

Administrative Acts (1939-1940)

P.S.f. Subject File

Bx

The following letters are attached: 1939

Memo to Jim Rowe-From Jerome Frank-Oct 13th

**Telegram from Howard Judy-S.E.C. Calif
to Robert E. Kline Jr. S.E.C. Wash, D.C.**

**And memo of Sept 18, 1939-to Jim Rowe from
the President**

The President told G.G.T. to tell Jim Rowe
to forget the "how and if" mistake which he
explains in memo

PSF
Jim Ass^t File Rowe
1 - 1939

October 13, 1939

Memo to the President from Jim Rowe

Re-Transamerica and whether Securities & Exchange Commission

should proceed with the case against them. (Giannini Case)
Attached is J. R's later memo of July 1, 1940 & J. Frank's report of
June 29, 1940.
See: Jerome Frank-Gen corres-Drawer 2-1940 (July 1st memo)

PST

December 18, 1939

Subj File

Memorandum for the President from Wm McReynolds

Attaches reports from Captain Collins, Director of Procurement, of the first and second meetings of the Committee which the President created for the purpose of representing the Federal Government in its contacts with interested foreign governments in matters relating to the purchase of supplies, equipment and materials in this country.

See: Treasury Dept folder-Dec 18, 1939

PSF
Adm Assts.

1

THE WHITE HOUSE
WASHINGTON

File
Personal
Rowe

December 18, 1939

MEMORANDUM FOR THE PRESIDENT.

Mrs. Centrill, in whom Senator
Berkley was interested, is now Assistant
Area Supervisor for the Census in Kentucky.

JHR
James Rowe, Jr.

THE WHITE HOUSE
WASHINGTON

November 14, 1939.

MEMORANDUM FOR JIM ROWE and GENERAL WATSON:

Can we find a place for Mrs.
Cecil Cantrill of Lexington, Kentucky.
Senator Barkley is very anxious to do
something for her.

F.D.R.

PSF
Adm Assts.

Rowe
+

January 4, 1940

MEMO FOR GENERAL WATSON FROM JAMES ROWE, JR.

Encloses memo for the President

Re-Senator Guffey and the reappointment of Tom
Woodward as Maritime Commissioner etc etc.

See: Senate folder (Jan 4-1940 memo from Rowe) Drawer 2-1940

file journal

THE WHITE HOUSE

WASHINGTON September 15, 1939

Rowe *BSF*
Adm. Assts.

Memorandum For The President.

War Risk Insurance

With reference to the discussion at your press conference this morning of the need for legislation for War Risk Insurance, to be written by the Maritime Commission, I believe you should know the following, which was told to me by a member of the Commission's staff: The Commission does need legislation so it can write this insurance. However, a week or so ago it did write insurance for the United States Lines which was sending ships to evacuate refugees from England. It did so despite the strong objections of its own legal staff. Further, it sent this action to you for approval which you gave. I do not know whether the lack of legal authority was explained to you.

There was no reason why the Commission should ask for formal approval by you, except to protect itself. Ship lines, other than the United States Lines, are now furious at the Commission because it refuses to write insurance for them. The Commission, I am told, has been telling them, with reference to United States Lines that if they don't like it they should object to the President because he is the one who approved it.

JHR

James Rowe, Jr.

Note: If you do discuss this with the Commission, please do not reveal the source of your information as the Commission would easily "spot" my informant.

Rowe

RSF
Adm Assts.

~~2~~ 1

Memorandum to Jim Rowe from Aubry Williams-Jan 10, 1940.

Attaches letter about W.P.A. strike in Minnesota.

See:W.P.A. folder-Drawer 2-1940

PSF
Att. Assts.

Rowe

January 19, 1940

Memorandum for the President from Jim Rowe

Re-Minnesota W.P.A. cases (Prosecutions)

See:W.P.A. folder--Drawer 2-1940

Missy:

The President might wish to see
this before he lunches with Senator
Byrnes.

[Handwritten signature]

[Handwritten initials]
B. H. R.

THE WHITE HOUSE
WASHINGTON July 31, 1940

RF
Rowe

Memorandum For The President.

Ohio

Wayne Coy (McNutt's Assistant Administrator and political advisor) has been told that former Governor White of Ohio is thinking of bolting the party for Willkie. White, who leads the conservative wing, still resents your speech in favor of Bulkley.

The situation might be saved if White, for example, were asked for advice by you on how the campaign should be conducted in Ohio. It might involve calling him to Washington and making sure White does not issue Willkie statements from the White House steps. It is estimated that he has a following of a quarter of a million votes which may well hold the balance of power in Ohio. Davey, again the candidate for Governor, will do everything he can get away with to help Willkie who has long been one of his chief financial contributors.

Charles Sawyer cannot do this job. Coy indicates a man named Henry Brunner, State Manager of the H. O. L. C., and the political brains of the party, can give the best advice on this point.

If this is important, speed is necessary.

I dislike bothering you with this, but must until we have a national chairman.

JHR
James Rowe, Jr.

COPY

*BSF
Adm. Ass'ts.*

Penciled notation:

THE WHITE HOUSE
WASHINGTON

"Return to
James Rowe".

February 9, 1940

Memorandum For The President.

California

Congressman Jerry Voorhis told me that Governor Olsen had telephoned him to find out whether you would consent to the use of your name in the California primary.

As Voorhis understands the California State law:

- (1) The candidate must consent to the use of his name; or
- (2) Some sort of an official "campaign committee" must consent.

Voorhis thinks the situation is similar to the Ohio situation.

If you will not give your consent, Olsen wondered if he could get an assurance from you that it would not be given to any other group in California. In other words, Olsen did not want two groups who are for the same principles, fighting with each other with, for example, "different favorite sons".

