BOOK 86

PRESIDENT ROOSEVELT

July 1, 1944

thru

April 12, 1945
July 6, 1944

When I saw the President this morning, he brought up the question of Vice President Wallace. He said that Mrs. Roosevelt is trying to force him to to insist on Wallace for Vice President, and he wanted to know what I thought of Wallace. I said I was devoted to him personally, but I said, "In the final analysis, you and I are both only human, and if something should happen to you, I certainly wouldn't want Henry Wallace to be President." I said, "I know how loyal you feel towards him." I could see that he was trying to find a way of not having Wallace. He asked me, "What about Winant?" and I said, "I think you might have trouble with him. You know he has a tax case pending." So he said, "What about McNutt?" and I said, "Mr. President, I will crawl from here to the Capitol on my stomach and back again if it will keep you from taking McNutt." I said, "Don't forget about his 2% Club and how he used to win money. The man's record is very bad." Then he said, "What about Ex-Senator Minton?" and I said, "Well, I don't know him very well."

Then I told the President I thought he ought to get somebody from West of Chicago, and he said, "I don't want Sam Rayburn." I said, "I think Bill Douglas would be fine. He comes from the right part of the country. He is young and he could tell this fellow Dewey off. He isn't a stickler for rules and regulations." Well, the President said, "Kaiser has been suggested." I said, "I think he is too old." I didn't say it but I was thinking that he is the same age as the President, and I think they ought to have a younger man."

Then I said to the President, "After all, the last time they raised the Third Term question. This time they aren't raising the Fourth Term Question, but they do feel - if you don't mind my saying so - that you forced Wallace down their throats, and this time they would like to have the matter undecided and have the Convention open." He said, "That's what I hear. You are right." I said, "I think it is terribly important to let the Convention pick their own man. I think it would put them in a good humor."
Then I asked the President whether he thought it would be all right for me to go to France to see how the currency was getting along, and he said, "That would be fine." I asked him if he wouldn't write out a chit for General Marshall, which he did. I asked him if I could take McCloy with me, and he said that I could. The President said he would write letters to the various Generals in charge the way he did the last time, but I will probably have to follow that up through Grace Tully. The President's instantaneous reaction on my going was good.

I saw Hopkins afterwards and he said he wanted to see me and maybe have lunch with me, but I said I couldn't because I was having lunch with Admiral King. He said that the political situation is in a mess. He asked me to drop by his house at five o'clock. I thought that Hopkins was looking fairly well.
Mrs. Morgenthau told me that at dinner last night the President said he had been unable to learn from Stalin how much gold the Russians had and he wondered whether I could find out.

The President also said he definitely did not want the Bretton Woods Conference proposals brought up before Congress until after election, and he also said that I should remember that Senator Fobey was a little cracked.

In discussing DeGaulle, the President said that by the second day we would be calling him by his first name. The President's attitude was friendly in regard to DeGaulle.
August 5, 1944

WIRE TO THE PRESIDENT:

Leaving today by air for England and France. Best regards.

Henry Morgenthau, Jr.
August 19, 1944

I saw the President about twelve o'clock for half an hour. It was a very bad atmosphere to work under because he was half an hour late getting started, and I was told I would have only five minutes and then I could have the rest of the time on the train tonight. I stayed for a half hour but I couldn't do justice to my subject because I felt that I was under such pressure, and I talked terribly fast. The President was very attentive and tremendously interested and most friendly.

I told the President I had seen Churchill, who started the conversation by saying that England was broke. The President said, "What does he mean by that?" I said, "Yes, England really is broke." That seemed to surprise the President, and he kept coming back to it. I said that Churchill's attitude was that he was broke but not depressed about England's future. The President said that that was well put. He said, "What is his own attitude?" I said, "Well, he is going to tell Parliament about their financial condition at the right time after the Armistice, and that when he does that he is through." So the President said, "Oh, he is taking those tactics now. More recently his attitude was that he wanted to see England through the peace."

I then told the President I had been very frank with Churchill, particularly after he told me that he had heard that I was unfriendly towards them. I said that I wasn't unfriendly but I didn't like their playing one person against the other, and that they had the temporary advantage over us. I said that I had merely been trying to carry out the President's decision given to me in January, 1943, to keep the English balances down to a billion dollars. I then told him I thought the British should put all their cards on the table and approach this thing in a completely frank manner. I said that I thought Mr. Churchill should appoint a committee which would consider all these financial questions, etc., and that then he, Churchill, should approach the President. I said the President could appoint a similar committee and he might ask me to do it. I said that we did make a study of suggestions for the President before I went to England, namely, that there should be a committee here having to do with all financial matters with foreign countries, and I did give the President a copy of this. It is interesting to know that I did make this suggestion before I went over to England. I also told Churchill and Anderson that I made a similar suggestion to Halifax and nothing had happened.
During the course of the conversation, the President kept coming back to England's being broke. He said, "This is very interesting. I had no idea that England was broke. I will go over there and make a couple of talks and take over the British Empire." I told him how popular he was with the soldiers and how unpopular Churchill was. I told him about the difficulty of finding someone to take me through the shelters because both Churchill and Sir Robert Morris had been jeered when they went through them recently, and that finally they decided on Mrs. Churchill and Lady Mountbatten.

I then got on this question of the future of Germany, and I told him how little by little I put pieces together, and that finally Eden had read to me from the minutes of the Tehran Conference about Roosevelt, Churchill and Stalin agreeing to the dismemberment of Germany, and that as a result of that the European Advisory Committee had been set up. I said, "Mr. President, here in the State Department, under Hull, Pasvolsky has been making a study, but he didn't know about the Tehran Conference agreement." I told the President that when I called on Hull yesterday, Hull told me that he had never been told what was in the minutes at the Tehran meeting. The President didn't like it, but he didn't say anything. He looked very embarrassed, and I repeated it so that he would be sure to get it. I said that Pasvolsky couldn't get any instructions from Hull because Hull didn't know what had been agreed upon. I said, "As far as Winant goes, I can't quite understand it because he had a group study this, and Winant claims he knew what you did and still the group under him were not carrying out your instructions." I said, "I can't understand the English because Eden knew what happened because he said he was there and he had the minutes of the meeting, and still his man Strang, who represents England on the European Advisory Committee, had been making a study quite contrary to your wishes, and I think he lied because he said that they had begun a restudy a month ago. The sum and substance is that from the time of the Tehran Conference down to now nobody has been studying how to treat Germany roughly along the lines you wanted." The President said, "Give me thirty minutes with Churchill and I can correct this." Then the President said, "We have got to be tough with Germany and I mean the German people, not just the Nazis. You either have to castrate the German people or you have got to treat them in such a manner so they can't just go on reproducing people who want to continue the way they have in the past." I said, "Well, Mr. President,
nobody is considering the question along those lines in Europe. In England they want to build up Germany so that she can pay reparations." He said, "What do we want reparations for?"
He left no doubt in my mind that he and I are looking at this thing in the same way, but the people down the line aren't. He used some example about Japan, showing how tough he is going to be. I said, "Mr. President, it is going to be the first three years that will count," and he agreed.

I told the President about my talk with Eisenhower, who is perfectly prepared to be tough with the Germans when he first goes in, but I said that all the plans in G-5 are contrary to that view. They are going to treat them like a WPA project.

I again want to say that the thing that seemed to bother the President was not so much that the people down the line were not studying to be tough with the Germans as it was that England was broke although he left no doubt whatsoever in my mind that he personally wants to be tough with the Germans. He said, "They have been tough with us."

I then told him that the Army, contrary to what I thought his wishes were, were planning to put the United States Army into the south of Germany, and he said that that was unimportant. He said the only thing he cared about was that he didn't want to be left with France in his lap.

During the course of the conversation, I asked the President if he should see Hopkins, and he said, "By all means." I said that Harry had called me up in regard to the munitions order, and he seemed to know about it.

The President said that Mrs. Morgenthau and I would be the only people on the train, and that he was going down to the train early so that we would have more time to talk.
August 25, 1944

Last night at dinner the President gave a toast to the President of Iceland and then spoke, and then the President of Iceland spoke. The President seemed to have completely forgotten that he had already toasted him, and did it all over again. Everybody was so stunned that hardly anybody got up when he proposed the toast the second time.

I called on the President this morning, and I really was shocked for the first time because he is a very sick man and seems to have wasted away. He was very kind with me, saw me ahead of time, and I was with him 25 minutes.

I said, "Look, Mr. President, you can't be expected to give these directives on how to treat Germany unless somebody does the work for you. Everything that has been done so far is worthless. What would you think of a committee of State, War and Treasury to prepare a new set of memoranda for you on how to proceed against Germany?" He said, "No, that's no good. The State Department doesn't like those kind of memos." So I said, "Well, I have dug this thing up and it is a little hard not to go along with it, but at least I have the satisfaction of having gotten everybody around town excited." I said, "Mr. Stimson asked me to come to see him I understand as a result of Hopkins' talking to McCloy and McCloy to Stimson." The President said, "No, I told Stimson to see you," which may or may not be true.

On the German situation, I gave the President a memorandum on the exchange rate of 20 marks to the dollar and he said, "Nothing doing. I want to give them dollars and let each soldier make his own exchange rate." I said, "That's what we are doing in China," and he said, "Well, that's what I want done in this case. I don't want to fix any rate." He told me this same thing at least a month ago.

I then gave him my memorandum which he read very carefully, and he said to me, "Well, you can read this thing two ways," meaning that you can interpret it both hard or soft." So I said, "Look, Mr. President, this is based on a handbook which we picked up in England and which I understand has not yet been approved, but lacking a directive from the top this is what is going to be used." I said, "I told McCloy to tell Stimson that I was going to speak to you about it, but I understand you are seeing him and I don't want to annoy him so I think maybe you better give me
back the memorandum and the handbook," but the President said, "No, if you don't mind, I would like to keep it and read it tonight and then I will return it to you." I said, "If that's your wish, of course, but I understand that this handbook will go into operation unless there is some directive from the top down.

I am going to continue to feed the President suggestions, but it is quite obvious that he wants to keep me very much in the background, and wants to do it his own way as usual.

I asked the President what was happening in regard to the suggestion for an over-all committee on finance in this country and in England, and I said that Grace had told me he had sent a memorandum to Hull. He said, "That's right," and he seemed very much pleased with himself as to the method in which he had handled it, but he said he had not yet heard from Hull.

I then told the President that Sir John Anderson had asked me to let him know whether the President would consider this suggestion in a favorable light, and I had sent for Bob Brand and told him that the President had received the suggestion favorably, and that he could send word back to that effect. The President asked, "How are you getting along with Brand?" I said, "Well, I haven't seen too much of him, but evidently he has received some new instructions from England as a result of my trip and he is making an effort to see me more frequently.

I told the President that there was a perfectly good chance that the war might stop with Germany in October, and that as far as I knew the only person in town who was worried about the unemployment question was myself. I said that I thought it was perfectly conceivable that there might be several hundred thousand people without jobs in Detroit. He agreed. I said, "As far as I know there have been no plans made to cope with this situation." I said, "To be political, if there are several hundred thousand CIO men walking the streets of Detroit, the whole CIO could very easily turn against you." He said, "That's right." So I said, "There is nobody to handle it." He said, "Oh, I have just put this new Navy man in in Charles Wilson's place." I told him that I didn't know anything about him and I didn't think very many other people did either. I said that Byrnes or somebody ought to get busy thinking about this. So he said, "I will do it today, and I will tell Byrnes to get out an order that no company having war contracts can let people off without first getting permission from Washington."
The interesting thing is that here is another vitally important matter. I take it up with the President; he likes my suggestion, but doesn’t seem bothered or surprised that no preparations have been made at all to cope with this thing.

The President said, "Somebody has told me that according to the stars this thing is going to happen on the 27th of October." He said, "Supposing that happens in the middle of a War Loan?" I said, "Mr. President, I don’t know how you feel, but we have given a lot of time and thought to these War Loans." So he said, "Oh, they have gone beautifully - beautifully."

I said, "Two years ago I planned that there would be no major financing on the eve of election. We have 18 billion dollars in the bank, and we don’t have to do any financing until late in November." But he said, "Supposing this thing should happen?"

"Well," I said, "we are studying this thing very closely and publicly we are going ahead with regular plans for the Sixth War Loan, but within the Treasury we are looking at it from every angle." Then I told him the story which Pulliam had told Gamble about how he thought the Sixth War Loan should be postponed to give the Republicans a chance to get over being sore at Roosevelt’s re-election.

Then I said, "Mr. President, some time when you have time I would like to talk to you about myself because, looking forward to the next four years, I am kind of getting bored over at the Treasury, and I don’t think you are making use of all of my talents." Before I could go any further he said, "Now look, Henry, you and I will gradually ease out of our present jobs and become country gentlemen, and you and I will take an interest in this new world organization of the United Nations." I said, "What do you mean, Mr. President?" He said, "Well, there is going to be an organization of United Nations with which I expect to be associated, and you should go with me." I couldn’t help but flash through my mind how a couple of years ago the President said, "You and I will run this war together," and then it was "You and I and Hopkins," and then Hopkins and himself and me out on my ear. But I certainly planted the seed with him, and he keeps associating myself with himself which is very pleasant. However, I am certainly going to remind him again from time to time. I said, "You know, Mr. President, in 1932 you did a lot of day dreaming as to your plans. I would like to do a little day dreaming with you as to the next four years." He kept coming back to this organization. I said, "I don’t know how much you know about Bretton Woods, but in England you can see the thing much clearer." I said, "There
are two kinds of people - one like Eden who believes we must cooperate with Russia and that we must trust Russia for the peace of the world, and there is the other school, which is illustrated by the remark of Mr. Churchill who said, 'What are we going to have between the white snows of Russia and the white cliffs of Dover?' The President said, 'That's very well put,' and, of course, what Churchill did mean at that time was a strong Germany. So the President said, 'I belong to the same school as Eden.' He may not have said just that but he did say definitely he belonged to the same school and wants to work with Russia. I said, 'I know that, Mr. President,' and I said, 'I was able to work with Russia at Bretton Woods,' and Dean Acheson said I seemed to have a sixth sense on those things. At first he told me he thought I had handled the Russian situation entirely wrong, and then he was man enough to come around at the end and say I was completely right and Keynes said the same thing." I think I could be of use along those lines and I am not being used.

He was very attentive - he was interested - but what will come out of it all I don't know.
August 25, 1944

MEMORANDUM FOR THE PRESIDENT

1. It is agreed by the British and all agencies of the U.S. Government that no general exchange rate will be established for Germany until some time after the Allied armies take over.

2. It is necessary to give our troops their pay and allowances in German marks and therefore we need a military rate of exchange.

   It is my opinion that our first concern should be to give our soldiers ample purchasing power for their pay when they are in Germany and therefore I recommend that this military rate be 20 German marks to the dollar.

   The British propose 5 marks to the dollar. The State Department proposes 5 marks to the dollar. The British and the State Department feel that a low rate of exchange for the German mark and high purchasing power for our soldiers' dollar will disrupt the price and wage structure in Germany, unbalance the German economy thus retarding its rapid rehabilitation and recovery.
MEMORANDUM FOR THE PRESIDENT

The following are extracts from the "Handbook of Military Government for Germany", to be given for guidance to every U.S. and U.K. military government officer entering Germany. They tend to indicate the type of thinking and planning upon which the program of military government for Germany is being formulated. The "Handbook" is based on and is in harmony with the economic and political directives approved by the Combined Civil Affairs Committee under the authority of the Combined Chiefs of Staff.

"Your main and immediate task, to accomplish your mission, is to get things running, to pick up the pieces, to restore as quickly as possible the official functioning of the German civil government in the area for which you are responsible ... The first concern of military government will be to see that the machine works and works efficiently".

"The principles with which Officers in Military Government Staffs and Detachments will be concerned include: the reorganization of the German Police and the maintenance of Law and Order; the supervision of the German Judiciary and the establishment of Allied Military Courts; the control of the German Finances; the protection of property; the establishment and maintenance of an adequate standard of public health; the promotion of agriculture; the control, supply and distribution of food and essential supplies of every kind; the restoration and maintenance of public utilities; the provision for the gradual rehabilitation of peacetime industry and a regulated economy; the employment of Labour and the prevention of industrial unrest ..."
Military Government Officers will, in conjunction with other interested and affected agencies and authorities, ensure that steps are taken to:

(1) Import needed commodities and stores.
(2) Convert industrial plants from war to consumer goods production.
(3) Subsidize essential economic activities where necessary.
(4) Reconstruct German foreign trade with priority for the needs of the United Nations.
(5) Modify existing German regulations controlling industrial and raw material production.

"The highly centralized German administrative system is to be retained unless otherwise directed by higher authority".

"All existing German regulations and ordinances relating to...production, supply or distribution will remain in force until specifically amended or abrogated. Except as otherwise indicated by circumstances or directed by higher authority, present German production and primary processing of fuels, ores and other raw materials will be maintained at present levels".

"The food supply will be administered so as to provide, if possible, a diet on the basis of an overall average of 2000 calories per day. Members of the German forces will be rated as normal consumers. The control of retail prices will be continued. The existing rationing system and classification of consumer groups will be maintained subject to modifications required by circumstances ... Should the indigenous products of Germany be insufficient to provide such a basic ration, the balance will be made up by imports".

"All possible steps will be taken to ensure the utilization of German economic, material and industrial facilities to an extent necessary to provide such raw materials, goods, supplies or services as are required for military and essential civilian needs, and to any additional extent - as approved by higher authority - necessary to provide surpluses for international transfer, supplies for reparational requisition, and legitimate industrial stock-piling".
"The fishing industry has long been important in German economy, but owing to the requisitioning of trawlers for naval operations, the most important North Sea fish catch has been seriously curtailed. Before extensive commercial fishing can be resumed, a considerable amount of fishing gear will be required as well as stores and material for the repair and reconditioning of fishing vessels. There will possibly also be an immediate shortage of fuel and lubricants."

