

● PSF FRANCE: Wm. C. Bullitt 1939 - July - Dec.

Bullitt

file
↓

Paris, July 13, 1939.

Personal and ~~Strictly~~
~~Confidential~~

Dear Mr. President:

Van Zeeland came from Brussels yesterday and spent the night with me at Chantilly. He said that the Spanish Government had refused to permit him to make the economic investigation of Spain which he considered an essential prerequisite to loans or credits. In the past few days, however, Spanish bankers had told him that the Spanish Government might soon invite him to make the preliminary investigation.

The chief thing about which he wanted to talk to me, however, was a very hush-hush scheme which he said he had discussed with Daladier and Mannheimer in Paris, and with Chamberlain and one banker in London. He wanted you, and you alone, to be informed
with

The Honorable

Franklin D. Roosevelt,

President of the United States of America,
Washington, D. C.

with regard to the idea.

It is a revival of the scheme which was discussed in various quarters last year for the formation of international companies modeled on the Suez Canal Company to undertake enormous public works throughout the world. As examples Van Zeeland gave the establishment of a great port at the mouth of the Congo, and the building of a trans-Sahara railroad.

His idea is that an international company should be organized with the utmost secrecy by Americans, British, French, Belgians, Swiss, and Dutch; that when this company had decided definitely on which project should be carried through and had the funds necessary to carry it through, the Germans should then be invited to participate - but only on condition that even if the Germans should refuse, the project would be carried through.

Van Zeeland considered this scheme most desirable; first, because it would tend to revive world trade and produce an increased collaboration between the so-called "free-economy" countries; second, because it would take the sting out of the German argument of encirclement and would encourage the resistance within Germany to Hitler's system of closed economy.

My

My guess is that nothing will come of the idea;
but Van Zeeland takes it very seriously.

Good luck.

Yours affectionately,


William C. Bullitt.

PSF: France
Bullitt folder

Paris, July 13, 1939.

Dear Mr. President:

A couple of weeks ago Tom Lamont called on me at Chantilly and said that Morgan and Company would like to give \$50,000,000 six-months' credits to French purchasers for the purchase of copper in the United States. He asked me whether I thought this would be forbidden by the Johnson Act. I replied that I believed that commercial credits of not longer than six months were regarded as not being forbidden by the Johnson Act.

This morning Bernard Carter, a partner in Morgan and Company in Paris, called on me to say that (on the advice of Davis, Polk & Wardell) Morgan and Company and the Guaranty Trust Company of New York had refused to give these credits because they feared prosecution under the Johnson Act. He added a detail which Lamont had not called to my attention.

When Monsieur de Tristan, the French representative
for

The Honorable

Franklin D. Roosevelt,

President of the United States of America,

Washington, D. C.

for this copper purchase, informed me that he was going to the United States he said that the whole transaction would be carried out as an ordinary commercial transaction. Carter, however, told me that instead of having the copper purchased for the French commercial consumers of copper, the copper had been purchased by and consigned to the French Government.

The final proposal was that Morgan and Company in Paris should extend credits to French banks which would use those credits for the purpose of extending credits to the French Government for the purpose of obtaining this copper. Carter said that while Morgan and Company in Paris was in favor of carrying through this deal, Morgan and Company in New York had refused to permit it to be carried through. He asked me for my opinion as to the position under the Johnson Act.

I replied that I was not the Attorney General. I could say only that it seemed to me that the transaction had been badly handled since the copper had been ordered in the name of the French Government. I added as a personal impression that I believed that the purchase of copper for French commercial consumers of copper could be financed by American bankers on six-months' credits without conflicting with the Johnson Act.

It

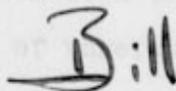
It is obvious that this question will become one of great importance during the next few months, and I suggest that you might have a talk with Frank Murphy and see whether or not a fair interpretation of the Johnson Act would permit the financing on six-months' credits by American bankers of purchases by French manufacturers of raw materials in the United States.

Tom Lamont said to me that he was afraid of going to jail since he had been unable to obtain any interpretation of the Johnson Act from Homer Cummings which could reassure him with regard to such transactions.

Would you let me have a line as soon as you have talked with Frank Murphy?

Incidentally, Winthrop Aldrich telephoned me from London and is coming to talk to me about the same subject next Tuesday.

Yours affectionately,



William C. Bullitt.

COPY

DEPARTMENT OF STATE

The Legal Adviser

~~CONFIDENTIAL~~

July 29, 1939

The Secretary:

I have talked further with Mr. Bell, Assistant Solicitor General, regarding the establishment of a credit for the French Government for use in the purchase of copper. He is definitely of the opinion that the establishment of a six months credit by an American bank in favor of the French Government or the establishment of such a credit in favor of a French bank which in turn would make funds available to the French Government, would be in contravention of the Johnson Act.

He calls attention to the opinion of the Attorney General dated May 5, 1934 (37 Opinions, 505) wherein the view was expressed that the act was designed primarily to prevent further sales in the United States of foreign bonds, securities and other obligations such as those which had been sold to the American public to raise money for the use of foreign governments issuing them, and was not intended to apply to an exchange of "foreign currency, postal money orders, drafts, checks and other ordinary aids to banking and commercial transactions, which are 'obligations' in a broad sense but not in the sense intended." (Ibid. 512.) The Attorney General stated in his opinion that it was obviously not the purpose of Congress

Congress "to discontinue all commercial relations with the defaulting countries".

One of the specific questions placed before the Attorney General was whether the act was intended to apply to acceptance or time drafts. This, the Attorney General stated, had been answered in the statement just quoted. He went further and said that "such transactions must be conducted in good faith, in order to be within the law, and not as mere subterfuges to circumvent its purpose." (Ibid. 513.)

Mr. Bell called attention to this last statement and was of the opinion that a credit of the character indicated above would hardly be regarded as an ordinary commercial transaction but would more likely be considered as a subterfuge in contravention of the act prohibiting "any loan".

He thought that astute lawyers should be able to find means for accomplishing the purposes here in question in a manner which would be entirely within the scope of the Attorney General's opinion. He felt that the better procedure would be to call attention to the opinion and suggest that an endeavor be made to keep within its purview.

Green H. Hackworth.

*file
personal*

*PSF: France
Bullitt*

Paris, July 20, 1939.

PERSONAL AND
~~STRICTLY CONFIDENTIAL.~~

Dear Mr. President:

I am sending you this letter by the CLIPPER so that you may receive it before Winthrop Aldrich reaches New York on the MAURETANIA next Tuesday.

I think it would be thoroughly worth while for you to see him at once, and I hope that you will get him to come quietly to the White House for a conversation with you.

He called on me this morning and said that the Chase Bank had been approached by the four largest banks in Paris and asked for a loan of four million dollars from the Chase to those banks. Since the Chase Bank was in the habit of lending money currently to those banks and since there had never been
the

The Honorable

Franklin D. Roosevelt,

The White House,

Washington, D. C.

agent for the Belgian Government in the United States
and agent for the obtaining of shipping.

the faintest suggestion that the Johnson Act was intended to prevent loans from American banks to French banks that were sound and credit-worthy in their own right, he and his associates felt that no possible objection could be made to this transaction even though such a loan might release other money of these French banks to help the French Government to purchase copper in the United States.

He went on to say that he had come to Europe because the Belgian Ambassador in Washington had communicated to him a request from the Belgian Government to visit Brussels in order to discuss the entire problem of supplies to Belgium in case war should break out and Belgium should remain neutral.

He added that he had been to Brussels and that the Belgian Government had expressed to him the greatest apprehension with regard to the problem of feeding Belgium in time of war. The chief difficulty would be to obtain sufficient shipping, but there would be many other difficulties. The Belgian Government finally had proposed to him that the Chase Bank should consider becoming purchasing

agent

agent for the Belgian Government in the United States and agent for the obtaining of shipping.

Before he had left America, Sir William Wiseman had told him that the British Government had requested him, Wiseman, again to become Chief of the British Secret Service in the United States. Wiseman said that he had refused and had then gone on to say that Morgan & Company's standing in the United States had been so injured by investigations, the Richard Whitney scandal, and the diminution of the capital available, that the British Government would be very ill-advised again to employ Morgan & Company as purchasing agent and that the British Government should employ the Chase Bank.

After leaving Belgium he had visited England. Nothing definite had been said to him but he had been led to believe that the British Government was considering asking the Chase Bank to act in this capacity.

He had come to Paris on receipt of an invitation from Paul Reynaud and was to see Reynaud this afternoon. He felt that it might be possible that the French Government would approach him in the same sense. He personally believed that the Chase Bank should

facilitate

Bill

facilitate purchases in the United States by the granting of credits for commercial supplies to France and England, even if those supplies after reaching France and England should be used ultimately for government purposes.

He was most anxious to have a talk with you in regard to the entire problem. He said that he feared his personal relations with you were no longer so good as they had been. I replied that I was certain that you had the highest esteem for him, which seemed to please him greatly.

You will receive probably at about the same moment as this letter a related letter which I wrote to you on July 13th and sent by pouch, which recounts conversations I had with Tom Lamont and Bernard Carter of Morgan & Company of Paris.

The question of what credits are legal under the Johnson Act and what credits are illegal will soon become most important--indeed it is already--and I hope that after seeing Aldrich you will get Frank Murphy interested constructively in the problem.

Good luck and every good wish.

Yours affectionately,

Bill

Bullitt

Memo to Hon. William W. Howes-Post Office
From the President
July 26, 1939

Encloses letter from Bill Bullitt of July 13, 1939 requesting Trippe, Pres. of Pan American Airways to arrange for the Captains of the Clippers to take Letters in their pockets from the Amb to the Pres and vice versa.

Mrs. Brennan's letter attached saying arrangements have been completed.

Schedule of the Atlantic Clipper is in Post Office folder-Drawer 1-1939

THE WHITE HOUSE
WASHINGTON

PSF: Francis Bullitt

PRIVATE & CONFIDENTIAL

July 26, 1939.

MEMORANDUM FOR

THE SECRETARY OF STATE

Please read enclosed confidential letter from Bullitt. I would suggest that this be not sent down the line in the State Department, but I wish you would give me your personal slant on it.

F. D. R.

Letter from Ambassador Bullitt, dated July 13, 1939, in re Morgan and Company's desire to give \$50,000,000 six-months' credits to French purchasers for the purchase of copper in the United States, and whether this would be forbidden by the Johnson Act.

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Carbon copy of this memo
in Kennedy folder-

THE WHITE HOUSE
WASHINGTON

PSF Finance
(Bullitt)
not sent

CONFIDENTIAL

July 28, 1939.

MEMORANDUM FOR

AMBASSADOR BULLITT
AMBASSADOR KENNEDY

I have been asked if there is any objection to private purchasing agencies being set up in this country by certain European powers, in order to centralize purchases of various kinds which they may wish to make over here. It seems to me that we should remember that these nations and the United States are at peace with the world, and that there can be no objection to the setting up of such purchasing agencies provided (a) their operations do not violate the Johnson Act, and (b) that in the event they become involved in war, their operations will not violate Section #1 of the Neutrality Law, commonly referred to as the Embargo Clause.

F. D. R.



PSF: Francis
Bullitt
1

THE WHITE HOUSE
WASHINGTON

August 3, 1939.

MEMORANDUM FOR
AMBASSADOR BULLITT

Dear Bill:-

Here is the latest from
the State Department in regard to
your letter of July thirteenth.

As ever,

(Enclosure)



*file
personal*

*PSF: France
Bullitt*

DEPARTMENT OF STATE
WASHINGTON

July 31, 1939

My dear Mr. President:

Before he left on his vacation the Secretary handed me the private and confidential memorandum dated July 26 which you had sent him enclosing a letter written to you on July 13 by Bill Bullitt.

The Secretary also gave me a confidential memorandum addressed to him by the Legal Adviser of this Department covering the points raised in Bullitt's letter. I am enclosing herewith a copy of that opinion for your information.

Believe me

Faithfully yours,

Enclosures:
From Ambassador Bullitt,
July 13, 1939;
Memorandum, July 29, 1939.

The President,
The White House.

COPY
DEPARTMENT OF STATE

The Legal Adviser

~~CONFIDENTIAL~~

July 29, 1939

The Secretary:

I have talked further with Mr. Bell, Assistant Solicitor General, regarding the establishment of a credit for the French Government for use in the purchase of copper. He is definitely of the opinion that the establishment of a six months credit by an American bank in favor of the French Government or the establishment of such a credit in favor of a French bank which in turn would make funds available to the French Government, would be in contravention of the Johnson Act.

He calls attention to the opinion of the Attorney General dated May 5, 1934 (37 Opinions, 505) wherein the view was expressed that the act was designed primarily to prevent further sales in the United States of foreign bonds, securities and other obligations such as those which had been sold to the American public to raise money for the use of foreign governments issuing them, and was not intended to apply to an exchange of "foreign currency, postal money orders, drafts, checks and other ordinary aids to banking and commercial transactions, which are 'obligations' in a broad sense but not in the sense intended." (Ibid. 512.) The Attorney General stated in his opinion that it was obviously not the purpose of
Congress

Congress "to discontinue all commercial relations with the defaulting countries".

One of the specific questions placed before the Attorney General was whether the act was intended to apply to acceptance or time drafts. This, the Attorney General stated, had been answered in the statement just quoted. He went further and said that "such transactions must be conducted in good faith, in order to be within the law, and not as mere subterfuges to circumvent its purpose." (Ibid. 513.)

Mr. Bell called attention to this last statement and was of the opinion that a credit of the character indicated above would hardly be regarded as an ordinary commercial transaction but would more likely be considered as a subterfuge in contravention of the act prohibiting "any loan".

He thought that astute lawyers should be able to find means for accomplishing the purposes here in question in a manner which would be entirely within the scope of the Attorney General's opinion. He felt that the better procedure would be to call attention to the opinion and suggest that an endeavor be made to keep within its purview.

Green H. Hackworth.

THE WHITE HOUSE
WASHINGTON

Bullitt
1

August 4, 1939.

MEMORANDUM FOR
AMBASSADOR BULLITT

FOR YOUR INFORMATION AND
RETURN.

F. D. R.

Enclosure - Letter, dated May 9, 1939, addressed to the President from Ambassador Bullitt, enclosing a memorandum prepared by a French banker friend of Daladier. This was sent to Feis for comment, also Henry Morgenthau and Lauchlin Currie. The entire file is sent today to Mr. Bullitt.

THE WHITE HOUSE
WASHINGTON

August 4, 1939.

file

MEMORANDUM FOR
AMBASSADOR BULLITT

FOR YOUR INFORMATION AND
RETURN.

F. D. R.

*Dear Miss Lettans:
Many thanks.*

C. O.

*[Carmel Offie, Secy]
to WCB*

THE WHITE HOUSE
WASHINGTON

August 3, 1939.

MEMORANDUM FOR THE PRESIDENT:

Re: file on memoranda submitted by Mr. Bullitt.

