresienstadt approximately 700 will probably be moved to Farsamuk which is now BURLA 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 appose Czechoslovak Government London to give similar guarantee for their nationals numbering over 90 in Theresienstadt group.

ERIK

Regraded Unclassified

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

Secretary of State
Washington

695, March 13, 4 p.m.

FOR MRs LEAVITT JOINT DISTRIBUTION COMMITTEE
FROM JUDY SCHMITT 6

Have discussed with Linder projected feeding program concentration camps through Interocor. Would wish proceed Switzerland order work out plan with Chief Interocor and Dicker prior arrival General D’Huyger. However have already applied permission for Greece, Romania and Bulgaria and view our problems those territories especially Romania belief it more urgent to plan there with least possible delay. Expect have reply at an early date and will advise plan accordingly. Will keep you informed.

ERIK
CABLE TO AMERICAN LEGATION, BUCHAREST, FROM THE WAR REFUGEE BOARD

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

"QUOTE: I am instructed by the Department of State that group of Hungarian Jews now interned with each may enter borders. Do everything possible. UNQUOTE"

THIS IS WAR CABLE NO. 450

5:15 p.m.
March 13, 1945

---

Cable to K. C. Gleen, War Refugee Board Representative,
United States Legation, Stockholm, the balance of the $260,000 transferred to your account in the Banque Centrale de la Republique de Turquie, Ankara, by cable on April 12, 1944. Please confirm transfer by cable.

5:15 p.m.
March 13, 1945

Regraded Unclassified
CABLE TO AMERICAN EMBASSY, GENEVA, FOR REDUCTION BOARD

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

QUITE IMPORTANT: FOREIGN OFFICE STOCKHOLM THROUGH SWEDISH EMBASSY WASHINGTON REQUESTS EXCHANGE OF LIEUTENANT STAIN 1904 DECEMBER 19, 1929 FROM SWITZERLAND TO US. NO POSTAL SERVICE VIDE INTERCONTINENTAL BAGGAGE ARRANGEMENTS. SUCH BAGGAGE ARRANGEMENTS MUST BE ARRANGED THROUGH AMERICAN EMBASSY GENEVA THROUGH SWISS AUTHORITY. CABLES JANUARY FIRST AND MARCH FIRST THAT ALL THINGS ARE LOST FOR AMERICAN EMBASSY GENEVA. CABLES JANUARY FIRST ARE NOT INTERESTED IN CASE OF VIDE EXCHANGE, FAMILY IN SWITZERLAND INQUIRED.

THIS IS YOUR RUSH CASE NO. 451

5/15 P.M.
March 13, 1943
FD 236

Plain

Lisbon

Dated March 13, 1945

Rec’d 3:20 a.m., 14th

Secretary of State

Washington

557, Thirteenth

URB 355 JDG 197 FOR LEAVITT FROM HAROLD THOR.

Have opportunity purchase 210 tons sugar at 76 cents per kilo delivered Milneq in transit for France. Sugar now Brazil and Spanish freighter arriving there April 1st due return Milneq April 20th. Must have immediate answer in order arrange navicart. Also danger losing opportunity unless contract concluded next day.

Schwerts 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 sizable quantities of sugar.

Crocker
CABLE TO AMBASSADOR VITAMIN AND STOKER, FROM DEPARTMENT, FIA, AND WAR REFUGEE BOARD

Kronosyn of parcel program from Sweden for detainees in Bergen-Belsen desirable at this time and recommended by Ambassador and W.R. representative Stockholm. Proposal covers an shipment from Sweden of 200,000 kronen medical supplies, 500,000 kroner clothing, and 200,000 kronor (34,000 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 565 of February 7 and your 1459, February 13, and earlier exchange on this subject.

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

THIS IS WAR LEGION CABLE NO. 87

8:30 a.m.
March 15, 1948

AIRPLAN DE KITZING HAUPT AND RODELUND, RED, SWITZERLAND, FROM WAR REFUGE BOARD

With respect to the pending evacuation of the 1,070 refugees from Bergen-Belsen and 1,010 from Theresienstadt, there is requested for your general information a copy of an incoming telegram from the W.R.R.A. representative at Geneva which was made available to the Board on March 3:

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

2. We recently outlined to paragraph three below, however, indicates clear need improvement exchange of information if Kitzingen is to function effectively. Strongly recommend, therefore, action outlined in paragraph four below.

3. Less than 24 hours notice given of recent arrival of 150 Hungarian Jews at Kitzingen. 20 stretcher cases, remainder in bed condition. SHAEF handled across France and returned them at Kitzingen.

4. Have asked Kitzingen communicate SOS and SHAEF substance of following for information, in order that proper liaison can follow through with SHAEF, this repeated AKR. Washington requested to get full understanding of this with COAC and War Refugees Board.

(a) Sending of refugees into this area from north not desirable, as a general rule, but if other opportunities nonexistent, have in cooperation SHAEF and with fair notice is ready to receive up to ceiling indicated in (6) below.

(b) SHAEF and Kitzingen should be signaled as far in advance all possible number, physical condition, sex, type of illness, family connection. Also prospective embarkation and de-shipment points; date of arrival in order to allow Kitzingen 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, 2,000 Kitzingen. Use of Italy camps subject to approval of SHAEF. Kitzingen will discuss SHAEF possibility raising ceilings with commitment military supply nations, accommodation stores, additional people. We will notify you of results.

All military should be requested not to initiate movement to
REMARKS

1. UNEFA installations without first clearing eligibility of refugees.

5. It is recommended that UNEFA, Washington fix responsibility for clearance paragraph four (4) at point nearest departure. For instance, UNEFA personnel at HASH for movements originating HASH theater.

6. Regarding paragraph four (4) we recommend effort keep refugees Switzerland offering supplies and expenses if necessary persuade Government of Switzerland.

7. Nass, Lendriksen, Metcalf, Raitiiea, Raiti, agree with foregoing. UNCLAIMED.

You will note under number 3 above the short notice given UNEFA with respect to the arrival of the 120 at Philadelphia and also that 26 arrived in poor physical condition. UNEFA, 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 UNEFA here in advance of actual evacuation.

This is WEC Special Cable No. 447

9100 a.m. 3/13/45

CABLE TO JOHNSON \& CASS, STOCKHOLM, NORWEGIAN REFUGEES

Reference your No. 737 of February 26, 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 $350,000 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 $350,000 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 Fund. However, this does not look too hopeful. For immediate needs, board will arrange for transfer of all continental War Refugees Board funds now in Turkey (approximately $90,000) to you. JOC has not (repeat not) been advised of advance made to trustees of Norwegian project from JOC funds.

This is WEC SPECIAL CABLE No. 737

9:15 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.
American Legion
See Post-War Planning: Bretton Woods Conference

Bretton Woods Conference
See Post-War Planning

CIM
See Post-War Planning: Bretton Woods Conference

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Federer Reserve Bank of New York statement showing

Federal Reserve Bank of New York statement showing

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See Taxation

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See France

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Treasury representatives (4) recently liberated - 3/15/45. See Book 820. page 101

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a) Copy of report: See Book 820. page 161


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Joint Committee on Studies in Post-War Taxation - "Suggestions for speeding up refunds". See Book 820. page 106

Spain

See International Telephone and Telegraph Corporation

Regarded Unclassified
March 14, 1945
9:40 a.m.

GROUP

Present: Mr. D. W. Bell
Mr. Easton
Mr. O'Connell
Mr. White
Mr. Yebbe
Mr. Blough
Mr. Hess
Mr. Fehle
Mr. Lusford
Mr. Dubois
Mr. Fussell
Mr. C. S. Bell
Mr. Joe
Mrs. Klots

H.W.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.W.Jr: You know what happened?
MR. O'CONNELL: Yes, about Wolcott?

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

MR. O'CONNELL: No.

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

MR. O'CONNELL: He hasn't?

H.W.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. HELL: Ned Brown is sick, isn't he?

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

MR. D.W. HELL: I saw Mr. Forsan 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.W.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.W.JR: Yes.
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 and get this legislative—am going to ask somebody to report on the various organisations. I asked for Feltus. Bell, will you take care of that, please?

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. GAHLE: 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 might not mention that that is our strategy that we want them on first for the reasons that we do.
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 an 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—Lee Freeman, 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 to me and said he had an assignment to render a report to me and said he had an assignment to render a report to see me and said he had an assignment to render a report to see me and said he had an assignment to render a report to see me and said he had an assignment to render a report to see me and said he had an assignment to render a report to see me and said he had an assignment to render a report to see me and said he had an assignment to render a report to see me and said he had an assignment to render a report to see me and said he had an assignment to render a report to see me and said he had an assignment to render a report to see me and said he had an assignment to render a report to see me and said he had an assignment to render a report.

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.

H.M.JR: Now, I am loaning 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 snaky when we went to see him. I think we 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. Feitus 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 Saft and will be very hard to swing away, and Ball gave me the impression during the discussion that he
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 Hall 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 Hall on the Pioneer Press, and Hall, 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?

MR. O'CONNELL: There is one more thing on the general
legislative side. We are having a meeting with McAllan
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
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.
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 Ike's through the oil people. Well, after many pros and cons 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 the way, 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 hasn't had a chance to talk to them yet. We asked Peilus 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 was 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?
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 AAA 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 repeal all of our export taxes," 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. Numam.)

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 18th of March is income tax day?

MR. O'CONNELL: No.
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 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. LUXTORD: 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 A.S. 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 Clay. 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.
MR. GASTON: Butter is no snort these days, anyway. It contributes to the situation.

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

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

MR. DUFFLE: 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 McIlvitt 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.

H.W.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.W.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.W.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.W.JR: That is right.

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

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

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

MR. LUXFORD: All right.
R.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--

R.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 Naiser Rockefeller on Bretton Woods?" Quick as a flash he said, "Do you think his uncle has got to help 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.

R.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.

R.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 telegram to the Texas Delegation.

R.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 20, 1948.)

R.M.JR.: I had a bad night last night. All night long I used my amphone. (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.

R.M.JR.: Would you tell Felix 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.

R.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 shit on Sol Bloom. I haven't seen him yet, but Acheson and I talked about that yesterday and I have tried to reach him.

R.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.

R.M.JR.: That's what he's talking about.
MR. O'CONNELL: That's fundamentally the reason he is annoyed.

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

Does anybody have any chits?

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

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

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

H.M. Ja: 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.

EM: Are you making a note of that?

MR. E.W. BELL: Hakele Walker Wiltebrant 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. Ja: She's a powerful woman.

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

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

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

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

MR. LUXORD: 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 get it up to then showing them the importance of the report?

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

MR. MUSELL: I have it here.

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

MR. MUSELL: They are giving you a choice of dates, April 3rd, April 6th, April 10th or any other date within that range.

H.M. Ja: 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. Ja: Just before you go out I want to tell you I have decided to appoint Eddie Hartell as Fiscal Assistant Secretary, and I have cleared it with the President and with Humphrey. I didn't have to. I did it as a matter of
MR. 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. BELL: I appreciate it.

H.M.JR: And without casting any reflection on Hartelt, 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. 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 managan 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."

MR. GASTON: Well--

H.M.JR: Anyway, you people want to go on the Hill. Does anybody want to be excused?
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. L.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. L.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 a good Roosevelt 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.
Mr. G. S. BELL: Mr. Secretary, I want to send a Miss Anne Trlano 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.J.: We will have a meeting later on.

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

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

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

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

What are you going to do sample sandwiches?

Mr. G.S. BELL: We have had three dismissals in Fehle's cafeteria, and they have already fired.

H.M.J.: Tough guy!

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

Mr. PEHLE: It was that bad.

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

Mr. G.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.J.: Tokens?

Mr. G.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.

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

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

H.R. PEHLE: He is in the Legal Division.

Mr. G.S. BELL: He is moving from Lend-Lease to the Legal Division.

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

Mr. G.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.J.: Incidentally, Joe, you might be interested in how many men he has put on over sixty-five hundred, in case you want some new ones--at least a half-dozen.

Mr. G S. BELL: I'11 check with him.

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

Mrs. KLOTH: You mean taking them away from Fehle?

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

Mr. G.S. BELL: Yes, sir. He has Norman Tielens on it.

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

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

Mr. G.S. BELL: No, sir, just what comes from War, and possibly Navy.

H.M.J.: And State.
MR. C.S. BELL: State? No, from War.

MR. COE: Mostly from War.

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

M.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.

M.M.JR: This 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.

M.M.JR: What do you think?

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

M.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 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. BASTON: 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 Joe's shop anyway.

M.M.JR: There is no question of Joe'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, Joe. 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: as eventually gets them anyway.

MRS. KLOTZ: It is a very peculiar thing, Mr. Morganthau, 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.

M.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.

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

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

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

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

H. M. JAI: 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. JAI: 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. JAI: 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.

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 Doak to tell 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 Doak 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. JAI: 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. JAI: 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 outfits.

They have asked Stan 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--Stan 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...
would be extremely desirable to go over the various items which are under consideration before them.

R.N.Jr: You mean the shoremen?

Mr. DuBose: I beg your pardon, I mean the shoremen.

R.N.Jr: That's all right, I just didn't want it to appear in the record.

Mr. DuBose: 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 state in which we have to get Presidential approval on the suggestions which are made by this combined group to the Joint Committee?

R.N.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. DuBose: 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.

R.N.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. DuBose: 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.

R.N.Jr: Is that enough?

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

R.N.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. DuBose: 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 Ham feel?

Mr. DuBose: He has agreed with the exception of increasing certain exceptions under excess profits.

Mr. D.W. Bell: You agree with some of these adjustments, too.

Mr. DuBose: 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?

R.N.Jr: What do you think, Herbert?

Mr. Daston: I don't know. They can't be much—you asked me whether I think there ought to be reductions?

R.N.Jr: No, whether you should go around and talk to people about it trying to sell them this thing?

Mr. Daston: I think yes.

R.N.Jr: Russell, what do you think?

Mr. Russell: I think so.
H.M.Jr.: There's your answer.

Mr. Brough: 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. Brough: 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. Brough: In doing that do we get into any difficulty with the committee?

Mr. Brough: I don't think so, as long as it is on an expository basis, and not on any pressure of—

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

H.M.Jr.: Are you through?

Mr. Haas?

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 Cost?

Mr. Cost: I have a couple of things.

First, McCoy took action as a result of your letter to Stimson about the Philippines.

H.M.Jr.: Oh, yes, tell me about that.
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 settlement 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 put 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 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 S-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 Land-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.W.H.: Are you through, Coe?

MR. COE: That’s all.

H.W.H.: John?