"The Agricultural economy will be freed of Nazi discrimination; it will not otherwise be changed except where direct advantages are to be gained. Agricultural production control, and grain and other agricultural products collection agencies existing prior to occupation will be maintained or re-established. Equitable prices co-ordinated at Reich level will be fixed for farm products. Violations of farm price control, wages or rationing regulations will be severely punished."

"The main objective of Allied Military Government in the financial field is to take such temporary measures as will attempt to minimize the potential financial disorder and chaos that is likely to occur and thus assist the military forces in their operations and ease the burdens that will face the more permanent Allied Control organization that will later deal with the problems of Germany."

"Wherever possible, removals and appointments (of civil servants) will be made by Military Government officers acting through German officials who are vested with this authority under German law; nothing will be done which would unnecessarily disturb the regular German civil service procedure or deprive the official or employee to be removed of any ultimate rights to which he may be justifiably entitled under German law, after cessation of military government."

"International boundaries will be deemed to be as they were on 31 December 1937."
1. There is appended a draft of a memorandum setting forth the general principles guiding the post-surrender program for Germany. This was discussed by your Treasury committee and was on the whole favorably received. No modifications were suggested though Mr. McConnell is preparing some supplementary material which is not yet ready. They may, of course, wish to make changes after further study. We propose to use this memorandum as a basis for discussion in our meeting with State and Army tomorrow morning though it will be made clear it does not yet represent any definitive view of the Treasury.

2. There is also appended a copy of directives carrying out in greater detail such of the principles contained in the post-surrender program as will be necessary for the Army to act upon during the initial stages of its occupation. We have not shown this document yet to your Treasury committee but thought you might like to glance through it.

3. We are preparing a separate memorandum on the use of dollar versus invasion-mark currency when our forces enter Germany. Jack McCloy stressed the urgency of coming to a decision on this matter inasmuch as our forces may enter Germany any day and General Eisenhower is urgently pressing for instructions. McCloy feels strongly that it is too late to shift to the use of dollars inasmuch as the British would never agree at this stage and we should avoid, if possible, taking unilateral action on such a matter. We are going to send McCloy a copy of the memorandum tomorrow morning but do nothing further about it until your return. No exchange rate will be mentioned. We feel sure we could get a 10 cent rate agreement with the British without much difficulty but do not know how we would fare with them if we insisted on a 5 cent rate.

A decision on this will have to be made by you on Monday.
Your suggestion that the industry in the Ruhr and Saar Valley might be completely eliminated and the population moved elsewhere has not yet been incorporated inasmuch as we have not yet figured out what to do with the population there, but we are working on it.

There is also appended a memorandum on the suggested program of information on the Fund and Bank projects.
Suggested Post-Surrender Program for Germany

It is suggested that the position of the United States should be determined on the basis of the following principles:

1. **Demilitarization of Germany**

   It should be the aim of the Allied Forces to accomplish the complete demilitarization of Germany in the shortest possible period of time after surrender. This means completely disarming the German Army and people (including the withdrawal or destruction of all war material) and the total destruction of the whole German armament industry as well as those parts of supporting industries having no other justification.

2. **Partitioning of Germany.**

   (a) Poland should get that part of East Prussia which doesn't go to the U.S.S.R. and the southern portion of Silesia as indicated on the map.

   (b) France should get the Saar and the adjacent territories bounded by the Rhine and the Moselle Rivers.

   (c) As indicated in part 3 an International Zone should be created containing the Ruhr and the surrounding industrial areas and the Kiel Canal.

   (d) Denmark should be given the territories between its present borders and the International Zone, north of the Kiel Canal.

   (e) The remaining portion of Germany should be divided into two autonomous, independent states, (1) a South German state comprising Bavaria, Wuerttemberg, Baden and some smaller areas and (2) a North German state comprising a large part of the old state of Prussia, Saxony, Thuringia and several smaller states.

   There shall be a custom union between the new South German state and Austria, which will be restored to her pre-1938 political borders.
3. The Ruhr. Here lies the heart of German industrial power. It should be dealt with as follows:

(a) An International Zone should be created containing the Ruhr and the surrounding industrial areas. Included in the Zone should be the Kiel Canal and the Rhineland. The Zone should be governed by the international security organisation to be established by the United Nations. The approximate borders of the Zone are shown on the attached map.

(b) The internationalisation of this area shall in no way interfere with: (a) total destruction of the German armament industry and supporting industries in the Ruhr in accordance with Part 1 of this Memorandum, (b) restitution and reparations, including removal and distribution of industrial plants and equipment, in accordance with Part 4 of this Memorandum.

(c) Ownership and control of major industrial properties remaining shall be transferred to the international organisation.

(d) The international organisation shall be governed by the following general principles:

(i) The natural resources and the industrial capacity of the Ruhr area shall not be used or developed so as to contribute in any way to the military potential of Germany or the Ruhr area.

(ii) The Zone will be a free trade area. However, the importation of capital should be discouraged.

4. Restitution and Reparation.

Reparations, in the form of recurrent payments and deliveries, should not be demanded. Restitution and reparation shall be effected by the transfer of existing German resources and territories, e.g.,

(a) by restitution of property looted by the Germans in territories occupied by them.

(b) by transfer of German territory and German private rights in industrial property situated in such territory to invaded countries and the international organisation under the program of partition.
(c) by the removal and distribution among devastated countries of industrial plants and equipment situated within the International Zone and the North and South German states delimited in the section on partition.

(d) by forced German labor outside Germany.

(e) by confiscation of all German assets of any character whatsoever outside of Germany.

5. Treatment of Special Groups.

(a) A particularly intensive effort must be made to apprehend and punish war criminals.

(b) All members of the following groups should be detained until the extent of the guilt of each individual is determined:

(i) The S.S.

(ii) The Gestapo

(iii) All high officials of the police, S.A. and other security organizations.

(iv) All high Government and Nazi party officials.

(v) All leading public figures closely identified with Nazism.

(c) Apart from the question of established guilt for special crimes, mere membership in the S.S., the Gestapo and similar groups will constitute the basis for inclusion into compulsory labor battalion to serve outside Germany for reconstruction purposes.

(d) The Nazi Party and all affiliated organisations such as the Labor Front, The Hitler Youth, The Strength-through-Joy, etc., should be dissolved and their properties and records confiscated. Every possible effort should be made to prevent any attempts to reconstitute them in underground or disguised form.

(e) All members of the following groups should be dismissed from public office, disenfranchised and disqualified to hold any
public office or to engage in the journalistic, teaching, and legal professions, or, in any managerial capacity in banking, manufacturing or trade:

(i) The Nazi Party.

(ii) Nazi sympathisers who by their words or deeds materially aided or abetted the Nazi program.

(iii) The Junkers.

(iv) Military and Naval officers.

(f) All Junker estates should be broken up and divided among the peasants and the system of primogeniture and entail should be abolished.

6. There should be abrogated and declared null and void all pre-surrender laws, decrees, regulations or aspects of the same which discriminate on the basis of race, color, creed or political opinions.

7. Education and Propaganda.

(a) All schools and universities will be closed until an Allied Commission of Education has formulated an effective reorganisation program. It is contemplated that it may require a considerable period of time before any institutions of higher education are reopened. Meanwhile the education of German students in foreign universities will not be prohibited. Elementary schools will be reopened as quickly as appropriate teachers and textbooks are available.

(b) All German newspapers, magazines, weeklies, etc., will cease publication immediately and shall not resume publication until so directed.

(c) All German radio stations will be discontinued immediately and shall not be permitted to resume operations until so directed.

8. Political Decentralisation.

The military administration in Germany in the initial period should be carried out with a view toward the eventual partitioning of Germany into three states. To facilitate partitioning
and to assure its permanence the military authorities should be guided by the following principles:

(1) Dismiss all policy-making officials of the Reich government and deal primarily with local governments.

(II) Encourage the reestablishment of state governments in each of the states (Lander) corresponding to 18 states into which Germany is presently divided and in addition make the Prussian provinces separate states.

(iii) Upon the partition of Germany, the various state governments should be encouraged to organize a federal government for each of the newly partitioned areas. Such new governments should be in the form of a loose confederation of states, with emphasis on states' rights and a large degree of local autonomy. Eventually such confederacies would assume sovereign functions, including separate currency and postal systems, powers of foreign representation and negotiation, etc.

9. German Economy.

The sole purpose of the military in control of the German economy shall be to facilitate military operations and military occupation. The Allied Military Government shall not assume responsibility for such economic problems as price controls, rationing, unemployment, production, reconstruction, distribution, consumption, housing, or transportation, or take any measures designed to maintain or strengthen the German economy, except those which are essential to military operations and are indicated above. The responsibility for sustaining the German economy and people rests with the German people with such facilities as may be available under the circumstances.

(a) The responsibility for the execution of the post-surrender program for Germany set forth in this memorandum is the joint responsibility of the United Nations. The execution of the joint policy agreed upon should therefore eventually be entrusted to the international body which emerges from United Nations discussions.

Consideration of the specific measures to be taken in carrying out the joint program suggests the desirability of separating the task to be performed during the initial period of military occupation from those which will require a much longer period of execution. While the U.S., U.K. and U.S.S.R., will, for practical reasons, play the major role (of course aided by the military forces of other United Nations) in demilitarizing Germany (point 1), the detailed execution of other parts of the program can best be handled by Germany's continental neighbors.

(b) When Germany has been completely demilitarized there would be the following distribution of duties in carrying out the German program:

(i) The U.S. would have military and civilian representation on whatever international commission or commissions may be established for the execution of the whole German program and such representatives should have adequate U.S. staffs.

(ii) The primary responsibility for the policing of Germany and for civil administration in Germany would be assumed by the military forces of Germany's continental neighbors. Specifically, these should include Russian, French, Polish, Czech, Greek, Yugoslav, Norwegian, Dutch and Belgian soldiers.

(c) Under this program United States troops could be withdrawn within a relatively short time. Actual withdrawal of United States troops should not precede agreement with the U.S.S.R. and the U.K. on the principles set forth in the above parts of this memorandum.
DIRECTIVE FOR MILITARY GOVERNMENT IN GERMANY 
UNDER PHASE I

1. This directive is drawn to apply to the period designated as 
Phase I which shall be the period prior to defeat or surrender of 
Germany or until such time as it is decided by the Allied Governments 
to institute new procedures, and to such parts of Germany as are over-
run by the forces under your command during such period.

2. Military government will be established and will extend over 
all parts of Germany progressively as the forces under your command 
capture or occupy German territory. Your rights in Germany will be 
those of an occupying power.

3. a. By virtue of your position you are clothed with supreme 
legislative, executive, and judicial authority and power in the areas 
occupied by forces under your command. This authority will be broadly 
construed and includes authority to take all measures deemed by you 
necessary, desirable or appropriate in relation to the exigencies of 
military operations and the principles and objectives of the Allied 
Governments in the military occupation of Germany.

b. You are authorized at your discretion, to delegate the 
authority herein granted to you in whole or in part to members of your 
command, and further to authorize them at their discretion to make 
appropriate sub-delegations. You are further authorized to appoint 
members of your command as Military Governors of such territory or areas 
as you may determine.

c. You are authorized to establish such military courts for 
the control of the population of the occupied areas as may seem to you 
desirable, and to establish appropriate regulations regarding their 
jurisdiction and powers.
d. The military government shall be a military administration which will show every characteristic of an allied undertaking, acting in the interests of the United Nations. Whether or not U. S. and U. K. civil affairs personnel will be integrated other than at your headquarters will be a matter for your decision.

4. The U. S., British and Soviet flags shall be displayed at headquarters and posts of the military government. The administration shall be identical throughout those parts of Germany occupied by forces under your command, subject to any special requirements due to local circumstances.

5. The military administration shall contain no political agencies or political representatives of the U. S., U.K., or other Allied Governments. However, U. S. and U. K. political officers appointed at your headquarters will continue in office.

6. Representatives of civilian agencies of the U. S. - U. K. Governments shall not participate unless and until you consider such participation desirable. Representatives of the civilian agencies of other Allied Governments or of UNRRA may participate only upon your recommendation and the approval of the Combined Chiefs of Staff.

7. You will receive a separate directive for military government in Austria.
1. The military administration shall be firm in carrying out all measures necessary to fulfill the objectives of Allied occupation of Germany. It should be made clear to the local population that under military occupation nothing will be permitted which shall interfere in any way with

(1) military operations
(2) the complete destruction of Naziism and the Nazi Hierarchy and the German military machine
(3) or with measures deemed essential by military government.

2. The following persons shall be arrested and imprisoned and held pending further instructions:

a. Adolf Hitler and all ranking members of the Nazi party down to the secretaries of local party units;
b. Persons holding important and key positions in

(i) government
(ii) industry
(iii) finance
(iv) education
(v) the judiciary
c. All persons suspected of having committed war crimes;
d. Any national of any of the United Nations who are believed to have committed offenses against his national law;
e. Any other person whose name or designation appears on lists to be committed to you, or whose name may be notified to you separately.

3. Proclamation shall be issued dissolving the Nazi party and affiliated organisations throughout Germany. In furtherance of this objective you should

(1) take immediate possession of offices and records of all party and affiliated organisations, take immediate inventory of such records and place them under adequate military protection,
(2) suspend activities of all party and affiliated organisations and
(3) Party property and that of affiliated organizations shall be taken into custody and may be used for such purposes as you may direct.

(4) All records and plans of the (a) German military organization and of (b) the Nazi party and affiliated organizations and of (c) the security, criminal and ordinary police, and (d) institutes and special bureaus established by the Nazis, such as those devoting themselves to race, political or other Nazi research.

4. You will take immediate steps to abrogate or declare null and void all laws, decrees, regulations or aspects of laws which discriminate on the basis of race, color, creed or political opinions. All persons who are detained or placed in custody by the Nazis on these grounds will be released except that when dictated by reasons of military security or in the interest of the individual concerned you may retain them in protective custody. In this event you will take steps to insure that such people are provided with adequate quarters, food and clothing.

5. a. Criminal and civil courts will be closed. They may be reopened under your jurisdiction and subject to (1) the elimination of all Nazi elements; (2) the retention of review and veto by A.M.O.; and (3) close supervision and regulation by A.M.O. All politically objectionable courts, Peoples Courts, Treuhandverwaltung der Arbeit courts, etc., will be abolished and provisions made for a review of such judgments still outstanding.

5. b. Uniformed (Schupo) police gendarmerie will continue in existence after being disarmed and Nazi elements eliminated.

q. Responsibility for the enforcement of curfews, blackouts, the prevention of political meetings deemed imminent to military operations, etc., will rest with the Allied Military Police.
until such time as you may direct any or all of these activities to be undertaken by authorized German police. Persons arrested for such violations will be tried in Allied Military courts.

6. The replacement of government officials who may be removed will rest with the Supreme Commander who will decide whether the objectives of military government are better served by the appointment of officers of the occupation force, or by the use of the services of Germans who have been cleared by the security branches of the army. No German shall fill important policy positions except under adequate Allied control and supervision. Under no circumstances shall Nazi officials or ardent sympathizers be retained in office even if it is necessary to sacrifice good administration to attain this objective. Failure by such German officials to conform with Allied directives and instructions will be subject to severe punishment.

7. Subject to the provisions of paragraph 10, and to the extent that military interests are not prejudiced, freedom of speech and press, and of religious worship, should be permitted. Consistent with military necessity, all religious institutions shall be respected and all efforts will be made to preserve historical archives, classical monuments, and objects of art.

8. Diplomatic and consular officials of countries at war with any of the United Nations will be taken into protective custody and held for further disposition. Diplomatic and consular officials of neutrals will be dealt with in accordance with instructions to be issued by the Combined Chiefs of Staff.

9. a. Prisoners of war belonging to the military forces of the United Nations and associated nations and their nationals confined, interned or otherwise under restraint by German authorities will be freed from confinement and placed under military control or restriction as may be appropriate pending other disposition.
b. So far as practicable after identification and examination, allied nationals should be given opportunity to join the armed forces of their country if represented by units in the theater, or to serve in labor battalions organized by the military or in other approved civilian work, provided their loyalties to the allies have been determined and they qualify physically and otherwise. All practical measures should be taken to insure the health and welfare of allied nationals and repatriation should be undertaken as rapidly as military conditions permit. Pending repatriation, such nationals should not be permitted to disperse until plans are made for their employment or other disposition. Former prisoners of war released by the Axis should be identified and requests addressed to their respective military commands for instructions as to their disposition.

2. Allied civilian internees found in the territory should be placed in restricted residence with provision being made for their care until they show that they can provide for themselves. Work should be provided when practicable. They should be identified as to nationality in order that their presence in the territory may be communicated to their respective governments.

3. Enemy nationals other than nationals of the country under occupation will be identified and registered and nationals of countries with which any of the United Nations are at war and others whose freedom of movement would endanger the security of the armed forces, or be otherwise undesirable, will be interned or their activities curtailed as may be necessary under the circumstances.

10. a. All schools and universities will be closed until an Allied Commission of Education has formulated an effective reorganization plan. It is contemplated that it may require a considerable period of time before any institutions of higher education are reopened. Meanwhile the education of German students in foreign universities will not be prohibited. Elementary schools will be reopened as quickly as appropriate textbooks can be supplied.

b. All newspapers, magazines, weeklies, etc., throughout the area under your command will cease publication immediately and shall not resume publication until you are directed to permit this.

c. All German radio stations in the area under your command will be discontinued immediately and shall not be permitted to resume operations until you
are directed to permit it.

9. No political activity of any kind shall be countenanced unless authorized by you. No political personalities nor organized political groups, shall have any part in determining the policy of the military administration. It is essential to avoid any commitments or negotiations with any political elements. German political leaders in exile shall have no part in the administration.

10. You will institute such censorship and control of press, printing, publications, and the dissemination of news or information by the above means and by mail, movies, radio, telephone, and cable or other means as you consider necessary in the interests of military security and intelligence of all kinds and to carry out the principles laid down in this directive.

11. A plan should be prepared by you to prevent transfers of title of real and personal property intended to defeat, evade, or avoid the orders, proclamations, or decrees of the military government or the decision of the military courts established by it.