I concur with Secretary Morgenthau that "the idea incorporated in the memorandum has little merit under present circumstances and is not worthy of further consideration at this time", and with Mr. Feis that "it would not seem warranted to have a special foreign mission visit this country to discuss the suggestions."

Two fatal objections are suggested:

(1) If we prevented gold inflows by accumulating balances of francs or sterling we would be in a position of financing a flight of capital from Europe. The political dangers are obvious.

(2) Large foreign loans appear to be politically impractical at this time and, in any case, if made to finance additional exports, would not redistribute any gold.

Mr. Bullitt's own suggestion, to the effect that in accumulating reserves of war material, we lay special emphasis on rare raw materials which the Germans, Italians and Japanese need desperately for war purposes, should, I think, be carefully explored.

Mr. Bullitt requests a reply in the near future.



Lauchlin Currie

THE WHITE HOUSE
WASHINGTON

August 1, 1939.

MEMORANDUM FOR

HON. LAUHLIN CURRIE
ADMINISTRATIVE ASSISTANT TO THE PRESIDENT

Will you read the enclosed
and let me have your comment?

F. D. R.



THE SECRETARY OF THE TREASURY
WASHINGTON

Bullitt

July 28, 1939

MEMORANDUM TO THE PRESIDENT

Subject: Comment on Plan Submitted to You by Mr. Bullitt, Entitled
"A New Defensive and Offensive Method for Liberal Nations"

The greater part of the memorandum is identical with a memorandum handed to you last March by Monick, which I discussed with you at that time. This memorandum differs from the earlier one only in emphasis, but the change of emphasis is significant. Whereas the former memorandum had some specific recommendations with respect to the nature of international cooperation the present memorandum is much vaguer and asks questions rather than gives specific recommendations.

The proposals contained in this memorandum are in essence variations of the Van Zeeland proposals which caused so much international comment a year ago. Though apparently reciprocal in nature, the proposals are under present circumstances actually a plan under which the United States would be called on to give most if not all of financial aid to foreign countries.

Most of the report is taken up with a discussion of the gold problem in order to prove that gold is superabundant and that it is in the interests of the United States to employ that gold for economic assistance abroad. Specific details are absent in the report and it appears to be designed as a trial balloon for the purpose of ascertaining your attitude towards a program of economic assistance to foreign countries.

In our opinion the idea incorporated in the memorandum has little merit under present circumstances and is not worthy of further consideration at this time.

The memorandum is the same as the earlier one in its advocacy of the following:

- (1) An extension of the Tripartite Accord arrangement to prevent the loss of gold by the capital losing countries, and the weakening of their currencies. Capital gaining countries should invest in the currencies of the capital losing countries to an amount necessary to maintain stability

of the currency; the capital losing country to set aside a gold reserve of 25 percent of the amount of its currency acquired by the capital gaining country as reserve against exchange loss.

(2) The employment of gold for the purpose of building up stocks of war materials. It appears that the plan envisages the accumulation of war stocks to be purchased chiefly with United States money -- such war stocks to be sold to France and England if, when, and as they wanted them.

(3) Economic assistance to foreign countries in the form of "gold loans" and cooperation with foreign countries in the establishment and management of international corporations for the economic development of backward regions of the world. The latter proposal is only vaguely suggested in this memorandum, although given in some detail in the memorandum of last March.

(4) Gold is superabundant and should be employed for the purpose of international economic cooperation instead of being permitted to pile up as an unnecessary reserve.

Comment

(1) The proposal for an extension of monetary cooperation to support currencies is not in accordance with our monetary policy. The chief result of the plan would be to permit capital outflows to take place without the restraining effect of loss of gold and weakening of its currencies of the capital losing countries. We do not consider it advisable to promote any policy which would facilitate the outflow of capital from foreign countries that need their capital and gold at home to the United States which has a plethora of both. Were the United States to be committed to invest in the currencies of foreign countries in order to prevent them from weakening while no effective steps were taken to prevent capital outflows from those countries, we might easily find ourselves in the position of financing a flight of capital from Europe.

(2) The proposal for accumulating strategic raw materials has some merit but we have nothing to gain from international action of the type indicated. Congress has just passed a bill appropriating \$100 million for the purpose. The international cooperation proposed would entail additional investment and risk without compensatory benefits other than those that may flow indirectly from assisting France and England.

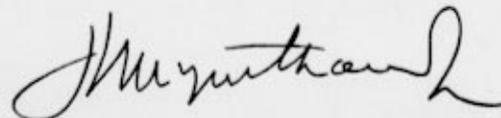
The chief merit of this part of the plan is presumed to be the redistribution of our gold for the benefit of raw material producing countries. Actually the extent of the redistribution of gold would be slight relative to our total gold holdings. Furthermore, it is doubtful if the gold that would be exported from the United States would go to those countries which are in the greatest need of additional gold. The bulk of the raw materials would be purchased from countries in the British, French or Dutch Empires which do not hold gold but keep their foreign exchange assets in the form of sterling or in francs. If gold were to be redistributed it would finally go to the other countries which have relatively large gold reserves, i.e., England, France and the Netherlands.

(3) Any economic assistance which the United States may wish to render to foreign countries can be done by us in the manner in which we wish and for the countries we select without sharing the control with other foreign countries and without involving ourselves in the entanglements of international joint economic action.

(4) The discussion of the superabundance of gold and the proposals for redistribution of gold are based upon a misunderstanding of the role of gold in our monetary system. Although the total gold stock in the United States is \$16 billion, the only "free" gold in the Treasury is the gold in the Stabilization Fund and about \$500 million in the General Fund. The remainder of the gold represents specie backing of our monetary system.

The proponents of the plan appear to be under the illusion that there are no dollar liabilities outstanding against the \$13½ billion of the \$16 billion gold stock of the Treasury. The gold certificate liabilities outstanding against the gold could be withdrawn from the Federal Reserve banks but only if we substituted other cash. To obtain this cash Congress would have to appropriate funds which would, of course, increase the outstanding debt of the government unless Congress provided for the issuance of fiat currency as the medium with which to release the gold certificates.

Moreover, even were Congress to make a large appropriation to be used for loans to or investments in foreign countries it would be very doubtful whether such loans would be made without the requirement that the funds be spent in the United States. To the extent that this was required no gold would leave the country. Therefore, if the objective of the loan were the redistribution of gold it would fail in achieving its objective. We would be left with almost as much gold and in the long run possibly more.



DEPARTMENT OF STATE
WASHINGTON

May 24, 1939.

My dear Mr. President:

In accordance with your instruction, I transmit a memorandum giving the main elements in the documents transmitted by Ambassador Bullitt, an expression of judgment upon the most important of the suggestions made.

Faithfully yours,

Herbert Feis

Enclosures:

Memoranda.

The President,
The White House.

Department of State

BUREAU
DIVISION

EA

ENCLOSURE

TO

Letter drafted.....

ADDRESSED TO

.....THE PRESIDENT.....

DEPARTMENT OF STATE

ADVISER ON
INTERNATIONAL ECONOMIC AFFAIRS

May 23, 1939.

Mr. Secretary:

Some days ago the President transmitted to me the attached memorandum requesting me to digest certain material and give comment upon it.

I have prepared the attached memorandum in response. Would you authorize its transmission?

Herbert Feis

EA:HF:EB

ok
EH

STRICTLY CONFIDENTIAL

DEPARTMENT OF STATE

ADVISER ON

INTERNATIONAL ECONOMIC AFFAIRS

May 22, 1939.

The two memoranda forwarded by Ambassador Bullitt, though somewhat cloudy and impracticable, contain suggestions of possible genuine importance.

Summary of Proposals

Briefly summarized, the general memorandum argues:

- (1) The quantity of gold already in existence is superabundant.
- (2) A very large part of it is in the possession or under the control of the American, British and French Governments.
- (3) Gold no longer serves some of the purposes which it used to in the past, and there is some, even though only slight, danger that it may lose its future value as a medium of payments between nations.

[These estimations are correct.]
- (4) It is to the interest of all three countries, and might produce great benefits, to defend the place and uses of gold, and put it to work.

(5)

(5) Monetary authorities should perform their regulatory functions by joining in a concerted credit policy, a new coordinating policy for utilization of gold, having three principal features;

(a) there should be a coordinated policy for using gold in relation to raw materials, and some of the gold should be used for the acquisition of reserve stocks of raw materials having the permanent character of a war treasury;

(b) there should be a coordinated policy for the equalization of capital movements by a mechanism for stimulating rather than restricting economic action;

(c) there should be coordinated policy in utilizing gold for great international financial operations by loans or guarantees.

The second memorandum is a first-draft sketch of an organism for technical coordination between the three countries by a Coordinating Committee, having essentially an advisory role, working with which each country could have a "National Company for raw materials". The

Coordinating

Coordinating Committee would also concern itself with points (b) and (c) above.

Comment

A.

Use of gold for the acquisition of reserve stocks of materials would serve many uses, including the stimulation of economic activity in raw material producing areas. I definitely am of the opinion that the carrying out of some such policy by the United States within modest limits would be sound policy. The suggested machinery for cooperation among three National Companies, with provision for coordinated action among them, earmarking stocks, et cetera, may be rather visionary.

In connection with this point A, Mr. Bullitt in his covering memorandum wrote out an additional suggestion, namely, that some of the raw material purchases might be of commodities of limited supply of which the German, Italian and Japanese Governments might have critical need (this idea of course could be considered independently of international cooperation).

B.

I doubt whether anything of immediate utility is
contained

contained in the suggestion for machinery for further close coordination of the monetary policies to offset capital movements when such action seemed desirable. The most specific suggestion made (and one that might in some future circumstances well deserve consideration) is as follows:

Under the gold practices of the members of the Tripartite Agreement they do not hold each other's currencies but immediately convert their purchases of each other's currencies into gold. This means gold movement to the full extent of capital movements even though such capital movements are of an exceptional nature, and the results of the gold movement might be undesirable. The memorandum suggests that the members of the Agreement might be willing to hold each other's currencies if given the security of a gold deposit of 25 or 50 percent. It is probable that the Treasury has already given consideration to some such idea.

C.

The possible extension of gold loans.

Such loans could undoubtedly serve many useful purposes and in my opinion there are various possible

loan

loan undertakings of this type that might be considered. The prospective transaction with the Brazilian Government is a good illustration. However, it is highly advisable that careful thought be given to each such transaction because of

(a) The importance of not losing the investment, or in other words, the importance of the United States not repeating its experience during the decades of the twenties; and

(b) The importance of ensuring a good prospect that the loan would lead to the actual development of new economic capacity on the part of the borrower and increased power to make payment over the foreign exchanges. Loan transactions that did not meet these tests would in the end only create new difficulties.

In that connection particular attention might be given to the possibility of loans for the development of resources that we might need in the future as reserve stocks - payment arrangements being made in terms of deliveries of materials.

General

General Comment

My judgment is that it would not seem warranted to have a special French mission visit this country to discuss the preceding suggestions. The use of some gold to purchase raw materials could presumably be decided independently by each Government. The same is true of operations; there may be situations in which joint action is feasible and desirable. The possibilities in the monetary field could be explored by the Treasury through its usual channels; for the purposes of continued exploration, copies of this and similar memoranda might be sent to the Ambassador as a basis for further discussion.

until it was at least known that the American Government might be interested in hearing his views, and suggested that they should be submitted to us in written form. The enclosed is the result.

Please understand that this is not an official communication from the French Government and is not submitted as even a semi-official communication. Deladier was taken by the idea, and I merely prevented a useless voyage to America.

The Honorable

Franklin D. Roosevelt,

President of the United States of America,

Washington, D. C.

Paris, May 9, 1939.

PERSONAL AND
~~CONFIDENTIAL~~

Dear Mr. President:

I enclose herewith a memorandum prepared by a French banker who is a close friend of Daladier's. Some weeks ago Daladier was on the point of sending this gentleman immediately to America to discuss verbally the subject of the memorandum. I expressed the opinion to Daladier that nothing could be sillier than to send a man to America to discuss this subject, until it was at least known that the American Government might be interested in hearing his views, and suggested that they should be submitted to me in written form. The enclosed is the result.

Please understand that this is not an official communication from the French Government and is not submitted as even a semi-official communication. Daladier was taken by the idea, and I merely prevented a useless voyage to America.

I

The Honorable

Franklin D. Roosevelt,

President of the United States of America,

Washington, D. C.

I fear you may not have time to read the memorandum. If you should have time to read it, you would be interested. You would also, I am sure, immediately make the same objections to the specific proposals that I have already made in commenting on them.

Nevertheless, I believe that there is a large germ of yeast in the dough. It may well be worth while for us to exchange some of our gold for vital raw materials. It may be even more worth while for us to exchange some of our gold for rare raw materials, the annual production of which is small, which the Germans and Italians and Japanese need desperately for war purposes.

To embargo exports is provocative, but no one can object to purchases in the open market.

If you have time, read the memorandum yourself. If you haven't enough time, turn it over to whatever member of the Administration has been studying this matter and ask him to report to you personally. I happen to know that Herbert Feis in the Department of State has done considerable thinking along these lines.

In any event, please let me have a word in the near future to pass along to Daladier and the author of the memorandum, who insists on remaining Mr. Anonymous. Between ourselves, his name is

Monsieur

Monsieur André Istel and Daladier has the greatest possible confidence in him.

If you should feel that the proposals in the memorandum are worth discussing and should so inform me, Daladier would at once ask Paul Reynaud to send someone to discuss the matter with you or anyone you might designate.

Yours affectionately,

Bill

Enclosure:
Memorandum.

April 26, 1939

A NEW DEFENSIVE AND OFFENSIVE
METHOD FOR
LIBERAL NATIONS

Project for the extension of the Tripartite Agreement.

Summary

PREAMBLE

THE GOLD PROBLEM

- I - Functions of gold.
- II - Gold is not, as is believed, security for currency.
- III - Gold as war treasure.
- IV - Gold is superabundant.
- V - The dangerous paradoxes of gold.
- VI - The mechanism of the bad distribution of gold.
- VII - The Midas danger.
- VIII - Should it have been said?
- IX - Gold ought to be defended.

THE NEW STATUS OF GOLD.

THE NEW GOLD MINE AND THE NEW USES OF GOLD.

- A) Gold and raw materials.
- B) Gold and the exchange equalization funds.
- C) Utilization of gold for the solution of great economic problems.

CONCLUSION.

PREAMBLE

The countries of the Tripartite Agreement have a monopoly of gold, a monopoly of credit, and a monopoly of financial power. Shall they have achieved this monopoly of riches only to sterilize it? Shall they leave to coming generations the stupefaction of comparing the immensity of their resources with the extensiveness of their defeat?

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The economic system of liberal nations rests upon confidence and the spirit of enterprise; international tension, sustained by the totalitarian countries, consequently impairs directly the very functioning of this system. It saps confidence, destroys the spirit of enterprise, restricts credit, threatens currency, and ruins finances.