MR. PEHLE: 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.W.H.: I sent you a letter on that.

MR. PEHLE: 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 million Chinese dollars which will all be furnished by the Chinese government, and this government will put up United States dollars which
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. Pehle: 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. Coo: It would have been much more--

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

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 nonprofit basis.

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

Mr. Pehle: That's right.

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

Mr. Pehle: 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. Pehle: 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. Pehle: Right.

H.M.JR.: Right.

Mr. Pehle: 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. Pehle: 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.
MR. PEHLE: I know.

H.W.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. PEHLE: I know, and I'll do that on anything that needs your attention.

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

MR. PEHLE: Yes.

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

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

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

H.W.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. PEHLE: It was probably the matter on advertising agencies.

MR. GASTON: It might be a good idea to have a colored tag, 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. PEHLE: 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 material assuming that when you got time you would like to read some of it. Mr. Fox is entering on duty this morning.

H.W.JR: Pussell? Excuse me, are you through?

MR. PEHLE: 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 Barteit appointments. Mr. Secretary, would the press conference tomorrow to all right?

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

2 Is that the way this thing went up to Congress? (Indicates photo 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.W.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.W.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.W.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—
I have to do something to get the President interested in Bretton Woods. Let's pin it on you.

MR. FUSSELL: O.K.

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

MR. FUSSELL: Before noon tomorrow.

H.W. JR: Get this sort of thing and let it go 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. PETERS: Hill.

H.W. 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. PETERS: Hamilton.

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

Joseph Dubois?

MR. DUBOIS: I don't have anything.

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

MR. GAMBLE: I have already.

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

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

H.W. JR: (Reads draft of telegram to all presidents of companies, excepting railroads, having over 1,000 persons) "Plans for Seventh War Loan provide for extra 3 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 Chairman 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 urge you in solicitation of your continued good support."

Could I have 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.W. 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.W. 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.W. JR: I'm below par, it doesn't pay to argue with me today.
MR. GAMBLE: I am arguing with Herbert.

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

H.W. 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.W. JR.: Is Coyne in Atlanta?

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

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

MR. GAMBLE: Good.

H.W. 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.W. 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.

H.W. JR.: Is there anybody here—have we got somebody in Atlanta?

MR. COR: 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.W. JR.: Conniff—he was the fellow what's his name sent up there?

MR. GAMBLE: George asked you to appoint him.

H.W. JR.: Anybody in Atlanta today?

MR. D. W. PELL: Bryan.

MR. COR: Malcolm Bryan of Atlanta Federal Reserve.

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

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

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

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

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

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

H.W. JR.: Anything else?

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

MR. D. W. PELL: I shouldn't think so at the moment. We started the Seventh, and I think we should go through with it.
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 is there is aggressive enough to do it, and he is --

MR. B. W. HELL: 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 handled better out there, and George Littie, who is a very sincere, very fine fellow, you agree to that?

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

MR. PLOUGH: Hanson is Bryan's sponsor.

H.M.JR: What else?

MR. GAMBLE: That is all. I am sorry about the Bell-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 the head table, and I said Mr. and Mrs. Patridge. 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.
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 Coast Line.

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 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
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: I assume your 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.
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 alone here indefinitely on these things. We've got to do our work, and I'm not going to say anything new, 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 Reserve.

HMJr: Well ....

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) 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.
March 14, 1945
11:03 A. M.

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

HNJr: Yeah, thanks.

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

HNJr: Yeah.

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

HNJr: Yes.

E: That took Maloney's place.

HNJr: Yeah.

E: And Moore of Oklahoma, the oil man.

HNJr: Yeah.

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

HNJr: General Hines.

E: Yeah, Hines. That's right. Well, anyway there was Sol 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.

HNJr: 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.

HNJr: Yeah.
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 Breston Woods, and the whole implication was that I was in agreement with him on Breston Woods -- the implication, you see.

HMJr: Yeah.

E: Then he asked 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 going to, and I didn't -- didn't want to take too much of their time, but I did feel that I shouldn't 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. You 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 we 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.

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

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

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 helluva fight with his directors and all this, and the other -- he's built up a tremendous bank there, but he votes the Democratic ticket and gives away 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.
March 14, 1945
3:10 p.m.

RE: THE NATION

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

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.


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. KLOET: 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 anytime 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 you suggested, I think, that possibly early next week would possibly be a good time; then I understood since then that Mrs. Kloet 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. Kloet was under the impression I said I would see you once more before we decided.

MRS. KLOET: 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 bill 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.
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. STEVEN: 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 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, 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.
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 1916.

MISS KIRCHWY: 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 utilities 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 KIRCHWY: I hate to use the contributors' money in a case before the Tax Court.

H.M.JR: Would it be expensive?

MISS KIRCHWY: 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--
MR. O'CONNELL: If the Tax Court of the United States held that the Nation was exempt under 1915, we would not appeal to the District 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. SCHULTE: 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—assists people to learn how to vote and whom to elect, and how to organize and—

MISS KIRCHEN: 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 KIRCHEN: 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 or 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—
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.
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 1930 Code. We have not examined all of those cases; we have not reported on a number of typical cases.

H.W.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.W.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.W.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.W.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.W.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—

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.W.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.W.JR.: He heeds 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. Schults 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—
H.M.JR: During twenty-three years with Mrs. Klotz I always gave her a favor.

MISS KING: 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 as soon 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. STEWART: We have to have disallowance of the taxpayer 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.

Present: Mr. White
Mr. Egan
Mr. Luxford
Mr. Dubois
Mr. Feltus
Mr. Doe
Mr. Russell
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. O'SE: They are sending General Djaper, formerly of Dillon Read & Company, over to take Colonel Oranye Howard's place in charge of the German plan in the next week or two.

(Mr. Luxford and Mr. Russell 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 James?

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.
Mr. ODI: Yes, he's a Dillon head man.

Mr. J: 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, 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.

Mr. J: First, the plans for Bretton Woods.

Mr. WHITE: I'm sorry, I misunderstood you.

Mr. J: 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--

Mr. J: Does he sing?

Mr. LUXFORD: He's going to sing.

Mr. FELTUS: He's going to sing "Rakes in Bretton Woods." The same night a character named Luxford is on "People's 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 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 Arlin vs. Dean Acheson, and I think, George Otting, I am not sure, we have invited him and he hasn't said definitely whether he can make it. If not Otting, you may want Honoree, 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.

Mr. J: 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 doublecrosser.

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.
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.

R.J. Jr.: Is there any time limit?

MR. FELTUS: Forty-five minutes.

R.J. Jr.: Are there any rules?

MR. WHITE: Kick anywhere above the ankle.

R.J. Jr.: White will win. (Laughter)

MR. WHITE: After all, the rules have to be fair.

R.J. 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 oven. 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.

R.J. Jr.: I offered your people another luncheon and was turned down cold.
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.: Keep moving.

MR. FELTUS: all right. So much for that—for radio—for the time being.

H.M.: 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.: The dividends from that Luncheon were amazing.

MR. FELTUS: Stokes and Lindley 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.: Who do we have?

MR. FELTUS: Nobody yet.

MR. CLAYTON: Drummond is the head of the bureau. Dick Trout writes a lot.

MR. FELTUS: Trout, Fleming, and Horgan have all been writing on this. Monday in New York I've made an arrangement with Frank Searle. Have you ever seen any of his overseas material? He is a very fine writer on the Staff of Collier's, and Searle and I went together to talk to Henry Lacysett.

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.: Have you a meeting, Frank?

MR. OWEN: No.

H.M.: 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.: 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.: 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. LUXORD: We called him and he is in Boston.

MR. FELTUS: I'll call him in Boston.

MR. BASTON: He was here at eleven o'clock.

MR. FELTUS: I want help with Skouras and the raw film from Gamble. I can handle Harry Harper, and we have the nearest distribution all ready. We have been filling up the
the Congressional Record with choice bits here and there.

H.M.JK: 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 Rewerts 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 shortive 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 sign 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.

H.M.JK: What report?

MR. FELTUS: Twenty thousand reprints of the Commerce report, one to every bank in the country.

MR. WHITE: BenDubos is sending out his report directly to the banks.
Mr. J.: You know, Miss—the woman Delegate from Vassar—she gets on 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.

Mr. J.: We ought to get her to work. She has great influence with the women. Habel-Hennessy—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 commentator program, Mr. J. We can put her on one of those.

Mr. J.: 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 morale support.

Mr. J.: 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 committees?

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.

Mr. J.: Is it a tax-exempt organization?

Mr. Feltus: No.

Mr. J.: Well, that sounds very good.

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.

Mr. J.: Luxford gave me the impression that it is doubtful.

Mr. Luxford: No, sir, I didn't.

Mr. J.: 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.

Mr. J.: What about the tobacco group in the export business—the tobacco people?

Mr. Feltus: We haven't reached the tobacco people yet.

Mr. J.: We have been talking about that.

Mr. White: We tried to locate the proper people.

Mr. J.: 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—do 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.

Mr. J.: The other thing—is the American Farm Bureau Federation coming in?

Mr. Feltus: Yes, it's on the record.

Mr. White: O'Neal.
R.J.: 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.

R.J.: 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.

R.J.: 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.

R.J.: Whatever it is--I am very anxious to put all the heat I can in Georgia and Minnesota and Michigan. Check, Lubbock?

Mr. LEXFORD: 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 bear--

Mr. FELTUS: That's not--

Mrs. 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 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.

R.J.: 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.

R.J.: I agree.

Mr. FELTUS: Many more, incidentally. I would like to get you--

R.J.: If you will send me a little one-page bulletin and by-pass whoever is necessary--

Mr. FELTUS: All right.

R.J.: ...and get it in to Mrs. Kiota by two o'clock as you did the day before, I will read it. Confin 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.)

R.J.: 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. Say no, 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
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.N.Jr: I'll answer that. I guess you haven't told him what we did this morning?

Mr. LINNORE: No, sir.

H.N.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 Governors 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. LINNORE: I didn't tell him because I didn't know about it. I wasn't here this morning.

H.N.Jr: That happened afterwards. Coyne was there, and I called Eoless and Aocles was going to call Bryan, and Coyne and Bryan are calling on Mr. Woodruff this afternoon.

Mr. FRITUS: That's why Seymazak told me Bryan was seeing Woodruff today. I didn't know what he meant.

H.N.Jr: All right?

Mr. FRITUS: Shall I call McLarin and see if that could be arranged under Woodruff's auspices?

H.N.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.

HMJr: Hello.

Secretary Stettinius: Henry.

HMJr: 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.

HMJr: Yes.

S: And I find that it's pretty good.

HMJr: Yes.

S: And I have sent to you by special messenger, marked copies of the various resolutions....

HMJr: ...and really... it really adds up pretty good.

HMJr: Well, I'd like very much to get it, because I was under the impression that you had not.

S: Yeah.

HMJr: If I'm wrong, I'd like to know it.

S: Yeah. I think -- I think you'll be pleased.

HMJr: No, I got the letter from the President....

S: Yeah.

HMJr: .... and a copy of his memorandum to you.

S: Yeah.

HMJr: And I've written him and written you saying that I would be delighted to cooperate, and look forward to the opportunity.

S: Good.

HMJr: And I'm delighted that you're having this meeting tomorrow afternoon.
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 midmorning, 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 Yale, 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.

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 -- I'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.
H.W.Jr.: Where are we? We are running way over time.

Mr. WHITE: Atlanta, and he is to wait.

H.W.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.W.Jr.: Yes, I'll get word back to him.

Mr. FELTUS: The other two spots are San Francisco and Baltimore. Have you heard from Rayburn yet about hearings? Can you make a date in Baltimore?

Mrs. KLOTZ: We are following that up every day for you.

H.W.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 Rayburn this morning and Rayburn—in the room here—is talking about passing legislation through the House by the 24th. Then it goes 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.W.Jr.: That isn't what Rayburn said. He said he would pass it.

Mr. WHITE: If it is passed, it is my judgment that you want 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.


Mr. WHITE: The chances of its passing—maybe he knows better than I what they are.

Mr. LEXFORD: 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.W.Jr.: I have seen Rayburn operate, and if he gets his teeth into this thing, he can pass it by the 24th.

Mr. LEXFORD: Sure he can.

H.W.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.W.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.W.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.W.Jr.: I am talking very frankly because Gaston and Lexford 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.
Mr. Felitus: Let me tell them no on San Francisco definitely and then just close the deal.

Mr. Johnston: That's all right. Tell them no. That's accomplished.

Mr. Gaston: Why shouldn't you plan to get away when the House recesses?

Mr. Johnston: I don't know. If it's all in a mess and everything else--

Mr. Gaston: It's in ten days.

Mr. Johnston: 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.

Mr. Johnston: By the end of next week is the 24th.

Mr. Luxford: You won't know until you get adverse testimony in.

Mr. Johnston: I am now convinced it will be done in a week.

Mr. Felitus: Except where there is a group who already has something scheduled and want to know--

Mr. Johnston: We can do what we did up in Minnesota. We learned how to do it up there.

Mr. Gaston: It was done well.

Mr. Johnston: 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.

Mr. Johnston: We got no help out of the Federal Reserve in Minneapolis.

Mr. Luxford: No.

Mr. Gaston: I don't know what went on.

Mr. Johnston: The War Bond crowd got it across.

Mr. Luxford: They didn't do anything. The only fellow who helped was Upgren and he didn't get in until Sunday night.

Mr. Johnston: They put the meeting across.

Mr. Luxford: You better raise New York--

Mr. Felitus: I have only one other request and I was going to let Mr. Russell 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.

Mr. Johnston: I'm willing to do that.

Mr. Felitus: 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.

Mr. Johnston: Oh, I can't give you a week's notice. These fellows—the radio commentators—send them a telegram.

Mr. Felitus: 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.

Mr. Johnston: I can't give you a week's notice.

Mr. Felitus: How much notice can you give?

Mr. Johnston: 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--

Mr. Johnston: Give me until tomorrow. I'll be in touch with you tomorrow. Washington and New York—what about the Economic Club?
MR. RUSSELL: The New York Economic Club looks to me to be planned for a wrangle rather than a speech, using you to drum the crowd.

R.W.J.: Is the old man still running that?

MR. LINDSAY: Your friend Parkinson.

MR. FELTS: He wrote you that nice letter.

MR. RUSSELL: He is President and Mr. Aichle is the Director. He wants to have four speakers. You could be the one to drum the crowd, and the British Representative, and a banker who would be critical, and an economist.

R.W.J.: I would say no.

MR. WHITE: You shouldn't speak anywhere unless you are the only speaker.