12. a. All property belonging to the German Government or to any Government of any country with which any of the United Nations are at war will be controlled directly or indirectly by you and will be subject to such use thereof as you may direct.

b. Your responsibility for the property of the United Nations other than U. K. and U. S. and their nationals in areas to be liberated or occupied by Allied Forces shall be the same as for the property of U. S. and U. K. and their nationals except where a distinction is expressly provided by treaty or agreement. Within such limits as are imposed by the military situation you should take whatever steps necessary to preserve and protect such property.
13. You will undertake immediate and complete disarmament and demilitarization of that part of Germany under your command. Germany will not be permitted to maintain armed forces of any kind for internal security, policing or any other purpose.

a. All military organizations including auxiliary associations such as veterans' associations, military labor battalions, military social clubs, etc., will be abolished. The creation of substitute organizations will be forbidden.

b. All military personnel will be held under your control until a decision to disband them has been issued to you by the Combined Chiefs of Staff. No demobilization of regular German army units shall be undertaken until Allied authorities have had an opportunity to allocate responsibility for war crimes and other offenses as among members of the German armed forces. Subsequent demobilization should be effected only gradually and for selected groups and under strict control.

c. The S.S., S.A., and other para-military organizations will be separated out from regular German army units and imprisoned, and will not be released pending future determination of policy.

d. The German Supreme Command and the General Staff will be arrested and imprisoned. You will seize all military documents, maps, files, equipment and facilities of the German Supreme Command and the General Staff.

e. You will take immediate possession of all military equipment, all military supplies, all war material, military installations, military defenses, and military devices of any kind, including all military paraphernalia of whatever type. You will take control of the entire mentioned industry and all associated facilities. You will require the German Supreme Command and all other German authorities who may be in possession of such knowledge to make available to you forthwith lists of quantities and locations of such material and installations. Subject to such use as you may make of such material and installations they will remain under your control pending ultimate disposal as prescribed by the United Nations.
f. The manufacture, production and construction of war material, military equipment, military supplies, or military installations or military devices of any kind in Germany and the import, export and transit of such material and installations will be prohibited except as directed by the United States.

g. The possession of firearms or military devices of any kind in Germany except with your express permission will be prohibited and offenders hereunder will be subject to severe punishment by AMG courts.
ECONOMIC ORDER FOR GERMANY

The following directive relates to Phase I:

1. Your sole purpose in control of the German economy shall be to facilitate military operations and military occupation.

2. You will seize all plants, property, patents and equipment and impound all books and records of large German industrial companies and trade and research associations that have been essential to the German war effort and the German economy. You will pay particular attention to research and experimental establishments of such concerns. You will preserve intact all such plants, equipment and other assets for such allied disposition as you will be directed to make by the Combined Chiefs of Staff.

3. You will take steps to insure that no sabotage or destruction is carried out by the Germans of any industrial plants, equipment or stocks or of any of the books or records relating thereto. Anyone found violating this provision will be tried before Allied Military courts and these courts will be instructed to inflict severe penalties upon such offenders.

4. You will prohibit immediately the production of any munitions or war material except in so far as their production is needed to meet your requirements.

5. Consumer goods industries may be permitted to continue in operation except as they may conflict with the requirements of military operations. You will report on any surpluses of the production of consumer goods above the minimum requirements of the German population that may be available for export and you will accumulate such goods within Germany pending instructions from the Combined Chiefs of Staff for their disposition. No exports or imports of any character will be permitted without the express authorization of the Allied Military Government. Only such civilian goods as are considered by you to be essential for allied military operations shall be imported into Germany. Records will be kept of all import and export transactions.
6. German food and other supplies will be utilized for the German population. However, German consumption standards should be held to a minimum so as to enable surpluses of German food and agricultural production to be made available to the devastated countries of Europe. You will report on any surpluses that may be available with regard for which separate instructions will be issued.

7. You will exercise full control over German shipping, inland transportation and communications in the interests of the Allied Military effort.

8. You will be responsible for procuring such goods and materials for export as you may, from time to time, be directed by the Combined Chiefs of Staff, to obtain for the use of the United Nations. You will take only such steps to control the systems of production and distribution within Germany as are necessary to obtain such goods and materials.

9. The German authorities may be permitted to maintain or establish systems of rationing and price controls, except in so far as they may be inconsistent with military requirements or the objectives of the Allied Military Government.

10. The Allied Military Government shall not assume responsibility for such economic problems as price controls, rationing, unemployment production, reconstruction, distribution, consumption, housing, or transportation, or take any measures designed to maintain or strengthen the German economy, except those which are essential to military operations and are indicated above. The responsibility for sustaining the German economy and people rests with the German people with such facilities as may be available under the circumstances.
1. The U.S. forces will use yellow seal dollars and regular U.S. coins and the British forces and other Allied forces under your command will use British Military Authority notes and regular British coins for payment of troops. The rate of exchange between the U.S. yellow seal dollars and the B.M.A. notes will be 1.035 dollars to 1 pound, and the two currencies will be interchangeable at that rate. The U.S. Treasury will make the necessary arrangements with the British Treasury. Records will be kept of the amounts of currencies used by the U.S. and British forces.

2. Allied Military Marks and Reichsmark currency will be used by the Allied Military Government for all civil administration purposes and by the Allied forces for purchase of local supplies and services in Germany. Military marks and Reichsmark currency and coin now in circulation in Germany will be legal tender without distinction, and will be interchangeable at par. Reichskreditkassenscheine and other German military currency will not be legal tender in Germany. Records will be kept of the amounts of German marks used by the Allied Military Government and the military components of the Allied forces will submit full reports to Washington and London of marks used for the purchase of supplies and services in order that the relevant appropriations may be debited.

3. A rate of exchange between the mark and Allied currencies employed in the operation will not be set during this period. You will inform the personnel under your command that the exchange by them of U.S. dollars or British Military Authority notes for mark currency will be at their own risk. You will advise such personnel that conversion of U.S. dollars into local mark currency should be limited to their local requirements, as you will provide no facilities for the reconversion of local mark currency into U.S. currency.

4. The Financial Division of the Civil Affairs Section in Germany will include in its functions the control of all mark currency used by the Allied Military Government and the Allied forces within the area. Yellow seal dollars and B.M.A. notes will be under the control of the U.S. and British forces respectively.
a. In so far as operations relate to the provision of currencies for civil administration, the Financial Division will supply Allied Military marks from currency on hand and will record the debit against the Allied Military Government.

b. In so far as operations relate to the provision of currencies for the purchase of local supplies and services by military components of the Allied forces, the Financial Division will supply Allied military marks from currency on hand and will record the debit against the military force concerned.

c. The Financial Division will maintain all the accounts and records necessary to indicate the supply, control, and movement of these currencies including yellow seal dollars and EM notes, and other funds, as well as financial data required for the determination of expenditures arising out of operations or activities involving participation of Allied military forces. The U.S. and British forces will make the necessary information available to the Financial Division concerning the supply, control and movement of yellow seal dollars and EM notes.

d. If found practicable and desirable, you will designate, under direct military control and supervision, the Reichsbank, or any branch thereof, or any other bank satisfactory to you, as agent for the Financial Division of Civil Affairs Sections. When satisfied that the Reichsbank, or any branch thereof, or other designated bank, is under adequate military control and supervision, you may use that bank for official business, and, if necessary, by making credits available, place such bank or banks in a position to finance other banks and branches thereof, for the conduct of their business as determined necessary for military operations by the Allied military authorities.

e. The records of the Financial Division of the Civil Affairs Section established within the area will indicate in all cases in what currency receipts were obtained or disbursements made by the Financial Division.
5. Upon entering the area, you will take the following steps and will put into effect only such further financial measures as you may deem to be necessary from a strictly military standpoint:

a. Banks should be placed under such control as deemed necessary by you in order that adequate facilities for military needs may be provided and to ensure that instructions and regulations issued by military authorities will be fully complied with. Banks should be closed only long enough to introduce satisfactory control, to remove objectionable personnel, and to issue instructions for the determination of accounts to be blocked under paragraph b below.

b. Pending determination of future disposition, you will impound or block currencies, foreign securities, accounts in financial institutions, credits, valuable papers and all similar assets held by or on behalf of the following and you will permit their use only in accordance with instructions which you may issue:

(1) German national, state, provincial, and local governments, and agencies and instrumentalities thereof.

(2) Other enemy governments, the agencies and instrumentalities thereof and their Nationals.

(3) Owners and holders, including neutral and United Nations Governments or national authorities, absent from the areas of Germany under your control.

(4) Nazi party organisations, including the party formations, affiliates, and supervised associations, and the officials, leading members, and supporters thereof.

(5) Persons under detention or other types of custody by Allied Military authorities and other persons whose activities are hostile to the interests of the military government.

c. No governmental or private bank or agency will be authorised to issue banknotes or currency, except that, if found practicable and desirable, you may so authorise the Reichsbank and the Rentenbank when they are under adequate military control and supervision.
d. All dealings in gold and foreign exchange and all foreign financial and foreign trade transactions of any kind, including all exports and imports of currency, will be prohibited, except as permitted under such regulations as you may issue relative thereto and for strict military purposes. Except as you may otherwise authorize, local banks will be permitted to open and operate only mark accounts. The banks may, of course, acquire or otherwise deal in yellow seal dollars and RNA notes except that the exportation or importation of yellow seal dollars and RNA notes will be prohibited.

6. Non-yellow seal U.S. dollar notes and regular British pound notes will not be legal tender. No person, agency or bank engaged in the exchange of money will acquire or otherwise deal in these notes except as you may so authorize. U.S. Army and Navy Finance Officers and British Paymasters may, however, be authorized to accept non-yellow seal U.S. dollar notes and regular British pound notes from United States and British Military or authorized personnel for conversion into yellow-seal dollars or RNA notes, after satisfying themselves as to the source of the notes.

7. All bona fide government pensions, allowances and social security payments may continue to be paid, but you will take steps as soon as practicable for a study of pensioners records with a view to nullifying all unnecessary and undesirable pensions and bonuses of Nazi inception.

8. The railways, postal, telegraph and telephone service, radio and all government monopolies will be placed under your control and their revenues made available to the military government.

9. You will immediately rescind all "discriminatory taxes" introduced by the Nazi regime which discriminate on the basis of race, color, creed, or political conviction.
Sept 2
Sat. 1310
1421

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with him on this P.M.
The President and Mrs. Roosevelt came to tea this afternoon, and stayed about an hour and a quarter. Fully an hour of the time we used to discuss the German situation. I gave him the memorandum of the outline of suggestions, plus a map. The President said, "I wonder if you have the three things in it that I am interested in." I said that I didn't know, so he said, "Well, we will see as we go along."

I explained to the President that this was preliminary and had not yet been circulated fully in the Treasury, and that my own criticism of it was it didn't go nearly far enough.

The President read this memorandum very carefully, and as soon as he got to the map he said, "This isn't what we agreed to at Tehran or since then," and he started to talk about Poland. I said, "Mr. President, we have been working wholly within the Treasury, and we just don't know what anybody else has been doing for you." Then I said, "This is approximately correct except that, as I remember it, from the Kiel Canal north toward Denmark they made that an international zone, and they made the Saar District an international zone." He was keenly interested in the memorandum and read it very slowly and very carefully. When he got through, he told me about the three things that he wanted, and I think that his thinking is along these lines - Germany should be allowed no aircraft of any kind, not even a glider, and that Germany would be served from the air by other countries. The second was that nobody should be allowed to wear a uniform, and the third that there should be no marching of any kind. He said if you didn't allow them to wear a uniform and there was no marching that would do more to teach the Germans than anything else that they had been defeated." So I said, "That's very interesting, Mr. President, but I don't think it goes nearly far enough." I said, "Where this memorandum falls down, as far as I am concerned, is that the heart of the German war machine is the Ruhr, and I would like to see the Ruhr completely dismantled, and the machinery given to those countries that might need it." I said, "I realize this would put 18 or 20 million people out of work, but if we make an international zone out of it it is just time before Germany will attempt an Anschluss." I also said, "This will have a tremendous effect on England and Belgium, and ought to guarantee their prosperity for the next 20 years because their principal competition for their coal and steel came from the Ruhr, and this ought to go a long ways towards solving the economic future of England."
Well, the President liked all of this, and I said, "Then the other problem which this memorandum doesn't touch on is the mentality of the German between the ages of 20 and 40," and I should have said even younger, between 16 and 40 - "who have been inculcated with Nazism." I said, "I am convinced that you could change them, and you may even have to transplant them out of Germany to some place in Central Africa where you can do some big TVA project." Then I said, "The other big problem is what to do with the children of these people so that they will get the right kind of education."

The President listened very closely and seemed to be in complete sympathy with what I was saying. I don't think he had done any thinking along these lines. He did interrupt me to say, "You know you will have to create entirely new textbooks for the Germans," and I said that I realized that.

Earlier in the conversation, the President started in on this question of the German mark. He said that he wanted to do away forever with the German mark and have them use dollars. I tried to shut him off on it. I said, "Mr. President, I think you are wrong on this business because we have gone too far, but it is really unimportant, and while Mr. Stimson called this morning about this subject I told him I didn't want to bring it up with you until we had cleared the important thing, the thing we are talking about now." I said, "To make 100% sure I called McCloy at 1:30 and asked him if we didn't settle the question about the German exchange rates between now and Wednesday would it slow down the war any, and he said it wouldn't, so let's wait until we get together with you on Wednesday."

I then told the President about my schedule of Hopkins for lunch, and Stimson, McCloy, Hopkins and White for supper. I kind of questioned him a little bit about Hopkins, but he seems to accept the fact that Hopkins is in it and that is the best way I can describe it.

I asked the President what Isiah Bowman was doing and whether he was working on it, and I asked him who knew about it. He told me that Hull did, and I said I would like to see on Wednesday what Bowman had done, and he said that I could.

At the beginning of the conversation the President, to register with me how he felt about the Germans, said he wrote a letter to the War Department and certainly put them in their place. He said, "In regard to that Army Handbook you gave me, Henry, I wrote to the War Department, using an introductory
paragraph of my own, and then quoted directly from your memorandum, and finished up by telling them that, under no circumstances, were they to use this handbook. I asked him if I could have a copy of that letter and he said that I could.

Mrs. Roosevelt asked me if I knew about a certain investment banker, and she mentioned the name—a man I never heard of before—who was going to be sent to Europe to be in charge of surplus property disposal, and I said that I hadn't heard of him but that I thought that was under Crowley. She seemed to think it was a terrible mistake to send an investment banker to be in charge of this work, but I refrained from making any comments about Crowley or anybody else or what they were doing because I was carrying enough water on both soldiers without taking on Crowley.

Then the President said, "Bedell Smith doesn't carry out my orders," and then he looked at me for some comment. I said, "Well, I don't know anything about it, Mr. President," which is the truth.

Then the question came up of McCloy, and the President said, "Oh, the trouble with him is he is just an appeaser," which is very, very unfair, and I think this is being fed to the President by Hopkins, because Hopkins wants to get McCloy out of the way so that McCloy won't be sent to take charge of Germany. I rate McCloy amongst a half dozen civilians who did the most in the prosecution of the war.

Towards the end of the conversation, I said to the President, "How did you ever appoint Robert Murphy as political adviser to Eisenhower to succeed William Phillips?" The President said, "I haven't." He said, "William Phillips never was political adviser." So I said, "Mr. President, I saw Phillips there in uniform at Eisenhower's Headquarters. He thinks he is political adviser to Eisenhower and so does Eisenhower." The President said, "It doesn't matter what he thinks or what Eisenhower thinks—he isn't." Then I said, "Well, I am sorry to differ with you, but they both thought so," and I stuck by my guns. So I said, "Why Robert Murphy?" He said, "Murphy isn't political adviser to Eisenhower. He is on the European Advisory Committee in London." I said, "That isn't what the papers say." Then he told me that Rieber is political adviser. This took place as I am dictating it, but with many interruptions from Mrs. Roosevelt, who just hit the ceiling at this time. Up to this time she had been quiet.
Then the President went into a long discussion about Darlan, and how he had directed the business with Darlan and how he had saved 10,000 lives of American soldiers, and then his whole attitude was that was his responsibility and Murphy was simply his agent. He got quite excited about it as Mrs. Roosevelt pushed him on this. So I said, "Mr. President, why not let by-gones be by-gones?" I said, "Have you read the editorial in the New York Tribune of yesterday?" He said he hadn't. I said, "I don't want to discuss what has gone in the past, but why pick Robert Murphy for this job? In the minds of the people, it connotes Darlan and everything that goes with him." He said, "There isn't anybody else in the whole State Department," and I said, "Oh, there is." He asked me who, and I said, "Well, there is just one man in the State Department who really hates the Nazis and that is Mr. Kirk, our Ambassador in Cairo, and who now is in Italy." The President said, "I know him. He is a kind of nemby-pamby." I said, "Granted that, but he hates the Nazis." The President said, "Kirk doesn't know America. He has been out of the country too long." I said, "Granted, but he knows the Germans and if you would send John Pehle along with him as his assistant, you would have a team that will go to town." The President said, "That's good. I like that." I said that Pehle can get along with Stimson and with Hull, and I said that he is tough. To my surprise, Mrs. Roosevelt said she didn't know Pehle but I know that she has met him because he had lunch with her. I think what she meant is that she couldn't say anything for him.

The President said, "I have just turned over something on the Hungarian thing to Pehle."

I then said, "Leaving everything aside, Mr. President, you have Murphy and do you know who his assistant is," and he said that he didn't. I told him that it was Offie and quick as a flash, he said that he would get rid of him tomorrow.

The President was very much annoyed at some editorial in the New York Evening Post of Friday. He kept talking about it and how he was going to tell Mr. Thackrey and Mrs. Thackrey on Sunday just what he thought of it.

During my discussion with the President on Robert Murphy, Mrs. Roosevelt said that with the attitude of the Pope, she thought it was a mistake to send a Catholic to Germany, and the President came to the Pope's defense, particularly in regard to this
last speech the Pope made on private property. He said the Pope had always been for private property, and was against Communism. His arguments weren't very re-assuring or convincing.
1. Committee of State, Forces & War to advise how to deal with Germany.