The autarchies themselves have adopted their economic régime to the menace of war. The problem is to ascertain whether the liberal nations must remain economically at the mercy of the dictatorships, providing them in some way with a premium on threatening war through the enfeeblement which this threat alone

suffices

suffices to provoke, - or whether they possess the means, by putting into action their economic power, for increasing their capacity for general resistance and at the same time reestablishing their menaced prosperity.

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For the common problems of liberal nations there is no separate solution. The so-called success of a rearmament policy, pursued within a closed economy, has sufficiently revealed today its secret: it is nothing else than the progressive lowering of the standard of living of the nation.

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Are the liberal nations really faced with this dilemma: either to accept their decadence or adopt the methods of autarchy, that is to say, renounce their liberties in order to defend them? Are they incapable of replying to the dictatorships' régime of misery with an offensive of prosperity? If certain nations persist, in order to pursue other ends, in denying themselves prosperity, the great nations ought to take the initiative of reestablishing it without them. For prosperity is
contagious

contagious; it could draw in first the hesitating nations and perhaps afterwards the recalcitrant nations.

The weapon for this offensive of prosperity exists; but it has remained hooked on to a panoply: which is gold.

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THE PROBLEM OF GOLD

I

FUNCTIONS OF GOLD

Before the War, besides its industrial uses, gold filled a quadruple rôle:

- a) an instrument for settling the balance of payments between nations,
- b) circulation directly in coins,
- c) security for monetary circulation,
- d) war treasure.

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Today:

The first function remains.

The second has disappeared.

The

The third belongs to an erroneous conception.
The fourth is in danger.

II

GOLD IS NOT, AS IS BELIEVED, THE SECURITY OF CURRENCY

It is not the prerogative of the heads of the III Reich to have exposed the inaccuracy of conceptions relating to the gold coverage of currency.

Since before the War certain economists have understood that the value of a currency derives from its limitation, its legal tender, and the equilibrium of the balance of payments, the metallic "security" being superfluous. Thus it is that they had observed that the Hindu rupee had constantly on the money markets a value much greater than its metallic parity from the fact that India had a favorable balance of payments and the free coinage of silver was forbidden.

In a contrary sense, the fact that the German mark had several times after the War during the period of inflation a gold coverage of 100% did not prevent

its

its fall.

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Moreover, - to make use of a reductio ad absurdum, - it is sufficient to imagine a country where there existed only a thousand bank notes which were legal tender; these bank notes would be fought over and thus acquire, regardless of any metallic "security", considerable value.

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The reason why it has been possible to establish the belief that gold was the true "security" of currency is that during certain periods of bad financial administration gold exports were able to maintain foreign exchange until a return to a more prudent financial policy. But indeed it was only a question in those cases of the maintenance of convertibility, a function which gold deservedly retains as an instrument for the settlement of the balance of payments.

It is precisely when this convertibility is maintained at artificial rates, as has been done at times, that the error of the conception of gold as security for currency is clearly apparent, because experience has shown that the largest gold reserves cannot prevent monetary adjustment.

o

If

If gold is not a security of currency, how does it happen, it will be said, that every time that a country has abandoned gold, its currency has depreciated? The reason is quite simple: the currency did not depreciate because gold was abandoned, but gold was abandoned because the currency depreciated.

o

It will be said that, even if you are right in theory you are wrong in practice because account must be taken of the psychology of the masses, and of their need to know that currency is "secured" by gold in order to have confidence in it. Is this well established? When the pound sterling was attacked in January 1939, British monetary authorities did not hesitate to transfer about fifty billion gold francs from the bank of England, where it served as "security" for the currency, to the exchange equalization fund where it fulfilled its true rôle of an instrument of external convertibility. Far from sapping confidence this action reestablished it at that time.

o

The true security of currency, is the limitation of its issue, a skillful financial policy, that is to

say

say, in the last resort, the competence and the character of those who are charged by the country to watch over it. Certain countries have at times been less well stocked in these assets than in gold.

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III

GOLD AS WAR TREASURE

In case of war gold loses a part of its value; experience has shown that war generally raises the price of commodities in relation to gold. At present gold buys many commodities; in the event of war it would buy less.

o

Gold is nevertheless a war treasure because it is a means of obtaining at will the commodities necessary to the country, particularly imported raw materials. But who can be sure that at the outbreak of a conflict lines of communication will be free enough for it to be possible to exchange gold against necessary products? In any case it is not with gold, but with the required supplies

supplies accumulated in advance, that a peace economy can be instantly transformed into a war economy.

The danger is even more serious.

Who can predict, - now when certain countries are already gorged with gold, - the attitude in case of war of revictualling countries inundated with gold under the double effect of an afflux of capital and the massive purchases of belligerents? Shouldn't it be recalled as a warning that Sweden and Spain ceased to accept gold at the end of the Great War?

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IV

GOLD IS SUPERABUNDANT

Gold, which formerly circulated in coins, is today concentrated in the banks of issue: 95% of its annual production is devoted to monetary uses, and 5% only to industrial uses.

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While

While international commerce today is inferior in terms of dollars to international commerce before the War, world gold stocks are double in weight and more than triple in dollar value than stocks of gold before the War, even including in the latter the gold coins circulating at that time.

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Gold is thus superabundant, since:

- 1) There is three times as much, in dollar value, as before the War.
- 2) It has lost two of its four functions.

o

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v

THE DANGEROUS PARADOXES OF GOLD

Strange paradox:- in spite of its superabundance gold possess today a purchasing power superior to that which it had before the War. The reasons for this anomaly, viz.- incidence of economic crises, devaluations, fears of war, etc., can be contradicted. But the fact remains that a certain weight of gold buys

today

today a much larger quantity of commodities than the same weight did in 1914.

May this unstable equilibrium not collapse one day and perhaps violently?

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In spite of its superabundance never has such an effort been made to produce gold. Production of gold mines considerably exceeds a billion dollars a year. Producing a metal which is transferred from a hole dug in South Africa to another hole dug in North America is a heavy annual burden. At present humanity has a predilection for two methods of wasting its efforts. One is the armaments race: it is tragic. The other is the gold race: it is comic.

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VI

THE MECHANISM OF THE BAD DISTRIBUTION OF GOLD

Gold in the world as a whole is a superabundant metal. Nevertheless in most nations it is totally lacking.

More

More than one half of the world's stock of gold is concentrated in a single country (United States); more than three-fourths in three countries (United States, Great Britain, France); nearly seven-eighths in the six countries of the Tripartite Agreement (United States, Great Britain, France, Switzerland, Holland, Belgium).

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This concentration of gold has recently been again accentuated.

Before the War the well known reactions of the international financial mechanism tended to reestablish the distribution of gold when a fortuitous cause disturbed it. It was a phenomenon analogous to "stable equilibrium" in mechanics.

Today, on the contrary, when a country loses gold this loss instead of releasing offsetting forces, causes psychological reactions which accelerate the flight of gold. The mere fact that gold moves toward a country augments the forces that draw it in that direction. It is a phenomenon analogous to "unstable equilibrium" in mechanics.

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The

The concentration of gold in the countries of the Tripartite Agreement, and particularly in the United States, is an anomaly for an international currency. More than that it is a danger to the countries holding gold.

Some countries are learning to do without gold. If this movement were to go on, and why should it not go on, since the concentration of gold is increasing, gold would become more and more abundant elsewhere. It would not escape the law common to every commodity, which is ultimately to reduce itself in these circumstances.

VII

THE MIDAS DANGER

The holders of gold, whether states or individuals, believe that in possessing gold they are hoarding an intangible value, independent of monetary fluctuations. That is an error. The United States is now the only large country buying gold at a fixed price. Gold today is scarcely more than a means of obtaining dollars.

Moreover, it is perhaps not as sure a means as is thought, because the United States is attached to gold only on the basis of a decision revocable in twenty-four hours.

Who can predict, if the flow of gold toward the United States continues, that the United States will not

modify

modify its monetary policy, or that it will always be agreeable to surrendering freely its commodities against this metal of which it no longer has any use; or that it will always accord the same treatment to the gold of hoarders as to that of banks of issue?

Some countries are learning to do without gold. If this movement were to grow, - and why should it not grow, since the concentration of gold is increasing, - gold would become more and more abundant elsewhere. It would not escape the law common to every commodity, which is ultimately to debase itself in these circumstances.

For intangible value does not exist. It is a widespread, but none the less certain, error to think that value may be put away in cold storage like food. All value is subjective; it depends on needs, the times, customs, available resources, traditions, in a word, on all kinds of psychological elements. The value which men attach to gold does not escape this rule, which governs all human affinities.

Will it be said that it were better not to call attention to the danger which threatens gold, that Gold, it will be said, has perhaps lost certain of its traditional rôles; but has it not acquired a new rôle? Has it not become a refuge for which all the

world

world is seeking in the troubled times through which we are passing? If there is any paradox, is it not rather to insist upon the dangers which gold runs at a moment when it is more in demand than ever?

However, this particular rôle of gold as a refuge renders it perhaps even more fragile. Could not this immense demand of hoarders transform itself someday into supply?

What are the hoarders really seeking? An insurance policy. And what would this policy be worth if the United States did not consider itself bound to pay the holder the amount inscribed on the policy?

VIII

SHOULD IT HAVE BEEN SAID?

Will it be said that it were better not to call attention to the danger which threatens gold, that gold has a mystical quality which must not be impaired, that while perhaps only a superstition, it is a superstition which prevails and which must not be touched?

Will

Will it be said that good citizens of countries holding gold ought to refrain from proclaiming the precarious value of the metal which their countries possess? Will it be said that it is rendering a bad service to those countries, even to mention the possibility of gold being refused in certain circumstances?

Will it be said that impairing the "mystic" of the precious metal is playing the game of autarchic nations, deprived of gold, against the liberal nations gorged with gold?

Whether or not deplorable, the "mystic" of gold is in evolution under our eyes. In less than one generation gold has disappeared from circulation. It has been sterilized by the great nations as a cumbersome metal. The bond which united it with currencies has been considered as enslaving, and has been repudiated by all the large countries with a single exception. Finally, gold has been publicly denounced by Germany as superfluous even. In such conditions how can it be held that public opinion has not begun to revise its notions of gold?

The dogma of gold has lost its character of in-

tangibility

tangibility. The metal is always being hoarded; in the most remote corners of Europe and Asia the peasant retains hidden gold, but in many other quarters there is not the profound and traditional affinity for it as formerly. It is a fever which pushes the public from gold rushes into gold scares.

The prosperity of liberal nations depends directly on the push of buyers toward commodities, that is to say, on a lesser attraction of gold. Hoarding means for liberal economies slackening of production, diminution of national revenue, a heavier tax burden, crises. On the contrary, "de-hoarding" means for liberal economies acceleration of production, increase of national revenue, alleviation of the tax burden, prosperity. In the case of a decline of the purchasing power of gold, the loss suffered by liberal nations upon the transformation of their gold into commodities is negligible compared with the increase of power and well-being which the resultant recovery of economic activity and increase of markets signify for these countries.

IX

GOLD OUGHT TO BE DEFENDED

The gold question has presented itself. The error would be to treat gold like those sacred temples which it is forbidden to touch, even to repair them. Thus do they surely fall to pieces. Gold will preserve its monetary functions only through a conscious and voluntary adhesion of the nations determined to defend it.

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Gold is worth defending. If it has lost some of its functions, those which it has retained have taken on an importance unsuspected until our time. Gold predominates in the pacific settlement of commercial relations between nations. It is the bond between liberal economies, the antidote against exaggerated nationalisms. That which has long been considered as the symbol of materialism has today become one of the symbols of liberty.

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Gold can be defended. The nations adhering to the Tripartite Agreement have now the control of gold.

They

They can, if they finally decide upon a policy of concerted initiative, maintain its use and restore to it a rôle in the world more prolific than before.

At the moment when silver was in peril, the Latin Union was created. At the moment when the yellow metal is in danger, the Gold Union must be created.

The new position which gold ought to occupy in the world is already indicated.

Gold is no longer the security of currencies. It is a currency, the dollar, which has become the security of gold. As gold now only serves for the settlement of the balance of payments between nations, it has become superabundant. Henceforth all the immense surplus of unutilized gold is available for a fruitful work. The world is vainly seeking an international fiduciary currency to recreate prosperity. This currency exists. We have the good fortune of finding it all ready and already universally accepted in the form of yellow metal. The international currency of tomorrow is gold.

THE NEW STATUS OF GOLD

Gold should have a new status. It is not a question of reverting purely and simply to the former gold standard, and particularly of trying to compel the economy of large countries to suffer variations in interest rates solely intended to correct international movements of capital. The United States and Great Britain gave that up definitely several years ago.

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The burden of maintaining the value of gold can not be left entirely to one country. The nations which profit from the present functions of gold ought to assume their part of the corresponding burdens.

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Gold has become in fact an international fiduciary currency. Banks of issue thus possess a power greater than they dare to admit if they wish to coordinate their action. They have then a duty to perform their regulatory functions by joining to a concerted credit policy, a new coordinating policy for utilization of gold.

In these conditions, every new variation of the great major currencies in relation to gold becomes

useless

useless, inasmuch as it is as efficacious and less dangerous to cause gold to vary in relation to commodities than to cause currencies to vary in relation to gold. On the other hand, the sentiment, so deeply rooted in Great Britain, of the danger of a legal tie between sterling and gold no longer has the same justification from the moment that the purchasing power of gold, like that of sterling today, depends upon the policy of banks of issue.

THE NEW GOLD MINE AND THE NEW USES OF GOLD

As gold is no longer the security of currencies it becomes available for other uses. The world has in fact discovered a new gold mine. It is a question of ascertaining to what new uses this surplus of gold can be put.

Without pretending to enumerate them all, we will indicate those which can immediately have an objective which is practical and easily attained.

A) GOLD AND RAW MATERIALS .

War treasure constituted exclusively of gold reveals some difficulties and insufficiencies. It is almost inconceivable, especially after the experiences of the last war, to fail still to comprehend the danger of keeping this vital reserve in a single substance, without any division of risks.

What is indeed the purpose of this reserve, whether in peace or in war? It is the possibility of transferring it at will into commodities necessary to the country, especially imported raw materials. The least risk is then run in having this reserve from now on constituted partly in raw materials which are not produced within the country; especially as experience has shown that these materials always become more expensive in relation to gold in times of war.

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Contrary to the case of stocks temporarily constituted for purposes of controlling prices, these stocks of the state would not subsequently affect the market since they would have the permanent character of a war treasure.

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The

The perishable character of some raw materials creates of course a practical difficulty; but their stock could be constantly renewed, the materials in storage being gradually utilized for consumption, and replaced correspondingly by new purchases.

Such a coordinated policy would provide a powerful economic starter by reason of the supplementary activity which would result during the period of creation of these stocks.

Such a policy would at the same time favor the redistribution of gold in the world, would increase the purchasing power of regions producing raw materials, and would improve the markets of industrial regions.