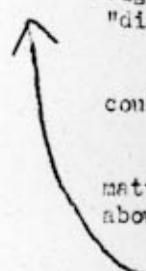
As usual, I told Voorhis I did not think I could get an answer.

He then asked what he should do about the matter. He wondered if he should come to see you about it.

Should I tell him anything:

(Penciled notation)

A.K.



*Original returned to
The Rowe - 2/10/40
JHR*

J.H.R.
James Rowe, Jr.

THE WHITE HOUSE
WASHINGTON

March 26, 1940.

PST
Adm. Ass'ts
Subj. File

PST

MEMORANDUM FOR THE PRESIDENT:

On the basis of a request of Secretary Morgenthau, which he told me had your approval, I am making this report of the facts, as I have found them to be, relating to the reduction in force now being made in the Procurement Division of the Treasury Department.

For the last five years, the Washington office of the Procurement Division has operated as one unit, although administering the regular procurement activities as well as the purchasing functions of the emergency program. The reason for this, as then explained to me by Admiral Peoples, was the fact it did not seem desirable to build a separate supervisory staff for the emergency activities which would, to a large extent, duplicate the same functions performed for permanent activities. Such increases in the staff as the Division considered necessary were made by the appointment of employees on the emergency roll. Budget estimates on this basis were made from year to year and included in the emergency appropriation.

In view of the reduction in emergency activities, it seemed to the Department this year that a careful analysis should be made of procurement activities for the purpose of reducing the contribution from emergency funds as nearly as possible to conform to the proportion which that activity bears to the regular procurement work of the Division.

In pursuance of this purpose, the Secretary directed Mr. Harold N. Graves to make the necessary investigation and report. Mr. Graves was provided with necessary staff assistance for this purpose. A very careful and thorough analysis of all the work performed by the Division disclosed that emergency activities being currently performed would justify the employment of scarcely more than 200 employees, although there were then being carried on the emergency rolls and assigned to the work of the Division something more than 700 employees.

In preparing estimates for appropriations for next year,

the Department included a request for funds on the regular roll which would have permitted them to take over from the emergency group a considerable portion of the employees already so engaged, although paid from emergency funds. After careful review in the Bureau of the Budget, the Department's request was reduced substantially so that the Budget actually included only 232 such positions. Congress reduced that estimate finally to a net of 137. The Department, therefore, found itself in a position where it could not after next July 1 ethically retain more emergency employees than were actually used for that activity (200), and with funds provided on regular rolls for only an additional 137, the total number of positions available would be only 337, whereas the current comparable group on the emergency roll was more than 700. It, therefore, proceeded forthwith to reduce the emergency force systematically with a view to meeting that limitation.

The Department determined to reduce this force on the basis of a rating to be made of all emergency employees in the Division; those to be dropped being the ones with the lowest rating. This rating was arrived at in the following manner:

A weight of 55 points was assigned to the efficiency factor; the efficiency ratings being the average of the ratings given each employee over a period of the last three years.

A weight of 30 points was allowed on account of the dependency factor; this allowance in full being given where the employee had an outside income of less than \$200 and had five or more dependents. 5 points were deducted from this allowance where the number of dependents was only four and with each reduction of one in the number of dependents, the allowance was similarly reduced. In the case of employees having outside income of between \$200 and \$1,000, the dependence allowance was only 20 points where there were five or more dependents, and the allowance was similarly reduced in proportion to the number of dependents. Where the outside income was between \$1,000 and \$2,000, the maximum allowance granted was 15 points. Where outside income was between \$2,000 and \$3,000, the maximum allowance given was 10 points, and where the outside income was \$3,000 or more, no dependence allowance was granted.

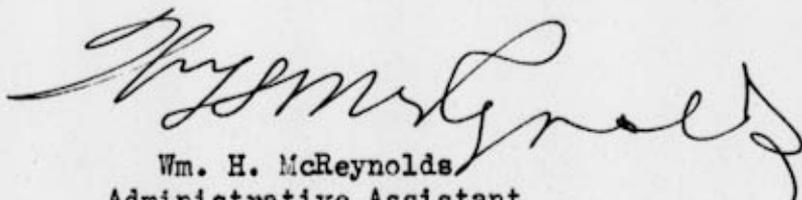
For length of service, a maximum credit of 15 points was allowed, based on an allowance of 5 points for each year of service up to three.

No other factors than these were given consideration. The

lists were prepared in such a way as to put in competition only the employees in the same general classes. For instance, supervisory employees in the higher grades were in competition with each other only. Stenographers and stenographic clerks were not required to compete with groups where the work was in a different classification. The number of reductions necessary in each classification was arrived at by careful survey of the volume of work prior to the preparation of separation ratings and no consideration was given in that connection as to what individuals might be dropped.

Great care was taken to see that the rules laid down were scrupulously adhered to in all cases, and the Director of Personnel of the Treasury Department, Mr. E. R. Ballinger, was charged with the duty of reviewing the lists and handling all complaints to see that no favoritism of any character had been permitted. The only exception that I have discovered in the application of the prescribed rules was in the case of one or two employees suffering some physical disability and they were retained at the direction of the Secretary, although they would have been dropped had the rules been applied in their cases.

At the direction of Secretary Morgenthau, all employees to be dropped were given full thirty days notice, in addition to being granted accumulated leave to which they were entitled.



Wm. H. McReynolds
Administrative Assistant
to the President

BT
Adm Assts.

Rowe

MEMORANDUM TO JIM ROWE FROM THE PRESIDENT--March 27, 1940

President suggests that he speak to Steve Early concerning attached memo from Jim Rowe dated March 26, 1940. re two matters which Sec Wallace wanted him to take up with the President.