2. Finance Committee England & U.S.

I went to see Mrs. Roosevelt, and she thought I was coming to see her about some remark she had made about Dumbarton Oaks to the effect that the thing was going badly because it was in the hands of Pasvolsky, Jimmy Dunn and Long, and when she told that to the President he jumped on her with both feet and said, "I don't know who your informer is but he just doesn't know what he is talking about because Stettinius comes to my office every afternoon at five o'clock with a list of questions, and I decide what they should do the next day at Dumbarton Oaks. (This is somewhat different than the way I ran Bretton Woods, if it is true and I have no doubt it is, but where does it leave Hull?) She thought I wanted to know more about that, so I let her talk about it.

Then I said, "What bothers me is where does Hopkins fit into this picture." I said, "Do you, Eleanor Roosevelt, know that Hopkins wants to go to be the American Governor of Germany?" Then I said, "My people can't quite tell just where Hopkins stands on this matter. I said, "Does the President know that Hopkins receives secret cables from Churchill? Does the President know that when Hopkins was in the White House he saw the most secret cables before the President saw them?" Mrs. Roosevelt said she didn't know but that she was going to find out. I then sounded her out on where John and Anna Boettiger stood on this German question. She said she didn't know. She said all she knew was that John Boettiger was working now for Hilldring, and at night would bring in many interesting cables to show the President, but her guess would be that he would be inclined to be tough with the Germans because he was not at all satisfied with the way we handled the Fascists in Italy. Then she said, "Why don't you talk to John and Anna and find out how they feel?" I said, "Oh, I wouldn't talk to anybody like this except you."

Then I told Mrs. Roosevelt I am convinced that the President wants to do the right thing in regard to the Germans, but he hasn't got the time to look into it thoroughly, and everything that has been done so far is useless, so some of us have to do it for him.
I then asked her how she felt about what I said about the Germans, and she said she agreed with it. This pleased me very much because I didn't know whether she might be too sentimental about the Germans, and that was one of the main reasons why I went up to see her.

Mrs. Morgenthau was present at both of the conversations with the President and with Mrs. Roosevelt, and I asked her after both of the interviews if she had any suggestions or criticism. She said that she didn't, and I had handled myself extremely well, and that the President evidently had not objected to what I told him. She deduced that from Mrs. Roosevelt's attitude towards me. In fact, I asked Mrs. Roosevelt if I had been too aggressive with the President, and she said "No."

Then I said to Mrs. Roosevelt, "The other big problem is what to do with the German prisoners and their children," and she said, "Well, I think there are some Germans you can deal with," and she said, "I have been sent a Major Davidson by General Fred Osborne, and he tells me there are German soldiers in the concentration camps with whom we can deal.

Fred Osborne was with us on the plane this morning, and I didn't let on I had this conversation with Mrs. Roosevelt. I asked him what he knew about the German prisoners, and his answer was that the German prisoners, particularly those in the Air Corps, were very difficult and you could do nothing with them, which shows Mrs. Roosevelt has this thing a little twisted. I am going to send for Major Davidson through Robert Patterson's office.

After my interview, I felt it had been distinctly worth while to see Mrs. Roosevelt because I never knew just how she might feel toward's treating the Germans so harshly. She had been slightly Pacifist before the war and I thought she might think we should go a little easy on the Germans, but she doesn't. Then also I have started her on investigating just what Harry Hopkins' position is versus the President, and also where he stands on this German question.

***************
September 7, 1944

I saw the President, and before I could say anything, he said, "Don't be discouraged about yesterday's meeting. I had Cordell trembling." (I don't know what he meant by that because Cordell certainly was not trembling.) He said, "The whole question seems to be about closing down the plants, and we have got to do the thing gradually."

But the amazing thing was that he should have greeted me the way he did because he must have realized the way I felt, and this was most encouraging. I then asked him whether he wouldn't see Hopkins and myself instead of having Cabinet, but he said that he would have to have Cabinet. Then I said, "Well, will you see Hull, Stimson, Hopkins and myself Saturday morning?" and he said he would, so I have asked for two hours.

Then I got the following idea which I passed on to the President: "Why not send Jimmy Byrnes as Ambassador to England, and Winant as High Commissioner to Germany?" So the President said, "I have already written a note to Byrnes asking him if he wanted to be High Commissioner," but he seemed to like the Winant idea.

Going back to my interview with Hopkins, I am now convinced that Hopkins really wanted to go to Germany, and he said a very revealing thing — he said, "The President has never given me a job because he thought I could do it well. That has never influenced him. He has only given me a job when he wants me to do it."

Hopkins made another revealing remark. He said, "Admiral McIntire doesn't want Hopkins or Morgenthau to see the President too often because he knew those interviews were always difficult ones." I have had no trouble seeing the President, but may be Hopkins has.
September 9, 1944

I saw the President, and Stimson started right in and he had these two memos which he gave the President (copies attached). I think he said they were his answers to my memorandum and to Hull's memorandum.

I then gave them each a copy of our memorandum, and the President tried his best to read it and seemed very much interested.

Hopkins brought up the question of partition and seemed to be the devil's advocate for it. Stimson has been talking to Bowman who is against partition. The President said that he would go along with the idea of the trusteeship for the Ruhr, the Saar and the Kiel Canal. The President also said that he is in favor of dividing Germany into three parts. Hopkins kept pressing the point about partitioning Germany, and I frankly don't know where he stands. Hopkins said to the President, "Would it be correct to define your position as saying you inclined toward partition?" and the President said, "Yes," but he is in favor of doing it now and not waiting.

During the discussion, Stimson said that we must get along with Russia.

The President kept looking through the book and wanted to know whether I had the part put in about uniforms and marching, and I said that it was in there. The President read out loud No. 4, "It is a fallacy that Europe needs a strong industrial Germany." The President said, "This is the first time I have seen this stated." He said that everybody seems to disagree on that point, but he said "I agree with this idea." He said, "Furthermore, I believe in an agricultural Germany." (I evidently made a real impression on the President the time he came to my house, and the more I talk to him the more I find that he seems to be coming around to our viewpoint.)

It seems, from what the President said, that the Russians want 16 votes in connection with the Czarnikows Conference - 16 votes in the new United Nations organization - and that the President must have appealed to Stalin, and Stalin turned him down this morning.
The President put up this question, "Supposing the Russians want to insist on reparations, and the English and the United States don't want any, what happens then?" So I spoke up and said, "Well, my experience with the Russians at Bretton Woods was that they were very intelligent and reasonable, and I think that if the matter is put to them about reparations, that there is a good chance of their going on with us, provided we offer them something in lieu thereof."

As a result of this conference, I am very much more encouraged, and if I could only have a chance to talk with the President alone I think I could get somewhere.

I kept saying, "Don't you want this committee to draft for you a suggestion for the American policy towards Germany?" I said it a couple of times and got nowhere, and then Hull said that he had sent some paper on the economic future of Germany to Stimson, and he had not heard from Stimson. Stimson said he didn't know what he was talking about.

Hull just won't get in on the discussion, and just what his game is I don't know. As I came in, the President was asking Hull whether he didn't want to come to Quebec, and Hull said he was too tired. At the beginning of the discussion the President said, "Well, I think there will be two things brought up at Quebec. One is the military and the other is the monetary because Churchill keeps saying he is broke," and the President said, "If they bring up the financial situation, I will want Henry to come up to Quebec." This is the second time he has said that.

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SUGGESTED CHANGES IN CABINET COMMITTEE RECOMMENDATIONS
AS STATED IN PAPER SEPTEMBER 4, 1944.

To paragraph 2(a) should be added the following:

"At least for an indefinite period Germany shall be denied the means of power to manufacture or design aeroplanes or gliders of any sort whether military, commercial or private, and Germany shall have no license to operate any airlines. During this period no schools or courses for the study of air flight in any form shall be permitted.

All machines, plants and other instruments which are peculiarly adapted to the manufacture of arms and lethal weapons of any sort shall be dismantled or destroyed."

Paragraph 2(b) should be rewritten to read as follows:

"All members of the Gestapo, viz., the so-called security or political police, prominent Nazis in whatever activity they may have operated, substantially if not all members of the S.S. organizations, and others who are suspected of having taken part in or had responsibility for the perpetration of war crimes, should be apprehended and held for further disposition. Prompt and summary trials shall be held of those charged with such crimes and punishment should be swift and severe.

Studies should be instituted at once to determine
Insert at beginning of rewrite paragraph 2(b)

"Dissolution of the Nazi Party and all its affiliated and associated organizations should be effected immediately and ........."
the procedures to be followed in such trials, and they should be cleared with the British, Russians, and French as quickly as possible, so that they can be communicated to the appropriate occupying authorities without delay.

All laws discriminating against persons on grounds of race, color, creed, political activity or opinion, should be annulled."

To Paragraph (c) should be added the following:

"The territories of Germany which are to be ceded to other countries are understood to be all or most of East Prussia and some parts of Silesia. The question of the Rhineland and the Saar is closely connected with the treatment of the Ruhr. We recommend as the present view of the United States that a strong control over the products of this area must be maintained by means of some form of international trusteeship of its products and resources. It should not be obliterated as an industrial productive center, but it must be actively managed by others than Germans and otherwise completely taken from German domination.

On the other hand no efforts shall be made to rebuild any of the destroyed plants in Germany until permission is given by appropriate Allied or United Nations authority."
Substitute for paragraph (h) the following:

"The primary objectives of our economic policy are: (1) the permanent elimination of German economic domination in Europe and (2) the conversion of German economic capacity in such manner that it will be so dependent upon imports and exports that Germany cannot by its own devices reconvert to war production."
MEMORANDUM FOR THE PRESIDENT

September 9, 1944

Our discussions relate to a matter of method entirely; our objective is the same. It is not a question of a soft treatment of Germany or a harsh treatment of Germany. We are all trying to devise protection against recurrence by Germany of her attempts to dominate the world. We differ as to method. The fundamental remedy of Mr. Morgenthau is to provide that the industry of Germany shall be substantially obliterated. Although expressed only in terms of the Ruhr, the fact of the matter is that the Ruhr and the adjacent territories which Mr. Morgenthau would include in his program constitute, particularly after the amputations that are proposed, the core of German industry. His proposition is

"the total destruction of the whole German armament industry and the removal or destruction of other key industries which are basic to military strength."

In speaking of the Ruhr and surrounding industrial areas, he says:

"This area should not only be stripped of all presently existing industries but so weakened and controlled that it cannot in the foreseeable future become an industrial area -- all industrial plants and equipment not destroyed by military action shall either be completely dismantled or removed from the area or completely destroyed, all equipment shall be removed from the mines and the mines shall be thoroughly wrecked."
I am unalterably opposed to such a program for the reasons given in my memorandum dated September 5 which is already before the President. I do not think that the reasons there stated need again be elaborated. In substance, my point is that these resources constitute a natural and necessary asset for the productivity of Europe. In a period when the world is suffering from destruction and from want of production, the concept of the total obliteration of these values is to my mind wholly wrong. My insistence is that these assets be conserved and made available for the benefit of the whole of Europe, including particularly Great Britain. The internationalization of the Ruhr or the trusteeship of its products -- I am not prepared at the moment to discuss details of method -- constitutes a treatment of the problem in accord with the needs and interests of the world. To argue that we are incapable of sustained effort to control such wealth within proper channels is to destroy any hope for the future of the world. I believe that the education furnished us by the Germans in two world wars, plus the continuity of interest which such a trusteeship would stimulate is sufficient insurance that we can be trusted to deal with the problem. The unnatural destruction of this industry would, on the other hand, be so certain, in my judgment, to provoke sympathy for the Germans that we would create friends both in this country and abroad for the Germans, whereas now most of the peoples of the world are thoroughly antipathetic to them.
The other fundamental point upon which I feel we differ
is the matter of the trial and punishment of those Germans who
are responsible for crimes and depredations. Under the plan
proposed by Mr. Morgenthau, the so-called arch-criminals shall
be put to death by the military without provision for any trial
and upon mere identification after apprehension. The method of
dealing with these and other criminals requires careful thought
and a well-defined procedure. Such procedure must embody, in
my judgment, at least the rudimentary aspects of the Bill of
Rights, namely, notification to the accused of the charge, the
right to be heard and, within reasonable limits, to call
witnesses in his defense. I do not mean to favor the institution
of state trials or to introduce any cumbersome machinery but the
very punishment of these men in a dignified manner consistent
with the advance of civilization, will have all the greater effect
upon posterity. Furthermore, it will afford the most effective
way of making a record of the Nazi system of terrorism and of the
effort of the Allies to terminate the system and prevent its
recurrence.

I am disposed to believe that at least as to the chief
Nazi officials, we should participate in an international
tribunal constituted to try them. They should be charged with
offences against the law of the rules of war in that they have
committed wanton and unnecessary cruelties in connection with
the prosecution of the war. This law of the Rules of War has
been upheld by our own Supreme Court and will be the basis of
judicial action against the Nazis.
Even though these offences have not been committed against our troops, I feel that our moral position is better if we take our share in their conviction. Other war criminals who have committed crimes in subjugated territory should be returned in accordance with the Moscow Declaration to those territories for trial by national military commissions having jurisdiction of the offence under the same Rules of War. I have great difficulty in finding any means whereby military commissions may try and convict those responsible for excesses committed within Germany both before and during the war which have no relation to the conduct of the war. I would be prepared to construe broadly what constituted a violation of the Rules of War but there is a certain field in which I fear that external courts cannot move. Such courts would be without jurisdiction in precisely the same way that any foreign court would be without jurisdiction to try those who were guilty of, or condoned, lynching in our own country.

The above are the two main points with which I differ from the proposed program submitted by the Secretary of the Treasury.

Partition

I have an open mind on partition and although I have given the matter substantial consideration I have, as yet, come to no conclusion as to wisdom or method of partition. I feel we cannot deal effectively with that subject until we have had an interchange of views with the English and the Russians. I, myself, seek further
light on this subject. I, certainly, would not discourage any spontaneous effort toward separation of the country into two or more groups.

Amputation

I understand that there is some general recognition of the probability of Russia or the Poles taking East Prussia and some parts of Silesia. I suggest that we interpose no objection to this but that we take no part in the administration of the area. On the Western border the primary question is the matter of dealing with the Ruhr but it has also been suggested that the Rhineland and the Saar be delivered to France. Naturally I am in favor of the automatic return of Alsace and Lorraine to France but though my mind is not irrevocably closed against it, I feel that the burden of proof lies on those who suggest giving France more territory. She will come out of this war with her Empire practically intact, with a reduced population and already possessing a very valuable bit of ore in the Longwy Briey area. To give her a substantial territory of German-speaking and German-bred people would create another problem in the balance of Europe. To counteract this, I would give France a share in the benefits of the internationalization of the Saar and the Ruhr and the advantage which this gives of what would in effect be an international barrier between France and Germany.
There are certain other methods of punishment affecting the personal lives of individual Germans proposed by the Secretary of the Treasury to which I am opposed as constituting irritations of no fundamental value and, indeed, of considerable danger, but these are primarily matters of administration which I think need not be discussed at this time. In some part, at least, they had best be determined by those who have the primary responsibility for the administration of the occupation.

As a suggestion, I propose that during the interim period, which is all that we can deal with at the moment, the President be recommended to approve a program generally in accord with the memorandum submitted by the Secretary of State at the meeting of the Cabinet Committee on Tuesday, September 5, except for a modification of subparagraph 2(h) of that memorandum and certain other slight modifications on which I hope we can all agree, which suggested changes I append hereto.

/s/ HENRY L. STIMSON
See film "QUEBEC"
for White's names in
PDR - Churchill - HMC - Quebec
conferences, Sept. 1944.

Which is in Safe
September 16, 1944

I met at 12:00 today with Roosevelt, Churchill, Eden and the Under Secretary for Foreign Affairs. We took up the question of the Lend-Lease Agreement for Phase II. The President read the thing through very carefully, and the only suggestion he made was that where it read, "Naturally no articles obtained on Lend-Lease or identical thereto would be exported," he included the words, "or sold". Lord Cherwell said that they do sell all of their Lend-Lease; that is, all of the non-military Lend-Lease, and the President then added the words also "for profit".

Churchill was quite emotional about this agreement, and at one time he had tears in his eyes. When the thing was finally signed, he told the President how grateful he was, thanked him most effusively, and said that this was something they were doing for both countries.

Then Churchill, turning to Lord Cherwell and myself, said, "Where are the minutes on this matter of the Ruhr?" and according to our agreement we said that we didn't have them. The reason we didn't have them was because I felt, when I read the minutes which Lord Cherwell had written, that it presented much too weak a case, and I thought that we could get Churchill to go much further. He seemed quite put out that we didn't have the minutes of the previous meeting, and the President said that the reason we didn't have them was because Henry interspersed the previous discussion with too many dirty stories, and that sort of broke the ice. So Churchill broke in and said, "Well, I'll restate it," which he did, and he did it very forcefully and very clearly. Then he suggested that Lord Cherwell and I withdraw and try to do a job on dictating it, which we did. It only took us a few minutes, and we came back up to the room where they were meeting and just calmly walked in. When Churchill read our very short memorandum, he said, "No, this isn't what I want." Then he started to talk and dictate to us, and I said, "I don't know what the rules of the game are, but is there any reason why we can't have a stenographer present? Then you could dictate directly to her." He said, "By all means," and Cherwell went out and got Churchill's secretary, and she came in and he began to dictate. He dictated the memorandum, which finally stood just the way he dictated it. He dictates extremely well because he is accustomed to doing it when he is writing his books.
While Churchill was dictating, he used the memorandum which I had dictated as sort of a text.

Roosevelt's important contribution, while Churchill was dictating, was that when he got talking about the metallurgical, chemical and electric industries, Roosevelt had him insert the very important words "in Germany". What Roosevelt meant was - because it came up later - that he didn't have in mind just the Ruhr and the Saar, but he had in mind entire Germany, and that the matter we were talking about, namely, the ease with which the metallurgical, chemical and electrical industries in Germany can be converted from peace to war, does not only apply to the Ruhr and the Saar, but the whole of Germany, which of course is terribly important.