The creation of these stocks of raw materials can contribute to transfer the problem of raw materials from the plane of considerations of territory and prestige, which can only lead to war, to the plane of economics and finance, which is that conducive to organizing peace.

Remark

Remark on the tie between gold and raw materials.

Although the price of each raw material depends upon particular conditions, the problem of the general price level of raw materials is intimately connected with the problem of gold for the following reason:

While every variation in the value of an article, such as copper for example, is normally expressed by a variation of its price in dollars, a variation in the value of gold, from the fact that it is tied to the dollar, can only be expressed by a movement of the price of commodities in the opposite direction. But this proposition is valid only to the degree to which the prices of these commodities are actually governed by the law of supply and demand: now, a large number of prices are thus governed only partially, since they are fixed either by tradition or contract. Only the prices of raw materials quoted for delayed payment on the great international markets can fluctuate freely and lead to a fluctuation of the value of gold in an opposite direction. These fluctuations of raw materials have repercussions, with delaying and weakening modifications, successively on wholesale prices, retail prices, and the cost of living.

It is from the inequality of these several repercussions, and the resulting modification of the

purchasing

purchasing power of the several countries as well as of the several (social) classes in each country that there derives the redoubtable character of every important fluctuation of the value of gold and the concomitant fluctuation in a contrary direction of raw materials.

It is from this that there derives the profound necessity for economic regulation, and that is why this regulation is presented under the double aspect of monetary regulation and regulation of the prices of raw materials.

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B) GOLD AND THE EXCHANGE EQUALIZATION FUNDS

The new Tripartite Agreement should, in the interest of all its adhering countries, provide for the equalization of capital movements.

This equalization is generally conceived of under the form, both harmful and inefficient, of national monetary restrictions; it could, on the contrary, be both beneficial and efficient under the form of international monetary cooperation.

The

The mechanism of this equalization should be inspired with the great principle of economic action "stimulate rather than restrict"; the authors of the present memorandum have established a project therefor, the aim of which is to assure:

- a) offsets for certain capital movements;
- b) neutralization of unfavorable effects of these movements;
- c) adoption of a coordinated policy of credit expansion;
- d) release of considerable amounts of gold which should become available for active employment.

C) UTILIZATION OF GOLD FOR THE SOLUTION OF GREAT ECONOMIC PROBLEMS.

The two uses of gold which we have just suggested, - constitution of stocks of raw materials, and equalization of capital movements, - do not solve the problem of the utilization of the enormous stock of gold of the United States.

With respect to the constitution of stocks of raw materials, it indeed happens that the United States can

obtain

obtain on its domestic market, that is to say, without gold, all the raw materials that it needs with the exception of rubber, tin, manganese and a few rare metals.

With respect to the equalization of capital movements, public knowledge of a more efficient cooperation between the exchange equalization funds would probably of itself suffice to make the quantity of gold actually utilized very slight.

It is therefore necessary to find another use for American gold in the interest of the United States itself, because the risk of loss which the United States runs is not at all imaginary. Of the approximately fifteen billion dollars of gold possessed by the United States, probably more than six billions come from the acquisition by foreigners of American securities or dollar accounts; in other words, foreigners have the right to dispose of American commodities up to this amount. What have they given in exchange? Gold, for which the United States now runs the risk of never finding any utilization.

On

On the other hand, the entire world awaits the fertilization which the gold now sterilized would bring to it. At the moment when industrial Europe ought to widen its access to raw materials, when the regions producing raw materials ought to widen their access to manufactured products, when Spain should be rehabilitated, when the economies of Eastern Europe should find a new base, when migrating peoples must receive shelter, food and work, when all nations without exception ought to be brought back little by little into the international economic circle, we perceive the fundamental rôle of great international financial operations which are rendered possible by the new uses of gold. To cite only one example; the problem of refugees, which is at present an element of economic difficulty, could thus become an element of economic recovery in the same way that the emigrations of the beginning of the nineteenth century contributed to prosperity.

What form can this financing take? A guarantee of the obligations issued by large private companies of international investment? A guarantee of the great international loans for equipment and plant construction - with the security, if necessary, of raw materials furnished by the borrowing countries? Operations intended to

help

help certain countries in the way of liberation of exchange? A guarantee of obligations issued by the great companies developing colonial territories and by large companies for the settlement of the refugees? It is upon the responsible authorities, when they shall be deeply impregnated with the new monetary doctrine, that the task will fall of determining the employment of the gold extracted from the great mine which they will have discovered.

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CONCLUSION

It is the duty of the liberal nations to defend their economic power menaced by the dictatorships and to reconquer their compromised prosperity. They have the ability to do it. Methods of production of wealth have arrived at a stage where the achievement of general prosperity presents only a problem of the technique of distribution. It is a problem which modern civilization has not yet succeeded in solving; on the contrary, the efforts of governments seem rather to have been directed

toward

toward creating obstacles to the exchange of goods and services. The triple utilization of the excess of gold suggested in the present memorandum is a step toward the solution of this great problem.

ARTICLE I
PURPOSE AND SCOPE

SECTION 1

1. The purpose of this Convention is to create a permanent organization between the countries of the American Hemisphere.

SECTION 2

2. There is established between the countries party to this present compact an organization of cooperation, consultation and concerted action.

SECTION 3

3. This organization is composed of a certain number of members, chosen by the governments represented. The Council of the organization is essentially an advisory body. They are empowered to take decisions in relation to the general governmental operations. They are

Memorandum No. 2

As a corollary to the exposition of doctrine of Memorandum No. 1, the present first draft is submitted in an entirely suggestive manner, as an example of a supplement to the Tripartite Agreement.

In case of adhesion in principle to the doctrines set forth in Memorandum No. 1, only an exchange of views by competent negotiators designated by the governments concerned would permit establishing the bases of a real draft.

FIRST DRAFT OF A
SUPPLEMENT TO THE
TRIPARTITE AGREEMENT

CHAPTER I

Establishment of an Organism for Technical Co-ordination between the Countries of the Tripartite Agreement.

Article I

There is established between the countries party to the present agreement an organism of coordination, designated hereunder.

Article 2

The Coordinating Committee is composed of a certain number of trustees, chosen by the governments represented. The role of the trustees is essentially an advisory role. They are empowered to make recommendations to the several governments concerned. They are

empowered themselves to administer the assets which may be entrusted to them.

CHAPTER II

Creation and Organization of National Companies for Raw Materials in each country of the Tripartite Agreement.

Argument:

The war treasure of a nation, which consists exclusively of gold, reveals - as has been shown in Memorandum No. 1 - certain dangers and insufficiencies.

It would be to the interest of most of the countries of the Tripartite Agreement to replace a part of their gold stocks with stocks of raw materials. Inasmuch as the acquisition and handling of these stocks concern at the same time the bank of issue, the treasury, and the consumer industries in each country, it would be necessary to conciliate the multiple interests involved.

Article 1

A "National Company for raw materials" may be created on the recommendation of the Coordinating Committee in each country of the Tripartite Agreement. This creation is in no way intended to embrace a new regulation of raw materials markets; the function of each National Company would simply be to proceed to the purchase of raw materials ...

materials relating to national or economic defense, and to supervise the conservation and replenishing of stocks thus constituted.

Article 2.

The National Company of a country could constitute earmarked stocks in the name of companies of other countries. In case of transfer of raw materials from one company to another, payment for these stocks could be effected either in cash or by installments. In the case of payment by installments, the purchasing company would, of course, have the disposal of the stocks thus purchased only as and when payments were made, with a margin of guarantee in favor of the company releasing these stocks.

The organization of these companies would result in:

a) A partial improvement in the distribution of gold in the world.

b) A partial equalization of prices of raw materials on the great international markets.

To give full scope to this equalization of prices, it would be desirable for the Coordinating Committee to intervene in order to coordinate, whenever necessary, the action of the National Companies and to promote their understanding with producer cartels.

CHAPTER III

Equalization of Movements of Capital and Coordination of Credit Policy between Participating Countries

Argument

Economic equilibrium has today been to a large extent achieved by the currencies of the Tripartite Agreement. The countries adhering to the Agreement have renounced among one another all dumping economy, all voluntary manipulation of their currencies, and all monetary adjustments without prior consultation with the other parties.

In consequence the profound causes for decline of exchange between these countries appear today eliminated. The monetary disturbances caused by violent movements of capital can, however, still affect the equilibrium of exchanges.

These movements of capital could be discouraged, and moreover neutralized thanks to a new formula of cooperation which would increase the means of action at the disposal of the monetary authorities of the several countries.

Article I. It is provided that:

a) When movements of capital are normal, or when, even in the case of considerable amounts, they occur

between ...

between a country which is ready to lose gold and countries interested in receiving it, the national exchange equalization funds operate, as today, without the intervention of the Coordinating Committee.

b) But there are the other cases in which capital departs from countries which cannot be deprived of their gold without serious difficulties. On the one hand there is then produced in the country which is losing gold either a decline in the value of the currency or a deflation phenomenon, both of which, in consequence of the resultant pressure on prices, impair the internal equilibrium of all countries with a liberal economy. On the other hand there is produced a loss of confidence which risks giving wider range to capital movements and accelerating losses of gold.

In that case if the Coordinating Committee considers that it is to the interest of the participating countries to neutralize the departures of capital from certain countries and to check the general phenomenon of deflation which is thereby launched, it takes the initiative of recommending an intervention which could assume, for example, the following form:

In the case of an abnormal movement of capital from Great Britain toward the United States, capable of lowering sterling exchange appreciably, and consequently causing

causing a decline of prices on the international markets, the American exchange equalization fund could, on the recommendation of the Coordinating Committee, proceed to purchase pounds sterling on the money market without converting the pounds into gold. The American equalization fund would be covered against loss in exchange by a guarantee from the English equalization fund, and would receive as security a deposit of gold representing, for example, 20% to 50%, according to the circumstances, of the purchases of pounds effected. This margin of guarantee could be maintained by new deposits of gold in case of a decline of English exchange. (The advantage of the principle envisaged, the form of which could assume varying technical aspects, would be to enable the English equalization fund to avoid the loss of 20% to 50% of its gold, which it would lose under the present system.)

The trustees of the Coordinating Committee would have the fullest liberty of action to decide the moment on and after which it would be best to recommend an intervention of this kind. They would take into account in this connection the causes which determine movements of capital, the weakening in gold of certain exchange equalization funds, the situation of the countries toward which capital was moving, et cetera.

Article 2 ...

Article 2 - Offset of Movements of Capital

To explain the mechanism of the offset of movements of capital we will continue the example adopted above of the entry and departure of capital between Great Britain and the United States.

When there is produced a reflux of capital from the United States toward Great Britain, dollar offerings are absorbed by the American equalization fund, which re-sells the pounds sterling acquired.

If, - to continue the above example however inconceivable such a hypothesis may at present appear, - the reflux of capital from the United States toward Great Britain exceeded the amount of pounds sterling held by the American equalization fund and subsequently produced excessive departures of gold from the United States toward Europe, - like those of 1932, for example, - the Coordinating Committee could recommend that the English equalization fund keep in its turn the dollars offered by means of a guarantee of the American equalization fund and a gold deposit.

Article 3 - Administration of Foreign Exchange held by the Equalization Funds

The equalization funds will administer the foreign exchange which they will have acquired. On the recommendation of the Coordinating Committee they may use this foreign exchange to the benefit of the money ...

money market of the country of origin to the degree that the Committee considers useful.

The administration of this foreign exchange could give rise to all desirable measures of sterilization and activity with a view to a coordinated credit policy under the direction of the Coordinating Committee.

Article 4 - Necessary Adjustments

It is the province of the Coordinating Committee to recommend from time to time the adjustments necessary to facilitate the rectification of capital movements, considered from the long-time point of view.

These adjustments could be, for example, the following:

- a) Accommodations in the credit policy of the several countries, and particularly modification of the policy of sterilization or of the activity of foreign exchange administered by the equalization funds;
- b) dispositions of a nature to influence the commercial balance;
- c) slight modifications, - in cases where they were unavoidable, - in the exchange parities;
- d) in the case where the adjustments favored by the trustees did not lead to a sufficiently

appreciable ...

appreciable modification in the direction of capital movements and where the Coordinating Committee considered that an equalization fund held too large a quantity of foreign exchange of a particular country, it would be the province of the trustees to propose appropriate measures for wiping out debit accounts, bearing in mind the conditions of the moment and of credit, and utilizing, if there were occasion, the gold deposit as guarantee.

There is reason to believe, moreover, that the mere announcement of the cooperation introduced by the new Tripartite Agreement and the powerful means of action thus placed at the disposal of the monetary authorities, would discourage in advance a renewal of speculation. In this connection, there would only be advantages, in preparing, negotiating and announcing the putting into operation of this new technique during a period of calm on the money market.

It should be noted that the whole system thus suggested would be somewhat analogous to the mechanism of the old gold standard. But while under that regime the variations of interest rates occurred only through deflation in the country exporting gold and thereafter through ...

through expansion of credit in the country importing gold, the several countries utilizing this new method would have at their disposal, on the recommendation of the trustees, a more supple instrument of international monetary coordination.

o

The mechanism described above would free the participating countries from the practical necessity of immobilizing a large part of their gold stocks as an unavailable reserve intended for the defense of their currency. It will then appear evident to all that in consequence of recent deflations, and increase of gold production in recent decades, gold, - the rôle and functions of which have been limited, - has become incontestably a superabundant metal.

Without doubt that which still hinders the clear perception of this phenomenon, new yet decisive for the prosperity of the world, is the fact that the defense of currencies, by reason of international distrust and increased displacements of capital, necessitates considerable stocks of gold today. It will no longer be thus from the moment that a new technique will permit the equalization of movements of capital.

The ...

The superabundance of gold will become apparent to all.

The real problem will then become that of new uses to be given to the surplus of gold. It is there that the International Committee could still play a valuable rôle, in recommending and coordinating a broad program of economic expansion with a view to the reestablishment of prosperity.

CHAPTER IV

THE UTILIZATION OF GOLD

FOR THE SOLUTION OF LARGE ECONOMIC PROBLEMS

Until now all the plans for great international works of equipment and plant construction, of exploitation of new territories, and of charter companies providing for settlement of refugees, have been shown to be inapplicable because they were not matched with a plan of financing which would have allowed them to attain realization. From the moment that important surpluses of gold are freed, the execution of certain plans of this kind, - if they are recognized as sound after study by the Coordinating Committee, - no longer presents any impossibility.

To the extent that the countries concerned would
desire ...

desire to leave autarchy by giving the necessary political appeasements, particularly with regard to disarmament, the Committee could, as a counterpart, facilitate the evolution of their economy toward peaceful activities in recommending the employment of the gold released by the countries of the Tripartite Accord for such financing.

This is not the place to search in advance for the financial modalities of these operations. Memorandum No. 1 contains a few suggestions, and the very recent Treaty of the United States with Brazil furnishes an excellent model of action which could be undertaken in this direction.