1. Whether he should accept invitation to make speech at Testomonal dinner for Jim Farley.
2. Re:Protestant Churches becoming more and more disturbed about status of Myron Taylor at the Vatican. Attached are the following letters:
 1. Letter to Dr. W. W. Alexander from Sanuel McCrea Cavert of the Federal Council of the Churches of Christ in America and copies of Dr. Buttrick's letters of Feb 27, 1940 and March 22, 1940 to the President.

See:Wallace-Drawer 1-1940

4

THE WHITE HOUSE
WASHINGTON

May 6, 1940

Memorandum For Miss Lehman.

Reorganization

If you received my wire, you know that the Reorganization Plan is coming up on the floor tomorrow. We are in quite bad shape. Only the President could prevail on Lea to postpone debate; I do not think this would be successful because Martin is really leading the fight and any Congressman can bring it up.

I dislike bothering the President tonight, but can you clear this:

I spent the afternoon with Warren and Cochran. I am now writing a speech for Warren, which attacks the internal fight in the Air Safety Board. He believes the only chance we have is to attack the Board. Much of the material I plan to use is contained in a memorandum I wrote to the President last October. This memorandum is a summary of conversations I had with the three members of the Board at the time they brought their problems to the President. It is a summary taken from transcripts which were edited by the Board members. Naturally, I would intend to use the part most unfavorable to Hardin and Allen.

Warren would like the President to release the entire memorandum to him so that he can use it on the floor.

I tried to clear this with Steve over the telephone, but, quite naturally, he did not want to O.K. releasing the memorandum since he did not know what was in it. He also pointed out no memorandum from the White House files has been used thus far.

(1) Is it all right to give it to Warren?

(2) If not, may I incorporate it into my speech for Warren and assure him that his statements will not be repudiated by the White House? He insists on this.

I will be waiting in my office for an answer.

Incidentally, we will get licked in the House, but will win in the Senate -- unless the House defeat changes things. MR

Rose

BSF

*file
private
adm. file*

THE WHITE HOUSE
WASHINGTON

March 30, 1940.

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

FOR YOUR CONFIDENTIAL
INFORMATION.

F. D. R.

THE WHITE HOUSE
WASHINGTON

March 28, 1940

Memorandum for Miss Grace Tully.

Larry Fly of the Communications Commission asked me to give the President this message orally, so will you tear up the memorandum after the President has seen it:

The day after the Hitler - Mussolini conference, the Italian Head of Communications asked his Director at the Azores, the terminal and branch point for cables to both Americas, to estimate the maximum load these cables could carry.

Fly believes this can mean only one thing, that the Italians plan to carry German messages, either in a spirit of helpful cooperation or even that Italy plans to join Germany in the war.

JHR

James Rowe, Jr.

October 24, 1939

Air Safety Board

Summary of conversations with Tom Hardin and C. B. Allen, the majority of the Air Safety Board; and also conversations with Sumpter Smith, the minority member of the Board. The verbatim transcripts have been edited and expanded by the Board members.

Agreed Facts

The function of the Air Safety Board of the Civil Aeronautics Authority, a governmental agency completely independent of the Authority, is to report and to make recommendations to the Authority and to the public on all accidents in civil aviation.

In August, 1938, the President appointed Sumpter Smith, at that time in charge of airport construction for WPA and Tom Hardin, Vice President of the Air Line Pilots' Association, an A. F. of L. affiliate, to the Board. The statute requires that one member of the Board be an active airline pilot at the time of his appointment. The third member was not appointed at that time. In December, 1938, Sumpter Smith, who was Chairman of the Board, was also made Chairman of a committee consisting of representatives of interested governmental agencies, to take charge of the construction of the Gravelly Point Airport. In February, 1939, Smith became seriously ill and was absent from his office for about six weeks. Toward the end of this period, in March, 1939, the President appointed C. B. Allen as the other member of the Board. At that time Allen, who had been aviation editor of the "New York World", "World Telegram" and "Herald Tribune", was Director of Information of the CAA, and on leave of absence from his paper. A few weeks after his appointment Allen and Hardin reorganized the Administrative machinery of the Board and also formed a permanent majority against Smith. On August 22, 1939, one year after the President's appointment of Hardin and Smith, the members held an election whereby Hardin succeeded Smith as Chairman. Soon thereafter Smith brought the situation to the attention of the President by asking for an opinion from the Attorney General as to the legality of this election.

All three men are agreed that the existing situation is intolerable and must be remedied. The staff has no morale and personal feelings have become so bitter that all three members feel affirmative action by the President is necessary.

There are two major specific disputes and several minor ones.

(1) The Gravelly Point Airport Committee.

(a) Hardin and Allen assert that Smith has violated the express provisions of the Aeronautics Act by accepting the chairmanship of the committee constructing Gravelly Point Airport.* They brought this to the attention of Smith many times but he refused to give up the airport. Smith says he took the word of the Authority's lawyers that he could be Chairman of the Committee.

(b) They insist that Smith has devoted only 25% of his time to his job as Chairman of the Board, devoting the rest to the airport or to outside pursuits. They claim that they and the entire staff are extremely overworked but that, besides needing his help, their main objection to his absence is that as Chairman he was also responsible for handling the administrative work with other governmental agencies and to sign vouchers, neither of which he bothered to do.

Smith answers that he has worked night and day on both jobs, as Chairman of the Airport Committee and as Chairman of the Board. He claims he is up-to-date in his Board work whereas the others are not. Their reply is that Smith does nothing but initial his reports which should be studied carefully and that in fact he does no work whatsoever on these reports.

(2) Reorganization of the Board.