R.W.J.: I would say no. I don't want to go to New York. I'll go to New York for you people.

MR. FELTS: This has national implications.

R.W.J.: The Economic Club?

MR. FELTS: No, my people.

R.W.J.: I'll go 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. H.P: You have Senatorial votes up there, Wagner and Meade. You don't need to speak there. You have Wagner and Meade tied up.

R.W.J.: He's a practical fellow.
March 14, 1945
4:50 P.M.

WAR REMOVAL BOARD

Present: General O'Dwyer
Miss Hodel
Mrs. Klots

R.M.J.: 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.

R.M.J.: 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. Klots enters the conference.)

GEN. O'DWYER: Now, I think Kateski 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?"
R.M.Jr: I tried to.

GEN. O'DRYSHER: Yes, you did.

That's the situation as of today.

R.M.Jr: Did you call Dunn?

GEN. O'DRYSHER: I called him.

R.M.Jr: What did he say?

GEN. O'DRYSHER: He is at a meeting and--

MISS MOOR: 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.

MISS KLOTS: Konff 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'DRYSHER: I think he is a bad boy.

R.M.Jr: For a while there Peble kept telling me not to see him.

GEN. O'DRYSHER: The other three are fine. Kalmannitz is a grand old fellow but--

R.M.Jr: Is Mr. Brauchardt meeting in Switzerland with Himmler?

MISS MOOR: Is that in the news?

GEN. O'DRYSHER: We know he had gone.

- 4 -

Something came up sometime 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 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 intellect 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 psychologist 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'DRYSHER: People actually are insane, not particularly on account of Oswego, but the lives they lead, the experiences they have had in the last three or four years.

R.M.Jr: How many is that?

GEN. O'DRYSHER: 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 Ribble's statement and that is a brick wall. You just approach that—that you had. You are just going to end up getting swept into a dustpan.

However, I was over today to see this Dillon liver, 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
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 Chicago 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 would be plenty of security and they can stay out instead of six hours, sixty hours or six weeks, as 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. The real thought is that we would get the better of these cases, and we would say, 'Look, the man you wrote in the beginning didn't know the facts,' and we'd give 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.W.Jr.: The answer is yes.

GEN. O'NEILL: 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.

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 piled and organized for replenishment. We ought to have people coming out and we ought to have UNRRA 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.W.: I am not going to answer you on that tonight. I never make a decision after five o'clock.

GEN. O'NEILL: I am only suggesting it in the interest of our work.

H.W.Jr.: Let me think about that.

GEN. O'NEILL: 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.W.Jr.: Let me think about it.

GEN. O'NEILL: 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.W.: this is important. I can't give an answer right off. I think other people should be consulted, the board itself.

GEN. O'NEILL: All right. Well, if there is anything--
H.M.JR: if I had to answer you tonight, I would say no.

GEN. O'DRIS: 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'DRIS: Will you say nothing tonight then, please?

MISS HOBEL: I would like to call your attention to the fact that the State Department notified us that Earl Harriman has been approved by the President and will go to London shortly.

H.M.JR: That's good news. I told the cabinet last night we would send instructions over there.

MISS HOBEL: 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 HOBEL: We'll have to clear it through the Board.

GEN. O'DRIS: You don't need a formal meeting of the Board.

H.M.JR: "That's in the works," as they say in Brooklyn.

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TO Secretary Morgenthau (for information)
FROM Mr. Goe C. L.

You will be interested in this article on the Archen mines under our occupation. CBS (London) prepared it. It indicates that the top managers of the mines, who were and are Nazi, 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 Archen is attached. The fact that Early was sent to Archen indicates that the President was worried about policies being followed. The President might be interested in this article.
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.

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Secret

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,

Enclosure

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

Secret
MEMORANDUM FROM THE PRESIDENT TO THE SECRETARY OF STATE

February 28, 1945

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.

Yours sincerely,

[Signature]

The President,

The White House.
MEMORANDUM FOR THE PRESIDENT

Subject: Letter from Sir George Paish on German Reparations

The proposals of Sir George Paish have been examined and found good 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 4½ billion') and then try to collect from Germany in the future. The financial device for achieving this would be the issuance of 4½ 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.
March 9, 1945.

Mr. President,

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

P.S. via Puick 12638

Dear Mr. President,

The declaration of the Consular Conference has been warmly welcomed here in London, as must with general approval wherever we are. Please accept my warmest congratulations.

I have been asked for any comments on the Russian proposal and I regret that I can give you no final word. I have been in touch with the British and French and I have been in touch with the Russian Mission in Washington. I am very much impressed by the very friendly attitude of the Russian Ambassador to England.

Yours sincerely,

[Signature]

Full Hall, London, Enr. 1
19 Feb '45
self-sufficiency and can ensure a steady supply of essential products. The German economy, in particular, has been severely affected by the war. The German industrial production is at a standstill due to the war and the necessity of using the resources for armaments.

After careful consideration, I have decided to present the following proposals:

1. Germany should be required to pay annual reparations to the United States and other countries involved in the war. These payments should be substantial and immediately available. The reparations should be used to reconstruct the German economy and ensure its stability.

2. The United States should provide technical and financial assistance to Germany in the form of expertise and capital. This will help Germany to rebuild its industries and improve its economic situation.

3. The United States should consider reducing its military presence in Germany, as this will help in the reestablishment of normal trade relations between the two countries.

4. The United States should encourage other countries to follow its lead and provide similar assistance to Germany.

These proposals are not only in the interest of the United States, but also of the international community. It is in the best interest of all nations to promote peace and stability in the world.
The blank notes and blank notes on the page 1. 

The blank notes and blank notes on the page 2. 

The blank notes and blank notes on the page 3. 

The blank notes and blank notes on the page 4.
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.

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) Henry

The Honorable Archibald MacLeish
Assistant Secretary of State
Washington, D.C.

ESF/mah 4/2/45
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.

ERF/mah < c>
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,

[Signature]

The Honorable
Henry Morgenthau, Jr.
Secretary of the Treasury

TO: Secretary Morgenthau (For information)
FROM: Mr. Coe

A letter from Aldrich of Chase to Aaron 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.

March 14, 1945

Dear Mr. Grew:

Receipt is acknowledged of your letter of March 3, 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 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:13
3/7/45
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.

Signed at White House 3/14/45.
TO: Secretary, Congress
FROM: Mr. Hitchcock

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-month 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

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 use 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 recent 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 by the various investor classes with their net investment in Federal securities in the five-month 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 exchanges 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 net savings available, nonbank investors have also 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 a very small proportion 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 estimates total $85 billions, but the expected reduction will take place only if war expenditures fell in line with a realistic estimate. The Budget figures for war expenditures in 1946 range from $90 billions for the fiscal year 1946 and $77 billions for the fiscal year 1946. The estimate for 1945 was excluded in the President's Budget Message as follows:

"Depending on various assumptions which may reasonably be made with respect to the course of events, the estimates of war expenditures for the fiscal year 1946 range from less than 90 to more than 100 billion dollars. I propose to use 70 billion dollars in a tentative estimate of war expenditures for the fiscal year 1946. If, 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 1942, 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 $96 billions in the fiscal year 1945 to about $81 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 receipt in fiscal 1945.

The Federal deficit is estimated at $8 billions in fiscal 1945 and at $4 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

EXPENDITURES*

1940 41 42 43 44 45 46
Calendar: $6,800, $6,350, $6,900, $7,650, $8,600, $9,500, $10,400
Fiscal: $6,800, $6,350, $6,900, $7,650, $8,600, $9,500, $10,400

RECEIPTS

1940 41 42 43 44 45 46
Calendar: $6,400, $6,900, $7,400, $7,900, $8,400, $8,900, $9,400
Fiscal: $6,400, $6,900, $7,400, $7,900, $8,400, $8,900, $9,400

DEFICIT

1940 41 42 43 44 45 46
Calendar: $2,000, $3,000, $4,000, $5,000, $6,000, $7,000, $8,000
Fiscal: $2,000, $3,000, $4,000, $5,000, $6,000, $7,000, $8,000

*Includes net outlays for operations of Government corporations

Regraded Unclassified
Federal expenditures during the current six-month period — January-June 1943 — are estimated at $5.5 billions on the basis of the Budget figures, with $2.47/4 billions for war, $1.87/4 billions for interest on the public debt, and $3.1/2 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 $25.5/4 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 securities and reductions in a little over 10 billions. These cover the cost of sales of savings bonds and savings notes and for payments on natural or called securities which are not turned in on exchange offerings. The aggregate amount of cash requirements which must be covered is thus about $35.1/2 billions in the six-month period.
FEDERAL BORROWING REQUIREMENTS
Cumulative, January - June 1945

DOLLARS
Billions


50  ——— Expenditures
40
30
20
10
0

35 ——— Receipts

25 ——— Deficit


1945

Maturities and Redemptions
Nearly 40 percent ($13 billion) of the $33-1/2 billions of cash receipts 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.
The Treasury's cash balance on December 31, 1944 was $260.7 billion. The steady drain on that balance will probably bring it to about $4 billion by the end of May, and to zero by the end of June, excluding the proceeds of the Seventh War Loan.
If Seventh War Loan sales are assumed at $1/2 billion the June 30 balance would come out at about $1.7 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 $2 or $2.5 billions by the first of October. It is assumed that the cash balance will not be permitted to fall below about $3 billion because of the uncertainties facing the Treasury with respect to the progress of the war and in view of the large volume of Federal 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. The schedule could, of course, need some revision if the course of the war would 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 $10 or $17 billions in the aggregate as against sales of more than $1 billion 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 or five issues of $125 or $157 billions each within a period of eighteen months would bring in more funds from individuals than would three war loans of $200 or $300 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 shorten more individual raids 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

DOLLARS Billions

Assumes $17 Bl. 7th War Loan Sales

Without 7th War Loan

July 1944 - Nov. 1945
S. Gross Expenditure Stream and Income Generated.

The preceding charts have indicated the Treasury's borrowing requirements in the period January-June 1965 -- the period ending with the December-60 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 seek 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. The latter, unlike the former, is another name for income.

The gross expenditure stream has grown from $82.8 billion in the calendar year 1940 to $176.2 billion in calendar 1964. Almost all of the increase, of course, has come from the growth of Federal expenditures during the period. In calendar 1944 Federal expenditures were $77.4 billion, or about 42 percent of the total of $183 billions. The other 58 percent was composed of State and local government expenditures of $77.8 billion, corporation expenditures of $6.5 billion for producers' goods, and expenditures by individuals accounting to $99.1 billions, mostly for consumers' goods and services. The corporation expenditures included here are only the purchases of materials used in production, whereas the purchases of materials used in production 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 96 percent) are for production, either of goods or of services. The exceptions consist of governmental expenditures for such items as national, military, emergency allowances, payments to veterans, purchase of existing assets, and emergency contracts. These and the corresponding amount of production of goods and services. Accordingly, the Commerce Department's 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 non-technical sense to mean money income received as the outcome of aggregate expenditure in the country."
GROSS EXPENDITURE STREAM
Calendar Years 1940-1944

DOLLARS
Billions

1940 1941 1942 1943 1944

Federal
Government
State and Local
Governments
Corporations
Individuals
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 $39 billions in 1940 to $606 billions in 1944. Wages and salaries have increased from $27 billions to $112 billions during the period, while other income of individuals has risen from $16 billions to $16 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 $13 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.

\[\text{For the calendar year 1944, corporation allowances for reserves for depreciation, etc., are estimated at $6-1/2 billions; corporate profits before direct taxes (and before renegotiation of war contracts) but after dividends, were probably about $21-1/2 billions; and indirect taxes such as sales taxes, which are included because corporations are presumed to be acting as collectors on behalf of Federal, State and local governments, are estimated at $14 billions.}\]
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 1960 gross expenditures are estimated at $105 billion. This is made up of $51 billion of estimated Federal expenditures, as noted previously, $4 billion of State and local government expenditures, $1 billion of corporation expenditures for producers' goods, and $49 billion of expenditures by individuals.

Individuals will probably receive about $57 billions of the $105 billions income generated — $55 billions in wages and salaries and $24 billions of other income. Corporations will receive the remaining $48 billions.
What will individuals do with this $20 billions of income that they are expected to receive in the first six months of 1965? Their expenditures are estimated at $60 billions and these will probably pay about $21-1/2 billions in direct taxes — principally Federal income taxes which will be swollen 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 bank accounts and amounts used to repay debt.

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 saving available" — a higher figure than for any preceding war loan period. The highest previous peak for any war loan period was $10.2 billions in August-December 1942. 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.
C. New Savings Available.