In order to succeed along this channel, the countries of the Tripartite Agreement must still reach an understanding for releasing by a concerted and more rational utilization of their stocks of gold the newly available means which will permit them to undertake this fundamental work.

Bullitt
1

August 7, 1939

Memo for Norman H. Littel
From Rudolph Forster

Enclosures-in re-deed and relinquishing title to
F.D.R. from his mother and witnessed by Carmel Offie,
Secretary to Amb. Bullitt. Bullitt's letter of Aug-3-1939
accompanying papers from S.D.R. attached.

See-F.D.R. Library folder-Drawer 2-1939

July 28, 1939

Memo for President's mother

From the President sent via Bullitt

Re--turning over deed to Government and releasing her life interest
in the property. Attaches deed for her to sign--letter to Bullitt attached.

See:FDR Library folder-Drawer 2-1939 for memo

PST: Puzos
Ballitt 0

file

Personal and
Confidential

Paris, August 9, 1939.

Dear Mr. President:

The Department can always say to you that men who have been definitely bad officers have reformed. Since most chiefs of mission will not report adversely on their subordinates, in order not to make enemies, it is difficult to prove what everyone knows but refuses to set down on paper.

I don't think the issue is sufficiently important to warrant your having a scrap with the Department. Moreover, now that you have made it clear that you scrutinize promotions, you can be sure that in the future the Department will think several times before sending you doubtful ones. I'd let it go.

Love.

Bill

The Honorable

Franklin Delano Roosevelt,

President of the United States of America,

Washington.

THE WHITE HOUSE
WASHINGTON

July 28, 1939.

MEMORANDUM FOR
AMBASSADOR BULLITT

I am sending the enclosed to you in the utmost confidence. These are the people you did not approve of, but the State Department now insists on their appointment. Will you let me know what you think?

F. D. R.

Excerpt from the Act of February 23, 1931.

DUTIES OF THE DIVISION OF FOREIGN SERVICE PERSONNEL

"Sec. 32. The Division of Foreign Service Personnel shall assemble, record, and be the custodian of all available information in regard to the character, ability, conduct, quality of work, industry, experience, dependability and general availability of Foreign Service officers, including reports of inspecting officers and efficiency reports of supervising officers. All such information shall be appraised at least once in two years and the result of such appraisal expressed in terms of excellent, very good, satisfactory, or unsatisfactory, accompanied by a concise statement of the considerations upon which they are based, shall be entered upon records to be known as the efficiency records of the officers, and shall constitute their efficiency ratings for the period. No charges against an officer that would adversely affect his efficiency rating or his value to the service, if true, shall be taken into consideration in determining his efficiency rating except after the officer shall have had opportunity to reply thereto. The Assistant Secretary of State supervising the Division of Foreign Service Personnel shall be responsible for the keeping of accurate and impartial efficiency records of Foreign Service officers and shall take all measures necessary to ensure their accuracy and impartiality. Not later than November 1 at least every two years, the Division of Foreign Service Personnel shall, under the supervision of the Assistant Secretary of State, prepare a list in which all Foreign Service officers shall be graded in accordance with their relative efficiency and value

to

to the service. In this list officers shall be graded as excellent, very good, satisfactory, or unsatisfactory with such further subclassification as may be found necessary. All officers rated satisfactory or above shall be eligible for promotion in the order of merit to the minimum salary of the next higher class. This list shall not become effective in so far as it affects promotion until it has been considered by the Board of Foreign Service Personnel hereinbefore provided for and approved by the Secretary of State: Provided, That this list shall not be changed before the next succeeding list of ratings is approved except in case of extraordinary or conspicuously meritorious service or serious misconduct and any change for such reasons shall be made only after consideration by the Board of Foreign Service Personnel and approval by the Secretary of State, and the reasons for such change when made shall be inscribed upon the efficiency records of the officers affected. From this list of all Foreign Service officers recommendations for promotion shall be made in the order of their ascertained merit within classes. Recommendations shall also be made, in order of merit, as shown by ratings in the examinations for appointment to the unclassified grade, with commissions also as diplomatic secretaries and vice consuls, of those who have successfully passed the examinations. All such recommendations shall be submitted to the Secretary of State for his consideration and if he shall approve, for transmission to the President.

"The correspondence and records of the Division of Foreign Service Personnel shall be confidential except to the President, the Secretary of State, the members of the Board of Foreign

Service

Service Personnel, the Assistant Secretary of State supervising the division, and such of its employees as may be assigned to work on such correspondence and records."

14. Unless there is well grounded reason for action to the contrary only the material received since the preparation of the former rating list will receive when a new rating list is prepared.

Excerpt from the rules adopted by the Board of Foreign Service
Personnel on May 1, 1936.

"4. Unless there is well grounded reason for action to the contrary only the material received since the preparation of the former rating list will govern when a new rating list is prepared."

100 (1)

THE WHITE HOUSE
WASHINGTON

July 28, 1939.

MEMORANDUM FOR
AMBASSADOR BULLITT

I am sending the enclosed to you in the utmost confidence. These are the people you did not approve of, but the State Department now insists on their appointment. Will you let me know what you think?

F. D. R.

State Department reports on the following:

Willard Galbraith
Gerald A. Drew
A. Dana Hodgdon
J. Rives Childs

file
personal

Buehler

Paris, August 16, 1939.

Dear Mr. President:

John Hamilton brought his red head into my office yesterday and made one remark which I thought might interest you. He said that he personally thought that Dewey's qualifications for the Presidency consisted of "beautiful eyes and two racketeer convictions--and then what?"

He said that the entire Republican organization was opposed to Dewey. The Gallup poll showing Dewey as leading Republican candidate with the voters might change the feelings of the leaders throughout the country, but at the present time Dewey had no support except in New York.

He

The Honorable

Franklin D. Roosevelt,

The White House,

Washington, D. C.

He referred to Dewey as "our blessing or pest."

I don't know what this means; but I have a suspicion from other things he said that the Republican organization is for Taft.

I saw your mother this morning and she is to dine with me tonight. I have never known her to be in such superb form. It may be the air in Paris; but her charm and wit have never been, to my knowledge, at such a pitch.

The infection in your Aunt Dora's leg seems to have disappeared. I saw her this morning and she seemed well.

This letter ought to reach you on your return from the high seas. The storm warnings are out in Europe and I hope that you will enjoy better weather on the Atlantic than we are likely to have here.

Love and good luck.

Yours affectionately,

Bill

August 17, 1939

Sent 4 letters from Paris to MAL
as she requested.

TELEGRAM

The White House
Washington

PSF; France
(Bullitt)
1

lpoh 12:30 a. m. 7 NL

Halifax, Nova Scotia, Aug. 16, 1939

Mrs. Larribee,

The White H_ouse.

Will be St. Regis Friday. Please forward mail.—

Missy.

D

File personal PSF: France Bullitt folder Res Bullitt

CJ
This telegram must be closely paraphrased before being communicated to anyone. (br)

PARIS
Dated August 24, 1939
Rec'd 6:11 a.m.

Secretary of State,
Washington.

1563, August 24, 9 a.m.

PERSONAL FOR THE PRESIDENT.

I told your mother this morning that I thought she should return to America today by the S. S. WASHINGTON with Johnny. She agreed and will leave Havre at two o'clock this afternoon. She is in superb form.

Your Aunt Dora has agreed to leave on the next sailing of the ROOSEVELT. Love

BULLITT

CFW:CA

PSF: France Pres
Bullitt folder

CJ
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (D)

PARIS

Dated August 25, 1939

Rec'd 1:35 p.m.

Secretary of State,

Washington.

1588, August 25, 5 p.m.

~~SECRET~~ FOR THE PRESIDENT.

Daladier lunched with me alone today and asked me to
express to you his deep gratitude for your messages to the
King of Italy, Hitler and Mosciski,

Tony Biddle has just telephoned me to say that Mosciski
has already replied to you in the most favorable manner
and that Warsaw has information that the German Government
either will not reply at all or will reply by a flat re-
fusal.

In either case it seems to me that after a short de-
lay to permit a German reply if any you will have a great
opportunity to pin the onus of future events on Hitler by
a second message to him pointing out that you have received
a favorable reply from the President of the Republic of
Poland and asking him to remember the war blind, the mothers
at the tombs of their sons and his responsibility before
God. He who taketh the sword, et cetera. Good luck.

BULLITT

HPD

REB

This telegram must be closely paraphrased before being communicated to anyone. (D)

*file
personal*

*PSF: France
Bullitt folder*

PARIS

Dated August 24, 1939

Rec'd 2:08 p. m.

Secretary of State,
Washington.

1575, August 24, 6 p. m.

PERSONAL AND ~~STRICTLY CONFIDENTIAL~~ FOR THE PRESIDENT.

Your mother sailed from Havre this afternoon on the Steamship WASHINGTON comfortably installed in Johnny's drawing room.

I think the action you have taken is excellent; but feel it will prove to be ineffectual.

I hope that the moment war breaks out you will issue an appeal to all nations to refrain from bombing open and civilian cities/ Civilian populations citing the numerous Hague accords and others, by which nations have pledged themselves not to resort to this barbarous practice. I believe that such an appeal probably would not stop the Germans; but even if it should not it would be worth making in the interest of the moral case. Love to you all.

BULLITT

KLP

*file
private*

*PSF: France
Bullitt*

NC
This telegram must be
closely paraphrased
before being communicated
to anyone. (D-1)

PARIS
Dated August 25, 1939
Rec'd 5:25 p.m.

Secretary of State

Washington

1593, August 25, 6 p.m. (SECTION ONE)

~~SECRET~~ FOR THE PRESIDENT AND THE SECRETARY.

Daladier lunches alone with me today and discussed
every aspect of the present situation.

He said that he was profoundly grateful for the message
of the President to the King of Italy and also for the
President's messages to Moscicki and Hitler. He felt that
the President had done more than any other man had done
or could have done to avert war.

If Germany should attack Poland there was no question
whatsoever about the result. Both France and England would
march at once to the assistance of Poland. He had now
mobilized 1,900,000 men. He did not wish to introduce
general mobilization yet because this measure would stop
the normal economic life of the country and would put the
country virtually under the rule of the army.

(END SECTION ONE)

BULLITT

DDM

NC
This telegram must be
closely paraphrased
before being communicated
to anyone. (D)

PARIS

Dated August 25, 1939

Rec'd 5:14 p.m.

Secretary of State

Washington

1593, August 25, 6 p.m. (SECTION TWO).

He was certain, however, that the German Government now realized that France was in earnest. The German Military Attache had called at the French Ministry of War today to say that if the French should continue to mobilize men on the German frontier the German Government would have to order general mobilization. The reply had been that the French would continue to mobilize.

Daladier said that he was fully aware that there were elements in Germany and Italy strongly opposed to war and that he would order all French radio stations to keep pounding the President's message to Hitler into German ears. He had no indication whatsoever that there was any weakening in Hitler's determination to attack Poland.

BULLITT

HPD

HRE

This telegram must be closely paraphrased before being communicated to anyone (D)

PARIS

Dated August 25, 1939

Rec'd 11:20 p.m.

Secretary of State

Washington

1593, August 25, 6 p.m. (SECTION THREE)

Two most satisfactory pieces of news had reached him today. The Spanish Military Attache in Paris had called on General Gamelin to state that General Franco would like to conclude at once with France a treaty of commerce and amity. He had dictated, himself, a reply which he had ordered sent at once to Spain accepting at once this proposal.

All his information from Marshal Petain indicated that the Spaniards were deeply relieved that the conclusion of the German pact with the Soviet Union had relieved Spain of any obligations to take a hostile attitude toward France.

The second piece of good news was that the Turkish Government had informed the French Ambassador officially that it would stand by its alliance with France and England and would fight by their side if necessary. He had ordered General Weigand today to leave at once for Syria with an additional division of French troops which would act with Rumanian in case of war.

With

HRE

2-#1593 From Paris Aug 25, 6 p.m. (Sec 3)

With regard to internal politics Daladier said that if he should be obliged to decree general mobilization he would reform his cabinet immediately. He would reduce the size of the cabinet from sixteen to twelve and would certainly eliminate Mansy and take Leon Blum and Louis Marin into the cabinet.

(END SECTION THREE)

BULLITT

NPL

CJ
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (D)

PARIS

Dated August 25, 1939

Rec'd 7:15 p.m.

Secretary of State,
Washington.

1593, August 25, 6 p.m. (SECTION FOUR).

He had not yet decided whether or not to include
Flandin or (?)g but was inclined to exclude both of them.

Daladier said that he had 150 officers in important
points observing the mobilization. Their reports almost
brought tears to his eyes. He stated that the stoicism and
quiet courage of the men called from their homes was beyond
praise.

I desire to add my own observations to this statement.
Never has any nation confronted a war of the most terrible
sort with greater calm or courage.

Daladier said that he was so incensed by the attitude
of the communist papers in Paris which subsidized from
Moscow are now saying that France should not fight in
support of Poland that he intended to seize the Soviet
subsidized HUMANITE tonight. He said that he would rather
have his struggle with the communists now than later. It

was

-2- #1593, August 25, 6 p.m. (SEC. FOUR), from Paris

was obvious the French communists with certain rare exceptions owed their allegiance to the Soviet Union and not to France and it was better to have enemies in the open than hidden in corners.

(END OF MESSAGE).

BULLITT

NPL

PSF: Chance (Bullitt)

THE WHITE HOUSE
WASHINGTON

August 25, 1939.

MEMORANDUM OF PRESIDENT'S TELEPHONE
CONVERSATION WITH AMBASSADOR BULLITT

Thanks you profoundly and accepts direct negotiation or conciliation by any power which is an honorable neutral. He passes over in silence the question of arbitration. He expresses the hope that the note will produce the results desired. Poland is demanding nothing of Germany anywhere. They might be thinking of negotiations.

This is the gist of the message sent by the President of Poland to the President of the United States in answer to his proposal sent the day before.

1
EMC

file private
This telegram must be closely paraphrased before being communicated to anyone (BR)

PSF: France
Bullitt
PARIS

Dated August 25, 1939

Rec'd 7:51 p. m.

Secretary of State

Washington

RUSH

1599 August 25, midnight. (SECTION ONE.)

~~CONFIDENTIAL.~~

As I told the President over the telephone this evening Bonnet has just informed me that Hitler said to the French Ambassador in Berlin this afternoon that while he did not intend to attack France he could no longer tolerate the manner in which the Poles were treating the German minority in Poland and must act.

Bonnet said that the whole tenor of the telegram was such that he was obliged to consider Hitler's statement a warning before action. He believed that Hitler would attack Poland almost immediately.

(END SECTION ONE.)

BULLITT

WWC

CA

This telegram must be closely paraphrased before being communicated to anyone (Br)

PARIS

Dated August 25, 1939

Rec'd 11:20 p.m.