When Churchill got through, Eden seemed quite shocked at what he heard, and he turned to Churchill and said, "You can't do this. After all, you and I publicly have said quite the opposite. Furthermore, we have a lot of things in the work in London which are quite different." Then Churchill and Eden seemed to have quite a bit of argument about it. Roosevelt took no part in it, and I took a small part and kept throwing things in. Churchill's main argument was what this meant in the way of trade; they would get the export trade of Germany. So Eden said, "How do you know what it is or where it is?" and Churchill answered him quite testily, "Well, we will get it wherever it is." I was quite amazed and shocked at Eden's attitude; in fact, it was so different from the way he talked when we were in London. Finally Churchill said, "How I hope, Anthony, you're not going to do anything about this with the War Cabinet if you see a chance to present it." Then he said this, "After all, the future of my people is at stake, and when I have to choose between my people and the German people, I am going to choose my people." Churchill got quite nasty with Eden, and I understand from the President that all the rest of the day Eden was not at all helpful. The President was quite disappointed.

Of course, the fact that Churchill has dictated this himself strengthens the whole matter tremendously. Naturally, I am terribly happy over it as we got just about what we started out to get.
The President suggested that I come back at five in the evening, which I did. I had lunch with Lord Cherwell. The President received the Empress of Austria, and she stayed with her two sons for about an hour. I got in about six o'clock and stayed until after seven-thirty. I tried several times to get up to go because I thought the President wanted to rest, but he evidently just wanted to sit and talk. We haven't had a talk like this since almost going back to the time when he was Governor. He was completely relaxed, and the conversation was entirely on the week's work.

While I was waiting for the President between five and six, I was sitting there talking with Grace Fally and Admiral Leahy joined us. He said that they had only settled that afternoon what part of Germany the English would go into, and what part the U.S.A. should go into. In the morning when I arrived at twelve, the President was sitting alone in his room with three different colored pencils and a map of Europe, and he then and there sketched out where he wanted us to go and where he wanted the English to go, and by that I mean our Armies. He had before him a map of the Combined Chiefs of Staff, which he said was terrible. According to Admiral Leahy, this afternoon the President showed Churchill his map, and got what he wanted. When I let Leahy read the memorandum on the Ruhr and the Saar, he was very happy because he said that the English were going to occupy the Ruhr and the Saar and they would have to carry this thing out.

Late in the afternoon in my discussion with the President, to my surprise he told me that Leahy had been favorable to my plan. The President said that he had withheld bringing up this question of where our Armies should go because he wanted to get Churchill in a good humor and he wanted everything else settled.

The President was very relaxed and not at all tired. I asked him what he meant about the suggestion of having the United Nations meet the end of October, and he said that he felt it had taken much too long to bring up the League of Nations after World War I, and he wanted to do this in October. So I said, "Well, it makes good window dressing for the campaign," and he said, "Yes." His idea is to have it about the 27th of October and run through and after election.
During my conversation with the President - I think it was in the morning - I said, "Look, Mr. President, now that we have this Ruhr and Saar stuff straightened out, the thing should be presented to Stalin, and I think if Stalin knew how we felt you would find he would act much better." The President said, "Well, I will have Harriman come back and explain it to him, and let him go back and sell it to Stalin." "Listen," I said, "Harriman can't do this. You ought to send me." I said, "I get along very well with the Russians, and you could check with Stalin as to whether I do or whether I don't." The President said, "Oh, I have far too important things for you to do around Washington. I can't spare you for a thing like this." I said, "Well, it would only be a matter of 10 days." He thought a minute and said, "Well, it might take two weeks," and he seemed to like the idea. This is the second time I have brought it up, and the second time we talked about it in more detail. I will let it rest now with the President. If he likes it, he will send me and if he doesn't he won't.

The other amazing thing that happened was he turned to me, when Grace Tully brought in a telegram in the afternoon addressed to her asking her to try to find out what happened on the French Lend-Lease, and said, "You let Harry know that we are not going to do it," so certainly something has happened between the President and Hopkins because his influence seems to have been greatly diminished.

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1. We have discussed the question of the scope and scale of mutual Lend/Lease aid between the United States and the British Empire after the defeat of Germany and during the war with Japan. We have agreed that a Joint Committee shall be set up to consider this question with the following membership:

Chairman:

American Members:                      British Members:
Secretary Morgenthau
Under-Secretary Stettinius
Mr. Leo Crowley

2. The Committee will agree and recommend to the Heads of their respective Governments the amount of Mutual Aid in munitions, non-munitions and services which is to be provided for the most effective prosecution of the war. The Committee is instructed to obtain from the various branches of the Governments whatever pertinent information is necessary for
the preparation of their recommendations.

3. Pending the recommendations of the Committee to the Heads of the respective Governments, the appropriate departments of each Government shall be instructed not to make any major decision with respect to the programmes of Lend/Lease Aid for the period referred to above without the approval of the Committee.

4. In reaching its conclusions the Committee will be guided by the conversation between the President and Prime Minister on September 14th, 1944.

Quebec.
September 14th, 1944.
The Prime Minister said that when Germany was overcome there would be a measure of redistribution of effort in both countries. He hoped that the President would agree that during the war with Japan we should continue to get food, shipping etc. from the United States to cover our reasonable needs. The President indicated assent.

He hoped also that the President would agree that it would be proper for Lend-Lease munitions to continue on a proportional basis even though this would enable the United Kingdom to set free labour for re-building, exports, etc., e.g. if British munitions production were cut to three-fifths, U.S. assistance should also fall to three-fifths. The President indicated assent. Mr. Morgenthau however suggested that it would be better to have definite figures. He understood that munitions assistance required had been calculated by the British at about 3½ billion dollars in the first year on the basis of the strategy envisaged before the OCTAGON.
Conference. The exact needs would have to be recalculated in the light of decisions on military matters reached at the Conference. The non-munitions requirements had been put at 3 billion dollars gross against which a considerable amount would be set off for reverse Lend/Lease. The President agreed that it would be better to work on figures like these than on a proportional basis.

The Prime Minister emphasized that all these supplies should be on Lease/Lend. The President said this would naturally be so.

The Prime Minister pointed out that if the United Kingdom was once more to pay its way it was essential that the export trade, which had shrunk to a very small fraction, should be re-established. Naturally no articles obtained on Lend/Lease or identical thereto would be exported; but it was essential that the United States should not attach any conditions to supplies delivered to Britain on Lend/Lease which would jeopardize the recovery of her export trade. The President thought this would be proper.
To implement these decisions the Prime Minister suggested there should be a joint committee. It was held that it would be better to appoint an ad hoc committee for this purpose on an informal basis in the first instance which could be formalized in due course. Pending its report the United States departments should be instructed not to take action which would pre-judge the committee's conclusions, e.g. production should not be closed down without reference to Lend/Lease supplies which it might be held should be supplied to Britain. The President thought that the committee should be set up and suggested that Mr. Morgenthau should head it representing him, and that Mr. Stettinius, who had taken such a large part in Lend/Lease, should also be a member.
At a conference between the President and the Prime Minister, Mr. Churchill said that he would sum up the discussion that we had been having in regard to the future disposition of the Ruhr and the Saar. He said that they would permit Russia and any other of our Allies to help themselves to whatever machinery they wished, that the industries in the Ruhr and in the Saar would be shut down, and that these two districts would be put under an international body which would supervise these industries to see that they would not start up again.

This programme for eliminating the war-making industries in the Ruhr and in the Saar is part of a programme looking forward to diverting Germany into largely an agricultural country.

The Prime Minister and the President were in agreement upon this programme.

September 15, 1944.
At a conference between the President and the Prime Minister upon the best measures to prevent renewed rearmament by Germany, it was felt that an essential feature was the future disposition of the Ruhr and the Saar.

The ease with which the metallurgical, chemical and electric industries in Germany can be converted from peace to war has already been impressed upon us by bitter experience. It must also be remembered that the Germans have devastated a large portion of the industries of Russia and of other neighbouring Allies, and it is only in accordance with justice that these injured countries should be entitled to remove the machinery they require in order to repair the losses they have suffered. The industries referred to in the Ruhr and in the Saar would therefore be necessarily put out of action and closed down. It was felt that the two districts should be put under some body under the world organisation which would supervise the dismantling of those industries and make sure that they were not started up again by some subterfuge.

This programme for eliminating the war-making industries in the Ruhr and in the Saar is looking forward to converting
Germany into a country primarily agricultural and pastoral in its character.

The Prime Minister and the President were in agreement upon this programme.

(Intd.) O.K.

F.D.R.

(Intd.) W.S.C.

15 9.

September 15, 1944
Yesterday at 1:30 I called up Grace Tully and asked her to pass the following suggestion along to the President - that I thought the President ought to have a meeting at Hyde Park for a couple of days and conduct it just the way the Quebec Conference was run, except that this one should be devoted entirely to politics, and he should have people like Ed Flynn, Mayor Kelly, Frank Walker, Leon Henderson, Harold Iokes and myself just to sit around and plan a campaign. I said that in Chicago I found complete apathy towards the campaign, and I felt the President had to do this because it would inspire these people so that they would go out and do something about it.

I said that the people in Chicago felt satisfied with the President's conduct of the war, but what they want to know now is what he is going to do about jobs after the war is over, and I said that I thought the President ought to make a speech on that subject. I told Grace Tully that if the President wanted me to draft the speech, I would be glad to get hold of Leon Henderson and Robert Nathan and try to draft one, but I wanted a note from him telling me to do it so that I could approach these people on it. She said she would tell the President and let me know.

I also said that if the President wanted to see me I could stop at Hyde Park Sunday on my way to Washington.

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2:15 P.M.

Tried to get someone in Press train but they had just left. Spoke to Mr. Cook, telegraph operator and told him to get message to Grace Fulkerson himself that I had been tipped off that Harry was going to talk on "Manhattan Plan" and how it prolonged the war. He promised to get message to them at once. I agree.
Stimson to general Marshall: Should delay it tonight.

8:45, Stimson

Cold Spring Harbor

urged him to do something. He sounded
more than ever
did. He was tried out
from working the last
two weeks in Pearl
Harbor, so he felt it would
nothing that might
hind the Pres.
I finally after a night
my regrets to Admiral Stark.
God be again to call
me Along to stand
by and call men
after slavery got to time

In regard to the
statement that the
"Munition Plan"

destroyed the war chances
said that it is ridiculous.
He said our soldiers
have not changed their
fighting on late. He said
they have been delayed
due to lack of short
facilities. I asked
why can't we pay
something like this.
He said that he would talk to the Clay about it. I tried to get him to give me try some
barrow to do something after the barrow got there.
He said all this started
with Pearson's story.
I said only in part.
He said he had not
seen Hancock in a year
and Pearson in five
years. I said
I could not remember
when I had seen
either of them.
I went to stay again.
Stinson sounded one third and estimated all suggestively female.
November 17, 1944

The President is going to Hyde Park Tuesday, and then he will come back here on the 27th for a couple of hours, after which he will go to Warm Springs for two weeks.
Dr. White read this today and I told him the Secretary said that under no circumstances should he have any discussions with Kung on this subject until we find out what the President and Kung talked about.
November 17, 1944

I asked the President whether he talked about the financial payments when he saw Kung, and he said, "Oh, yes, we talked all about it, and we agreed that the payment of the airplane fields should be separate, and we have an agreement to that effect." I said, "Well, that's news to me. I didn't know anything about that." and the President said, "Oh, yes, it is in writing, and Kung gave it to me."

I told the President that I certainly was not going to see Kung again until I found out what they had talked about. I said, "We have come to an understanding with Kung that those airplane fields were to be under Lend-Lease in Reverse." The President said he didn't know anything about that, so I said, "Well, we have worked with the Army on this and we have reached an understanding with them."

The President said, "I have a lot of papers on it, and I will give them to you when I get to them, but I don't know when I will get to them."
THE WHITE HOUSE
WASHINGTON

Did H. H. Kean bring up the question with you about the money we owe him?
Tuesday night
I said to Pres. I have
to see you with Admiral.
I really liked the English lines.
He said it will be O.K.
with the English as long
as it not in writing.
November 27, 1944

I called on Mrs. Roosevelt, and told her that I wished she would tell the President that I see by the papers that Hull has resigned, and the President is thinking of appointing a successor. She said, "I didn't know that he had resigned. Has he?" I said, "I only know what I see in the papers."

Then I said, "Between Wallace, Byrnes and Stettinius, I think the President would be most comfortable with Stettinius." I said that I didn't think Stettinius would be ideal, but I thought he was the best man I could think of from the President's standpoint as the President liked to be his own Secretary of State, and what he wanted was merely a good clerk. I said, "If he puts Byrnes in on the theory that he has a lot of influence on the Hill, I don't think the President could get legislation through that way." I said, "The only way for him to do it is to go directly to the people." Eleanor agreed. I said, "Furthermore, I don't think the President would be comfortable with Byrnes, and from past experience I wouldn't be, and it would be only a matter of a couple of months before I would want to get out because I couldn't and wouldn't take that sort of thing any more." She said, "What about Wallace for Secretary of State?" and I said, "No."

(Everything I am dictating actually is conversation that took place between Mrs. Roosevelt and myself, but it didn't follow in the exact sequence in which I am dictating it.)

I told Mrs. Roosevelt that I thought the President's No. 1 obligation was to Henry Wallace, and that I thought he would be a good Secretary of Commerce." She said, "What about Secretary of Labor?" and I said, "That would be excellent." She said that the President told Wallace that he could have anything he wanted, and he offered him Secretary of Commerce, Secretary of Labor or Ambassador to China, but that the President would not make him Secretary of State. I said that I thought Wallace was too unstable to be Secretary of State.

Mrs. Roosevelt said, "What about Winant?" and I said no, that he wasn't a good enough administrator...
Mrs. Roosevelt said she would see the President right away before lunch, and would tell him that I had told her I thought he would be most comfortable with Stettinius, and that if he put in Byrnes most of the people would be uncomfortable with him. While I was there, she asked for an appointment to see him, and I said, "After you have seen him, could you tell me what happened?" and she said, "I will tell you everything that happened."
TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

TO Mrs. Klotz.
FROM Secretary Morgenthau.

Grace Tully called me up at 7:45 last night to say that the President didn't know anything about Social Security; what was the amendment; what kind of legislation it was, and please to let him know about it. I promised to get it off to him the first thing this morning.

In regard to White he said that I should please clear it with Hannegan. So I said I had taken it up with Hannegan and I had taken it up with Jim Barnes and Hannegan's only objection to White was that he hadn't taken active part in the Campaign. So I said, "How could he, being a Civil Service employee?" I said that he was a liberal Roosevelt Democrat which was a great deal more than you could say for all these Assistant Secretaries who have been nominated for State. I said, "Did State Department have to clear their people with Hannegan?" Miss Tully said she didn't know, but she agrees with me that they weren't much to talk about. So she said wouldn't I take it up with Hannegan again and I said, "No".
And I said I didn't know whether the President was stalling on me but it was up to him to take it up with Hannegan and up to him to be helpful to me, and that if the President didn't go through with the White appointment, about half of my best people would leave. She said that she would mention it again to the President.

I called Dan Bell at 8:30 and asked him to prepare a telegram with the help of the Bureau of the Budget, to the President explaining what the Social Security bill is and what recommendations we make.
January 17, 1945

I called General Watson at eight-thirty and asked him if Grace Tully had spoken to him about my getting an appointment to see the President alone. He said that she had not, but he also said he had not returned yesterday afternoon so she didn't have an opportunity to see him.

I asked him whether I could see the President alone and that the appointment on Thursday did not fulfill my requirement. He said, "How would Sunday do?". I said, "Sunday will be fine -- any time before the President leaves".

January 19, 1945

Before Cabinet, Stettinius said to me that Crowley wanted to see the President with me and Stettinius on French Lend-Lease. So I said, "Well, if we do that we won't have a chance to talk to the President about the other matters which I don't want Crowley to hear." I said, "Why can't we bring it up at Cabinet?" Stettinius said, "All right." I told Stettinius I had written this letter to him and also told him what was in it. Stettinius hadn't seen the letter, and didn't have the faintest idea what he was talking about.

Stettinius brought the matter up at Cabinet, and the President said that he didn't want any non-military lend-lease for the French, and as soon as Stettinius heard that he wilted on the whole thing. Crowley then spoke up and got nowhere, and then I spoke up and reviewed the whole situation. I said that the arrangements for French Lend-Lease which were discussed at Quebec are now dead, and that this was a new deal. I also said that Stettinius had not mentioned the principal point why the Treasury was interested; namely, that on whatever lend-lease arrangements we make we have to take into consideration the French dollar balances.

Before Cabinet, Crowley tried to get me to okay a memorandum, and Stettinius to okay it also. He wanted to give the memorandum to the President to sign after we had okayed it. I refused to sign it because I had never seen the memorandum before.

I spoke up at Cabinet and backed up Crowley, and said that this was wholly within the spirit of lend-lease, and it was an aid to winning the war. Crowley finally summed up the case, but at no time did Stettinius help us. The President finally reluctantly agreed although finally Byrnes threw out the suggestion that none of these things should be done unless they had the okay of the Commanding General in that particular area. The Secretary of War threw in his two bits and said, "What about shipping?" Well, I knew they assigned 10 ships a month to the French because Yoat told me. However, the thing that surprised me is that here the State Department has been calling up White almost every day urging us to do this, and when it got before the Cabinet and Stettinius saw the President was hesitant, he just wilted.
The reason I am dictating on this at such length is because I just wonder if this is typical of Stettinius. I hope not.

Before Cabinet, I asked Stettinius whether he wouldn't say to the President that we wanted to see him after Cabinet, but when his turn came he said nothing. He left it entirely to me although he is as much interested in several of these matters as I am. When I asked the President, he was very nice about it and said that we should wait in his office, which we did. When he finally arrived, he said, "I will give you four minutes." I looked out of the window and saw all of his cars, so I realized he had a date somewhere this afternoon, which naturally made me nervous.