Shortly after Allen was appointed he and Hardin, over the objection of Smith, decided to reorganize the three divisions of the Board into one division with three sections and setting up the Executive Officer as administrator of the Board. In so doing, they dismissed the legal adviser and several other personnel, all friends of Smith. They effected this reorganization for several reasons:

(a) There would have been a budget deficiency without a personnel cut. The men removed were division chiefs, therefore unnecessary under this new stream-lined procedure. They were also incompetent to handle aviation work. Darrell Lane, the legal advisor, had no background in aviation, was playing bureaucratic politics with

*This language reads: "The Board.....shall not be assigned any duties in or in connection with any other section or unit of the Authority".

against the Board majority and since he was a highly paid official they could use his salary to remain within the budget. They had four lawyers on the staff to replace Lane and, under the terms of the statute, could use the Authority's legal staff.

(b) A more important reason for reorganization was that the Board was falling behind in completing accident reports. Because of budget limitations they could not increase the staff. The Board could not act on accident reports until all three division chiefs had made recommendations and this as a practical matter was done only after endless conferences and friction among the three chiefs. By replacing three divisions with one, the one division chief could force the section chiefs to proceed much more rapidly.

Smith says that (a) the budget was not helped by the reorganization, since pay raises given to other employees used up the saving. (b) He opposed stream-lining the three divisions into one because the three divisions, following the outlines of the Act, acted as a system of checks and balances against the other. Investigation, for example, is entirely different from the study of safety technique leading toward recommendations for accident prevention. The division chief biased by his investigation experience would be balanced by the chief with a scientific background.

(3) The Flow of Accident Reports.

The majority say practically no results were achieved until the appointment of Allen. Hardin states he could not get Smith to act on accident reports; as a result there were few reports to the Authority until Allen's vote gave Hardin a majority. The only time the Board functioned before Allen's appointment was during Smith's six-weeks illness, when Hardin turned out 300 reports on his own initiative. In Allen's first month he and Hardin decided 200 more reports. Since their reorganization went into effect many more reports are rapidly nearing completion.

Smith answers that in the first six months the reports were held up because of disagreement between him and Hardin as to how they should be handled. He had been over all the reports just before his illness and would have signed them except for that reason. He claims the Board is further behind with its reports since the reorganization than ever. (N.B. The discussion on this crucial point is confusing. An independent investigation of the procedure is the only way to determine the truth).

The majority place much emphasis on the fact that Smith has not agreed with them in one single report involving a major accident. Smith says that that is the majority's fault.

(4) Removal of Smith as Chairman.

Smith claims the majority members had no legal authority to remove him as Chairman since he had been elected less than a year previous to their action.

Hardin says that in the beginning Smith wanted very much to be Chairman and it made no difference to him. The majority, however, soon found he would not perform his duties as Chairman, that it was often impossible to get him to attend a Board meeting or sign vouchers, and that he occasionally misrepresented the position of the other members while acting as Chairman. They warned him numerous times that if he would not perform his duties they would be forced to remove him so that the work could proceed. Both claim he is utterly lacking in any administrative ability. Smith denies all this.

(5) The Board Minutes.

Smith says he was denied the right to look at the transcript from which the Board minutes were made. The majority admit this but say they did so because they discovered Smith had prearranged secret signals with the stenographer when he wished what they said off-the-record to be taken down.

(6) Sympathy With the Administration.

Smith asserts that neither of the majority members has sympathy with the broad objectives of this Administration. They claim they are in sympathy with, and on aviation matters are a little ahead of, the Administration.

(7) Technical Incompetence.

The majority assert Smith has no technical competence, that during conferences with the aviation industry called to discuss technical safety improvements, Smith refused to attend because he had no technical knowledge. Despite this, he would hold up their own recommendations without reasons. Smith claims he initiated such conferences. The majority members point to their careers as technical men in aviation. They say they both have more lucrative and, in the light of Smith's actions, much more pleasant positions in private industry awaiting them. They had thought of resigning some months ago, but decided to remain through this winter to make the Safety Board work if possible. The only way to make it work was streamline the procedure and remove Smith as Chairman. Smith says they are technically incompetent and that he has spent his life in aviation.

CLASS OF SERVICE
 * This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

1201
Row 1

SYMBOLS
DL = Day Letter
NL = Night Letter
LC = Deferred Cable
NLT = Cable Night Letter
Radio Radiogram

444P.

R. B. WHITE
 PRESIDENT

NEWCOMB CARLTON
 CHAIRMAN OF THE BOARD

J. C. WILLEVER
 FIRST VICE-PRESIDENT

MAY 6 4 52

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

141 99 GOVT 3 EXTRA=THE WHITE HOUSE WASHINGTON DC 6 430P
 MISS M A LEHAND, CARE PRESIDENTS SPECIAL TRAIN PENNA RR
 MOTTHAVEN NY OR PENN STATION=.

*full
 business*

PLEASE TELL THE PRESIDENT CONGRESSMAN LEA INSISTS ON BRINGING UP REORGANIZATION PLAN INVOLVING THE CIVIL AERONAUTICS AUTHORITY TOMORROW. TENERAL DEBATE TOMORROW AND VOTE FIRST THING WEDNESDAY. RAYBURN SAYS HE HAS TRIED TO GET LEA TO POSTPONE DEBATE UNTIL SENATE VOTE BUT IS UNSUCCESSFUL. UNDER THE REORGANIZATION ACT ANY MEMBER OF THE HOUSE CAN BRING UP THE PLAN AT THIS TIME. RAYBURN ADMITS THE ADMINISTRATION WILL BE BADLY DEFEATED RIGHT NOW. WILL TRY TO EDUCATE COCHRAN AND

WESTERN UNION

1201

SYMBOLS
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R. B. WHITE
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ALSO WARREN BUT IT WOULD BE MOST HELPFUL IF PRESIDENT COULD
GET LEA TO POSTPONE DEBATE. STANDING BY FOR INSTRUCTIONS=
JIM ROWE.