Secretary of State

Washington

RUSH

1599, August 25, midnight (SECTION TWO)

Bonnet telephoned to me while the above was being typed to say that after studying the report of the French Ambassador in Berlin with his advisers in the Quai d'Orsay he felt that he would like to say to me that while the interpretation given above of Hitler's intentions was the most probable it was also possible to put another interpretation on Hitler's words since he had said that he did not desire general European war. He was not quite sure that Hitler's words did not indicate a desire to settle the question of Danzig by negotiation.

(END MESSAGE)

BULLITT

CFW CA

PSF: France
Bullitt

CJ

GRAY

PARIS

Dated August 25, 1939

Rec'd 1:28 p.m.

Secretary of State,
Washington.

1587, August 25, 4 p.m.

The Counselor of the German Embassy Brauer, in conversation with a member of the staff today, expressed his personal opinion to the effect that "even though it is very late" a conflict could be avoided.

In reply to our question how this happy result might be achieved he said that he thought the President's message to the King of Italy was most useful and might conceivably blaze the trail. He added that unfortunately the Poles had waited too long and if the complicated question relating to minorities and other matters were to be settled by negotiation the Poles would be called on to make far greater "sacrifices". than would have been the case a year ago. He feared that if they continued "to attack us" and receive the support of Great Britain in their unreasonable conduct the results would be disastrous for them. In conclusion, he intimated that our conversation might be the last for some time to come.

BULLITT

ALC

private file

*PSF: France Pres
Bullitt*

CJ
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (D)

PARIS

Dated August 26, 1939

Rec'd 8:10 a.m.

Secretary of State,
Washington.

TRIPLE PRIORITY. RUSH.

1606, August 26, noon (SECTION ONE).

~~SECRET~~ FOR THE PRESIDENT AND THE SECRETARY.

I now have the full explanation of Bonnet's statement to me that Hitler's talk with Coulondre was a warning before action and his subsequent telephone call saying that there were signs that Hitler might desire to enter into negotiations. See my rush 1599, August 25, midnight.

I have just had read to me at the Quai d'Orsay the telegrams of Coulondre, French Ambassador in Berlin, on his conversation with Hitler and Henderson's conversation with Hitler.

Hitler said to Coulondre that he had summoned him to say that he had no desire to have war with France. He had no claims against France. Personally he renounced all claims to Alsace-Lorraine.

BULLITT

KLP

CJ
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (D)

PARIS

Dated August 26, 1939

Rec'd 8:30 a.m.

Secretary of State,
Washington.

TRIPLE PRIORITY. RUSH.
1606.
August 26, noon (SECTION TWO).

The French had, however, given carte blanche to the Poles and the Poles were acting in a manner that no self-respecting state could endure. If such actions should continue he on his side would have to act with force.

Hitler's voice then rose and he screamed out a series of imaginary Polish atrocities against the German minority in Poland. After this he said that he would regret war with France; but that he was ready for it. He knew that the French were a brave nation like the Germans and that they would expect to win. He also would expect to win especially since his agreement with the Soviet Union was a positive one. If France chose to make a general European war out of the action which he would be obliged to take if the Poles should continue their present behavior, there would be war.

BULLITT

KLP

AC
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (D)

Paris

Dated August 26, 1939

Rec'd 9:23 a.m.

Secretary of State

Washington

TRIPLE PRIORITY RUSH

1606, August 26, noon. (SECTION THREE)

He then said something vague which indicated that he seemed to have in his head some sort of an idea about an exchange of minority populations between Poland and Germany. He then returned to the alleged Polish atrocities against the German minority and ended his talking with the French Ambassador on a highly belligerent note.

It was immediately after receipt of the French Ambassador's telegram that Bonnet gave me the information that he considered Hitler's statements to Coulondre a warning before action.

A few minutes later Bonnet received a telegram from Coulondre giving the report that his British colleague, Henderson, had made to him with regard to his conversation with Hitler.

BULLITT

GW

NC
This telegram must be
closely paraphrased
before being communicated
to anyone. (D)

PARIS

Dated August 26, 1939

Rec'd 9 a.m.

Secretary of State

Washington

TRIPLE PRIORITY.

RUSH

1606, August 26, noon. (SECTION FOUR)

Hitler said to the British Ambassador that he did not desire to have war with Great Britain. The cruelties which the Poles were inflicting on Germans in Poland, if continued, would oblige him to take military action against the Poles.

He desired Henderson to convey a message to his Government positively not by telegraph or telephone but only by word of mouth.

The message was that he, Hitler, was prepared to consider a certain measure of disarmament and he desired to assure Great Britain that although he needed colonies and would continue to demand them, this demand need not be fulfilled for four or five years and Germany need not require the same colonies which she had lost after the War of 1914.

BULLITT

HPD

PAP

This telegram must be closely paraphrased before being communicated to anyone. (D)

PARIS

Dated August 26, 1939

Rec'd 8:50 a.m.

Secretary of State

Washington

TRIPLE PRIORITY. RUSH.

1606, August 26, noon (SECTION FIVE)

He said that he was in desperate need of timber and oilstuffs of all sorts.

His demands against Poland still remained the attachment to the Reich of Danzig and the establishment of a strip of territory across the corridor to Danzig and from Danzig to East Prussia so that East Prussia would be connected directly through German territory with the Reich.

It might also be necessary to agree with the Polish Government to exchange the German minority in Poland against the Polish minority in Germany.

He requested Henderson to leave for London at the earliest possible moment and to return with the reply of the British Government to the statements that he had made.

BULLITT

GW:WWC

CJ
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (D)

PARIS

Dated August 26, 1939

Rec'd 8:50 a.m.

Secretary of State,
Washington.

TRIPLE PRIORITY. RUSH.

1606, August 26, noon (SECTION SIX).

Henderson expressed the opinion to Coulondre that
Hitler would not make war during the 48 hours necessary to
receive the reply.

It was after the receipt of this message from Coulondre
that Bonnet telephoned to me and said that it appeared
that Hitler did not desire a general European war and might
be ready for negotiation.

I was informed by Leger and Rochat this morning that
the French Ambassador in Berlin had informed the Polish
Ambassador in Berlin about Hitler's remarks about the ex-
change of populations and that the Polish Ambassador had
informed Beck.

BULLITT

PEG

NC
This telegram must be
closely paraphrased
before being communicated
to anyone. (D)

PARIS

Dated August 26, 1939.

Rec'd 8:55 a.m.

Secretary of State

Washington

TRIPLE PRIORITY. RUSH.

1606, August 26, noon. (SECTION SEVEN)

As you know both Leger and Rochat are intensely opposed to a policy of another Munich and absolutely determined that France and England shall support Poland. I asked them both if they did not fear that Henderson's conversation with Hitler was the prelude to British action designed to disintegrate Polish resistance. They both replied that there was not the slightest indication of any such weakening on the part of Great Britain and both assured me that France would oppose any such betrayal of Poland to the end.

END MESSAGE.

KLP

BULLITT

CA

*file
private*

PSF: France
Bullitt

GRAY

PARIS

Dated August 26, 1939

Rec'd 10:41 p.m. 25th

Secretary of State

Washington

RUSH

1600, August 26, 2 a.m. (SECTION TWO)

I talked with Bonnet again about Coulondre's conversation with Hitler. He said that after a careful study of the conversation of the French Ambassador with Hitler he felt that he had been too pessimistic when he had first talked with me. His first interpretation was probably correct but Hitler seemed to be genuinely afraid to provoke general European war and it might be that in the end Hitler would prove to be ready for negotiations.

I have telephoned the substance of the above to the President.

(END MESSAGE)

BULLITT

JRL NPL

PSF: France
Bullitt

file
Personal and
~~Strictly Confidential.~~

Paris, August 27, 1939.

Dear Mr. President:

Daladier imparted to me a fact so horrifying yesterday that I did not dare to put it in a cable.

The counter-espionage service of the French Army recently arrested nearly two hundred military spies. Of these spies, more than one-half proved to be genuine Jewish refugees from Germany -- men and women who had been persecuted and expelled by Hitler -- who for gain had entered his employ while enjoying French hospitality.

Daladier personally was utterly horrified. He said that he did not dare to publish the list of spy arrests because it would unleash such a fury against the Jews in France that the development of anti-Semitism might go to dreadful limits, and he believed that anti-Semitism was the vehicle for fascism.

He finally said sadly, "It really appears that on earth some races are maudite."

I

The Honorable

Franklin Delano Roosevelt,

President of the United States of America,

The White House.

- 2 -

I pass this information along to you for your most personal eye since I believe that you should instruct our counter-espionage services of all sorts to keep an especially vigilant eye on the Jewish refugees from Germany.

Sad, isn't it?

Love.

Bill

PSF: France
Bullitt

Personal and Strictly
Confidential.

Paris, August 29, 1939.

Dear Mr. President:

Throughout the past few weeks, I have done a great many things that I have not put in the cables.

I haven't time to report, and you would not have time to read, a full list of performances; but there is one about which I want to inform you.

As you know, I have kept in touch with Otto of Hapsburg, who has been in the habit of coming to see me every time he visits Paris.

Sometime ago, I told Daladier that I thought Otto could be most useful in breaking up the internal morale of Germany. Since Daladier believes passionately in an independent Austria, the rest was easy. Last Saturday, Daladier lunched privately with Otto and myself at Chantilly. As a result of our conversation, Daladier at my suggestion appointed Rochat, who is a close friend of mine and Director of European Affairs at the Quai

d'Orsay,

The Honorable

Franklin D. Roosevelt,

President of the United States of America,

The White House.

d'Orsay, to put into effect immediately certain measures that we had discussed with Otto.

In consequence, there are already two clandestine radio stations sending into Austria each day a most carefully prepared and excellent propaganda program. Information has been communicated to all those Austrians discontented with the Nazi regime through the subterranean channels which Otto has organized at what times and on what wave lengths they should listen to these stations.

There has been formed an Austrian Independence Committee in Paris with representatives of every Austrian party from the Socialists at one end to the Legitimists at the other -- but excluding the Communists. If war breaks out this Committee will be recognized by the French Government as the representative of independent Austria.

The Austrian Legation in Paris, now in the hands of the German Government, will be turned over immediately to this Committee.

An Austrian Army to fight as a part of the French Army will be created at once, and the independence of Austria will be recognized as a war aim of France.

I plead guilty without apologies for getting this started and I know you will approve. Obviously nothing whatsoever should be said about these arrangements since war may not break out now -- but the organization will continue. Will you therefore please put this letter in your most private safe in a sealed envelope and not show it to anyone.

I have seen Daladier constantly and intimately throughout this crisis. I do not telegraph half what he says to me for the simple reason that there is nothing he doesn't say and some of his remarks would raise hell if they should be known. He is a fine fellow and I am very fond of him and he has an altogether too-exalted idea of my own value. In consequence, he asks my judgment about nearly everything of great importance not only in the field of foreign affairs but also in the field of domestic policy, and what's more, he is apt to do what I advise.

Last Friday when he lunched with me alone at the house in town, he told me with tears in his eyes that he had said to General Gamelin that morning that the recovery of France was not due to him, but to me, and added that he didn't know whether there was a God or not, but if there

was

was, and I ever faced Him, I need only say: "I stand on what I did for decency in the world when I was Ambassador in Paris."!!!!

The truth is that he doesn't completely trust any French politician and he needs someone to talk to that will not repeat what he says and can give him disinterested advice. He is trying now to get the house next to mine at Chantilly.

If you have any advice to give Daladier, please write me. He will take it seriously.

Love and good luck.

Bill.

Photo

file journal

*PSF: France
Bullitt*

NC
This telegram must be closely
paraphrased before being
communicated to anyone. (D)

PARIS
Dated August 30, 1939
Rec'd 2:02 p.m.

Secretary of State
Washington

RUSH
1669, August 30, 6 p.m.

~~STRICTLY CONFIDENTIAL.~~

I have just read the full written text of the German
reply to the British proposals which was handed to
Henderson by Hitler in Berlin last night.

This document repeats all the demands which Hitler
blurted out (reported in my 1660 of August 30, 11 a.m.)
except the demand with regard to Silesia but veils them in
such extremely clever diplomatic language that the public
or anyone ignorant of the duplicities of diplomacy might
consider it a comparatively reasonable document.

Under the circumstances the French Foreign Office is
extremely glad that Hitler threw a verbal limelight on the
demands which his diplomats had carefully veiled in their note.

(END SECTION ONE).

BULLITT

PEG

RFP
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (D)

Paris

Dated August 30, 1939

Rec'd 2:05 p.m.

Secretary of State

Washington

RUSH

1669, August 30, 6 p.m. (SECTION TWO)

The note begins by stating that the German Government is glad that the British Government agrees on the desirability of good relations between Great Britain and Germany. It states that the present dispute with Poland could have been solved at a time when there were good relations between Poland and Germany if the Poles had been willing to accept the offer which Chancellor Hitler made to Poland last April.

It goes on to say that Poland replied to this entirely reasonable proposal by mobilization of military forces and a persecution of the German population in Poland and a political harassment and economic blockade of Danzig designed to drive Danzig to political despair and economic destruction. These activities of the Poles had become so terrible during the past weeks that the question of ending them was no longer one of months or weeks but of hours.

(END SECTION TWO)

BULLITT

PEG

NC
This telegram must be closely
paraphrased before being
communicated to anyone. (D)

PARIS

Dated August 30, 1939

Rec'd 2:05 p.m.

Secretary of State

Washington

RUSH.

1669, August 30, 6 p.m. (SECTION THREE)

The revision of the Treaty of Versailles must be continued and Danzig and the Corridor must be returned to the Reich. The question of the protection of German minorities and economic interests in Poland must be solved.

The Reich had no intention of extinguishing the independence of Poland; but the question of guaranteeing those portions of the Polish state which should remain after Germany's claims had been satisfied could not be answered by the Reich before consultation with and the agreement of Germany's associate, the Soviet Union.

(END SECTION THREE)

BULLITT

PEG

CJ
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (D)

PARIS

Dated August 30, 1939

Rec'd 2:10 p.m.

Secretary of State,
Washington.

RUSH.

1669, August 30, 6 p.m. (SECTION FOUR).

The German Government had no confidence that direct conversations between Germany and Poland would lead to any result; but to accomplish its acquired love of peace and in order to put an end to reports of the British Government that there should be direct conversations the German Government would be glad to receive a plenipotentiary negotiator in Berlin, if one should arrive from Warsaw today Wednesday the 30th.

I have really rarely read a clearer piece of casuistry than this note which in fact makes all the demands that Hitler made verbally; but produces a surface appearance of sweet reasonableness.

The French and British Governments are now in consultation as to the reply which should be made to this note. The French Government has received from a number of sources information that Germany may start war with Poland tonight.

(END SECTION FOUR).

PEG

BULLITT

RFP

This telegram must be closely paraphrased before being communicated to anyone. (D)

Paris

Dated August 30, 1939

Rec'd 2:15 p.m.

Secretary of State

Washington

RUSH

1669, August 30, 6 p.m. (SECTION FIVE)

The French Government has also received information from a number of sources that if war should begin in the immediate future Italy would not at first enter the war but would try to remain neutral until Poland had been crushed by Germany and until the German forces concentrated against Poland could be returned to the French frontier for an attack on France. At that moment Italy and Germany together would attack France.