To what extent were 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) .............. 52
- June-October 1943 (Third War Loan) .............. 49
- November 1943-February 1944 (Fourth War Loan) .... 45
- March-July 1944 (Fifth War Loan) .............. 50
- August-December 1944 (Sixth War Loan) .............. 53

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

DOLLARS
Billions

Jan.-May 1945 | Republic | Savings Accts in Commercial Banks | Net Investment in Federal Securities
10.4 | 9.6 | 0.8 | 0.8

June-Oct. 1943 | Savings Accts in Commercial Banks | Net Investment in Federal Securities
2.0 | 1.5 | 0.5

Nov 1943-Feb. 1944 | Savings Accts in Commercial Banks | Net Investment in Federal Securities
1.6 | 1.4 | 0.2

Mar.-July 1944 | Savings Accts in Commercial Banks | Net Investment in Federal Securities
1.5 | 1.7 | 0.1

2.2 | 2.4 | 0.0

Jan.-June 1945 | Savings Accts in Commercial Banks | Net Investment in Federal Securities
14.0 | 4.0 | 0.0
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 evaluate 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:

<table>
<thead>
<tr>
<th>Period</th>
<th>Gross Purchases</th>
<th>Less than one-half of 1 percent</th>
<th>Net Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>January-May 1958 (Second War Loan)</td>
<td>65%</td>
<td>65%</td>
<td>65%</td>
</tr>
<tr>
<td>June-October 1958 (Third War Loan)</td>
<td>76%</td>
<td>68%</td>
<td>13%</td>
</tr>
<tr>
<td>November-February 1959 (Fourth War Loan)</td>
<td>71%</td>
<td>66%</td>
<td>11%</td>
</tr>
<tr>
<td>March-July 1959 (Fifth War Loan)</td>
<td>76%</td>
<td>60%</td>
<td>16%</td>
</tr>
<tr>
<td>August-December 1959 (Sixth War Loan)</td>
<td>65%</td>
<td>59%</td>
<td>15%</td>
</tr>
</tbody>
</table>

* Less than one-half of 1 percent.
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 70 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 25 to 35 percent except for a decline to 25 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 15 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.
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.
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 37 billions, the highest figure for any war loan to date, with 36 billions in E bonds as compared with the highest previous E bond goal of 33 billions. The expanded payroll plan running over a period of three months should aid materially in reaching these goals.
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 billion. Purchases of Federal securities will probably be less than the $5-1/2 billion 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

<table>
<thead>
<tr>
<th>DOLLARS (Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.0</td>
</tr>
<tr>
<td>2.5</td>
</tr>
<tr>
<td>2.0</td>
</tr>
<tr>
<td>1.5</td>
</tr>
<tr>
<td>1.0</td>
</tr>
<tr>
<td>0.5</td>
</tr>
<tr>
<td>0.0</td>
</tr>
</tbody>
</table>

Currency and Commercial Bank Accounts
Net Investment in Federal Securities

Jan.-May 1943: 2.4
June-Oct. 1943: 2.3
Nov.-Dec. 1943: 2.6
Feb.-Mar. 1944: 2.0
Mar.-July 1944: 2.5
Aug.-Dec. 1944: 2.8
Jan.-June 1945: 3.0

Regarded Unclassified
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 $1-1/2 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

DOLLARS (Billions)

Currency and Commercial Bank Accounts
Net Investment in Federal Securities

Jan.-May 1943: 8.0
June-July 1943: 5.3
Nov. 1943-Feb. 1944: 3.2
Mar.-July 1944: 2.2
Aug.-Dec. 1944: 1.5
Jan.-June 1945: 1.8

*Includes dealers and brokers
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 on their tax collections, and 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 $3-1/2 billions in the two years ending June 30, 1945. 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 reductions 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 $5-1/2 billions.
GOVERNMENTAL ACCOUNTS:
NEW SAVINGS AVAILABLE
Six Financing Periods 1943-1945

DOLLARS
Billions

Currency and Commercial Bank Accounts

Net Investment in Federal Securities

*Comprises State and local governments and Federal agencies and trust funds

Regraded Unclassified

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 movements 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 $7.8 billions of securities from the Treasury but their net investment was only $4.9 billions. The difference of $3.9 billions was accounted for by $2.7 billions of redemptions and switches and $0.7 billion of net market switches. Of these switches, about $0.2 billion occurred in the months of November and December while the Sixth War Loan was in progress, with the remaining $0.8 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.
Insurance companies and mutual savings banks purchased $7.5 billion 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 $3.8 billion. The difference of $3.7 billion was accounted for by $6 billion of maturities and redemptions and $2.3 billion 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 accounted for 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 1-1/4 percent marketable bond.
INSURANCE COMPANIES AND MUTUAL SAVINGS BANKS:
TRANSACTIIONS IN FEDERAL SECURITIES
August to December 1944

- 6th War Loan
- Net Market Switches
- Maturities and Redemptions
- Continuing Programs
- Purchases from Treasury
- Net Investment

*Less than 500 Million
Other corporations and associations bought 2.7 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 60 percent of what they purchased. The other 20 percent was, in effect, liquidated through 0.7 billions in maturities and redemptions (mostly redemption of tax and savings notes) and 0.3 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 corporate quota, including insurance companies and savings banks, has been reduced to 7 billions in the Seventh Loan as compared to 13 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 0.3 billions in the Sixth Loan to about 0.17 or 0.17 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 are providing 0.17 or 0.17 billions are held over any given period rather than driven in excess of 0.30 billions.
OTHER CORPORATIONS AND ASSOCIATIONS:
TRANSACTIONS IN FEDERAL SECURITIES
August to December 1944

DOLLARS
Billions

Purchases from Treasury
Continuing Programs
6th War Loan
Net Market Switches
Maturities and Redemptions
Net Investment

*Includes dealers and brokers

Regarded Unclassified
Governmental accounts received 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 billion and net investment to $2.3 billion. Maturities and redemptions aggregated $3.7 billion and net market value $2.3 billion.

Nearly all of the $5.3 billion of securities 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 almost exactly for the two groups of government accounts. State and local governments purchased $1.3 billion of securities from the Treasury during the period, all in the Sixth War Loan. Their net investment was $1.3 billion, with the difference accounted for almost entirely by $1.3 billion of market securities.

On the other hand, Federal agencies and trust funds bought $3.4 billion of securities from the Treasury and retained $3.4 billion, with net market securities of $0.1 billion and maturities and redemptions of $3.3 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

- 6th War Loan: 1.5
- Net Market Switches: 4
- Maturities and Redemptions: 3
- Continuing Programs: 2.4
- Purchases from Treasury: 5.7
- Net Investment: 4.8

*Comprises State and local governments and Federal agencies and trust funds
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 $77 billion, of which all but $5 billion took place in the Sixth War Loan. Redemption and maturities aggregated $7 billion, and net market switches $8 billion, leaving about $65 billion 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 billion during the five months period although their direct purchases from the Treasury amounted to only $6 billion. The remainder, of course, was purchased in the market and represents the other side of the $8 billion of net market switches by nonbank investors. Bank securities and rediscounts were negligible.

On balance, the Treasury borrowed $13 billion from nonbank investors and $10 billion 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 had 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 $81-1/4 billion, as already noted, were considerably in excess of the optional 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 adding a little margin to keep even in absorbing individuals’ new savings available.

The progress 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

DOLLARS Billions

ALL NONBANK INVESTORS

Purchases from Treasury

24.8

10

5

0

Net Investment

Net Market Switches

6.6

2.9

6.6

Market Loan

Maturities and Redemptions

BANKS*

Purchases from Treasury

Net Investment

Net Market Switches

3

7.8

Maturities and Redemptions

Continuing Programs

67

51

5.2

*Comprises commercial banks and Federal Reserve Banks

DOLLARS Billions
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 $44 billion in the calendar year 1940 to $57 billion in 1941 and $69 billion in 1944. In each of these three years banks accounted for 67.4 to 70.9 billion of this borrowing. Thus nonbank investors, by increasing their net annual investment in Federal securities from $34 billion in 1940 to $53 billion in 1941 and $77 billion 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 21 percent in 1940 to 33 percent in 1941 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 bond, the First, and it was small by present standards. In 1941, there were two issues, 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

DOLLARS
Billions

<table>
<thead>
<tr>
<th>Year</th>
<th>Individuals</th>
<th>Other Nonbank Investors</th>
<th>Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>1941</td>
<td>8</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>1942</td>
<td>48</td>
<td>20</td>
<td>24</td>
</tr>
<tr>
<td>1943</td>
<td>43</td>
<td>20</td>
<td>24</td>
</tr>
<tr>
<td>1944</td>
<td>18</td>
<td>22</td>
<td>25</td>
</tr>
</tbody>
</table>

*Comparison of commercial banks and Federal Reserve Banks

In addition to new savings available from current income, nonbank investors have had accumulations of savings from past periods. These funds are also available in part for the Treasury to buy in war loans and in fact it is inadvisable in practice to determine whether securities are purchased from new or old savings.

Checking accounts of nonbank investors amounted to $71 billions at the beginning of 1940. By December 1941, this figure had risen to $76 billions. Checking accounts were even higher in November 1942 but the Sixth War Loan drew them down by close to $5 billions. This is happened in the earlier war loans 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 comes.

It is estimated that total checking accounts of nonbank investors of $76 billions on December 31, 1942, were divided about as follows: Individuals held about $5 billions of the total, insurance companies and mutual savings banks $2 billions, other corporations and associations $2 billions, and government accounts $24 billions, practically all held by States and local governments.

Over half of individual checking accounts of $32 billions were owned by self-employed persons, including unincorporated business with $7 billions, farmers $4 billions, and professional persons $4 billions. Tax farmers, retired persons, and other individuals held about $14 billions and personal trust accounts about $1 billion.
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 $28 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.
Savings accounts of non-bank investors in commercial banks increased from $15 billions in December 1939 to $20 billions in December 1940. Practically all of the increase took place in the last two years, with an increasing rate of growth. Individuals hold nearly 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

DOLLARS
Billions

TOTAL

OWNERSHIP

1940 1941 1942 1943 1944 1945

Dec 1944

- Individuals
- All Other Investors

(Handwritten note: "Regraded Unclassified")
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 $735 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 $98 billions; insurance companies owned $85 billions and mutual savings banks $12 billions. Other corporations and associations held $82 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 -- $76 billions by commercial banks and $19 billions by Federal Reserve Banks.
The total of the four major forms of liquid assets held by nonbank investors has increased from 31 billions in December 1939 to 625 billions by the end of 1944. This huge increase of 214 billions during the five year period was brought about by the huge 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 5 percent of the major forms of liquid assets of nonbank investors just discussed, as compared with 9 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 15 percent to 10 percent. Federal securities, on the other hand, have increased from 35 percent to 57 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 took up 57 percent of the liquid assets of nonbank investors as compared with 35 percent five years ago is a reflection of this program, that the ideal figure would be 100 percent, of course, a matter of conjecture. If the 57 percent could be raised there could, 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 54 percent at the end of the First War Loan -- December 1941. This percentage rose to 67 percent at the end of the Second War Loan, 59 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 topping nonbank funds during the current financing period, the ratio may fall by the close of the Seventh War Loan.
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. Morrowhan, Jr.
March 14, 1945

Dear Bert Sarazen:

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 Sarazen
Director of Advertising
The Hecht Company
Washington, D. C.

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.

By 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.

(Handwritten) 3-14-45

Regarded Unclassified
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 war 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. Morgenstern, Jr.

Mr. C. J. Arnold
Chairman
War Finance Committee
EVO Northwestern Bank Building
Minneapolis, Minnesota

---

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. Morgenstern, Jr.

Mr. Gideon Seymour
Vice President
The Minneapolis Star-Journal
Minneapolis, Minnesota

---

Regarded Unclassified
MAR 14 1945

Dear Mr. Payton:

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. Payton
President
Federal Reserve Bank
Minneapolis, Minnesota

MR. 1445
2/12/45

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,

(Cop.) HENRY L. STimson
Secretary of War

Regraded Unclassified
Dear Harry:

I should appreciate it if you would send the following message through the facilities of your Department to the man named in the text, all of whom are Treasury representatives who were stationed in Manila and interned by the Japanese forces:


"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.

J.S. 30-9-45
Information received up to 10 a.m., 14th March, 1945.

NAVAL

1. **NORWEGIAN WATERS.** 12th/13th (night). Norwegian M.T.B.'s off S.'s 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.

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. German 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 advance north along east bank of Vistula and heavy fighting in Krukow area. Southern Sector: German attacks N.E. and East Lake Balaton continue.

5. **RUSSIA.** On West side of Tver River, Japanese still active against 4th Army right flank. North of Meltitla, enemy buildup increasing. No major actions reported. 1 soldier Japanese killed on 11th by our columns opening north and N.W. of Meltitla. Our forward troops advanced 7 miles to eastward in direction of Yevgra-vo-vo road and railway which reported out. In battle for Mandali, enemy resistance stiffening and house-to-house fighting in progress. Operations to reduce strongly held Fort Dufren area continue. Road to Mandali which runs south of Mayyo cut two miles S.W. of Mayyo.

6. **WESTERN FRONT.**
   - 12th/13th (night). Bomber Command dropped 103 aircraft (3 missing) on Berlin. 81 Mosquitoes, 21 Hinds.
   - 13th. 134 Bomber Command aircraft dropped 1193 tons through cloud on Burma.
   - SHAF (Air). 678 bombers dropped 1001 tons on airfields, railway targets, M.T.B. depot and ammunition dumps in Battle area, results good. Fighter bombers and fighters 2200 operated over and battle area; 50 locomotives and road and rail vehicles 1340 destroyed or damaged. Enemy casualties in combat 24, 41, 11 Allied bombers 5 and fighters 17 missing. 134 Spitfires attacked rocket targets in Mayaro area.
   - 13th/14th (night). 396 Bomber Command aircraft (2 missing) dropped 397 tons on railway bridges and three airfields. Super Fortresses dropped 59 tons on oil storage in Singapore area.

HOME SECURITY

7. **ROCKETS.** 1 incident reported.
March 10, 1946
10:20 a.m.

PRE-PRESS

Present: Mr. Gaston
Mr. Blough
Mr. Russell
Mr. Shaafier
Mrs. Alora
Miss Ghaussey

H.M.Jr: Have you given this out? (Indicating Press Service No. 48-56, dated March 10, 1946, attached)

Mr. Shaafier: They just got it outside.

H.M.Jr: What else?

Mr. Shaafier: They want to know when the material for the Seventh War Loan basket will be announced.

Mr. Russell: 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.

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 undesirability 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 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.
Treasury Department
Washington

FOR IMMEDIATE RELEASE,

Press Service

No. 45-52

March 15, 1945

Regraded Unclassified

Secretary Morgenthau today announced the appointment of Edward F. Bartelt, Commissioner of Accounts, as Fiscal Assistant Secretary of the Treasury, effective March 16, 1945.

The Office of Fiscal Assistant Secretary was set up under Reorganization Plan Number III, approved June 4, 1940, and F. 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 Measurement, the Division of Deposits, the Section of Safety Funds, 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 the Division of Paper 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, 1899, 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 Press for Homeavit 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.
V: All right, Henry.
HMJr: It may not be a seven-passenger limousine.
V: Well, that's all right. I wouldn't -- I'd settle 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?
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.

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 limousine, but it would be pretty good.
B: All right, sir, we'll get him a good one.
HMJr: Thank you.
B: Okay, sir.
United Kingdom Treasury Delegation

Box 690
Benjamin Franklin Station
Washington, D.C.

14-1-3

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.

The Honourable Henry Morgenthau, Junior,
Secretary of the Treasury,
Washington, D.C.
Treasury Department
Division of Monetary Research

Date: 1945

To: Miss Chauncey
From: Miss Rippel

This has been noted by Mr. Goe and interested members of our Division.

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,

[Signature]

F. G. Lee.

The Honourable Henry Morgenthau, Junior, Secretary of the Treasury,
Washington, D.C.
Lisbon

Dated March 14, 1945

10:10 p.m.

Secretary of State

Washington

Regraded Unclassified

THIS IS WAR 356, UNITARIAN 426 FOR CHARLES JST

FROM MARTHA Grieben.

Replied to request, 157 embassy here send cables direct to State Department. Simplified procedure unknown American Consulate here ten American affairs for each transit visa required.

Substance of cable received here through Mexican Legation follows.