PST
Adm Assts ✓

May 23, 1940.

MEMORANDUM FOR

JIM ROWE

Will you get word to Captain Collins that I have had requests from three or four different people that the Navy patent clause should be put into any purchases of new blind landing devices for Army, Navy or C.A.A. -- this in order to get freer competition?

I know nothing whatsoever about this and am merely passing it on.

F. D. R.

PSF
Adm Assts. W. Rowe

July 1, 1940.

Memo to FDR from J. Rowe transmitting report from SEC re why
Giannini case unsettled--attached is previous correspondence
of Oct 13, 1939 on same subject, and July 15, 1940 memo from
J. R. re Transamerica with two memoranda from Frank of conferences between Gen Counsel
as SEC, Chester Lane, and lawyers representing Giannini interests.
See: J. Frank-Gen corres-Drawer 2-1940 (July 1, 1940 memo)

file
Personal

PSF

THE WHITE HOUSE
WASHINGTON

Subj File

July 5, 1940

MEMORANDUM FOR: THE PRESIDENT

Pursuant to our conversation of Wednesday afternoon, I am proceeding on subject (4) of the agenda I showed you, -- Naval, military and civil aviation missions in South America (organizing intra-national companies in all countries controlled locally but, if possible, with American pilots), headed up by Ed Noble, Hinckley and Nelson Rockefeller. I shall, of course, clear with War, Navy and State.

Program would also contemplate use of Nelson Rockefeller, collaborating with State Department, on further development of their program of cultural relations, including social and health services.

We shall need a fund of \$125,000 to implement this program.

JW
JAMES W. WRESTAL

5
PSF
Subj. File

FDR memo to Jim Forrestal of July 5, 1940, enclosing
for his information memo from Stettinius of July 3, 1940
re NITRATES. (Forrestal returned memo on July 5, 1940)

See: E. R. Stettinius folder-Drawer 2-1940

Confidential

THE WHITE HOUSE
WASHINGTON

July 9, 1940

Memorandum For Miss LeHand.

Dear Missy:

Robert Horton

You asked about Bob Horton, specifically whether he is a real New Dealer.

Horton is a registered Republican and maintains a voting residence in Vermont. In 1936 he was recommended by Senator Norris for a Republican post on the Maritime Commission. As you know, Norris recommends only on merit. He was also endorsed by Bob LaFollette and the late Senator Gibson.

I have checked this morning with ten different persons, all of whom know him quite well. Incidentally, because there are always leaks on this sort of check, I said Horton was one of a dozen candidates being considered for a forthcoming vacancy on the Maritime Commission, and that I was making a confidential routine check.

Horton is about 37. Immediately after high school, he became a newspaperman in Boston and later worked for the Washington News and New York World Telegram. He left Scripps--Howard to enter government service for the same reason Lowell Mellett and others did; he could no longer stomach Scripps--Howard's attitude toward the New Deal. He is Director of Information for the Maritime Commission and is now detailed to the Advisory Commission for national defense. Is he a New Dealer? The estimates range from 100% to a big question mark. The composite picture indicates he is a 90% New Dealer. My personal memory is that he was privately against the Court plan, but no one else seems to know. Several of his friends point out that he is extremely impulsive and emotional. I would say he is slightly unstable, but much less so than a few years ago. He has one handicap -- his wife. Several persons have pointed out she talks too much, and is rather venomous; she has done him much harm.

Lowell Mellett is for him 100%; but don't forget he is Lowell's protege. Tommy Corcoran is flatly against him; he claims you can never be sure whether Horton will be for you or against you. The composite picture is much closer to Mellett, but several persons warn about his lack of stability.

In short, a 90% or 95% New Dealer -- and there are few even of those!

JHR
James Rowe, Jr.

PSF

From
Edward

Memo for FDR from Jim Rowe--July 27, 1940

Re:Gifford Pinchot

Says Sec Wallace wanted FDR to know that Pinchot is probably getting ready to organize those Republicans interested in conservation to bolt Willkie. Pinchot talks as if he really means it this time etc etc.

See:Henry Wallace folder-Drawer 1-1940(Aug 3, 1940 memo)

*file
personal*

BF

THE WHITE HOUSE
WASHINGTON

Subj. File

August 1, 1940

TO: THE PRESIDENT
FROM: JAMES FORRESTAL

The attached is a copy of a letter
from Billy Fiske (an American), son of a
partner of mine, who is fighting with the
Royal Air Force.

JFB

C
O
P
Y

June 27th

My dear Karl:

Thanks so much for your letter. I'm a bit late in answering, but we've been pretty busy what with one thing and another. On reading the newspaper reports here of the Republican Convention I am a bit disappointed and disturbed to see a note of defeatism raising its ugly head in so far as Britain is concerned. I quite realize they get unbiased reports from both sides over there, but my own opinion is that there is no doubt whatsoever that Britain can win this war over a long period, even 4 to 5 years, on certain conditions. These conditions broadly speaking are -

- 1) Assurance that Ireland will not be taken over by Nazi "protectors".
- 2) Continuous and growing support and exploitation of the Empire's resources.
- 3) That we can get every bit of American war material that can be produced at maximum pressure.

As to conditions 1 and 2, I think they are pretty well in the bag. As to No. 3, I had hoped that was buttoned up as well by this time, but when I read these reports I wonder if Americans are not becoming chicken-hearted.

I notice Pittman accuses Britain of being completely unprepared and at Hitler's mercy. This is not true Karl. There might have been some grounds for such a statement 9 months ago but when a virile nation really gets down to it for their own self-preservation the results are amazing and I think I know whereof I speak from personal experience.