The single astounding feature of the note is the phrase about the Soviet Union which seems to indicate that Germany has promised to give the Soviet Union eastern Poland and may mean that the Soviet Union will attack Poland. (END OF MESSAGE)

BULLITT

PEG

*file
personal*

*PSF: France Pres.
Bullitt*

*Bullitt
1*

CJ
This telegram must be
closely paraphrased be-
fore being communicated to
anyone. (D)

PARIS

Dated September 2, 1939

Rec'd 1:15 p.m.

Secretary of State,
Washington.

RUSH.

1734, September 2, 5 p.m.

~~STRICTLY CONFIDENTIAL~~ FOR THE SECRETARY.

The Polish Ambassador has just informed me that he
received a few minutes ago a telegram from Beck informing
him that the entire German bombing force today was turned
loose not only on Warsaw but also on every other large
town and village in Poland and that the destruction had been
terrible.

The Polish Ambassador will see Daladier as soon as the
latter concludes his speech at the Senate and will ask
Daladier to send an immediate ultimatum to Germany to ex-
pire in the course of an hour.

BULLITT

PEG

EMC

*file
confidential*

*PSF:Frames
Bullitt
1*

GRAY

Paris

Dated September 4, 1939

Rec'd 1 p. m.

Secretary of State

Washington

RUSH

1769, September 4, 4 p. m.

George Gordon telephoned me from The Hague today at about 1:30 to say that he had just received a telephone call from Kirk asking him to transmit to me, and through me, by telephone to the President the following message:

"Weizsaecker called Kirk to the Foreign Office at 12:15 and showed him a report from London to the effect that the Donaldson liner ATHENIA carrying passengers, many of whom were Americans, had been sunk 200 miles north of the Hebrides. He asked Kirk to inform his Government immediately that the German naval authorities have declared that there are no German war ships in that area and that furthermore German naval vessels have received strict instruction to treat merchant vessels in accordance with international rules."

(END SECTION ONE.)

BULLITT

RR
CSB

REB

This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (br)

PARIS

Dated September 4, 1939

Rec'd 11:15 a. m.

Secretary of State,
Washington.

RUSH

1769, September 4, 3 p. m. (SECTION TWO)

I have telephoned this message of Kirk's to the
President.

You will note that the denial of the German Foreign
Office alludes to the area 200 miles north of the
Hebrides whereas according to a message from Ambassador
Kennedy to me, the ATHENIA was sunk 200 miles west of
Ireland.

Thus in the classic manner of the war of 1914-1918,
the lie follows the murder.

(END MESSAGE)

BULLITT

HPD

file
personal

Paris, September 5, 1939.

Dear Mr. President:

With reference to my letter of August 29th, Otto of Hapsburg asked to see me urgently this afternoon. He said that when today he had asked the French Government to recognize the Austrian National Committee as the representative of independent Austria, the French had replied that they must consult the British Government before doing this. Otto said that he feared greatly that this would mean a long delay and possibly British refusal, since, in the propaganda material which Chamberlain had had dropped in Germany, he had seemed to promise that England had no interest in detaching Austria from Germany.

Otto

The Honorable

Franklin D. Roosevelt,

The White House,

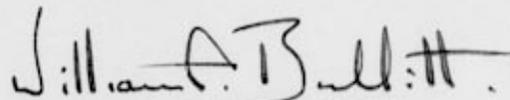
Washington, D. C.

Otto said to me that since I had started this entire political manoeuver, he hoped that I would intervene.

I telephoned to Rochat who said to me that since the question really involved a definition of a war aim, the French Government must consult the British Government.

Rochat promised me that the French Government would state to the British Government that the French Government desired to take this action unless the British Government should have positive objection. I indicated this to Otto at once.

Yours affectionately,

A handwritten signature in cursive script that reads "William C. Bullitt". The signature is written in dark ink and is positioned above the typed name.

William C. Bullitt.

y

Personal and
Confidential.

Paris, September 8, 1939.

Dear Mr. President:

Daladier said to me this afternoon, "If we are to win this war, we shall have to win it on supplies of every kind from the United States. We can hold for a time without such supplies; but England and ourselves can not possibly build up sufficient production of munitions and planes to make a successful offensive possible." That statement is true.

Our military men in Paris are apt to go a step further and say that they are not sure that the British and French can hold out until trans-Atlantic production can be brought into the struggle. There is a chance that Hitler may defeat France and England quickly. The German planes have completely disorganized the Polish defense, and they may do as much when they are turned loose on France and England this autumn. By next

Spring

The Honorable

Franklin Delano Roosevelt,

President of the United States of America,

The White House.

Spring the French and British aviation and anti-aircraft guns will be able to hold the balance.

Thus far, in France, there is a curious unreality about the war. The whole mobilization was carried out in absolute quiet. The men left in silence. There were no bands, no songs. There were no shouts of, "On to Berlin!", and "Down with Hitler!"; to match the shouts of "On to Berlin!", and "Down with the Kaiser!", in 1914. There was no hysterical weeping of mothers, and sisters and children. The self-control and quiet courage has been so far beyond the usual standard of the human race that it has had a dream quality.

I expect the Germans to complete soon their destruction of Poland; then to offer peace to France and England. The French and British will reject this proposal and go on fighting. Then the Germans will turn loose on France and England their full air force with everything, including gas and bacteria.

I do not exclude altogether the possibility that Germany may be able to break the French line, but I do not believe that this will happen.

It is, of course, obvious that if the Neutrality Act remains in its present form, France and England will

be

be defeated rapidly.

My work here has nearly ended. Even the problem of Americans stranded in France has been handled insofar as it can be handled on this shore. Very few Americans are coming now to the Embassy, because we have them all planted at safe places in western France waiting for boats. The usual diplomatic work has stopped since the Generals and their cannons have now taken the place of the politicians and their notes. I pick up the customary quantities of information, military and political, but I don't dare to send it by cable for fear that it may be of use to the Germans. As a result, I'm feeling rather useless.

I should like to stay in Paris through the period when the Germans turn loose their air bombardment of the city. We shall get the worst of that during the latter part of this month and in the month of October.

By November, the war will, in the customary manner, hibernate. If I'm still alive, that will be about the time for you to set me to work in the United States of America. Tony Biddle won't have a country any more, and you can make him Ambassador in Paris.

You

- 4 -

You can put me in the Cabinet.

Otherwise, everything is all right.

Love and good luck.

Yours affectionately,

Bill

PSF: France
Bullitt ⁷⁰

Paris, September 13, 1939.

file

PERSONAL AND ~~STRICTLY CONFIDENTIAL~~

Dear Mr. President:

As I have stopped cabling the lowdown because I do not wish to risk communicating anything to the Boches, I am supplementing my cable of today by this brief word.

Daladier said to me today that when he talked to Chamberlain yesterday, he found himself in the presence of a man who seemed to him broken. He said that Chamberlain had aged terribly since last he had seen him, and had made the impression of a man who had passed from middle age into decrepitude.

He added that he felt that Chamberlain had a
virtue

The Honorable

Franklin D. Roosevelt,

The White House,

Washington, D. C.

virtue for Great Britain at the moment. He was as typical an Englishman as anyone in the pages of Dickens and he might be, therefore, very useful for a while; but before the war should be won he would have to be replaced by a more vigorous man.

Daladier was really shocked by the cynical selfishness of Chamberlain's attitude toward the bombardment of Poland and his refusal to use the modern, excellent and numerous English bombing planes for the bombardment of military objectives in Germany.

On the other hand, he was pleased by certain aspects of their conversation. He proposed to Chamberlain the setting up of a complete organization for purchases of France and England in the United States during the war, and Chamberlain accepted this proposal.

As you may remember, it was Jean Monnet who, during the last war, set up the interallied purchasing agency and also the interallied shipping pool. Daladier intends to try to have Monnet appointed as the representative of both the French and

and British Governments for purchases in the United States.

I do not consider that it is impossible that the British will accept this proposal. So many Britishers know what Monnet did during the last war for the common cause, and so many others know how superbly efficient he was as the first Under Secretary of the League of Nations, that he may be accepted even by our British brethren.

Daladier said that if the British should reject Monnet to head this agency, he would like to appoint Monnet French Ambassador in Washington.

I expressed the opinion that while Monnet would do excellently in Washington, he could be much more useful if he were relieved from the polite duties of an Ambassador and charged with nothing but the serious business of supply.

You will have had from my telegram the news of the change that Daladier is contemplating making in his Cabinet long before this letter reaches you. I did not say in the telegram that Daladier had remarked that at all costs he must get rid of Bonnet, who would otherwise continue to conspire with

with Flandin, Pietri and other defeatists.

Daladier is in fine form, immensely burdened, of course, by the terrible responsibility that is on his shoulders; but carrying it like a man and by no means broken by it.

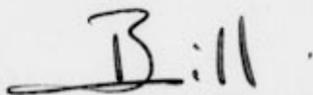
Most important! Daladier and I discussed the general question of the blockade. You will recall that from 1914 until the entry of the United States into the war in 1917, the Government of the United States hampered greatly the British and French blockade of Germany by maintaining a series of positions which were abandoned the moment the United States entered the war.

I believe that there is no way that we can help more at the present time than by taking at once the position vis-à-vis the blockade which we finally took after the entry into war of the United States in 1917. I believe that we should accept in toto the rules which we ourselves accepted then--some of which we invented. You will not need to take any affirmative action, but you will need to instruct the Department of State not to protest
in

in any way when the French and British begin to turn the screws.

So far as I am concerned, I hope the screws will be turned quickly and completely. This, I hope, in our own national interest as well as in the interest of decency in Europe. It is absolutely certain that if France and England should be unable to defeat Hitler in Europe, we shall have to fight him some day in the Americas. Please instruct the Department to get out our own blockade rules of 1918 and let the French and British apply them. You have probably done this already, so I apologize for an unnecessary reminder.

Love and good luck.

Bill

William C. Bullitt.

Bullitt 1

file
personal

Paris, September 14, 1939.

Personal

Dear Mr. President:

I append herewith a typewritten copy of a letter which I received this morning from Mrs. John R. Drexel, whom you unquestionably must have known as a contemporary of your mother's. It is just one more proof of the infinite superiority of that generation to our own.

The Neilson referred to in her letter is
her lover! Vive l'amour!

Yours affectionately,

Bill

William C. Bullitt.

Enclosure.

The Honorable

Franklin D. Roosevelt,

President of the United States of America,

Washington, D. C.

COPY

September 13th, 1939.

34, Rue Francois Ier.

Dear Mr. Ambassador:

This is information which I think the Embassy should have. The Red Cross at 21 rue Francois Ier is shortly to close and has asked me if I would object to having a very large number of packages of papers, books, etc., stored in my cellars as it was desirable to have them in a reputable and dry place. The head man investigated and yesterday they were all deposited for safe keeping - what that may mean under the circumstances.

My cellars are curiously constructed, being divided into large separate rooms with strong masonry walls. I still have most of my domestics who have been in my service since I moved into this house nine years ago. They have arranged two of the largest rooms into "abris" and we are most comfortable and actually luxurious - beds, linen, quilts, many rugs and cushions, chaises longues, carpet on floors, every necessary and essential medicines, lotions, bottled waters, champagne and liquors, biscuits, electric lights, oil lamps and hand torches for all. Neilson is still a great invalid and we have a charming trained nurse from the American Hospital and my marvelous maid who has been with me for thirty three
years

years. No one is nervous, nor "jittery" and our four descents to the abris have been calm and quickly made. This house is so comfortable and everyone is so far relieved that we did not leave Paris. Barring the Red Cross business I hope I have not bored you with my domestic situation, as you were kind enough to advise me when I last saw you. It has been a great regret that I have never had the privilege and pleasure of your accepting my many invitations, and you have always been so thoughtful and kind to me.

Very sincerely,

(Signed): ALICE TROTH DREXEL.

THE WHITE HOUSE
WASHINGTON

*PSF.
Bullitt
France*

September 28, 1939.

MEMORANDUM FOR

W. C. B.

Tell the delightful gentleman who signed that label with you that if any similar bottle survives to keep it until he, you and I can partake of it together as soon as the survival of democracies is again assured.

F. D. R.



Hommage au Président Roosevelt
13 Juin 1939
Ed. Salazar
William B. Ballitt.



Hommage au Président Roosevelt
13 Feb 1939
Ed. Delandier
William B. Ballitt.

PSF Bullitt

Paris, September 13, 1939.

PERSONAL AND CONFIDENTIAL.

Dear Mr. President:

I enclose herewith a document for your stamp book, or, if you prefer, a double-sided picture frame.

On one side you will see the label of a bottle of wine such as does not exist any longer in the world, because the label came from the last bottle in existence which Daladier and I drank at lunch at my house today.

On the back of the label you will find two unimportant signatures which convey at any rate

a

The Honorable
Franklin D. Roosevelt,
The White House,
Washington, D. C.

- 2 -

a lot of admiration and, from the nether, a lot
of affection.

Good luck!

Bill

William C. Bullitt.

Enclosure.

THE WHITE HOUSE
WASHINGTON

Ballitt
1
October 5, 1939.

MEMORANDUM FOR
THE STATE DEPARTMENT

Will you please prepare
a reply for my signature thanking
this gentleman for the ^{stamp} album of
recent French issues and proofs?

F. D. R.

Card "Jules Julien, Ministre des Postes,
Telegraphes et Telephones, 20, Avenue de Segur,
Paris".

Bullitt,

file
personal

Paris, September 14, 1939.

Dear Mr. President:

I am sending you under separate cover, by pouch, a package of French stamps which Mr. Jules Julien, French Minister of Posts, Telegraphs and Telephones, has asked me to send you.

He would be delighted to receive a personal note of thanks from you. I enclose a French draft of a letter which you may care to have typed out on your letterhead and sent to him. This does not imply any lack of confidence in your French; but merely a desire to save you bother.

Yours affectionately,

Bill
William C. Bullitt.

The Honorable
Franklin D. Roosevelt,
The White House,
Washington, D. C.

D R A F T

Cher Monsieur le Ministre:

La magnifique collection de timbres que vous m'avez envoyée par l'intermédiaire de l'Ambassadeur Bullitt me parvient à l'instant.

Je m'empresse de vous dire combien je suis touché de votre amabilité, et combien je vous suis reconnaissant d'avoir pris la peine, en ces temps difficiles, de réunir pour moi une aussi intéressante collection.

Avec mes vifs remerciements, et mes meilleurs voeux pour tout ce qui vous touche, je reste,

Bien sincèrement vôtre,

(Signed): FRANKLIN D. ROOSEVELT.

Monsieur Jules Julien,

Ministre des Postes, Télégraphes et Téléphones,
Paris, France.