Stettinius said beforehand, "Don't bother the President to read this whole message on Bretton Woods." I said, "You don't know the President. He will want to read it all." I gave him that first because it was the thing I was most interested in. At first, he sort of poked fun at it, but by the time he finished it, he said, "This is good," and then he signed it and gave it to me. He said, "You can send it up Monday if you want to. I am sending up Aubrey William s name and that will cause a commotion so we might as well give them something else, too." I said, "No, I want to wait until it is agreeable to the leadership." He asked me what the chances were of getting it through, and I said, "Good." He told me to send him a telegram if we got it through.

All during the time we were with the President, although I was very nervous knowing he wanted to leave, and getting no backing from Stettinius, the President couldn't have been nicer with me.

We next went to the committee to handle legislation. The President read it and said, "This is a great secret. Wallace is going to be Secretary of Commerce." The President said he would like to add his name to it, so I said, "That's all right with me although he is on the next committee. He is going to be on the Foreign Economic Committee." As I remember it, Stettinius hesitated and I said, "That's fine with me," and then Stettinius said, "All right."
The order of my dictation is not correct, but these are the things that actually happened during the course of the afternoon. Miss Tully was also present when Stettinius and I saw the President in his office.

The President said, "We will announce Wallace tomorrow, but I haven't even spoken to Jesse Jones as yet. I am going to write him a letter this afternoon." I said, "Mr. President, are you going to cut off the entire dog's tail or are you going to do it in pieces?" He said, "No, I'm going to do it all at one time. Wallace says that he doesn't want him around Washington making trouble," which is just what Wallace told me. The President said, "I am going to let him go entirely out of the Government. I said, "Does that mean that FEA goes entirely to Commerce?" and he said, "Yes, I have that all fixed up with Ed Stettinius," which Stettinius never told me. So I said, "That's what I would like to see done - have all of it go under Commerce." I think this discussion took place when I was alone with the President.

When we came to the third thing, which was the Cabinet Committee of four to deal with economic matters, Stettinius sort of tried to keep the President from signing it. I had a dress rehearsal with Stettinius before we saw the President, and I pointed out to Stettinius that on this Cabinet Committee I had only brought our draft and not his, and he said that was all right. Well, the President took his pen in his hand and was going to sign, and Stettinius said, "Wait a minute, Mr. President. What about Crowley? If you do this, what about him?" Sometime earlier the President said he wasn't going to do anything about Crowley until he got Wallace settled. He said, "I will tell you what I will do. I will sign it and date it March 1st, and we will take care of Crowley when I get back." So all through these very exciting few seconds, Stettinius took hold of my arm and pinched me and said, "What are we going to do about Harold Smith?" and I said, "I will take care of that." In other words, he was trying every way he could to block it, and so I said, "Look, Mr. President, you sign it and we will just operate, knowing it is signed, but not tell anybody about it." The President said, "That's fine. Lock it up until I get back."

After Stettinius left, I sort of pressed the President a little bit on Crowley, and he said, "Crowley doesn't want to resign until V-E Day, but there is no reason why he shouldn't resign sooner." Knowing that Tully was a great friend of Crowley's, I spoke my piece any way and said, "I have been
told that Crowley is willing to resign if he can resign with dignity." Of course, my informant is Lauch Currie, which isn't too good, but I wanted to back the President up in his idea that he could get rid of Crowley.

The President told me to be sure that Latta got copies of all of these documents. I stopped in to see him, but he wasn't there, so I told his assistant that by Monday Charles Bell would bring all the papers over. I also promised Stettinius that I would send him copies of everything.

The interesting thing is that I have not been with the President now for some time and certainly not with Stettinius, and I felt that my position with the President was just as good as it has ever been. I have every reason to believe it will continue to be because I think Stettinius lacks courage - but time will tell!
MEMORANDUM TO THE PRESIDENT

1. On January 5 Secretary Morgenthau discussed the Bretton Woods legislation with Senator Wagner, Congressman Spence and Wolcott, Judge Vinson and Dean Acheson. Senator Tobey was unable to attend but expressed his wish to cooperate fully. It was agreed at this meeting that the Bretton Woods legislation should be introduced as soon as possible and that it would be most important for you to send a special message to the Congress on Bretton Woods.

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

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

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

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

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

APPROVED:
TO THE CONGRESS OF THE UNITED STATES:

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

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

If we are to measure up to the task of peace with the same vision as we have measured up to the task of war, we must see that the institutions of peace rest firmly on the solid foundations of international political and economic cooperation. The cornerstone for international political cooperation is the United Nations proposal for a permanent United Nations. International political relations will be friendly and constructive, however, only if solutions are found to the difficult economic
problems we face today. The cornerstone for international economic cooperation is the Bretton Woods proposal for an International Monetary Fund and an International Bank for Reconstruction and Development.

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

The first problem in that which we must cope with is that of carrying life, and getting resources and people back into production. In many of the liberated countries economic life has not yet stopped. Transportation systems are in ruins and therefore raw and fuel materials cannot be brought to factories. Many factories themselves are destroyed, power plants smashed, transportation systems broken, bridges blown up or broken, ports
...dressed with modern clothes, and great rich areas of fine land
interwoven by the sea. People are tired and sick and hungry,
and they are eager to go to work again, and to create again
with their own hands and under their own leadership the necessary
physical bases of their lives.

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

The main job of reconstruction is not one of relief. It is
one of reconstruction which must largely be done by local people
and their governments. They will provide the labor, the local
money, and most of the materials. The case is now for all the
new plans for the improvement of transportation, agriculture,
industry, and housing, that are essential to the development
of the economically backward areas of the world. But now of
the things required for all these projects, both of reconstruction
and development, will have to come from overseas. It is at this
point when our highly developed economy can play a role important
to the rest of the world and very profitable to the United States.
Regulations for resources materials, and for all kinds of equipment
and machinery to connect with such projects are already being
directed to our industries, and may even will come. World business
will be welcome just as some of the more urgent production for the
war itself ends.
The main problem will be for these countries to obtain the means of payment. In the long run we can only pay for what we sell abroad mainly in goods and services. Not at the moment may of the countries the cost to be our customers are preoccupied. Other countries have devoted their economies so completely to the war that they do not have the resources for reconstruction and development. Unless a means of financing is found, such countries will be unable to replace their economies and, in desperation, will be forced to carry forward and intensify existing systems of discriminatory trade practices, restrictive exchange controls, competitive depreciation of currencies and other forms of economic warfare. That would destroy all our good hopes.

We must move promptly to prevent this happening, and we must move on several fronts, including finance and trade.

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

This measure, with others I shall later suggest, should be far to take care of our part of the leading requirements of the post-war years. They should help the countries concerned to get protection started, to get over the first crisis of disorganization
and fear, to begin the work of reconstruction and development
and they should help our farmers and our industries to get over
the crisis of reconstruction by eating a large volume of export
business possible in the past years. As confidence returns
private investment will participate more and more in foreign loaning
and investment without any government assistance. But to get over
the first crisis, in the situation that confronts us, loans and
guarantees by agencies of government will be essential.

In all cases, however, that a prosperous world economy
must be built on more than foreign investment. Exchange values
must be stabilized, and the channels of trade opened up throughout
the world. A large foreign trade after victory will generate produc-
tion and therefore wealth. It will also make possible the
surviving of foreign investments.

Almost no one in the modern world pretends that he wants
and needs and likes it. It is only by the division of labor among
people and among geographic areas with all their varied resources,
and by the increased all-around production which specialization
makes possible, that any modern country can sustain its present
population. It is through exchange and trade that sufficient produc-
tion to large scale becomes possible. To expand the trading
circle, to make it richer, more competitive, more varied, is a
fundamental contribution to everybody’s wealth and welfare.

It is time for the United States to make the lead in
establishing the principle of economic cooperation as the foundation
for expanded world trade. We propose to do this, not by setting up
a super-government, but by international negotiation and agreement,
directed to the improvement of the monetary institutions of the world
end of the line that reverse trade. We have done a great deal in these directions in the last two years under the Trade Agreements Act and through the stabilization funds operated by our Treasury. But our present economies were powerful in those years too, and they devoted all their efforts not to international collaboration, but to austerity and economic warfare. When victory is won we must be ready to go forward rapidly on a wide front. We all know very well that this will be a long and complicated business.

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

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

For do I wish to leave with you the impression that the Fund and the Bank are all that we will need to solve the economic problems which will face the United Nations when the war is over. There are other problems which we will be called upon to solve. It is my expectation that other proposals will shortly be ready to submit to you for your consideration. These will include the establishment of the Food and Agriculture Organization of the United Nations; broadcasting and strengthening of the Trade Agreements Act of 1934; International Agreement for the reduction of Trade Tariff;
In this message I have recommended for your consideration the immediate adoption of the fourteen basic agreements and suggested other measures which will have to be dealt with in the near future. They are all parts of a consistent whole. That whole is our hope for a secure and fruitful world, a world in which peace people in all countries can work at tasks which they do well, countries to pass the processes of their labor, and work are their several duties: in security and peace, a world in which governments, as their major contribution to the common welfare are highly and effectively resolved to work together in practical affairs and to guide all their actions by the knowledge that any policy or act that has effects should must be considered in the light of those effects.

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

Yours with hope,
Dear Mr. 

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

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

Very sincerely yours,
MEMORANDUM FOR THE PRESIDENT

Subject: Proposed Legislative Program

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

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

The following matters may come up at this Session:
Bretton Woods proposals.
Extension of, and further funds for, the Export-Import Bank.
Repeal of the Johnson Act and similar provisions affecting the Export-Import Bank.
Extension of the Trade Agreements Act.
Anglo-American Petroleum Agreement.
St. Lawrence Seaway.
Food and Agriculture Organization.

United Nations organisation on education.

Civil Aviation Agreements.

Privileges and immunities for international organisations.

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

We recommend that:

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

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

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

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

5. The proposed committee should give immediate consideration to the time and method of initiating action on the Food and Agriculture Organisation, the Export-Import Bank and other matters.
6. The Foreign Relations Committee should be advised officially that the Dumbarton Oaks proposals will be submitted to the Senate as a treaty.

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

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

__________________________________________
Secretary of the Treasury

__________________________________________
Secretary of State

__________________________________________
Director, Office of the Budget
EXECUTIVE ORDER

ESTABLISHING A FOREIGN ECONOMIC POLICY BOARD

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

1. There is hereby established the Foreign Economic Policy Board (hereinafter referred to as the Board). The Board shall consist of the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce and the Secretary of the Interior. The Secretary of State shall be Chairman of the Board. The Chairman of the Board shall request the heads of other agencies and departments to be represented in the Board's deliberations whenever matters especially 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 formulate policies with respect to the economic relationships between this Government and foreign governments.
(b) To arrange for the verification and coordination of the activities of the 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 advice of the Board shall be in conformity with the foreign policy of the United States as determined by the Secretary of State.

3. It shall be the duty of all agencies and departments to supply or obtain for the Board such information and to extend to the Board such assistance and facilities as the Board may require in carrying out the provisions of this order. Nothing contained in this order shall remove the responsibility or authority of each executive department or agency for carrying out its own functions and operations but such functions and operations shall be carried on in accordance with the foreign economic policies formulated by the Board.

4. All prior executive orders and instructions issued or they are in conflict herewith are annulled accordingly.
January 28, 1945

Confidentially, at three o'clock I went to the map room at the White House and sent the following message to the President -- this is the gist of it from memory:

"Suggest that you direct Hannegan to get back of Wallace 100%. Also, suggest that you ask Bernie to get in touch with his pal on the Hill in behalf of Wallace. Signed, Henry."
March 9, 1946

Mr. Daniels came over here with a message from the President -- Couldn't I settle the Case? case in view of the fact that the man was in the Armed Services? I said, "No, I am very sorry; Mr. Wenchell, the General Counsel, personally delivered it to Mr. Clark, Chief of the Tax Division, some time between 9:30 and 10 this morning." I said, "The greatest disservice I could do the President would be to change the regular procedure on a tax case, particularly the Case? one which is one of the worst that has ever come to my attention." I said, "There have been all kinds of cases since I have been here and I have never once changed the regular procedure and I wouldn't in this case even if it had not gone over." I said, "Somebody over here has to be the S.O.B. on tax cases and I am perfectly willing to be it."

The President knew nothing about this until Daniels brought it to his attention this morning.
Hello.
Mr. Daniels.
Hello.
Good morning, Sir.
How are you?
Fine.
Now, I'm up to date on the Casey case.
Yes, sir.
What would you like to know?
I would just like to know if it is imminent.
Yep, it is.
Yeah. Is it on the way to Justice, Sir?
Yep.
Has it gone?
I don't know.
Uh-huh. But it's apt to be there any time.
Yes.
Thank you very much, Sir.
You're welcome.
Good-bye, Sir.
Hello.
Yes, sir.
Well, now let me ask you a question.
Yes, sir.
RM, Jr.: What's you going to do about it?
Mr. D: I don't know, Sir. I share your doubt as to whether a certain person should be officially informed.
RM, Jr.: Well, after having been here for eleven years, I am going to give some unsolicited advice.
Mr. D: Yes, sir. I would appreciate it very much, 'cause ....
RM, Jr.: I would let nature take its course and the chips fall where they may.
Mr. D: Uh-huh. Yes, sir.
RM, Jr.: That's been my policy ever since I have been here and there has yet to be any interference from the President.
Mr. D: Yes, sir.
RM, Jr.: There has been no interference since I have been here on the prosecution of revenue cases.
Mr. D: Yes, sir. Well, I have no plans; I just wanted to be kept informed about it.
RM, Jr.: Well, huh, I just thought I would give that gratis.
Mr. D: Well, I appreciate it. O.K. Thank you, Sir.
March 9, 1945

I excused myself a little early from Cabinet in order to make the plane for Minneapolis. On my way out I stopped and talked to Grace Tully and told her what I did about the Casey case and she agreed with me that the President should not know anything about it.

I told her in regard to the Fiscal Assistant Secretary I had not heard anything from Barnes and I was going ahead, Tuesday, and appoint Eddie Bartelt, so she said she would tell Barnes that I had not heard from him. I said I would check with her once more, Tuesday, when I got back.
March 17, 1945

At lunch with the President, John Boettiger said, "Well, you have your work cut out for you." I said, "What do you mean?" and he said, "On Germany." From remarks he dropped, I gathered that he had the whole picture about what happened in the State Department, etc. He knew all about Riddleberger, and he said, "I am going to have to help you on this with the President. This is terrible what Stettinius has done." I think if Anna and John go to work on this with the President, we will have a good chance to block it. They both kept repeating how terrible this thing was.
March 18, 1945

I called Mrs. Roosevelt and suggested that she and the President send Carter Glass some flowers, and she said they would.
March 23, 1945

I was with Mrs. Roosevelt at nine o'clock this morning, and she said she would go in and ask the President whether he would see me then, but when she went in the President had not finished his breakfast, so she decided it was the wrong time and she, therefore, did not ask him to see me.

However, she did say to the President that I wanted to get out a book on the economy of Germany, and he said, "Why a book now?" and she answered that I did not want to get it out until the war was over. The President said, "That's all right. Let him go ahead and make the study."

Mrs. Roosevelt also said when I was with her that Anna and John had told her that they wanted to be alone with Father the night before so that they could talk to him about Germany.

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April 11, 1945

Around 7:30 p.m. Eastern War Time, I called on the President. He had been out for a two-hour drive. When I came in, he was sitting in a chair with his feet up on a very large footstool with a card table drawn up over his legs. He was mixing cocktails.

I was terribly shocked when I saw him, and I found that he had aged terrifically and looked very haggard. His hands shook so that he started to knock the glasses over, and I had to hold each glass as he poured out the cocktail. He had a jar of Russian caviar, and I asked him whether he wanted some. They had eggs and onions to go with it, and I said, "If I remember correctly, Mr. President, you like it plain," and he said, "That's right," so I fixed him some. I noticed that he took two cocktails and then seemed to feel a little bit better. I found his memory bad, and he was constantly confusing names. He hasn't weighed himself so he didn't know whether he had gained weight or not. I have never seen him have so much difficulty transferring himself from his wheelchair to a regular chair, and I was in agony watching him.

I brought him a box of candy, and I said, "That's for the ladies of your house." He said, "Why the ladies? I would like it," and he seemed very much pleased, and after supper he took one.

At supper, the President sat at one end of the table and I sat at the other end. There were two ladies on each side - Miss Delano on my right and this Russian artist on my left, and on the President's right Mrs. Rutherford and on his left Miss Suckley. We had veal and noodles for dinner, and then a marvelous chocolate waffle with whipped cream and chocolate sauce, which the President seemed to enjoy very much.

During the meal, right by my side, an Irish setter which belongs to Miss Delano vomited all its food, and it didn't seem to upset the President at all. Miss Delano jumped up from the table and used her handkerchief and picked up all the vomit and removed it from the room.

Just before supper, I went into the President's own bedroom and bathroom, and they seemed exactly the same as they had been years ago when I spent several nights at the cottage.
During supper we joked about the early Valkill furniture with which the cottage is decorated. I carried on a conversation at my end of the table, and the President's hearing seemed so bad that it didn't disturb him.

Miss Delano told me that the President asked her to go to San Francisco with him, and she was very much pleased. She wanted to know whether I was going, and I said that I wasn't.

The President said he would be in Washington on the 19th and up until noon on the 20th. At first I said that I wouldn't be here, and then I said I would stay until he left and that seemed to please him. He said, "I have been offered a beautiful apartment by a lady on the top floor of some hotel, but I am not taking it. I am going there on my train, and at three o'clock in the afternoon I will appear on the stage in my wheelchair, and I will make the speech." Then he made a grimace and clapped his hands and said, "And then they will applaud me, and I will leave and go back on my train, go down to Los Angeles and dump my daughters-in-law, and I will be back in Hyde Park on May 1st."

Early in the evening, he had been very solicitous about Mrs. Morgenthau, and he let it slip that he was in touch with some heart doctor - I think he said at the Presbyterian Hospital in New York. I told him in great detail how kind they had been to Mrs. Morgenthau.