I noticed the other day that the army and navy (U.S.) had traded in about 50 Curtiss and some 40 Northrop N-17 planes for re-sale to the British and they were replacing these with the new Lockheed twin-engine fighter. Well, damn it, why not send the Lockheeds over here instead of those other obsolete things that will be shot down like flies on their first patrol? Probably the reason is that the Lockheeds won't be ready for quite a while, but God damn it, with American efficiency and technique, they should have been ready long ago. The first plane completed all tests a year ago.

Air supremacy in this war, if not a decisive factor, is at any rate of very major importance. We have the best trained pilots you can find and what equipment we have is of highest quality, but we need more and more. We can turn out all the pilots we will ever need but America can help us immeasurably in turning out the equipment if they will only see that it is worth their while and try. But if this defeatist attitude is allowed to prevail they will never get anywhere.

-2-

I heard nothing from the family for 4 weeks but got a telegram this morning much to my relief to say they had crossed the border safely into Spain. Aside from discomfort, I don't think they will get into much harm there and I hope they will have the sense to go home to America for a while.

Please give my very best to Letta, etc. and tell them to pass the word around that we are bloody well going to win this war eventually and that America can help a lot to shorten it if she will send us all the material she can produce and stop vacillating.

All the best,

Bill

THE WHITE HOUSE
WASHINGTON

August 2, 1940.

*file
confidential BF
Adj. File*

MEMORANDUM FOR THE PRESIDENT:

Subject: Newspaper Article Regarding Nazis
Working on Panama Canal Defenses

Information on this matter has been obtained from Mr. Onthank and Colonel Loomis, of the War Department, who indicated that it comes from the SECRET FILES of the Department and should be treated accordingly.

Apparently several hundred refugees arrived in the Republic of Panama early in 1940. For some months, they remained as dwellers in the Republic of Panama. They had little or no resources. They were considered strictly a Panamanian problem. As time went on, they obtained employment in the Canal Zone with the Panama Canal, the War Department, and the Navy Department. Approximately 250 were employed by the Construction Quartermaster and in the Post Exchanges. During this time, they did not participate in any work of a military nature.

In May, the Commanding Officer of the Canal Zone had a thorough investigation made of the aliens. It was found that about one-third of them were German; one-fifth were Poles; one-fifth were Yugo-Slavs; and the remainder represented Spanish, Italian, and other nationalities. Of the 250 aliens, all but 81 had some kind of legal status and were taken over by the Republic of Panama. The remaining 81 had no legal status because their passports were not in order; because territorial changes in Europe had made it impossible for them to continue to their countries of destination; and for other reasons.

On or about June 10th, the War Department was informed that the Commanding Officer of the Canal Zone had removed the remaining 81 aliens from the payroll. At the present time, the aliens have no employment whatever. They are being held under supervision of the War Department in the Canal Zone. The War Department's investigation of the aliens disclosed, with one possible exception, no information to indicate that the aliens were agents of foreign governments. The one exception seems to be based on

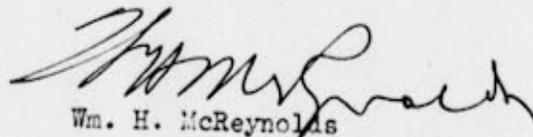
rumor, and is now being studied in more detail.

Immigration activities in the Canal Zone are under the supervision of the War Department rather than the Bureau of Immigration and Naturalization. The War Department has been in touch with the Bureau of Immigration and Naturalization in an effort to arrange the transfer of the 81 aliens to the United States. This effort has not met with success because of legal difficulties. Many of the aliens are destitute. They would probably become public charges if they entered the United States. Furthermore, they could obtain employment in the United States only if their entries were legal. These problems are now being considered by the Bureau of Immigration and Naturalization.

The War Department has radioed for complete data about each of the aliens for the purpose of obtaining information for the use of departmental officials and the Bureau of Immigration and Naturalization.

It was stressed at the War Department that although the 81 aliens were once employed in the Canal Zone, they were never engaged on military work, and they were all removed from any employment whatever on or before June 10th. They now remain in the Canal Zone because they can be sent to no place other than the United States, from which they are apparently excluded by the immigration laws.

Although the War Department has no fears about the subversive character of the aliens, it feels that they should not be employed in the Canal Zone, and that their continued presence in the Zone is a handicap to its regular work. The War Department would like to "get them off its hands" as soon as possible. Newspapers seem to have confused rather than clarified the situation.



Wm. H. McReynolds

U.S. Can't Fire Nazis In Canal Gun Posts

By LOWELL LIMPUS

Washington, D. C., July 31.—Uncle Sam can't kick out 265 Nazis working on the new Panama Canal defenses, it developed today, because his feet are all ensnared in red tape. A War Department spokesman explained that

nobody had the authority to toss Hitler's henchmen out of the Canal Zone just because they're true to the swastika.

So the bureaucratic red tape, which for seven long weeks has preserved the jobs of the 265 in Panama, continues to protest them in the capital.

Officers Are a Little Mad.

The official attitude is going to explain a lot of things to the disgusted Army officers on the Isthmus, who worked night and day sifting the Nazis from the thousands of aliens employed along the Canal. It may even explain to them why the secret concentration camp prepared for German agents by officials of the Panamanian Government hasn't been used. But it will take a lot more explanation for them to understand why the Nazis are to be permitted to continue working with the vital anti-aircraft fire control equipment along the Big Ditch.