Intergovernmental Committee for Spanish refugees

main office London requests must be transmitted through Mexican Embassy to assure to Unitarian Committee any information necessary regarding Spanish republicans in Portugal including number, civil status, means of maintenance, political situation and probable number interested emigrating Mexico. Inquiry of committee concerning Delaplay's request for 500 visas and inform committee that same will be granted in terms. Coded communication will be sent by us. END OF MESSAGE.

Information sent by Lisbon to IRC via Mexican

Minister London March 11 regarding 26 Spanish families of unmarried imprisoned men. Reports all Bryan cases may soon be liquidated which makes urgent our request. Aid immediately and ensures refugees. Urges your consideration of emergency increase of 2,000 monthly for three months to assist men, women, children, starving, hunted and in greater danger. Balance of funds for relief again estimated. If block visas granted 350 balance inadequate. Particulars re 50 Spaniards today requested by Venezuelian Minister Lisbon.

B.R.

CROCEU

Jerusalem

Dated March 14, 1945

1:10 p.m.

Secretary of State

Washington

Doctor Julian Harris requests that Joint Distribution Committee be informed through War Refugee Board that following message has been received:

From: "Jewish Agency requests Joint pay Lichtenstein deposit 500,000 for special refugee purposes. They will pay us equivalent here immediately we inform them payment has been affected."

We recommend acceptance. Telegraph New York.

VINGSTON

B.R.

Transferred from the Sec'y: Akbar, Coletti, Dobbs, Gaston, Hodel, Hutchinson, McCormack, O'Dwyer, Page.

Regraded Unclassified
PLAUS
March 14, 1945

REGULATION

BERN

1061, Fourteenth

In your 14/7 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 McCalland in the evacuation of two refugee groups now in Switzerland and for whom transportation to Swiss camps is being arranged with ESSA, unless McCalland through private agency facilities in Switzerland can arrange for their immediate departure to Philippeville.
CABLE TO MINISTER JOHNSON AND GLEDIN, 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, 135 three-kilo WFP food parcels which were shipped to Velsenburg the latter half of November. It is suggested that you check with either Glen Whaler, WFP representative, Stockholm, or ICRC delegate, and report your findings immediately to the Board.

THIS IS WAR STOCKHOLM CABLE NO. 232

4:45 p.m.
March 24, 1945

CABLE TO MINISTER HARRISON AND MOELLAND, NURN, 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.

WH ile the Board requests from you at the earliest possible moment a report on the status of the on-shipment of the 224, 135 three-kilo WFP food parcels which were shipped to Velsenburg the latter half of November. It is suggested that you check with either Glen Whaler, WFP 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 Velsenburg, it will be appreciated.

THIS IS WAR NURN CABLE NO. 454

4:45 p.m.
March 24, 1945
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 Orlav 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. Orlav 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 Orlav 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 Orlav.

The foregoing message was repeated to Moscow as my No. 20 for information of the embassy.

HAMILTON
CABLE TO AMERICAN LEGATION BERN, FOR MCCLELLAND, FROM THE WAR REFUGEES 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 RICHARD VOLKSTADT, STRAUSSBURGER 12, RABIN ESSER ZURICH VOGELHAGEN LUCIA GOLDMAN KRON MARCHALL
December 21, 1880, MUNICH LAST KNOWN ADDRESS IN THIESENSTADT.
UNQUOTE.

THIS IS WIEB BERN CABLE NO. 463

4:45 p.m.
March 14, 1946

Miss Channery (for the Sec'y) Akin, Cohn, Dauois, Gaetz, Hold, Hutchison, McCormack, O'Dwyer, Files.
Plain
March 14, 1945

ASSURANCE

LONDON
1907, Fourteenth

Contributions of this Government to administrative and operating expenses intergovernmental Committees have been under constant consideration since receipt of cables and despatches mentioned in your 2334 March 9.

War Refuge 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 Mr. O. Harrison of Philadelphia, recently Commissioner of Emigration and Naturalization to succeed Byron 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 Steen 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 recommenda- tion as to the contribution of this government for operational expenses may be presented to Congress without further delay.

STEENENDERS
INCOMING TELEGRAM

Regraded Unclassified

Secretary of State, Washington

450, March 14, 7 P.M.

TO SECRETARY OF TREASURY FROM ADLER

Commission for control of foreign exchange assets is being abolished and its functions transferred to Central Bank.

Suggest this is convenient time to visit India on pending business.

MCCLELLAN

40 - 1953

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

Reed 11:40 A.M.

March 14, 1943
March 16, 1946
9:00 a.m.

WHITING Woods
Present: Mr. Gaston
Mr. White
Mr. O'Connell
Mr. Geiststein
Mr. Luxford
Mr. Russell
Mrs. Kitts

Mr. JIN: Good morning. I have to do this in ten or
three minutes.

I talked with Luxford last night as to whether I should
courage the speaker to try to get this thing passed by
the 16th. 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 Senate 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 Vincen 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.

Mr. JIN: Do you want me to do anything with the speaker?

MR. LUXFORD: I don't know whether that would come
from the speaker's or Treasury. Senate isn't too explicit.

MR. O'CONNELL: Senate is expecting us to give him the
guidance on how the order of witnesses will be. We have to
tell Senate that Vincen and Brown, who have definitely
agreed to be there, are to be witnesses tomorrow.

(Mr. Gaston enters the conference.)

Mr. JIN: I just want to know, do you people think I
should call the speaker? Share me the details.

Mr. WHITE: I should think you should, and we should
also talk to Senate.

Mr. O'CONNELL: Oh, sure, there is nothing inconsistent
about that.

Mr. JIN: Sure, tell Gaston about that, please.

Mr. WHITE: Of course, he has to feel he can put 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.

Mr. JIN: Who?

Mr. WHITE: Haykam.

Mr. BROWN: 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. BROWN: 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.

Mr. JIN: I've got to go. I have to see White alone
on another matter—Gaston and White.
March 15, 1945
10:18 a.m.

HNJr: Hello.
Operator: Mr. Thornton.
L. L. Thornton: Hello.
HNJr: Morgenthau speaking.
T: This is Bob Thornton, Mr. Secretary, in Dallas.
HNJr: How are you?
T: Pretty good. How are you?
HNJr: 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.
HNJr: 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.
HNJr: They have?
T: And any number of them are writing their Texas Senators and Congressmen.
HNJr: That's what I wanted to find out.
T: Yes, and there's very little, if any, opposition to the Breton Woods plan as far as I can locate here, wonder and thither.
HNJr: 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 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 find any of them at all that object to Bretton Woods.
HNJr: Well, that's wonderful.
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: Goodbye.

March 15, 1945, 11:34 a.m.

HH Jr: 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 26th or 28th, 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: Yes. 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 Valley upset.
R: That's right. That's right.
HMJr: According ....
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.

Operator: Mr. McNam 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.
C: Yes. Well, that stuff will all be over to you within a half hour, I think.
MNJr: Well, you tell the Commissioner I called and I was disappointed not to be able to talk to him today. He's all days.
C: I'll tell him that.
MNJr: Please.
M: Thank you.

MNJr: Listen, Jack.
John: Yes.
MNJr: (Laughs)
M: That was quite a party.
MNJr: Listen, why don't you train your boss the way you train me?
M: Well, I didn't get a chance to see you, before the -- before the show. (Laughs)
MNJr: (Laughs) He -- poor Ed said, "I don't know where Stimson got this far before the meeting."
M: Yeah, I know.
MNJr: Yeah.
M: Yeah, I know. It was good.
MNJr: I didn't look at you. Give me credit.
M: Okay.
MNJr: And I didn't kid you over there.
M: No, I didn't get a chance to put that into him.
MNJr: But give me a good mark.
M: I will.
MNJr: I -- I was awfully tempted to give you the "ha ha".
M: I deliberately didn't look in your direction.
MNJr: I was scared to look at you. (Laughs)
M: (Laughs)
MNJr: It was just to have a laugh; that was all.
M: How did you -- did you -- did they do anything after we left?
HMJr: No, they're -- we're going to study the thing and ....
M: Yes.
HMJr: .... we'll most likely file a report to Stettinhus 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 1007."
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 1007 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.
March 16, 1945
3:31 p.m.

NMJr: Hello.

Operator: Mr. Coyne in Atlanta.

NMJr: Hello.

Robert Coyne: Hello, Mr. Secretary.

NMJr: Hello, Bob.

C: How are you, sir?

NMJr: Fine.

C: I have talked to Ted this morning....

NMJr: Yes.

C: .... and I have tried to get in touch with Mr. Woodruff, but I found that he is in New York.

NMJr: 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.

NMJr: I see.

C: Now, you might be interested in knowing, sir, that a representative of the Georgia Bankers Association ..... 

NMJr: Yes.

C: .... told me this morning that if you were interested in making another Breton Woods talk, if you could be interested in Atlanta, why, they would like very much to host such a meeting.

NMJr: 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 ....
March 15, 1945
5:30 p.m.

HE: PROTOCOL ON REPARATIONS

Present: Mr. Gaston
Mr. White
Mr. Dubois
Mr. Glasser
Mr. Coe
Mrs. Kiots

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 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 Middleberger 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.: Middleberger--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 Drew the way you talked to me?" I said I would, so he sent for Drew. I said, "Look, Mr. Drew, if I tell you Middleberger, I think, is at the bottom of this, does that mean you need press a button and send him right away?" And he said no.

Stettinius said, "No, this would just be for Drew."

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 1037 differs from this. What I told them was that you can take this protocol on reparations and perfectly well interpret it and get 1037, or you can take this protocol on reparations and get out of it the kind of document that Middleberger 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.
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 Crow, "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. COX: I didn't hear anything.
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 missing.

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 how 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 centralised 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.

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 Mind"). "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 right, so don't start something. This business of high-pressure me all the time—
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 initiated 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. DOBIS: 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. DOBIS: 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. DOBIS: 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. DOBIS: 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.

MR. DOBIS: 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. KLOTZ: 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. DOBIS: 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 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.
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 the chair out of the way.

H.M.JR: Why didn't you tell me about Henderson?

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 Scoppe 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 Burley 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. DAVIES: 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.
March 15, 1945

MEMORANDUM FOR THE PRESIDENT

Subject: 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.

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.
(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 of 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 8, 1943

DEPARTMENT OF STATE
WASHINGTON

March 9, 1943

In reply refer to FPA.

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 Aaron Voel 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.
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 dis-
cussed in more detail at the meeting of the technical
representatives of our two Departments.

Sincerely yours,

William L. Clayton
Assistant Secretary

Dear Mr. Agnew:

Your broadcast on Bretton Woods last Wednes-
day 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
gathered together last week, and look forward to seeing
you again in the near future.

Sincerely yours,

(Signed) H. Morgenthau, Jr.
Secretary of the Treasury

Dr. Martin Agnew
Blue Network
National Broadcasting Company
Washington, D.C.

E.D.V. 3/15/45
Dear Mr. Gamble:

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 Knutson Foods 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,

[Signature]

Secretary of the Treasury

Mr. Drew Pearson
Blue Network
National Broadcasting Company
Washington, D. C.

Ref: 3/15/45

3/15/45

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.
Dear Mr. Brown:

I enjoyed very much your broadcast of March 6, 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.

3/12/45

Harry White
Secretary Morgenthau

I understand Miss Mabel Newcomer is in town talking on Dumbarton Oaks. I think you can locate her at the Women's University Club. I repeat that Mabel Newcomer ought to be spending all of her time assisting us in selling Bretton Woods, and I think you are overlooking a wonderful bet in not using her. Please do so.

3/15/45
MARCH 5, 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 restrictions 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.

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 Britton 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
The original text from the page is not fully legible due to the quality of the image. However, it appears to be a section from a legislative document, possibly discussing the economic and financial aspects related to a financial institution during a time of war.

### Table

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The United States government is planning to allocate a large sum of money towards financial support. This amount is expected to be used to stimulate economic growth and aid in the war effort.

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### Congressional Record—Appendix

The aforementioned amount is intended to help stabilize the economy and provide funding for various projects deemed crucial to the country's welfare. The specific details of how this money will be distributed are yet to be finalized, but it is clear that the government is taking significant steps to ensure that the nation remains strong and resilient in these challenging times.
EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD

INTER-OFFICE COMMUNICATION

DATE: March 16, 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. Hoagley sent on March 8 to General Eisenhower.

Mrs. Hodel

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 Hq COMZONE APO 887 signed Eisenhower action to A/SWAR information to SHAEF Main.

Subject: Provision of food parcels for inmates of concentration camps in Germany through War Refugee Board operations.

Your WR 49934 of 8 March 1946 is referred to. Consultation with Molleland will be made and information as to what facilities can be made available will be forwarded.

ACTION: CWS/W

INFORMATION: APO, CFPD, G-2 (War Refugee BR), CWS/W, C of S

CH-IM-12049 (12 Mar 45)
March 16, 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 LBY, and, according to McCloy, sets up complete authority for central control of Germany very much along the lines that I understand Randolph 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 Stettinius 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
INTER OFFICE COMMUNICATION
Date: March 15, 1945

TO: Secretary Morgenthau (for information)
FROM: Mr. Con.

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 communiqué 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.
March 1, 1945.

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 Debate in Parliament with respect to the Conference was almost overwhelmingly favorable. British newspapers of all political persuasions including those with such divergent 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 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 "Gorki 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 one observed comments could be termed generally critical. One appeared in The Statist whose criticism was cautious and pointedly anti-Russian. The other appeared over the signature of Douglas Hurd in The Sunday Graphic and was a rather inarticulate protest whose point seemed to be directed at Russia and which turned as "troubles" the idea of German "labor and machinery" being used to repair devastation.

There were, however, certain criticisms voiced in publications which were more sharply and vigorously critical of the results of the Conference. Thus, for example, in regard to Germany, The Economist, The Observer and The New Statesman and Nation quoted portions of the statement which, in the sense that they would be interpreted, for example, as meaning that German industry would be destroyed 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 activity might be resolved in terms of control rather than destruction and indicated that this would be undesirable.

In particular the point was struck that "preparations to kind" might, although not necessarily, indicate a leaning toward the reindustrialization of German industry in order to enable it to produce the requisite goods.
The Observer, February 10, 1916

"The present situation which immediately creates all the talk and discussion primarily with a view to the formulation of a new policy towards Germany, the conflict which has arisen between the American and German powers, and the necessity for the formulation of a new policy towards Germany. The conflict which has arisen between the American and German powers, and the necessity for the formulation of a new policy towards Germany.

"The editorial stresses the weight of the statement.

"Let us look first at the plans for Germany. This shows a curious unanimity among the leaders of the Allied nations in their determination to make the conflict of the two nations in the interest of the nation and the nation's interest.