When the President and I started to talk, I said, "Mr. President, I am doing a lot of things in regard to Germany and I want you to know about it. We are having a lot of troubles, and I don't want to be doing these things if it isn't agreeable to you." He didn't say anything, so I went on and said, "You know what happened on that March 10th memorandum on Germany." The President said, "Oh, wasn't that terrible? I had to rewrite the whole thing." So I said, "Yes, it was pretty bad." Then I said, "A lot of the things I am doing really should be done by Leo Crowley and Foreign Economic Warfare, but the War Department seems to want to work with me."
I told the President that Clay had called me and that I had asked him what he was going to do about Robert Murphy, and he said that he realized that was one of his headaches. The President said, "Well, what's the matter with Murphy?" and I said, "Well, you put him against an Englishman like Macmillan and what happens to him? He can't stand up to him," and the President said, "That's right." I said, "Murphy was too anxious to collaborate with DeGaulle when we first landed in Africa." I said, "You are just never going to have a good working group over there as long as you have him over there." The President said, "Well, at first he sort of resisted me," and I said, "Mr. President, I was in your office when you appointed him, and Hull forced him down your throat." I said, "As long as he is there, he will want to build up a central Germany against division, etc." The President said he didn't know about that. Well, I was sort of drawing on my imagination. The President said he thought it was a mistake at this time to send a Catholic to Germany. I said, "Caffery is a Catholic, too," and he said, "Yes, but he is in Paris." I said, "Yes, but Caffery and Murphy work pretty closely together."

Then the President said, "Well, what have you got on your mind?" I said, "In order to break the State Department crowd headed by Jimmy Dunn just the way you broke the crowd of Admirals when you were Assistant Secretary of the Navy, my suggestion is that you make Claude Bowers political adviser to Eisenhower, and send Murphy to Chile." The President thought that it was a wonderful idea, and so that he wouldn't forget it, I made him write it down. The President said, "But Bowers doesn't have any money and he couldn't afford a post like that." So I said, "Well, he is going to live in some villa provided by the Army and he'll only have to pay a dollar a day, and there is no other place where he could live more reasonably and spend less money," and the President said, "That's right." I criticized Dunn, and the President said that at the first meeting at Quebec, Dunn was good, and I said, "I think Dunn is terrible."

I then got on to the question of my writing a book, and I showed the President a photostat of the letter he had written to me on March 23rd. The President said, "Where did you get that from? I have never seen it before." So I said, "Well, the reason I am bringing it to your attention is because I want to know what it means." He said, "I don't know what it means." Then he said, "Hassett or somebody told me you wanted to get
a book out right away, and I thought it was a mistake."
I said, "No, what I want to do is get out a textbook after V-E Day. For example, I would like to write a chapter on how 60,000,000 Germans can feed themselves." He said, "I said they could." So I said, "Well, I have written a chapter on that." I told him that Harpers were prepared to gamble $5,000 on setting it up. I told him that when the book was written I wanted to show it to him, and that I hoped he would write the preface. I told the President that if he didn't write the preface that I would like to have Stettinius do it. He said, "I think that's fine. You go ahead and do it. I think it is a grand idea." He also said, "I have a lot of ideas of my own. I would like to put something in there about my conversations with Dr. Schacht." Then he went on and told me the story about how Dr. Schacht came over here and wept on his desk about his poor country. He said that Schacht came over three or four times saying that the Germans were going broke and they never did. This is a story that I have heard the President tell about three different times, but he seems to enjoy telling it.

Then I told the President that I wanted him to know about Lubin. I said, "You have appointed him, and he doesn't know what to do." I said, "We are helping him, and we have written the things for him." The President said, "Oh, hasn't he gone yet?" and I said, "No."

I said to the President, "General Hilldring couldn't get in on this reparations matter, and he called me up and asked me to arrange it for him, and I did arrange it." I said, "McCloy is away you know. Then the President said, "McCloy is all right now, but he was all wrong about DeGaulle, but I explained things to him and now he has been loyal to me." I said, "I am glad you feel that way." The President repeated again, "McCloy is all right now, but he was all wrong on DeGaulle." I was glad to hear the President say that because I think some people around town have been trying to poison him against McCloy.

The President asked me about the Seventh War Loan, and I said that it was going along all right. I also told him that we hoped to have him talk on the 18th of May, and he said that he would.
I asked the President if he wanted me to interest myself in the future treatment of Germany. He didn't answer me directly. I said, "Look, Mr. President, I am going to fight hard, and this is what I am fighting for." I said, "A weak economy for Germany means that she will be weak politically, and she won't be able to make another war." I said, "I have been strong for winning the war, and I want to help win the peace." The President said, "Henry, I am with you 100 per cent." I said, "You may hear things because I am going to fight for this," and he made no comment, but I certainly put him on notice as to what I was going to do. I repeated it two or three times.

I also told the President that Lew Douglas was going over there, and he didn't have the faintest idea what it was all about, and I told him McConnell was going over there, and he didn't know either.

When we were about through, Miss Delano came in and said, "Are you gentlemen through talking? Will another five minutes be enough?" and I said that it would be ample. Then she said, "When we come in, we all will come in together," and I had just about concluded my conversation when the four ladies came in. I asked whether I could use the telephone to call up Mrs. Lehman, and I took the phone into Miss Delano's room. I was able to do this because the phone had a long cord on it. Then I came back and said goodbye to the President and his company, and when I left them they were sitting around laughing and chatting, and I must say the President seemed to be happy and enjoying himself.

**********
March 23, 1945

Dear Henry:

The plan you outline in your letter of March twenty-third is laudable in purpose but I find it difficult to know just what to say. The people of the country are going to need information on the German economy.

The spirit of the Nation must be given articulate expression. But it's not so easy to say when the Nation will or can speak. Timing will be of the very essence. So must all remember Job's lament that his enemy had not written a book.

Anyway, we'll have to keep thinking about it.

Always sincerely,

[Signature]

Honorable Henry Morgenthau, Jr.,
Secretary of the Treasury,
Washington, D. C.
Walter says a giant in the Senate are worried because so many people in the govt. can make financial arrangements with other countries. He & I think it ought to be content in the treasury.

Book in Germany
April 12, 1945

Mrs. Roosevelt told me when she sent for me that the President knew what was the matter with him, and she said that he died a soldier's death, and perhaps his death will be an example for the rest of us to do even more.
I spent last evening with President Roosevelt, and he was in the best of spirits, and took a keen interest in discussing world affairs. It will always be a great source of personal satisfaction to me that I was able to have been with him on this occasion. It has been my unique privilege to have served him for two years in Albany and for over twelve years here in Washington, and I know what a really great man he was. It is a tragedy he did not live to see the unconditional surrender of Germany and Japan. He more than any one person is responsible, in my opinion, for the successful conduct of this terrible war against the aggressor nations. I am confident that history will recognize in him a great force for democracy and human rights. I have lost my best friend.
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From the Presidential Diary, July 6, 1944

Then I asked the President whether he thought it would be all right for me to go to France to see how the currency was getting along and he said, "That would be fine."

I asked him if he wouldn't write out a bit for General Marshall which he did. I asked him if I could take McCloy with me and he said that I could. The President said he would write letters to the various generals in charge the way he did the last time, but I will probably have to follow up through Grace Tully. The President's instantaneous reaction on my going was good.
MEMORANDUM FOR THE SECRETARY'S FILES

Secretary Morgenthau's Conversation
with the President, Quebec
Wednesday, September 13, 1944, 4:00 p.m.

Mrs. Roosevelt asked the Secretary to tea. As soon as he arrived he was ushered in to the President. Miss Tully was also present. (When he came in, the President turned to Fala, his dog, and said, "Say hello to your Uncle Harry.")

The President said that in his conversation with Churchill, Churchill had been very gloomy. The President said that he had asked Churchill: "How would you like to have the steel business of Europe for 20 or 30 years?" The President said that Churchill seemed much excited over the possibility.

The President said to the Secretary: "I have asked you to come up here so that you could talk to the Prof. [Lord Cherwell]." He said that they were doing shipping that night and therefore were to have Admiral Land but added, "You might as well come too." The Secretary asked how freely he could talk with the Professor and the President replied, "You can talk about anything you want." The Secretary inquired: "Anything?", and the President said, "Well, let me look at that book." The book he referred to was the collection of memoranda on Germany prepared in the Treasury which the Secretary had given to him in Washington. The President went over the whole section and said, "I wouldn't discuss with him the question of the zones to be occupied by our armies. That's a military question. Nor would I discuss the question of partitioning as that's a political question. But you can talk about the fact that we are thinking of internationalizing the Ruhr and the Saar, including the Kiel Canal. If Holland has a lot of land inundated by Germany we can give her a piece of Western Germany as compensation."

The President went over the whole of the first section of the book, item by item, and then said: "I have sent for Eden, Churchill, Eden, yourself and I will sit down to discuss the matter." (The Secretary expressed the view that the President gave him the impression that he was bringing Eden to Quebec largely because of the report he [the Secretary] gave him upon his return from England about Eden being tough on the question of a policy toward Germany.)

The President said, "Don't worry about Churchill. He is going to be tough too." As the Secretary was leaving, the President said to Miss Tully, "Put that book right next to my bed. I want to read it tonight." The book he referred to was the book I described above.

H. D. White
MEMORANDUM FOR THE SECRETARY’S FILES

Memorandum of a Conversation
Friday, September 15, 1944
Quebec

The Secretary mentioned the following bits of conversation which had taken place at a brief meeting with the President on Thursday afternoon and at dinner with the President, Churchill and Lord Cherwell on Thursday evening.

In the afternoon the President delayed initialing the memorandum on the creation of the land-lease committee which had been drafted by Cherwell, Weeks and White by interrupting with stories. Churchill was nervous and eager to have the memorandum initialled and finally he burst out: "What do you want me to do? Get on my hind legs and beg like Fells?"

Churchill and Eden were afraid that Russia would go into Bulgaria, Yugoslavia and Greece and never get out so the British are planning to land troops in Greece. Secretary Morgenthau had commented: "You have got a million troops in the Middle East." And Eden said: "Oh, no, we have got only a couple of brigades there."

Admiral Leahy reported to the President that they couldn’t move American troops across the part of the English troops in Germany and the President replied, "Nonsense. It could be done."

England and Canada were eager to get into the war with Japan. The President said to the Secretary that he knew now why the British wanted to join in the war in the Pacific. All they want is Singapore back.

H. D. White
MEMORANDUM FOR THE SECRETARY'S FILES

Conference in Secretary Morgenthau's Room, Quebec
Friday, September 15, 11:00 a.m.

Present: Secretary Morgenthau
Lord Cherwell
Mr. White

Cherwell had a draft of a memorandum summarizing a conversation of the previous day with Churchill and the President on the subject of a policy toward Germany. This was the memorandum which they were to give to Churchill. The Secretary felt that the memorandum went too far in the wrong direction. He said he thought it represented "two steps backwards." The Secretary said they ought to begin where Churchill left off and go forward. In the first conversation Churchill had been shocked by the proposal but on the following day he seemed to accept the program designed to weaken German economy. The memorandum ought to take that for granted. Churchill had already spoken of diverting Germany to an agricultural state as she was in the last quarter of the 19th Century. The Secretary thought that rather than present too inadequate a memorandum they ought to go back that afternoon and raise the question again with Churchill and the President and write the memorandum on the conversation that will have taken place that afternoon rather than on the previous day.

The Secretary then spoke to Cherwell about Brand. He told him that he hadn't wanted him to come to Washington to represent the British Treasury in the first place but that when he did come he gave him a chance, and that he was not helping England by his behavior. The Secretary mentioned Hayd & White suggested Opie or Keynes as possible Treasury representatives.

H. D. White
MEMORANDUM FOR THE SECRETARY'S FILES

Conference in Secretary Morgenthau's suite, Quebec
Thursday, September 14, 1944, 10:00 a.m.

Present: Secretary Morgenthau
Lord Cherwell and
Mr. MacDougall of the
British Government
Mr. White

This was the meeting which the President had suggested the Secretary have with Lord Cherwell. Lord Cherwell had asked to bring along Mr. MacDougall.

The Secretary asked Cherwell which of the two subjects before them for discussion would he like to take up first. Cherwell replied that he would like to take up the lend-lease program first since he thought that would be simpler to dispose of than the question of policy toward Germany. Cherwell went into some detail on the need for getting to work quickly on a lend-lease program for England during the period after the defeat of Germany and before the defeat of Japan. He outlined British views of what would be appropriate for England to receive in the way of lend-lease aid. He described England's need for increasing her exports and relaxing on the home working front. He expressed the view that a cut of 27 percent in our lend-lease to the British Empire would appear reasonable to the British. In general, he repeated the gist of what was in the memorandum of the State Department to the President.

When he got through, the Secretary said that he had heard all that before from the Exchequer and others when he was in England. He then told Cherwell about his conversation with the Exchequer and with the President and said that it was now up to Churchill. If Churchill thought that the idea of forming a committee to handle the whole problem was a good one, it was up to Churchill to suggest it to the President.

The Secretary also said that he didn't like the approach of determining the amount of lend-lease aid that Britain was to get that Cherwell presented. In his (the Secretary's) opinion, the question should be approached from the point of view of just how much munitions the British need in the role that they are to play in the Pacific. The Secretary thought that food shipments could be handled all right but he felt that commercial goods could not appropriately go into exports.

In any case, the Secretary stressed the need for it being handled by a joint committee of British and Americans. Cherwell liked the idea of the
committee and asked whether the Secretary would head it up. The Secretary replied that he didn't know that that was up to the President. The Secretary told Cherwell that the President had given him (Morgenthau) for his comment a memorandum prepared by the State Department that the President might want somebody from State Department or possibly the Treasury to head up the committee. Cherwell suggested that White and MacDougall attempt to draft a directive setting up such a committee so that if the Prime Minister and the President did agree on the idea they might get it out then and there. The Secretary agreed.

The Secretary then took up the question of Germany. He handed Cherwell the book on Germany to read and explained that it was compiled on a day's notice. Cherwell read hurriedly through the first part and expressed skepticism as to whether Organized Labor in the United States would approve a program so drastic in character. Secretary Morgenthau thought that it would. Cherwell commented that he didn't understand why Churchill had taken so contrary a position on the program the evening before. He (Cherwell) was surprised at Churchill's attitude and thought possibly that it was due to the fact that Churchill did not wholly understand what the Secretary was driving at.

The Secretary told Cherwell that Secretary Hull was in general agreement with the views expressed by the Treasury and that he was of the opinion that Eden would be likewise. He said that the question came down to a choice of: "Do you want a strong Germany and a weak England or a weak Germany and a strong England?" The Secretary said that he preferred to rely on a strong England and a weak Germany.

Cherwell thought that the proposal could be dressed up in a way to be more attractive to the Prime Minister and the Secretary said that he would be very glad to have Cherwell try it.

After the Secretary and Cherwell left to see the President and Churchill to report on the morning's conversation, I talked at length with MacDougall on the merits of the Treasury's proposed program and MacDougall appeared to be in agreement. Later MacDougall, a Mr. Weeks of the British Government, and I met to draft the directive suggested by Cherwell.

When the Secretary returned with Cherwell from the President and the Prime Minister, he reported that both Churchill and the President had liked the idea of creating a committee. They wanted to set up one on an informal and ad hoc basis, to formalize it after the election.

The Secretary told me after the others had gone that when it came to the question of who should be the chairman of the joint committee that Churchill had said, "How about Harry Hopkins?" But the President had replied, "No, I want Morgenthau to be chairman."

H. D. White
MEMORANDUM FOR THE SECRETARY'S FILES

Dinner at the Citadel, Quebec,  
Wednesday, September 13, 1944, 9:00 p.m.

Present: The President  
Churchill  
Secretary Morgenthau  
Admiral Leahy  
Lord Cherwell  
Lord Leathers, Head of  
British Shipping  
The President's physician  
Churchill's physician  
Admiral Land

Though shipping was supposed to have been the subject for discussion  
the subject of shipping was not mentioned the entire evening except  
briefly when the question was raised as to the advisability of taking  
away all of Germany's shipping.

The discussion quickly turned to Germany. Churchill (apparently  
without reference to anything said previously) said something along the  
line of "What are my Cabinet members doing discussing plans for Germany  
without first discussing them with me? I intend to get into the matter  
myself."

The President said that he had asked Secretary Morgenthau to come up  
for the purpose of discussing Germany and that he (Morgenthau) was to  
talk to Cherwell the following day.

Churchill asked: "Why don't we discuss Germany now?" The President  
them asked the Secretary to explain the program he had in mind for  
Germany. The Secretary described that part of the Treasury proposal  
dealing with the Ruhr. Churchill indicated that he was strongly opposed  
to such a program. He said that all that was necessary was to eliminate  
the production of armament. To do what the Treasury suggested was "un-
natural, unchristian and unnecessary." Churchill didn't believe that it  
would be very much of an aid to the United Kingdom even if the United  
Kingdom did get the steel business that formerly went to Germany.

Admiral Land, on the other hand, wholly supported Secretary  
Morgenthau's proposal, thumping vigorously on the table to emphasize  
his remark. Admiral Land told the Secretary after the dinner that  
the President had been talking with him more or less along those lines  
for a long time but this was the first time that he (Admiral Land) had  
a chance to say what he felt. He had long been waiting for the opportu-

nity and, encouraged by the Secretary's statement, he had vigorously  
expressed himself.
When the question arose about taking away German ships, Churchill was opposed. Admiral Land said, "Why not? It is no more cruel to take away ships than their steel plants."

Churchill said at one point: "If you [The United States] do not do something for Britain then the British simply will have to destroy gold and do business largely within the Empire." Lord Cherwell pooh poohed this idea of the Prime Minister's.

Admiral Leahy seemed on the whole to be unsympathetic to the Treasury's program and to side with Churchill. Admiral Leahy thought the only way to assure peace in the future was for the United States, the United Kingdom and possibly Russia if she behaves herself to "crack down" on any country which stepped over the boundary line of any other country.