They are doing so right now, as half Panama knows, and their presence is a source of angry irritation to three sets of officials. Those of the Panamanian Government are among the most dis-



Major Gen. Van Voorhis
His hands were tied

DAILY NEWS, THURSDAY, AUGUST 1, 1940

grunted. The Panamanians went all the way with Uncle Sam when the presence of the Nazi workmen was discovered early in June. They expelled many prominent Germans whose papers weren't in order. They fired Nazi sympathizers from Government office. They prepared their concentration camp and agreed to nail the remaining Nazis as fast as the American authorities kicked the latter across the Canal Zone border.

These arrangements were all made secretly—but they were made. Under existing treaties, the Panamanians can't touch any alien while he works on the Canal. But they were all set to grab the 265 who came in without proper papers and who have been protected only by their status as employees of the Army in the Zone. They promised the Army they'd be ready to do their part as soon as the Americans acted. And for seven weeks they've been holding the bag, waiting for Uncle Sam to do so.

Secret Service Sore, Too

Equally angry are the Army officers and the Canal Zone Secret Service agents, who labored so diligently to isolate the suspects. For one solid week they jammed the military intelligence offices at Balboa headquarters, working all

(Continued on page 22, col. 2)

U. S. Can't Fire Nazis at Canal

(Continued from page 3)

night long as they quizzed thousands of employes and went over their papers in detail. Now, it seems they toiled in vain. Their disgust is shared by most of the Army in Panama.

Officers who are working their men like slaves in order to install new anti-aircraft guns in secret positions along the Canal aren't very happy when a Nazi electrician is brought up to one of those secret positions to fix the fire control equipment. "You might as well see maps of our gun positions to Berlin," snorted one battery commander, interviewed near Gatun last week.

But the mystery, which seemed so baffling in Panama, clears up rapidly in Washington. Here it is possible to see what happened. Panama can't understand why Major Gen. Daniel Van Voorhis, the capable commander of its defenses, has failed to act after getting all the expulsion machinery in order. But up here it's pretty evident that Washington ruled that Van Voorhis couldn't do so without

al authority and has so far
ed to give him that authority.

He Did What He Could.
re, it becomes evident that
Voorhis did all he could—all
as permitted to do. Assisted
his chief of staff, Brig. Gen.
L. Devers and Major Leslie
r, G-2, the department com-
er conducted a complete sur-
of aliens in the Canal Zone,
them out and divided them
ding to nationalities. After
it was up to Washington—a
which Panama never realized.
ington has left Van Voorhis
g the bag—with aliens check-
o on his every gun position—
ince.

official War Department
ment issued today declared
ne Department had "no infor-

mation that Nazis are employed by
the Army in the Canal Zone or that
German citizens are employed by
the Canal." Officers familiar with
the situation pointed out, however,
that it was grossly misleading. The
War Department knows, of course,
that German citizens are employed
by the Army in the Canal Zone
although not by the Canal itself.
The statement simply means, in the
opinion of these officers, that the
Department has no proof that such
citizens are members of the Nazi
Party.

The statement went on to declare
that "nobody has the authority to
order the expulsion of Nazis from
United States soil just because
they are Nazis—and the Canal
Zone is United States soil." That

should be good news for the bol-
terous German colony, clustered
about the Canal at Colon and
Panama City and already laughing
itself sick over the dilemma of
poor Uncle Sam. He knows his de-
fense positions are being mapped
and charted and he can't do any-
thing about it.

Rowe BF

THE WHITE HOUSE
WASHINGTON

August 7, 1940

Memorandum For The President.

New Mexico

Congressman Jack Dempsey (who is running against Chavez for Senator) has suggested that Senator Hatch be appointed to a vacancy on the Court of Claims. He says this would put an able man on the bench. It would also relieve the New Mexico situation because the Governor would appoint Dempsey to the Senate. Dempsey says he would then be free to participate in the national campaign, particularly as a fund raiser. Because of his connections, he would undoubtedly be good for this purpose. Hatch would accept such an appointment because for personal reasons he would like to live in the East. However he does not want to be a candidate for it. He is also afraid that it would look like a deal, discrediting the bench and doing more political harm than help. The situation is not necessarily analogous to the Barkley - Logan - Chandler situation to which you objected, because:

(1) By custom and tradition the Court of Claims has been filled by all Administrations with Congressional appointments. It does not have such prestige as the Federal Courts.

(2) Hatch really wants it.

Dempsey is very able and very popular. He is not really a New Dealer, and once in the Senate would fight against the Administration as often as with it.

I am giving you this because I understand Secretary Wallace will raise the question tomorrow.

JHR

James Rowe, Jr.

THE WHITE HOUSE
WASHINGTON

August 13, 1940

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Fil.
Personal
Rowe

Memorandum For Miss LeHand.

Democratic Campaign Book

Since there will be some reference to this at press conference, the President may wish this resumé from the Department of Justice. If he plans to make any statement, he should note particularly the last paragraph of this memorandum.

Senator Hatch telephoned yesterday to ask the President to ban the book altogether.

As I understand it, only \$30,000 comes from advertising. In 1936, the larger revenue was derived from sale of the books which sale is, of course, illegal this year.

JHR

James Rowe, Jr.

August 12, 1940.