"This caution is natural and prudent. For such an event cannot be the character of the political forces with which the war will be won. On the other hand, the conflict as it stands gives no reason to believe that full agreement in the treatment of the Allied forces has yet been reached.

"Although the statement on Germany leaves most questions unanswered, it is clear that the statement on policy towards Germany has been reached. It is, for instance, regarded as certain that pre-war Germany will not be allowed to retain the great industrial interests, the Rhineland and Upper Silesia, in their present state.

"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 real, and the industrial interests of the Rhineland will be entirely independent.

"However, the Rhineland will not be a separate state; it will be incorporated in Poland.

Th. May 1, 1916

"The fact that the Rhineland will be a separate state does not mean that the Rhineland will be economically isolated. The industrial interests of the Rhineland will be entirely independent of the economic interests of Germany.
The Statist feels that the decision for the showing 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, become a creation of new potential sources of tension that would impair the development of Russian power, whilst still be a stabilizing factor in the new Europe." The Statist, however, already finds the seeds for dissension among the Allies in the decision for the showing of Germany.

The article states:

"Such war will have to be taken; by safeguarding yet to be devised, that national interests do not even seem to be threatened by the economic weakness of the region controlled. There has already been much discussion about 'spheres of influence' outside the Reich that could bring about suspicion may be anticipated about the national advantage which these internal spheres will seem to provide. They will be a breach of the spheres now existing and allotted that the rest of Allied unity will come - not soon, immediately after the Crimean Conference, in this phase of generalisations."

In the statement for the proposed treatment of divided Germany, the article finds "such joint to be preserved".

"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 state in which industry is not used for profit that would not be so used. Even in the elimination to be achieved by force and not for profit, and with what effect upon the interlacing of international trade, in the control of that problem can be conducted? The statement says that 'it is not our purpose to destroy the people of Germany. ...' - but you talk of life when you do talk, and it would 'nor \\
will they have all the forces of free. Will there countries which are to be compensated have any say as to what compensation 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 recipient? A Commission will be established ... - but how composed, with members by whom nominated, and on what basis? The claim 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 19, 1920.

The Economist finds the Crimean Conference 'a simple endorsement of logical development of the policy of Tsarism'. 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 postulated or taken firm decisions ... The Declaration states that the Allies will 'eliminate or control all German industry that could be used for military production.' Interpretation here, this could mean the total destruction of German heavy industry; leastens 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 foodstuffs 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?"
An editorial in the Sunday Times points out that "it was inevitable - and perhaps desirable - that policy and programmes 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 realisation, the report has been given a warm welcome in every Allied country." The editorial in commenting on plans for Germany points out that "in the important respect we have learned from experience after the last war. The attempt 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 failure. 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."

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 idea suggested by Dr. Boycott (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, therefore (it is suggested), implied 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 reconstitute 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 armament, in the broadest possible sense. Any solution short of that would only be regarded as partial disarmament. Fortunately, the German declaration is a statement of intentions rather than of precise commitments, and, in any case, the view that the Allies have 'enforced' their peace terms is not one which is borne out by the tone of the rest of the document."
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 extinguished, 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. Mr. Cottrell, of course, declares that this means de-industrialisation of Germany on Naxosian 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 its factory workers. To these questions there is no answer."

The Times, February 17, 1945

"Friends and foes have alike recognised the cardinal significance of the Crimea conference. Its far-reaching decisions, achieved with exemplary rapidity, have disintegrated at a stroke the last years of compulsory servitude and at the same time extinguished 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 leading powers have jointly undertaken and the degree of unity between them which is presupposed. They have undertaken not only to destroy all area institutions and German military power, but to eliminate or control all German industry that would be used for military production. It can hardly be doubted that total elimination would be impracticable, as well as inconsistent with the declaration 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 sustained by constant consultation between them."

The Hague protest issued by the Polish Government in London re-echoes the tragedy familiar throughout history of those who can hear 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."
The Sunday Graphic, February 15, 1948

"How do the Crimean decisions compare with the decisions of twenty-seven years ago? The dooms of Poland (and of several other countries not even mentioned) seemed clearly implicit in them."

"Last time Germany undertook to pay enormous sums annually until 1969. Payments ceased in 1932 and foreign loans (on which Germany defaulted) probably exceeded the trifles 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 commenced 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

TO: Secretary Morgenthau (for information)
FROM: Mr. Cohn

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 8 the amount of new drachmas in the hands of the public rose from 5 to 5 billion. The government is spending 70 million drachmas daily and receiving only 2 million.

The British Treasury's confidence is so low that they have been thinking of withdrawing the EMA currency, fearing it will be ruined along with the drachma.

The monetary situation parallels economic deterioration.

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

TO: Secretary Morgenthau
FROM: Randolph Foltus

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 (GBP) this Saturday. I protested through a friend at CBS that this would open irrelevant, but dangerous, issues. He has been removed from the program. Times magazine is on his trail. They called me and I left the thought with them that he is being used by the ARA to cloud the real issue. They will probably follow that line in their treatment of him.

Meanwhile, White has called 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 House'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 Symes 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 all languages.

4. We have in preparation a 1500 word 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 Morgenthan
(For Information)

FROM
Mr. Geo

Mendes-France, the French Minister of National Economy, submitted to De Gaulle 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 Jean and the Ministry of Finance on banking policy. De Gaulle 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.

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.
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 Freisler, 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 programs 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.

Commissioner.
Restaurant & patissseries Longchamp Inc.

This is a New York corporation formed in 1926. It started its operations as a consignment and service organization for four restaurants operated by Longchamp Inc. but in 1927 it took over the operations of the restaurants and since 1928 it 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 1926 it reflected current total assets of $872,000, current liabilities $330,000 and a net worth of $542,000. A consolidated statement of the parent company, Henry Lustig Co. Inc., as of December 31, 1926, showed current assets of $930,000, current liabilities of $922,000 and a net worth of $1,669,000. Loans are made to it against collateral consisting of various types of liquor. The officers of the company are:

Henry Lustig - President and Treasurer
K. Allin Lustig - Secretary
Henry Lustig - Vice President.

Henry Lustig is 100% owner of Henry Lustig Co. Inc. The Lustig family also operates the Broadway & Forty-first Street Corp.

/signed/
J. A. "Amaury" Lustig
3/15/25
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**MEMORANDUM**

March 15, 1945.

**CURRENCY DEPOSITS** - CONFIDENTIAL CIRCULAR NO. 395 (20-64)

**Reporting Bank** - Chase National Bank of the City of New York, N.Y.

**Deposited in Account of** - Henry Lustig Co. Inc.

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**CURRENCY DEPOSITS** - CONFIDENTIAL CIRCULAR NO. 395 (20-64)

**Reporting Bank** - Manufacturers Trust Company, N.Y.

**Deposited in Account of** - Henry Lustig

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MEMORANDUM

March 15, 1965.

CURRENCY DEPOSITS — CONFIDENTIAL CIRCULAR NO. 165 (10-64)

Reporting Bank — Guaranty Trust Company of New York

Deposited in account of — Henry Instig

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<th>Date of Deposit</th>
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<td>3/12/65</td>
<td>$25,000</td>
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Regraded Unclassified
March 15, 1945

To: Secretary Morgenthau
From: J. W. Peake

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 $6,579,159, reported cost. Inventory balances as of February 28 amounted to $31,303,484, reported cost.

A meeting of Regional Directors and Regional Surplus Property Deputy Directors is scheduled in Washington for the period April 9 - 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 present, 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.

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 118,000 asbestos filter discs and $4,096,000 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 $300,000 worth of porcelain enamalware 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.
Arrangements were concluded for an automotive parts school to be conducted at the Ordnance Depot, Cresco, Pennsylvania beginning March 19, 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 $16,684,626.82, including $16,100,000 for Lend-Lease (schedule attached) and $68,626.82 for regular purchases.

Lend-Lease carloadings for the week totaled 3,377 cars.

Unusual requisitions for the week included $58,400 worth of horseshoe nails for the Belgium Government; 2,200 farm trailers for civilian relief by INRA in liberated areas; $4,200,000 worth of railway steel wheels and tires for France; 1,000 vials of Sodium pentillin for Belgium; 472,000 pounds of fruit wrapping paper for Australia; and 44,000 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.

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 $245,000 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 transferee.
The investigation into the complaint of the Adam Marcus Snow 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 $5,000,000 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.

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<th>Miscellaneous &amp; Undistributed</th>
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<td>Obligations (Purchases)</td>
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<td>Deliveries to Foreign Governments at U. S. Ports</td>
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Note: 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.
FEDERAL RESERVE BANK
OF NEW YORK

March 15, 1945

CONFIDENTIAL

Dear Mr. Secretary:

Attention: Mr. H. D. White

I am enclosing our compilation for the week ended March 9, 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) R. L. Sanford,
Assistant Vice President

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

Enclosures 2

TREASURY DEPARTMENT
OFFICE OF THE SECRETARY

March 16, 1945

CONFIDENTIAL

Received this data from the Federal Reserve Bank of New York, for the confidential information of the Secretary of the Treasury, compilation 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.
## Reports and Analysis Division

### Bureau of Canadian and Australian Accounts

**Week Ended March 7, 1945**

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</table>

### Average Weekly Expenditures for:

- **First year of war:** 6.2 million
- **Second year of war:** 4.0 million
- **Third year of war:** 3.0.1 million
- **Fourth year of war:** 4.1 million
- **Fifth year of war:** 13.0 million
- **Sixth year of war (through March 7, 1945)**: 17.1 million

*(a) For monthly breakdowns see tabulations prior to April 23, 1943; October 8, 1943; October 15, 1942; September 29, 1942; 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, Inc.*

*Includes $ 19.5 million received from New York accounts of Canadian chartered banks.*
### Analysis of British and French Accounts

**Week Ended March 9, 1945**

<table>
<thead>
<tr>
<th>Date</th>
<th>Total Debts</th>
<th>Total Credits</th>
<th>Net Debts or Credits</th>
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<td>January</td>
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<td>February</td>
<td>151.0</td>
<td>39.9</td>
<td>204.4</td>
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<td>March 9</td>
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**Average Weekly Expenditures Since Outbreak of War**

- **France**: (through June 20, 1940) $919.6 million
- **England**: (through June 20, 1940) $876.6 million
- **England**: (since March 12, 1942) $94.9 million
- **England**: (since March 12, 1942) $21.8 million

*Reports and Analysis Division*
<table>
<thead>
<tr>
<th>PERIOD</th>
<th>BANK OF ENGLAND (Larger Department) (In Millions of Dollars)</th>
<th>BANK OF FRANCE (Larger Department) (a)</th>
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<td>March 30th</td>
<td>1,000.0</td>
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Average Bank Expenditures Since Outbreak of War:
- France (through June 10, 1940) $13.6 million
- England (through June 10, 1940) $27.6 million
- England (through June 20, 1940 to March 12, 1945) $54.9 million
- England (since March 13, 1945) 21.8 million

See attached sheet for footnotes.
(a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.

(b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to $334 million.

(c) Includes about $83 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the repatriation 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 accuring dollar receipts. See (a) 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 30, 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, 1943; October 8, 1943; October 14, 1943; September 29, 1943; September 6, 1944.

(h) Transactions for account of banque central de la France d'Outre-Mer included for first time in week ended December 6, 1944.

(i) Includes $157 million currently representing current and accumulated dollar proceeds of sterling area services and merchandise exports, and $30 million transferred from accounts held in this market by State Bank of U. S. F. E.
TO:  Secretary Morgenthau
FROM:  E. B. Russell

March 15, 1945

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.
CHAIRMAN FlANNAGAN OF THE HOUSE AGRICULTURE COMMITTEE ACCUSED THE
TREASURY DEPARTMENT OF BY-PASSING THE FARMER IN THE DISPOSAL OF SUR-
PLUS FARM TRUCKS.

"THE TREASURY'S NEW POLICY THROWS THESE TRUCKS WIDE OPEN TO
SPECULATORS," HE SAID, "HE WARNED THE DEPARTMENT THAT IT MAY BE CREAT-
ING 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
"ASSESSMENT 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 "ASSESSMENT 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---2205P
March 18, 1948

2 p.m.

The following for Johnson and Olsen is from War Refugee Board.

Reference your no. 927 of February 28, 1948. 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 $90,000 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 $90,000 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 $90,000) to you. JIC has not (repeat not) been advised of advance made to trustees of Norwegian project from JIC funds.

SS/3/97153
3/14/48

NIX

GUM

GUM

Acharya via Army

Updated

Rec'd March 15, 1948
4:30 p.m.

Secretary of State,

Washington,

3/16

For Department and SUB

As anticipated in Katch's cable to the SUB (Acharya's 14, re Acharya's 2078, December 19) Sachtmann's approach to any negotiations with the Turkish authorities to charter the SS TARI without consulting the Embassy or the VEB representative, has offered the Turkish Ministry 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 31 inclusive. The amount claimed is £17,000 Turkish pounds being 47 days at 2,000 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 VEB representative in Turkey to suggest to the Foreign Office that the Turkish Embassy in Washington discuss the matter with the VEB in Washington. It might thus be possible to arrange to have the claim disposed of under reverse Land-Lease.

STEINHARDT
LFG-1900

Lisbon

Dated March 15, 1945

Recd 3:15 a.m., 16th

Secretary of State,
Washington.

659, Fifteenth

WEB 397 JDC 108 FOR LEAVITT FROM HAROLD SHORR.

Getchell advises 210,000 medicines, 10 tons bread, 5 tons cornflakes left March 13th for Poland.

Magnus cables "received from Johannesburg 22,000 pounds Poland relief second shipment 60 tons Polish goods left for Ibhis second shipment 6,138 pair shoes, 1,975 blankets, 1,173 kilograms textiles left for Balkans correcting our 197 sugar prices [24 cents] ake.

CHOGUSE

JMB

303
Information received up to 10 a.m., 15th March, 1945.

Not to be re-transmitted

A. Home Waters. During last three days at least five Midget U-boats sunk in Scheleit Approaches.


C. Western Front. 13th. In face light resistance 3rd U.S. Army closed to north bank of Moselle from Treil to Coulommiers with exception of two small enemy pockets. On 14th crossing over Moselle secured some 10 miles south of Coulommiers 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 hampering progress.


E. Brama. Coastal Sector: Landing made in area Lutepen (40 miles north Tornup) with complete surprise achieved and operation going according to plan.