The President said very little in reply to Churchill's views. Secretary Morgenthau several times interjected into Churchill's comments that his program did not recommend that Germany be permitted to starve as seemed to be the implication in Churchill's remark.

At another point when discussing the need for an international police air force Churchill said that the United States, United Kingdom and Russia would have to rotate the job "as our air people get dirty when they associate with the Russians."

At one point in the discussion Churchill said to the President: "Is this what you asked me to come all the way over here to discuss?"

The conversation then got on to India and stayed on India for about an hour. Churchill talked rather angrily at length about the difficulties the British were confronted with in administering India and on the lack of understanding in the United States about the Indian problem. He spoke of the high birth rate, the high death rate, the ignorance and the carelessness of the Indian people to poverty, disease, etc. Churchill said, "I will give the United States half of India to administer and we will take the other half and we will see who does better with each other's half."

However, the President came back to the German problem several times very nicely and did not recede from his position. He reminded Churchill that Stalin at Tehran had said: "Are you going to let Germany produce modern metal furniture? The manufacture of metal furniture can be quickly turned into the manufacture of armament."

Lord Cherwell seemed to be in sympathy with the Secretary's point of view. Later when talking it over with him he said that he didn't
think that Churchill at all got the major point the Secretary was trying
to make. The Secretary asked him if he didn't think the real difficulty
with Churchill was that he wanted a strong Germany to stand between "the
white cliffs of Dover" and Communist Russia. Cherwell agreed that that
was it. Lord Leathers of the Shipping Board apparently disagreed with
the Secretary's point of view.

On leaving, Lord Cherwell said that he expected to talk with the
Secretary about lend-lease assistance for the period between the defeat
of Germany and the defeat of Japan. The Secretary told him that he had
been asked by the President to come to talk about Germany but after he
would be glad to discuss lend-lease aid the following morning after
they had had their conversation about Germany.

The Secretary had an opportunity to tell the President that he
believed the Russians were holding back on their cooperation with the
United States because they were suspicious of the American and British
attitude toward Germany. Russia feared we and the British were going
to try to make a soft peace with Germany and build her up as a possible
future counter-weight against Russia. The President replied, "You are
right, and I want you to read a telegram I just received from Harriman."
Admiral Leahy later gave the Secretary the telegram which Harriman sent
to Harry Hopkins urging the President to call him (Harriman) home to re-
port on the trend in Russia on non-cooperation with the United States.
At a conference between the President and the Prime Minister, Mr. Churchill said that he would sum up the discussion that we had been having in regard to the future disposition of the Ruhr and the Saar. He said that they would permit Russia and any other of our Allies to help themselves to whatever machinery they wished, that the industries in the Ruhr and in the Saar would be shut down, and that these two districts would be put under an international body which would supervise these industries to see that they would not start up again.

This programme for eliminating the war-making industries in the Ruhr and in the Saar is part of a programme looking forward to diverting Germany into largely an agricultural country.

The Prime Minister and the President were in agreement upon this programme.

September 15, 1944.
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THE WHITE HOUSE
WASHINGTON

September 15, 1944.

MEMORANDUM FOR THE PRESIDENT:

In regard to proposal for Land Lease to France, my recommendation is that for the time being we postpone taking any action.

[Signature]

I.M. Jr.

APPROVED: [Signature]
SECRETARY OF TREASURY'S OFFICE REQUESTS THE FOLLOWING TWO MESSAGES BE GIVEN TO THE SECRETARY, NOW AT OCTAGON.

THE FRENCH HAVE BEEN TOLD THAT THE BASIC QUESTION OF THE SCOPE AND TIME LIMIT OF THE LEND-LEASE AGREEMENT HAS BEEN PLACED BEFORE THE PRESIDENT FOR DECISION.

2. THE STATE DEPARTMENT AND FEO HAVE AGREED ON A DRAFT (6TH DRAFT DATED SEPTEMBER 11) OF A LEND-LEASE AGREEMENT WHICH PERMITS (A) LONG LIFE INDUSTRIAL RECONSTRUCTION GOODS TO GO TO THE FRENCH UNDER LONG TERM CREDITS (SECTION 3C OF THE LEND-LEASE ACT).

This provision permits requisitions to be accepted by FEO until at least the end of the war with Japan and provides that the requisitions once accepted would be filled regardless of the end of the war with Japan. This would obviously enable a large scale program of reconstruction for France. (Monnet has a program ready of two billion dollars for which he proposes to have requisitions placed immediately).
Signal Corps, United States Army

Sheet Two Mr-Out-404

The agreement permits giving the French on a straight lend lease basis, short-lived industrial goods and materials purportedly for French war production until at least the end of the war with Japan.

3. Secretary Hull has sent a memorandum to the President through Harry Hopkins pointing out

(a) this draft lend lease agreement goes beyond the July 15 memorandum which the President approved.

(b) this memorandum proposes that the possibility of excessive leniency in the administration be controlled by requiring FEA to submit to someone in the White House all programs and proposals for lend lease assistance before requisitions are accepted by FEA.

This memorandum to the President is now before the President at Quebec for his approval. State Department has not given us a copy of this memorandum although the State Department promised to clear this memorandum with us before it went to the President.
4. As you know the original memorandum which went to the President during the French negotiations on July 15 was designed to limit lend-lease to France to the end of hostilities in Europe. Mr. McCloy and General Hilldring of the War Department have definitely stated that French industrial production will be of no help in fighting the war in Europe and that the help which a reconstructed French industry will give to us in fighting the war with Japan can be "put in your right eye."

The importance of the phrase which will limit the scope of the program to the end of the war is that the immediate set of requisitions for aid will be much greater in volume under the prospect of a long war against Japan than it would be under the certainty of a short war in Europe.

5. The argument used to justify broadening the scope of the lend-lease agreement is that we should give the fullest discretion possible to the President. This argument has no basis in fact.
Received at

THE PRESIDENT HAD ALL THE DISCRETION HE NEEDS UNDER THE
LEND LEASE ACT. IF AFTER THE WAR IN EUROPE COMES TO AN END, THE
PRESIDENT FEELS THAT FRANCE IS MAKING A CONTRIBUTION TO THE WAR IN
THE PACIFIC OR SHOULD FOR OTHER REASONS BE ENTITLED TO RECONSTRUCTION
UNDER LEND LEASE, HE CAN ENTER INTO A NEW AGREEMENT AT THAT TIME.
THE ONLY ADDITIONAL "DISCRETION" GAINED BY SINGING THE AGREEMENT, AS
RECOMMENDED BY STATE AND FEA, AND IMMEDIATELY MAKING LARGE SUPPLY
COMMITMENTS THEREUNDER, IS TO PRESENT CONGRESS AND THE PUBLIC WITH
A FAIT ACCOMPLI WHEN THE WAR IN EUROPE IS OVER. IF THE CONGRESS
SHOULD CUT OFF LEND LEASE FOLLOWING THE END OF HOSTILITIES IN EUROPE,
ANY ATTEMPT TO RELY ON LARGE REQUISITIONS PLACED UNDER A PREVIOUSLY
EXISTING AGREEMENT WITH THE FRENCH (HAVING NO RELATION TO THE WAR IN
EUROPE) AS PERMITTING THE RECONSTRUCTION OF FRANCE WOULD BE
POLITICALLY IMPOSSIBLE AND HIGHLY UNDESIRABLE.

6. AS WE SEE IT, THE BROADER SCOPE OF THE MEMORANDUM WILL
HAVE THE FOLLOWING EFFECTS:

DECLASSIFIED
T.O. 160
(A). Since the French have already been presented with a memorandum limiting the scope of lend lease to hostilities in Europe, the change to permit lend lease at least until the end of the war with Japan will obviously lead the French to believe that the President has agreed to a reconstruction program for France. This is particularly true in the light of informal commitments which have been made to the French by various people in FEA and State to this effect. It follows that this will be construed by the French as being a major political victory arising from their strategy of playing one department of the United States government against another on financial questions.

(B). Although the program being presented to the President provides for approval by the White House of the implementation of this agreement, it is obvious that the White House is not and should not be placed in a position to police detailed supply programs. The door will be wide open for reconstructing France under the lend

*DECLASSIFIED T.O. 160*
LEASE ACT WITHOUT UNDERSTANDINGS AS TO THE ROLE OF FRANCE IN THE FUTURE OF EUROPE AND OF THE WORLD, AND PARTICULARLY OF FRENCH PARTICIPATION IN THE WAR AGAINST JAPAN.

7. IN CONCLUSION, QUITE CONTRARY TO THE AVOIDED PURPOSE OF THE PROPOSAL TO GIVE DISCRETION TO THE PRESIDENT, ITS PRACTICAL EFFECT WILL BE TO TIE HIS HANDS WITH RESPECT TO OUR DEALINGS WITH THE FRENCH AT THE TERMINATION OF THE WAR IN EUROPE MUCH MORE THAN WOULD OTHERWISE BE THE CASE.

DAN BELL
FOR SECRETARY MORGENTHAU FROM MRS KALOTZ.

LORD CHERWELL IS PROFESSOR OF PHYSICS, OXFORD. HE HAS GREAT ABILITY. PERSONAL FRIEND OF PRIME MINISTER FOR MANY YEARS AND THROUGH THAT FRIENDSHIP BECAME ADVISOR ON SCIENTIFIC MATTERS. ARTHUR LIKES HIM PERSONALLY BUT SAYS HE IS NOT POPULAR AT OXFORD BECAUSE HE IS MORE INTERESTED IN POLITICS THAN SCIENTIFIC WORK.

IN LAST WAR HE DID REMARKABLE WORK ON AIRPLANES AND SHOWED GREAT COURAGE IN DOING EXPERIMENTS HIMSELF. IS STRONG CONSERVATIVE AND HAS INFLUENCE BUT NOT POPULAR GENERALLY.

NO SIG.

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DECLASSIFIED T.O. 160
Memorandum for the President
French Lend Lease Agreement

We need instruction from you on one important phase of this proposed agreement; i.e., how to deal with Monnet's request, which I understand he mentioned to you, for industrial items to get French production going again for the maintenance of the civil population.

We have been working under the memorandum of July 15, 1944, which you approved. This provides that

(a) The French get under straight lend lease what you approve as necessary military aid for their forces and for short-life supplies for war production. When you determine the aid to be no longer necessary, they will accept and pay for on credit terms the undelivered, non-munitions items you have authorised.

(b) They pay currently in cash for food, clothing, and other items consumed by the civil population.

(c) Here
(c) Here is the trouble. Long-life industrial articles and other industrial articles would be furnished to them on credit only if necessary to the prosecution of the war in Europe or to the maintenance of Allied forces in the period immediately following an armistice in Europe.

Viewed as of the present date and position of the war, the memorandum of July 15th means, in effect, a rejection of Monnet's program and would require the French to pay cash currently for all items not required as necessary military aid. I do not think you intended, nor would I recommend, so flat a position. On the other hand, you would not wish to approve at this stage the French program, amounting as it does to something over a billion dollars of industrial items to be paid for on credit terms. I do not think that there is any formula which describes what you may wish to approve and what you may not wish to approve. What seems to me necessary is to leave in your hands complete discretion to do what you may think necessary from time to time in the light of French behavior.

Therefore, I recommend that you authorize us to provide that such long-life articles and such other articles...
articles as may be included from time to time in a list
to be attached to the agreement, and which are contracted for
or purchased before you determine that aid under the Act
is no longer necessary for the prosecution of the war, we
shall deliver (subject to your right of cancellation in
the national interest) and the French shall accept and pay
for on credit terms. I recommend also that you instruct
the Foreign Economic Administration to submit to you pro-
posed French programs under this provision before they are
included in the list. Such a disposition of the matter
will give authority to go ahead, with flexible control in
your hands to do as much or as little as you determine
to be desirable at any time.

The Foreign Economic Administration agrees with this
proposal.
THE WHITE HOUSE
WASHINGTON

September 14, 1944.

MEMORANDUM FOR
THE SECRETARY OF THE TREASURY:

Will you handle this with Harry
Hopkins and Cordell Hull?

P.D.R.

P.S. Please return original to us.
THE WHITE HOUSE
WASHINGTON

Mr. President: Sept 12-40

I think this is O.K. - it gives the joint decision to you and the
front situation, that I

think is essential.

If you will initial this the matter will be handled
that way.

Harry
The Prime Minister said that when Germany was overcome there would be a measure of redistribution of effort in both countries. He hoped that the President would agree that during the war with Japan we should continue to get food, shipping etc. from the United States to cover our reasonable needs. The President indicated assent.

He hoped also that the President would agree that it would be proper for Lend/Lease munitions to continue on a proportional basis even though this would enable the United Kingdom to set free labour for re-building, exports, etc., e.g. if British munitions production were cut to three-fifths, U.S. assistance should also fall to three-fifths. The President indicated assent. Mr. Morgenthau however suggested that it would be better to have definite figures. He understood that munitions assistance required had been calculated by the British at about 3½ billion dollars in the first year on the basis of the strategy envisaged before the OCTAGON Conference. The exact needs would have to be recalculated in the light of decisions on military matters reached at the Conference. The non-munitions requirements had been put at 3 billion dollars gross against which a considerable amount would be set off for reverse Lend/Lease. The President agreed that it would be better to work on figures like these than on a proportional basis.
The Prime Minister emphasized that all these supplies should be on Lease/Lend. The President said this would naturally be so.

The Prime Minister pointed out that if the United Kingdom was once more to pay its way it was essential that the export trade, which had shrunk to a very small fraction, should be re-established. Naturally no articles obtained on Land/Lease or identical thereto would be exported or sold for profit; but it was essential that the United States should not attach any conditions to supplies delivered to Britain on Land/Lease which would jeopardize the recovery of her export trade. The President thought this would be proper.

To implement these decisions the Prime Minister suggested there should be a joint committee. It was held that it would be better to appoint an ad hoc committee for this purpose on an informal basis in the first instance which could be formalized in due course. Pending its report the United States departments should be instructed not to take action which would pre-judge the committee's conclusions, e.g., production should not be closed down without reference to Land/Lease supplies which it might be held should be supplied to Britain. The President thought that the committee should be set up and suggested that Mr. Morgenthau should head it representing him, and that Mr. Stettinius, who had taken such a large part in Land/Lease, should also be a member.
1. We have discussed the question of the scope and scale of mutual Land/Lease aid between the United States and the British Empire after the defeat of Germany and during the war with Japan. We have agreed that a Joint Committee shall be set up to consider this question with the following membership:

**Chairman:**

**American Members:**

Secretary Morgenthau
Under-Secretary Stettinius
Mr. Leo Crowley

**British Members:**

2. The Committee will agree and recommend to the Heads of their respective Governments the amount of Mutual Aid in munitions, non-munitions and services which is to be provided for the most effective prosecution of the war. The Committee is instructed to obtain from the various branches of the Governments whatever pertinent information is necessary for
the preparation of their recommendations.

3. Pending the recommendations of the Committee to the Heads of the respective Governments, the appropriate departments of each Government shall be instructed not to make any major decision with respect to the programmes of Land/Lease Aid for the period referred to above without the approval of the Committee.

4. In reaching its conclusions the Committee will be guided by the conversation between the President and Prime Minister on September 14th, 1944.

(Initialled): W.E.C.
F.D.R.

Quebec, September 14th, 1944.
At a conference between the President and the Prime Minister upon the best measures to prevent renewed rearmament by Germany, it was felt that an essential feature was the future disposition of the Ruhr and the Saar.

The ease with which the metallurgical, chemical and electric industries in Germany can be converted from peace to war has already been impressed upon us by bitter experience. It must also be remembered that the Germans have devastated a large portion of the industries of Russia and of other neighbouring Allies, and it is only in accordance with justice that these injured countries should be entitled to remove the machinery they require in order to repair the losses they have suffered. The industries referred to in the Ruhr and in the Saar would therefore be necessarily put out of action and closed down. It was felt that the two districts should be put under some body under the world organization which would supervise the dismantling of these industries and make sure that they were not started up again by some subterfuge.

This programme for eliminating the war-making industries in the Ruhr and in the Saar is looking forward to converting
Germany into a country primarily agricultural and pastoral in its character.

The Prime Minister and the President were in agreement upon this programme.

(Intd.) O.K.

F.D.R.

(Intd.) W.J.C.

16 9.

September 15, 1944
September 9, 1944

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

May Dear Sir, Secretary:

There has been much discussion within the several Government Departments relative to our lend-lease policy after the collapse of Germany.

It is my understanding that no Department of the Government has been requested to take unilateral action in regard to any matters that concern lend-lease, because the implications of any such action are bound to affect other Departments of the Government and, indeed, our whole national policy. I am particularly anxious that any instructions which may have been issued, or are about to be issued, regarding lend-lease material or supplies to our allies after the collapse of Germany, be immediately cancelled and withdrawn.

I intend to give instructions to all Departments relative to the lend-lease policy of this Government at an early date.

Will you be sure, therefore, that your several bureaus and divisions are advised of my position at once?

I am sending identical letter to the Chief of Staff, the Chief of Naval Operations, the Secretary of State, the Administrator of the Foreign Economic Administration and the Administrator of the War Shipping Administration.

Sincerely yours,

[Signature]
THE WHITE HOUSE
WASHINGTON

September 15, 1944.

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY:

Will you talk with the Secretary of State or Stettinius and the Secretary of War about this?

F.D.R.
September 13, 1944

My dear Mr. President:

I have your letter of September 9 relative to our land lease policy after the collapse of Germany and will be governed by your instructions.

As you know, under direction from you we have been engaged since May 24 in negotiations with the Soviet Government over a contract by which they would accept and pay for on credit terms certain items included in the proposed Fourth Protocol. Similar discussions with French authorities were authorized by you in July and were mentioned in the recent exchange of memoranda with the French. These discussions are awaiting further instruction from you.

In your absence, inquiry has been made as to whether these discussions, particularly those with the Soviet representatives now in progress, should be interrupted.

Mr. Hopkins

The President,

The White House.
Mr. Hopkins has informed the Department that unless and until you inform us to the contrary we should continue these negotiations and that your letter of September 9 did not intend otherwise.

Faithfully yours,

[Signature]

D. D. Talbot