BOOK #6

PRESIDENT ROOSEVELT

July 1, 1944

thru

April 12, 1945
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 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.

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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 Tobey 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.
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 some one 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, Pasovsky 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 Pasovsky 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 I 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.
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 1922 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 8 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".
TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

TO Secretary Morgenthau
FROM Mr. White

DATE September 1, 1944.

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, Wurttemberg, 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 organization to be established by the United Nations. The approximate borders of the Zone are shown on the attached map.

   (b) The internationalization 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 organization.

   (d) The international organization 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 organization 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 organizations 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 sympathizers 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 reorganization 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 Decentralization.

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:

(i) 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:

(1) 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.
ENCLOSURE

DRAFT

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 overrun 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.
POLITICAL GUIDE

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 Nazism 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 organizations throughout Germany. In furtherance of this objective you should

(1) take immediate possession of offices and records of all party and affiliated organizations, take immediate inventory of such records and place them under adequate military protection,

(2) suspend activities of all party and affiliated organizations 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.G., and (3) close supervision and regulation by A.M.G. All politically objectionable courts, Peoples Courts, Treuhaender 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.

c. Responsibility for the enforcement of curfews, blackouts, the prevention of political meetings deemed inimical 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.

c. 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.

d. 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 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 textbooks and teachers 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.

g. 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 policies of the military administration. It is essential to avoid any commitments to, or negotiations with, any political elements. German political leaders in exile shall have no part in the administration.

g. 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, films, equipment and facilities of the German Supreme Command 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 munitions 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 GUIDE 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. Consumers 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 consumers 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.
FINANCIAL GUIDE FOR GERMANY

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 EMA 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 EMA 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 insure 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 organizations, 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 authorized to issue banknotes or currency, except that, if found practicable and desirable, you may so authorize 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 BMA notes except that the exportation or importation of yellow seal dollars and BMA 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 BMA 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 in the basis of race, color, creed, or political conviction.
Sept 2
Sat. 13.0

Called up McCloy
asked if it would slant
down even if we did not
fix rate before Wed. McCoy
said he could not honestly
say so.

Then said would have
it as per schedule arranged
with him sup this 7 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 way 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 me 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 namby-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, Taxes & War to prepare how to deal with Germany

2. Finance Committee: England & U.S.

3. Chance of collapse out here, not England
September 2, 1944

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.

**********
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 Cumbarton Oaks 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.
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 or 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 (e) 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 laws 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 folder "QUEBEC"
for Whit's memos on
FDR-Churchill-HMS-Quebec
conversations, Sept. 1944.

Which is in Safe
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, "Now 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 terrifically 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 Tully 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.
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:**
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 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.
RECORD OF CONVERSATION BETWEEN THE PRESIDENT AND

PRIME MINISTER AT QUEBEC ON SEPTEMBER 14, 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 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.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 Ickes 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.
8:15 P.M.

I tried to get someone in P.S.'s train but they had just left. I spoke to Miss Cook, telegraph operator, and told her to get message to Grace Tully & Sam R. that I had been tipped off that Harry was going to talk on "Maginthean Plan" and how it prolonged the war. He promised to get message to them at once. I thought either...
Stimson a general
Marshall should
deny it tonight.

8:45 Stimson
Cold Springs
Harbor
2010

He seemed
tired
tired

I finally after repeating
my request several times
got to agree to call
me Clary to stand
by and call me
after dinner gets thru.

In regard to the
statement that the
"Mujahid Plan"
Journeyed the war finest
said that is ridiculous.
He said our attacks
have not changed their
fighting we hit. He said
they have been delayed
due to lack of host
facilities. I said
why cant our day
something like this.
He said that he would talk to me about it. I tried to get him to give Meloy some money to do something after variance got there.

He said all this started with Pearson's story. I said only in part. He said he had not seen Keokuk in a year and Pearson in five years. I said I could not remember when I had seen either of them.

I want to say again.
Stimson sounded we tried and resisted all suggestions made.
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.

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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.