F. Western Front. 13th/14th (night). Reference raid already reported OPHEL No. 84, 907 tons dropped on bencol plants Salzinchen and Hermes and bombing at former concentrated. 14th. 193 Bomber Command aircraft (1 missing) attacked railway yards Bielefeld (79 tons including one 22,000 lb Arnsberg (80 tons) and bencol plants Hattiesburg (797 tons) and Eastham (987 tons). At Blacklaid six to eight hours of violent destruction. 1223 escort U.S. heavy bombers (159 missing) attacking bridges and railway stations. 40 tons dropped by 1112 aircraft dropped by 435 SHEEP (Air) Below two missing) dropped 666 tons landings grounds, railway centres and bridges in Northern and Central battle area with good results while 697 fighters and fighter bombers operated Southern Sector. 91 Fighter Command: Spitfires attacked rocket sites and communications Holland.

G. Mediterranean. 15th/16th (night). 88 heavy bombers attack railway centre Poreuca (200 tons) where bombing concentrated.

H. 799 escort U.S. heavy bombers (4 missing) dropped 314 tons Floridasol oil refinery with good results and 105 tons on other targets while 723 tactical (1 missing) aircraft attacked Italy with good results including railway lines out 97 places.

19th/20th (night). 69 heavy bombers dropped 101 tons on Regensburg Railway Centre with one observed results while tactical aircraft 803 attacked communications and provided escorts over wide area destroying 20 locomotives and cutting railway lines in 28 places.

I. Home Security (Up to 7 a.m., 25th).

J. ROCKETS. 13th. One incident now reported for first period reported yesterday. 14th, No incidents reported. 14th/15th (night), 7 incidents reported.

K. FAITHFUL ROOM. 14th, 2 plotted. 14th/15th (night), 4 plotted...
March 18, 1945
11:10 a.m.

Present: Mr. White
Mr. Russell
Mr. Feltus
Mr. Gees
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 Hollitt 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 Hollitt 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,

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 there which helps him take 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. Morgenthau. 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.)
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.W. 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.W. 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 have already done 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.W. 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.W. Jr.: Yes. It's too bad Luxembourg 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.
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 Mackeyzer.

Mr. WHITE: Mackeyzer 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 it 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 Mackeyzer, Hearst, and me. It is very amusing.

Mr. WHITE: Mackeyzer is a very able fellow.

H.M.JR: Before I call Mackeyzer, how important is this thing up in New York--seeing these columnists?

Mr. FEITUS: 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. FEITUS: Shirer, George Eliot, Vandercook, Quincy Blaine--

H.M.JR: Those kind of people?

Mr. FEITUS: Plus a few columnists.

Mr. WHITE: They are at least as important as the people you had here.

Mr. H.JR: I have talked to Mrs. Morventau. 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. FEITUS: That's a very good time.

H.M.JR: At twelve-thirty, say, Mrs. Klots, 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 I?

Mr. FEITUS: I would say the City Club would be the better of the two.

H.M.JR: If they can take care of us.

Mr. FEITUS: 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, not the City Club. It's around 33rd or 34th Street. The only trouble--how many would there be? I could have them call up.

Mr. FEITUS: 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. Klots?

Mrs. KLOTS: Yes, I'd be delighted.

H.M.JR: See whether Tuesday noon, if I come up there, they would have a private place where we could have a luncheon, cocktails, and so forth.

Mrs. KLOTS: Yes.
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're 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.
MRS. KLOTZ: Chances are if he is leaving for the Coast he won't go.

H.R.J.: No.

MR. WHITE: Maybe Bill Clayton might go. Well, I don't know, he wouldn't be too helpful.

H.R.J.: 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.R.J.: When this breaks up the first thing to do is to call 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.R.J.: 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.R.J.: 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.

MR. FELTUS: It is not necessary in the wire to say what you want them for, is it?

H.R.J.: 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 lately, and it might get into quite an attack of propaganda in some of the papers.

H.R.J.: 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.R.J.: Do they say anything about Dunbarton Oaks—same old criticism?

MR. FELTUS: Yes.

H.R.J.: 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.R.J.: You said it just like that, without smiling?

MR. FELTUS: That's right, but he caught me, I might say.

H.R.J.: He caught you?

MR. FELTUS: He caught me good.
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.W. Jr: I wouldn't worry. I know, Inwood 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.W. 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.W. Jr: So what?

MR. FELTUS: I think so long as we don't do anything too blatant, we are all right.

H.W. 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 don't tell the hares 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 freakier thing to say to these people.

MR. WHITE: It is nicer because then the Secretary of the Treasury invites them, they don't know what's up.

H.W. Jr: Somebody maybe didn't pay his income tax.

MR. FELTUS: Sure.

H.W. 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.W. 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.W. 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.W. Jr: Sure, but Inwood 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.W. 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.
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. Ashenon.)

H.M.JR: All right, you get on that, Mrs. Kiots.

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 here this afternoon. I'll call him and find out what Walter George said.
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.W.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 sell will go to anybody on the black list, and so forth. In some negotiations we 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 Franco either.

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—namely Klaus was one—in which Behn said that he had had conversations with Goering with the proposition that Goering 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.W.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 Texasco. 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 heard 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.W.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.
Mr. WHITE: First you ought to get a letter. I agree with the Secretary from this point of view that this fellow Bahn 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 Bahn 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--Treaty Separations Protocol and the March 16th Draft Directive on Germany, and a brief memorandum concerning them.)

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 so many, 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 slip Top Secret on lots of things.

H.M.Jr.: Let's leave it this way; stuff that comes to my office Mrs. Eltsa and myself will give to you--if it comes to my office--before copies are made.

Mr. COE: Yes, sir.
H.W. JR: Is that fair?

MR. COS: 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.W. 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 DeBolis, and he can build a big staff because the British are taking fifty, so you can give him DeBolis 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.W. JR: Luxford prepared me for that last night.

MR. WHITE: Did he?

H.W. JR: DeBolis?

MRS. FLOYD: It was suggested in here.

MR. WHITE: Oh, was it? I didn't know.

H.W. JR: That's all right.

MR. WHITE: Donald Wilson called me up and read me a release he was giving to the public about Henderson's going to China.

H.W. 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.W. JR: Oh, it's the Chinese Government.

MR. WHITE: Yes.

H.W. JR: I had my suspicions.

MR. WHITE: Nelson arranged that over there before he left.

H.W. JR: Oh, I thought this week Baruch wanted to get him out of town. He's going to reject the invitation of the Chinese?

MR. WHITE: Soon, yes.

H. JR: Is he leaving tomorrow?

MR. WHITE: Saturday.

H. 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. JR: You weren't too friendly, were you?

(Mr. DeBolis enters conference.)
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 taxing him in.

H.N.JH: The reason I wanted you, Joe, is this: I want to speak to Mr. Baruch at lunch, see? Have you seen this man?

MR. DUROIS: I am having lunch with him at twelve-thirty.

H.N.JH: 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. DUROIS: 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.N.JH: That I can’t answer today, but you have a little talk and find out when they are going, see?

MR. DUROIS: Yes.

H.N.JH: 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.

H.N.JH: 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. COH: We heard from Taylor that Roseman’s mission seems to be expanding—more countries and more people.

MR. DUROIS: Taylor is tied up in that.

MR. WHITE: He’s in London, but Roseman 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.N.JH: Did Lubin ask you for somebody?

MR. WHITE: Several days ago.

H.N.JH: 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 wouldn’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 a top man.

MR. COH: 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. DUROIS: He can be a real help.

MR. WHITE: If he can spend a week here.

H.N.JH: Fisher?

MR. WHITE: He’s a lawyer.
MR. DUROIS: 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. DUROIS: The important part of the Lubin thing, Mr. Secretary, as I see 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 and a few people, a general from the army, somebody way down in state, and some sign 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. DUROIS: You know what the British will do? They will shoot five or ten men 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. DUROIS: It is clear what State has done. They have taken the Yalta document and tried to make it fit into their pattern.

R.N.J: That's what I said.

MR. DUROIS: You were one hundred percent right.
March 16, 1945
10:18 p.m.

Lubin: Hello, Lubin.

Lazar: How are you, Mr. Secretary?

MMJr: How are you?

L: Fine. A little thinner -- five pounds thinner than when I started, but feeling swell.

MMJr: 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 ....

MMJr: Yes.

L: .... that I didn't know I'd lost it until I came back.

MMJr: 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 -- Hell.

MMJr: 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.

MMJr: 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.

MMJr: 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)
L: Yes.
HMJr: Now, the reason being -- is that they know more about the problem than these other people who are supposed to read books.
L: Yeah. Well, are you busy tomorrow afternoon?
HMJr: No, sir. I shall be free any time you say.
L: Well, I'm having lunch at the White House. It ought to be, maybe, three o'clock.
HMJr: Three o'clock.
L: And then maybe White and DuBois and you and I -- do you know Frank Cox?
HMJr: Yeah.
L: Would you like to have him sit in on this?
HMJr: 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: Yeah.
L: .... to -- if they want to prepare any memoranda ....
HMJr: Yeah.
L: .... to guide me ....
HMJr: Yeah.
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 via a via International Telephone.

With the compliments of British Air Commission who enclose Statements Nos. 179 and 180 — Aircraft kept patched — 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.
### Secret

**Secret Statement No. 170**

Aircraft Discharged from the United States
Week Ended March 9, 1945.

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<th>Type</th>
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<th>Sea</th>
<th>Air</th>
<th>For Use in Canada</th>
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<td>U.S.</td>
<td>4</td>
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<td>U.S.</td>
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<td>U.S.</td>
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<td>India</td>
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*with radio equipment.*

**Note:** One Liberator II was exported February 13, 1945 by Royal Navy to Halifax, N.S., Training Station.

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**Secret Statement No. 180**

Aircraft Discharged from the United States
Week Ended March 9, 1945.

<table>
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<th>Type</th>
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*with radio equipment.*

**Note:** Movements Freight I
R.A.F. Delegation
March 15, 1945

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Regraded Unclassified
March 16, 1949
3:30 p.m.

HI Jr.: Hello.
Operator: Mr. Baruch.
HI Jr.: Hello.
Operator: Go ahead.
HI Jr.: Hello.
Baruch: Henry.
HI Jr.: Yes.
B: Remember you told me to find out about a certain man?
HI Jr.: A Senator?
B: Yeah.
HI Jr.: 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.
HI Jr.: 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....
HI Jr.: Oh, yes.
B: ... and I told him that I think that will be worked out so that the other -- everything will fit into it.
HI Jr.: Yeah.
B: Of course, that was gr -- and then I -- I didn't want to press the other thing, because it seemed to go it was moving along favorably and I think a little educational work will be all right.
HI Jr.: Well, I think....
B: Yeah. It wasn't -- it isn't important.

HNr: 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?

HNr: Well, not that I know of.

B: Yeah.

HNr: Is he?

B: Well, he's going -- he's going -- going down to ....

HNr: War ....

B: .... take a little rest.

HNr: Oh, well, I -- on the 27th?

B: Yeah.

HNr: I didn't know.

B: Now, not with me.

HNr: No.

B: Not with me.

HNr: His own place.

B: Yeah.

HNr: I see.

B: And the -- I think they're working him too hard.

HNr: I agree. Dobbis had lunch with Lucas today.

B: Yeah?

HNr: 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.

(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.

HNr: 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.

HNr: Is that right?

B: Yeah, that's -- so you can give me a dollar for that.

HNr: I'll give you a dollar less 20% withholding tax.

B: Oh, God. What a tough man you are.

HNr: That's right."

B: Goodbye.

HNr: Bye.
March 16, 1945
4:09 p.m.

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.
Regraded Unclassified

March 16, 1945
4:51 p.m. 345

WMJr: Hello.
Operator: Go ahead.
WMJr: Yeah.
Dorothy Brady: Mr. Secretary.
WMJr: 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 knew Mr. Baruch is not going to Germany, and he wanted to know who the man Lubell was.
WMJr: He's not going to Germany?
B: Yes, sir.
WMJr: Well, the point -- no, I -- I -- he was going, he told me, to London....
B: Yes, but you....
WMJr: .... on reparations.
B: Yes, but it was about material on Germany.
WMJr: That's right. Well, Lubell is the man who writes all of Baruch's reports.
B: Uh huh.
WMJr: And he wrote the report for him on rubber, and he does all of his writing. Baruch told me if he went to London, he's taking with him Mr. Lubell.
B: Uh huh.
WMJr: I think -- wait a minute, let me ask. (Talks aside: Is his name Lubell?) I was asking Mrs. Klotz. It is Lubell.
B: Uh huh.
WMJr: And he's been over here, and I gathered....

B: Well, I didn't ask the President if he was going to Germany. I told him he was asking to see a lot of material on Germany....
WMJr: That's right.
B: .... which you had in the Treasury.
WMJr: Yes.
B: And that a man by the name of Lubell was asking to see it.
WMJr: That's right. That's right.
B: And that you wanted to know if Mr. Baruch was going over there to see 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?
WMJr: 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.
WMJr: See?
B: Uh huh.
WMJr: That may make it a little clearer.
B: Well, maybe he's just avoiding an answer or something.
WMJr: Could be, but that's the thing.
B: Yes.
WMJr: But he didn't say whether I should or shouldn't give it to him.
B: No, he didn't.
WMJr: Well, now you know who Lubell is?
B: Yes.
WMJr: He does Baruch's writing.

Regraded Unclassified
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.

HMJr: Hello.
Dorothy: 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: What 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.
HMJr: Meaning the President.
B: Yes.
HMJr: Okay.
B: All right.
HMJr: You're a wonderful girl.
B: Thank you.

Secretary: Yes, sir.
HMJr: Ed, if we could see -- I mean, when I say -- Stimson and myself -- well, I'm talking for myself -- the political part of these discussions at Yalta, I think it would be helpful to us in preparing a memorandum.
B: Yeah.
HMJr: And I wish if you're free, you'd leave some instructions before you go.
B: 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.
B: 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.
B: 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.
B: But ....
HMJr: Well, I just thought if a man like Lubell could see them, certainly the Secretary of the Treasury could see them.
B: A man like whom?
HMJr: Lubell, who is working for Bernie Baruch.
B: He hasn't seen them.
HMJr: He says he's going to see them tomorrow.
B: Lubell isn't going to see the protocol of Yalta at all.
S: He told me that today.
NMJr: He's not going to -- definitely not.
S: Yeah.
NMJr: 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.
S: Yeah.
NMJr: And nobody has got it.
S: Well ....
NMJr: 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.
NMJr: Okay. Well, we -- we'll ....
S: But, Henry.
NMJr: 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.
NMJr: Yeah.
S: And I'd be delighted to do it.
NMJr: Yeah.
S: But you can see the spot I'm in.
NMJr: Yeah.
S: Because it was his private meeting, you see ....
NMJr: Yeah.
S: .... at which I was only present as an advisor.
NMJr: Yeah. Okay. I just was -- I hadn't thought of it, but when this man told ....