Memorandum to Mr. Rowe:

As requested, here is a sketch of events regarding the Democratic Book for 1940:

1. In 1936 the sale of the campaign book to corporations was assailed as violating the Federal Corrupt Practices Act. So also was the purchase by corporations of advertising therein.
2. The amended Hatch Act (July, 1940) makes it unlawful for anyone to purchase books, commodities, advertising or other articles, the proceeds of which inure directly or indirectly to the benefit of a party or candidate in so far as Federal elections are concerned.
3. In a press conference on August 9, 1940 Mr. Flynn and Mr. Michaelson said the committee was issuing another campaign book "with more advertising than usual." This brought adverse reaction in the press and Mr. Willkie promises wholesale prosecution of law violators.
4. Following Mr. Flynn's press conference, reporters asked what our position was. We had no comment then.
5. Mr. Rotnem and I talked with you, outlining the legal aspects of the situation. Then you and I talked on the telephone with Mr. Quayle and Mr. Cronin from your office. Later Mr. Quayle called me back. When that call was received Mr. Arnold, Acting Attorney General, and Mr. Carusi, Executive Assistant to the Attorney General, were on the phone. I told Mr. Quayle the advertising could be used if purchased ~~after~~ ^{before} the new Hatch Act was passed, but that the books could not be sold. Mr. Quayle said that the book would contain no advertising bought since the Act was passed, and that the book would be distributed free. He said the twenty-five cent price was on the cover, so that if any were sold under

authority of State law, they could not be sold at a price in excess of the cost of postage - twenty-five cents.

6. Mr. Quayle made such a statement to the press on Saturday.
7. When the Attorney General saw the statement he telephoned us, calling attention to the fact that representatives of the Democratic Committee could not sell the book at all, since State laws could not permit what a national law prohibited. A release to that effect was issued by the Department of Justice on Monday, August 12, 1940.
8. As a matter of law:
 - (a) The Hatch Act does not prohibit the sale of the book or of advertising therein.
 - (b) It does prohibit the purchase of either if the proceeds inure directly or indirectly to the benefit of a party or candidate.
 - (c) Advertising purchased before the Hatch Act was signed is legal.
 - (d) Free distribution of the book is legal.
 - (e) Purchase of the books when sold by any representative of the Democratic party as such, whether national, State or local, is probably illegal.

FOR IMMEDIATE RELEASE
MONDAY AUGUST 12, 1940

DEPARTMENT OF JUSTICE

The Department of Justice today made public the following statement by Attorney General Robert H. Jackson:

There has been brought to my attention the statement issued by Oliver A. Quayle, Jr., Treasurer of the Democratic National Committee, concerning the Democratic Book of 1940.

Mr. Quayle is reported to have said that the plan for the distribution of this publication is to send it to the various State and County organizations for redistribution. According to his statement, "the price of 25¢ appears on the cover so that any State or local organization which might be permitted by its own laws to sell such a book, cannot charge more than 25¢, which covers the cost of handling and postage".

Since this statement may be interpreted by others to mean that State laws could make permissible that which a Federal law prohibits, I think it only fair to point out that no such view has been accepted or approved by the Department of Justice.

file
Confidential

THE WHITE HOUSE

WASHINGTON December 20, 1940

Memorandum For The President.

Before you left for the Caribbean you sent me the following confidential memorandum: "Please check up on Baldwin-- the new man at the head of Farm Security. I am told, though I do not vouch for it, that he is not "persona grata" on the Hill, and that he is really not up to the job".

Since my return I have been quietly checking on Baldwin, and only recently unearthed the trouble.

A few hours before I left on my vacation Baldwin came in to discuss the problem of the Agricultural Committee on which there were several vacancies. He has had several hard fights getting appropriations for Farm Security and his hope was that you would suggest to the leadership that some friendly Congressmen would be put on. I told him I was leaving town but that if he would give a memorandum to Grace it would reach you. I have not seen the memorandum but I was told that it was extremely critical of Sam Rayburn's leadership. As you know, most of the New Deal Administrators have been quite critical in private conversation, whether justified or not.

Through some mischance the White House sent that memorandum to Sam Rayburn. He was naturally offended and at his next meeting with you raised the point about Baldwin's criticism of him.

Outside of this unfortunate incident, which was really a White House mistake, I could unearth no Congressional criticism of Baldwin. I know him personally and am strongly prejudiced in his favor so I will not state my own opinion. But here is the opinion of a number of other people:

Baldwin was a New Dealer before the New Deal existed and really believes in its principles. He is one of the few really good Administrators in the Administration. Dr. Alexander was for some years Administrator of Farm Security. It was an open secret all during that time to everyone except Alexander that Baldwin was the real boss. Alexander and Wallace both recommended his appointment.

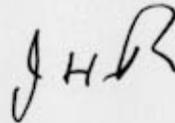
Whether it is a fault or a virtue, Baldwin is hard-boiled and ruthless about doing his job. Some time ago he

THE WHITE HOUSE
WASHINGTON

had a quarrel with the Budget because they would not give him the money he asked for. At that time he told the Budget frankly that he would go over their heads to the President or to Congress and get the additional money. He did. Harold Smith says that Baldwin has annoyed him but that he prefers his type to a pussyfooter. Ironically enough, Baldwin has the reputation in the Executive Branch of being the best politician in the government, especially in handling Congressmen and trading off patronage for appropriations.

He is ingenious, some say too much so.

Lyndon Johnson told me today he had a talk with Rayburn about Baldwin and Rayburn has agreed to forget about it.



James Rowe, Jr.

THE WHITE HOUSE
WASHINGTON

~~CONFIDENTIAL~~

Aboard Presidential Special
December 3, 1940.

MEMORANDUM FOR

JIM ROWE

Please check up on Baldwin -- the new man at the head of Farm Security. I am told, though I do not vouch for it, that he is not "persona grata" on the Hill, and that he is really not up to the job.

F. D. R.

~~CONFIDENTIAL~~

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December 3, 1940.

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*Admiral's
1-1940*

THE WHITE HOUSE
WASHINGTON

B.F.
Adm.
Assts.

April 18, 1940.

MEMORANDUM FOR

JIM ROWE

Please show this to
Bob Jackson in confidence.

F. D. R.

Memo from Jim Rowe in re
appointment of Senator McGill
to the Customs Court in New
York.