No.
S: ... my man he was going to see them, I thought, well, if he's going to see them to help Baruch ....
NMJr: 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.
NMJr: 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.
NMJr: Yeah.
S: And incidentally, he's interested in this whole reparations matter.
NMJr: Yeah.
S: All right, old boy.
NMJr: Right. Thank you. Get a good rest.
S: Thanks, Henry.
March 16, 1945 4:30 p.m.

Operator: Go ahead.

NM Jr: Hello.

Ted Gamble: Mr. Secretary....

GM Jr: Where are you?

G: Over in my office.

GM Jr: What are you doing there?

G: Sir?

GM Jr: 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.

GM Jr: I see.

G: That gives me a few days a week in the office.

GM Jr: 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.

GM Jr: 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 a lot 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 for us. He's our chairman up there. And I think in a pinch he might be a pretty good Treasury man.

GM Jr: I doubt it.
HM Jr: I'll let you know.
G: I'll be available.
HM Jr: Right.
G: Thank you.

BRETTON WOODS

March 16, 1945
4:36 p.m.

Present: Mr. Feltus
Mr. Fussell
Mrs. Klots

HM Jr: I have only one very little suggestion today. I saw in Advertising and Selling that the Indianapolis Star—Gene Fullam, our State chairman, has just added Parade, and they have one quarter million circulation. And I wondered if you couldn't get a peaches story in Parade. The Chicago Sun has gone all out for us.

MR. FELTUS: It is easy.

HM Jr: It is Marshall Field who has very good newspapers that carry it.

MR. FELTUS: Yes.

HM Jr: And they have a quarter million circulation.

MR. FELTUS: That would be no problem.

HM 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 Kingston 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--

HM Jr: If it is good, I will read it.
MR. FELTMER: It is good. It is excellent. I underlined some parts.

H.N.JR: How about having him sort of add some seasonings?

MR. FELTMER: All right, sure we will. He was one I intended to invite to the luncheon.

H.N.JR: Yes. Any owners of radio?

MR. FELTMER: 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.N.JR: I see. And what's his name is very friendly—the fellow who used to be in—

MRS. KLOTH: Steel?

MR. FELTMER: Johannes Steel? Wonderful! I have seen a lot of them individually in New York.

H.N.JR: But there is an association.

MR. FELTMER: It is called the Association of Radio News Analysts.

H.N.JR: Then you won't have any newspaper columnists?

MR. FELTMER: We will throw in a few.

MRS. KLOTH: You won't have over thirty, will you?

H.N.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. KLOTH: I don't know; probably everybody would know in advance that you are coming.

H.N.JR: That is all right.

MR. FELTMER: I have been trying to remember to tell you this every time I come in here, and I never get a chance, what Beulah Harris said to me about you.

H.N.JR: Yes.

MR. FELTMER: 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.N.JR: Wait a minute. I am just doing a little checking. Give me a chance to think. I talked to Paul Mclnutt—are the people coming in? And Paul Mclnutt 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 Scherbinger, the head of the thing, and tell him to stop. That is a good thing to know when you are losing the argument.

MR. FELTMER: Well, with the committee they have—it is a terrible committee.

H.N.JR: They have no business getting into it, and if I would let him know, he would call Scherbinger and kill the whole thing.

MR. FELTMER: The committee includes such people as Walter Hoving of Ford and Taylor in New York who is a vicious Republican, and a number of people like that.

H.N.JR: Mclnutt said he can kill it. I am trying to get Walter Govea.

MR. FELTMER: 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.N.JR: Yes.
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-Hoebard. I have talked to them. He is wholly New York.

MR. FELTUS: We have had Tom Stokes in all the Scripps-Hoebard 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.H. 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.
Treasury Department

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.

A-302, February 21, 1945, noon.

Economic Press

Germany

Bayer Nachrichten: Stockholm 16th February (aq). As a result of the stream of refugees from eastern Germany and the intensification of Allied air raids, 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 (ringmaschinen), dairy equipment and machines (2nd edition), rotary compressors, air raid 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.
switch and distribution boxes, spectacles and spectacle cases (2nd edition), dark room and photographic equipment, medical syringe 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 insulating materials of porcelain and special ceramic materials has been standardized.

According to a decree of the Special Commission for the Nationalization 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, Luxembourg 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 sanctions" and a couple of the German measures 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 processing of which are subject to the presentation of these checks, has been extended.

HARRISON

HL/JR/nn

File No. 850.

LAWRENCE H. SELTZER

DETOIT

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 W. McGlenn'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 Elough asked me to do a job for him in Washington a few days before.

With high regard and best wishes,

Sincerely,

[Signature]

Larry H. Seltzer

The Honorable Henry Morgenthau, Jr.

Secretary of the Treasury

Washington, D. C.
TO          Secretary Morgenthau
FROM        J. W. Pehle

DATE       March 16, 1945

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.

Secretary Morgenthau
J. W. Pehle

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JWP:dg 3/16/45
March 16, 1945

Secretary Morgenthau

J. W. Fehle

FOR YOUR INFORMATION

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This information was received from Land-Lease and is furnished you in response to your earlier inquiry.

March 16, 1945

Mr. White

I telephoned Mr. O'Neil and told him that Mr. Hooton appeared to be very active in trying to torpedo Bennett 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 none of Mr. Hooton's activities and some of the efforts made to suggest that he was working closely in hand with some of the members of the American bankers association.

Mr. O'Neil said that he and the ambassador took a very serious view of the situation and would see that something could be done.

Copies to: Mr. O'Connell
Mr. Landford
Mr. Russell
Mr. Bernstein
Mr. Altman
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.

To: Secretary Morgenthau
From: Mr. White

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. W. Bell
Mr. Weston
Mr. O'Connell
Mr. Russell
Mr. Laxford
Mr. Bernstein
Mr. Felbus
TO Secretary Morgenthau
FROM Mr. Laxford
Subjects: Senate of the A.S.A. on Bretton Woods

Saturday, March 15
9:15 p.m. - People's Platform (C.L.D.)
10:45 a.m.

Rep. C. M. Borroco
Rep. J. C. Claro, merchant, Trenton, N. J.

9:45 p.m. - House Special Program

Rep. Dean B. Menke
Rep. Senator Jeff

Sunday, March 16
9:30 p.m. - American Forum of the Air

Rep. Senator Talley
Rep. Senator Jeff

TO Secretary Morgenthau
FROM Mr. Laxford
FOR ACTION

Reminder 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 that some of the men have prepared on the attitude of the A.S.A. on previous legislation.

3. You wanted me to remind you to call Congressman Judd and Senator Shipstead. Rather than 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 Riker. Sheaffer is trying to get a copy of Riker's clipping. (All this clipping has been turned over to him)

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

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
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 loan drives 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 midday 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,

[Signature] Harry

The Honorable Harry S. Truman
Vice President of the United States
Washington, D.C.
UNITED KINGDOM TREASURY DELEGATION
DIRECTORATE OF COMMON SERVICES

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,

Frank O. Lee
TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

TO
Secretary Morgenthau

FROM
Mr. Wolfus

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 mailings 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.

Memorandum for the Secretary:

Mail Report

March 16, 1945

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 6.

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."
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 1946 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. It 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 22, 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 matters in a clear and understandable way. Many in the audience told us that they came with the idea that the discussion would be "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 Yoonshik, 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 when it comes. 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.

Wolfman Hill, St. Paul, Minnesota. Upon asking the Bond-holders Protective Council, Incorporated, for advice on the Imperial Russian Bonds of the year 1916, I am informed that Mr. Harry B. White of your Department has expressed himself as follows: "Buyers 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 shameless 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 bondholders who still own these bonds just as it was the
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 stand 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.
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 S. Riley bought bonds through the International Harvester Company payroll deduction plan, in his wife's name, Mrs. Margaret S. Riley, March 9, 1944, she took four $200.00 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 Relations 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 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 failed to return the 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 "B" Bond and 10¢ for each additional bond thereafter. Then the Treasury Department advertised in the press that the public could get their "B" Bonds cashed at any bank without cost. This, of course, 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 $2,000,000 in "B" 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 period 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 "Babies in Bretton Woods"). The unfortunate publicity should never have appeared if you wish to engage the buying powers of the average American. The one 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 Senators 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 small town 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 1945, while a member of the U. S. Army and stationed at Camp Wallace, Texas, I made a bond allotment of $2.75 a month. This allotment was continued until approximately March 1946. According to my personal records, there was a total amount of $20.25 deducted from my pay on
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.

Unfavorable Comments on Taxation

Clark Lionel Keith, c/o B. & C. 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 $125.00. ** * * I was told that I owed only $50.00 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 $5.00 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 $52.00 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. ** * *
Percy Whitling, 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 15, from the Internal Revenue Service at Tacoma, suggesting that if I had not received the refund on my 1945 tax by March 31, 1946, I should write again. This advice shows that evidently my inquiry of January 15, 1946, had been received. However, to this date I have received no reply whatsoever to the second question in my inquiry of January 16, 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)

1945 MAR 16 AM 11 45

DC/L
LIAISON

ASSOCIATION

1072

The following for Harriman and McClelland is WSS 447.

With respect to the pending evacuation of the 1672 refugees from Bulgaria and 760 of the 1110 from Thessaloniki, UMSA 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). It is not feasible, 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 UMSA here as far in advance of actual evacuation as possible.

STAYTMENTS
NLS

3/14/45

CABLE TO AMERICAN EMBASSY, ANKARA, FROM THE WAR REFUGEES BOARD

Please deliver the following message to Charles Passman, Istanbul, from W. A. Lewitt of American Jewish Joint Distribution Committee:

QUOTE STATEMENT CALLED FEW DAYS ANSWERING FISHMEN NO REMOVALS CHARGED STOP IMPORTANT KNOW IMMEDIATELY AMOUNT DUE JEWISH AGENCY TO DATE CABLE URGENTLY UNQUOTE

THIS IS WSS ANKARA CABLE NO. 147

10:15 A.M.
March 16, 1945

Miss Gennaro (for the Sec'y) Akin, Gohn, Dufes, Gaston, Model, Hutchinson, McCormack, O'Dwyer, Jiles.

RES: 3/15/45

Regraded Unclassified
CABLE TO AMERICAN LegATION, LISBON, FROM WAR REFUGE BOARD

Please deliver the following message to Harold Trobe from M. A. Leavitt of American Jewish Joint Distribution Committee:

QUOTE REMITTED SALTY WATER $800,000 FIRST HALF MARCH SWITZERLAND. UNQUOTE

THIS IS war LIEASON CABLE NO. 156

10:10 a.m.
March 16, 1945

Miss Chauncey (for the Sec'y) Axxin, Cohn, DeBois, Gaston, Hodel, Hutchison, McCormack, O'Dwyer, Files.

RSH: 3/15/45

CABLE TO AMERICAN LegATION, BERN, FOR NORMANDI, FROM WAR REFUGE BOARD

Please deliver the following message to Saly Mayer, St. Gall, from M. A. Leavitt of American Jewish Joint Distribution Committee:

QUOTE UNDERSTAND ARTHUR RISDON'S WIFE MINT FOR ANKEN OF STRADA POPA TATU IN BUCHAREST BUDAPEST IN POSSESSION PALESTINE VISAS AND TURKISH TRANSIT VISAS STOP PLEASE ASCERTAIN HOW REHEATES THEIR EMIGRATION AND ADVISE SOONER. UNQUOTE

THIS IS war LIEASON CABLE NO. 457

10:10 a.m.
March 16, 1945

Miss Chauncey (for the Sec'y) Axxin, Cohn, DeBois, Gaston, Hodel, Hutchison, McCormack, O'Dwyer, Files.

RSH: 3/15/45
CABLE TO AMERICAN LEGATION, ROME, FROM THE WAR REFUGEES BOARD

Please deliver the following message to Robert Semitz from
N. A. Leavitt of American Jewish Joint Distribution Committee:

QUOTE: BECAUSE NO CONTACT HAS BEEN MADE WITH ITALIAN GOVERNMENTS, PLEASE ADVISE ABOUT MILITARY PASSPORTS, BUSArr. UNQUOTE

10:15 a.m.
March 14, 1945

Miss Chauncey (for the Sec'y) Axson, Cohn, DaBois, Vaxson, Hodel, Hutchison, McCormack, O'Dwyer, Files.

CABLE TO AMERICAN LEGATION, ROME, FROM THE WAR REFUGEES BOARD

Please deliver the following message to Noel Field, Geneva, from Dr.
Charles N. Joy of Unitarian Service Committee:

QUOTE: THE UNITED JEWISH RELIEF HAS NOT YET RECEIVED ANY REQUEST FROM THE ITALIAN GOVERNMENT TO ADMINISTER RELIEF OR ADVISE ABOUT ITALIAN MILITARY PASSPORTS. PLEASE NOTIFY PREPARATION COMMITTEES AND MAKE THEM AWARE OF THE SITUATION. UNQUOTE

THIS IS OUR SECOND CABLE NO. 458

10:15 a.m.
March 14, 1945

Miss Chauncey (for the Sec'y) Axson, Cohn, DaBois, Vaxson, Hodel, Hutchison, McCormack, O'Dwyer, Files.
CABLE TO AMERICAN LEGATION, BERN, FOR ROELELAND, FROM VAN REFUGE BOARD

Please deliver the following message to Isaac Sternbach, Hijefa, Montreux,
from the Van Refuge Emergency Committee:

QUOTE IMPROVED TRUCKS CARRYING FOOD AND MEDICINE FOR PRISONERS
OF VAN IN GERMANY MAY BE AVAILABLE ON FUTURE TRIPS FOR TRANSPORTS
HAVING TO SWITZERLAND. WE REQUEST YOU APPEAL TO INTERNATIONAL
RED CROSS AND CONSULT ROELELAND. UNQUOTE

THIS IS OUR BERN CABLE NO. 469

10:10 a.m.
March 15, 1943

Miss Ochmanny (for the Sec'y) Akin, Cohn, DuBois, Gustos, Hodel,
Hutchison, McCormick, O'Dwyer, Files.

FREE 3/16/48

March 16, 1943

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

In cable from Ankara unnumbered (Received March 15,
11:30 p.m. chartering of the TAHI delete word “unnumbered”
and insert “353.”

DIVISION OF CONFLICT SERVICES

GSH