Bullitt

October 9, 1939

My dear M. le Ministre:

I want you to know how grateful I am for that gift of the album of stamps containing recent French issues and proofs which you were good enough to send me. I am delighted to have this album, not only because of its intrinsic value but because of my appreciation of the kindly thought which prompted you to remember my interest in stamps. Those which the album contains are a welcome addition to my collection.

Very sincerely yours,

The Honorable
Jules Julien,
Minister of Posts, Telegraphs
and Telephones,
Paris, France.

wdh-mw



DEPARTMENT OF STATE
WASHINGTON

October 7, 1939

In reply refer to
PR 811.001 Roosevelt - Stamps - Julien,
Jules

My dear Miss LeHand:

In compliance with the President's memorandum of October 5, 1939, I am transmitting herewith a draft of a suggested letter of thanks addressed to the Honorable Jules Julien, Minister of Posts, Telegraphs and Telephones of France, who recently sent the President an album of stamps.

If you will return the letter to me when signed, I shall be glad to forward it to the American Ambassador at Paris for appropriate delivery.

Sincerely yours,

Acting Chief of Protocol.

Enclosure:
Draft letter.

Miss Marguerite A. LeHand,
Private Secretary to the President,
The White House.

THE WHITE HOUSE
WASHINGTON

October 7, 1939.

M. le Ministre

My dear ~~Mr.~~ Julien:

Thank you very much for the recent French issues and proofs which you were good enough to send to me. This fine album is a welcome addition to my stamp collection.

Very sincerely yours,



The Honorable
Jules Julien,
Minister of Posts, Telegraphs and
Telephones,
Paris.

file

October 11, 1939

Dear Mr. Woodward:

Enclosed herewith is the letter which the President has addressed to the Honorable Jules Julien, Minister of Posts, Telegraphs and Telephones of France, and it will be greatly appreciated if you will see to its transmittal to M. Julien through the proper channels.

Very sincerely yours,

WILLIAM D. HASSETT

Stanley Woodward, Esq.,
Acting Chief of Protocol,
Department of State,
Washington, D. C.

wdh-mw

THE WHITE HOUSE
WASHINGTON

October 12, 1939

MEMORANDUM FOR GENERAL WATSON:

In connection with report credited to Mr. Baruch concerning extraordinary light armor for protecting tanks and other vital parts of airplanes, there is no special armor known to me although experiments have been made and are being made to develop such armor.

It is believed that the best protection for tanks is a synthetic rubber or a synthetic rubber tank (self-healing) which has been used by the Martin Company in airplanes built for the Chinese Government. Martin Company knows that on one instance one of these tanks was penetrated by several bullets and it was able to return --- 70 or 80 miles -- to its base with gasoline from its own tank.

Martin Company can give information concerning these tanks.

A. A.

70
October 13, 1939.

Dear Bill:-

Your cable of October eleventh has just arrived and I have talked the matter over with the experts. The following memorandum gives the answer. Enuf said!

"In connection with report credited to Mr. Baruch concerning extraordinary light armor for protecting tanks and other vital parts of airplanes, there is no special armor known to me although experiments have been made and are being made to develop such armor.

It is believed that the best protection for tanks is a synthetic rubber or a synthetic rubber tank (self-healing) which has been used by the Martin Company in airplanes built for the Chinese Government. Martin Company knows that in one instance one of these tanks was penetrated by several bullets and it was able to return -- 70 or 80 miles -- to its base with gasoline from its own tank.

Martin Company can give information concerning these tanks."

Many thanks for those delicious apples.
I have to admit that they are just as good as
the Dutchess County apples.

My best to you,

As ever,

Honorable William C. Bullitt,
American Embassy,
Paris,
France.

JR
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (D)

Paris

Dated October 11, 1939

Rec'd 9:45 p.m.

Secretary of State,
Washington.

2424, October 11, 7 p.m.

~~SECRET~~ FOR THE PRESIDENT.

The Minister for Air Guy la Chambre said to me
today that fighting at the front during the past month
had proved that planes with a speed of less than 450 (288)
kilometers an hour were almost invariably shot down.
Only the latest types of observation planes and bombers
were therefore useful.

In the course of highly complimentary remarks with
regard to the Curtiss P 36 planes the Minister for Air
said that they had one serious defect, there was no
armor on the gasoline tanks. (END SECTION ONE)

RR:KLP

BULLITT

4102

Perseus - 320 m better

Brief -

↓ - 340 m better

re - 300 m better

H. - 275 m better

above - based more upon
visibility for observers than
speed - max speed above 200 mi/hr.

JR
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (D)

Paris

Dated October 11, 1939

Rec'd 9:30 p.m.

Secretary of State,
Washington.

2424, October 11, 7 p.m. (SECTION TWO).

The Germans were now using incendiary bullets in the
machine guns of their air force. It was therefore
essential to cover the gasoline tanks of these and all
other planes with some sort of armor.

I recall that last year when Bernard Baruch was in
Paris he stated to me that he was aware of the existence
in America of some extraordinary sort of extremely light
armor for the protection of the tanks and other vital
parts of planes.

If such armor exists will you please let me know
so that the French Government may look into this question.

(END MESSAGE).

RR

BULLITT

THE WHITE HOUSE
WASHINGTON

October 23, 1939.

MEMORANDUM FOR
THE SECRETARY OF STATE
TO READ AND RETURN

F. D. R.

Strictly ~~Confidential~~

Lukasiewicz, Polish Ambassador in Paris, has informed me in strictest confidence that he is about to be dismissed from his post and that Ambassador Potocki in Washington will be replaced by Ajachanowski, former Polish Minister in Washington.

I talked with Zaleski last night and derived the impression that the present Polish Government is inclined to get rid of all friends of Beck.

BULLITT

THE WHITE HOUSE
WASHINGTON

*file
confidential*

October 23, 1939.

MEMORANDUM FOR
THE SECRETARY OF STATE

TO READ AND RETURN

F. D. R.



TELEGRAM

The White House

Washington

The White House
October 21 1939

Bullitt
1

FOR ~~CONFIDENTIAL~~ INFORMATION OF THE PRESIDENT

Paris, October 21, received 10:34 a.m.
2540 October 21, Noon.

STRICTLY ~~CONFIDENTIAL~~

Lukasiewicz, Polish ambassador in Paris, has informed me in strictest confidence that he is about to be dismissed from his post and that Ambassador Potocki in Washington will be replaced by Ajachanowski, former Polish minister in Washington.

I talked with Zaleski last night and derived the impression that the present Polish government is inclined to get rid of all friends of Beck.

Bullitt

530pm/d

PS F: France
Bullitt

file
↙

150
Hawley

Personal and
Secret.

Paris, November 1, 1939.

Dear Mr. President:

I hope you gathered from one of the discreet and dull cables to which I confine myself now-a-days, that I had been at Field Headquarters with the Chief of the General Staff and his officers. The Chief of the General Staff, knowing that General Requin was an intimate friend of mine, had brought him from his command at the front. Since Requin has conducted all the operations against Germany in the region from Nancy to the Saar, it was possible, therefore, to get a view of the war from the front as well as from behind the lines. I have never talked with a lot of men who were more intelligent, confident or calm.

Requin reported that the rains had been so heavy that all the trenches at the front were completely flooded and unuseable. Moreover, it was impossible to construct new concrete works because the concrete was washed away by the rain at once. Furthermore, all boat bridges

The Honorable

Franklin Delano Roosevelt,

President of the United States of America.

Incidentally, the three last planes were destroyed. bridges across streams had been swept away. In his opinion, it would be totally impossible for the Germans to launch a major offensive for at least a week. Their airplanes could not get off the ground and their tanks could not cross the fields, and even infantrymen became bogged down in the mud. All the officers were of the opinion that November 15th was the last date on which the Germans could launch an offensive before the onset of winter. They, therefore, thought that even slight rains the end of this week or next week would compel the Germans to postpone any major offensive until next March.

There is one peculiar element in the situation which no one can quite understand. The German Messerschmidts, though fast, are so stiff and clumsy in maneuvering compared to the Curtisses and French Moranes that the Messerschmidts now -- apparently acting on orders -- run away instantly from individual combats with the French pursuit planes.

(The British have almost nothing in the way of pursuit planes in France and there is not sufficient data for a comparison between British and German planes.

Incidentally,

Incidentally, the first two planes shot down over Paris by the French anti-aircraft were British planes that had lost their way and wandered at great height over the city! When the French General Staff expressed regrets about this incident, the British General Staff had the admirable courtesy to reply by a letter to the French General Staff expressing congratulations on the accuracy of the French D. C. A.!! You can tell Missy that the piece of anti-aircraft shell that Offie sent to her was from one of the shells that produced this incident!)

The morale of the French Army is superb but the soldiers are suffering somewhat from the cold weather because the army stock of blankets and warm clothing was used to care for the five hundred thousand Spanish refugees that poured into France after the defeat of the Republican Government in Spain, and there is a genuine shortage of blankets and warm clothing of all kinds.

The French are working hard on second, third and fourth lines of defense to back up the Maginot Line. For example, a whole series of concrete pill-boxes to shelter anti-tank guns and machine guns is being built in my garden at Chantilly and all along the course of

the

the little river, "La Nonette", which runs through it.

It is the opinion of the French General Staff that whichever army attacks first the lines of fortifications that now divide France and Germany will be defeated. Requin, for example, sincerely regrets that the Germans have not launched an attack on the front which he commands since he is absolutely certain that he can defeat any such attack and that the German losses will be terrible.

As a result, - on the old principle of strategy that you have to have a solid base and a quick moving mobile arm to swing around your enemy to smash his communications - the French Staff believes that the only way the war can be won in the field will be by a combination of air attack supplemented by tanks. That requires a sufficient number of planes to destroy the communications of an enemy army and a sufficient number of tanks to smash through the army whose communications have been cut. The French heavy tanks, as you know, are the best in Europe at the moment, and at the front have shown that their armor is not pierced but only dented by the German anti-tank guns.

The General Staff therefore feels that the missing element

element is an overwhelming superiority in the air. In consequence, the Staff, as well as Daladier and Guy La Chambre, have arrived at the conclusion that while France and England must produce every plane possible, the decisive weapon must be obtained by colossal purchases of planes in the United States.

Monnet is to leave for London tomorrow to have himself appointed head of the Joint French-British organization to handle all war supplies, shipping, etc.; and later to visit the United States, accompanied by some Englishman who will head the Joint Purchasing organization in the United States.

Meanwhile, as you know, the French have ordered everything that can be found in the way of Curtisses, Douglasses and Martins, to say nothing of Pratt-Whitney and Curtiss-Wright engines. The total to be found is altogether insufficient.

The French and British figure roughly that by January or February, they will be producing together as many planes as the Germans. To catch up with the number of planes that the Germans already have, to say nothing of establishing dominance in the air, they must count on

new production from fresh sources in the United States.

Guy La Chambre is skeptical with regard to the ability of Pratt-Whitney, Curtiss-Wright, and fuselage makers in the United States, to enlarge their plants rapidly enough to produce the production needed; but believes that this production can be achieved, provided parts of motors, etc. can be turned out by our large automobile plants working in full cooperation with the plane manufacturers. It is obvious that the job of organizing the plane production in the United States of America will be a colossal one, which can be handled only with the full cooperation of our own Government -- indeed with direction by our Government.

I am enclosing herewith as a separate letter, a document on a vital problem of plane construction, which is just one example of the sort of thing that will now come up almost daily. I hope you will have this question gone into completely and immediately as French plane production will be wrecked if this essential raw material can not be obtained in the United States.

Guy La Chambre and Daladier have again asked me if it might not be possible to obtain some additional P-36s.

My

My Army Air Attaché, unprovoked by me, said to me a few days ago that our Army now considered the P-36s obsolescent. It seemed to me, therefore, that the suggestion I made to you in my letter of October 4th, 1939, that our Army might declare the P-36s obsolete and that at least part of the production of them which is now flowing to our Army, might be released to the French was not such a wild piece of imagination.

Will you let me know whether or not it may be possible to do anything in this respect? The French Government will buy immediately any P-36s which it can buy and wants them desperately -- at least that is what Daladier and Guy La Chambre have said to me in the past twenty-four hours.

Ultra-confidentially, Guy La Chambre stated to me that the French General Staff for Air is working on a stratosphere bomber: that is to say, a machine which can fly and bomb from a height of twelve thousand METERS, out of reach of anti-aircraft artillery. The French experiments are progressing satisfactorily but it will be a very long time before such planes can be produced. Guy La Chambre

asked

asked me to inform you personally and secretly about these experiments and requested me to find out if our Army had devised yet a stratosphere bomber that could operate at this height. If so, he stated that the French Government would be most eager to purchase two hundred of them as soon as possible.

My guess is that the French and British together will desire to purchase in the United States in the immediate future at least ten thousand planes and fifteen thousand engines - none of which exist. If there should be any delay about setting up the Franco-British organization, the French probably would go right ahead and try to place orders -- which would mean creating the means of production -- for this colossal force. Then a portion of this force, which would be agreed upon later, would be handed over to the British.

Daladier and Guy La Chambre and Monnet and all the Generals have implored me to go to the United States to help put through this program. Since the job will be one which will take months rather than weeks, and since we ought to have an Ambassador continuously in Paris while this war is on, if only for show purposes, and since I

don't

don't quite see how I can be on both sides of the Atlantic at the same time; the question naturally arises of where I can be most useful. I believe that Ambassadors should not go home on vacation in war time.

I hope that there is no longer any question in your mind as to what you have to do. Whether you like it or not, you must remain President of the United States throughout this war.

I think you know from experience that one of the few principles that I live up to is Montesquieu's statement: "A flatterer is a dangerous servant for any master." I am not flattering when I say that there is no other man in the United States who can conduct the affairs of the country with one-half as much intelligence as yourself during this war, and there is no other man who can begin to handle the colossal problems which will arise at the end of the war.

Even though we should be able to remain neutral, as I hope we can, our influence at the end of the war would be enormous.

Our policy will be decisive in determining the kind of peace which will be made and the kind of reconstruction of the world which will be begun. I should despair of

bringing

bringing any constructive results out of this war if you should leave the White House. I believe, therefore, that it is vital not only for the United States of America, but also for the rest of the world that you should run again and that you should be elected.

I should like to do anything I can to help in a pre-Convention campaign for your nomination and then in the campaign for your election. That also would mean many months at home.

As you know, I have no objection whatsoever to staying in France. I am treated here by everyone from the top to the bottom with the greatest possible kindness and, indeed, with affection; and you may be certain that I have no intention of running out of this job. But I honestly believe that I may be able to be of much more use in America during the next two years.

If you agree, the job in which I think I would be useful would be that of Secretary of War. If you do not intend to change the present set-up in the War Department, which incidentally is giving all the Army officers the jitters, you might put me in as midship-mite, otherwise known as Secretary of the Navy.

Incidentally,

- 11 -

Incidentally, I believe that Tony and Margaret Biddle could handle the present job in France perfectly. They have been living in my house now for six weeks and I have introduced them to everyone from Daladier down, and they have made the most excellent impression.

I had a fine talk with your Aunt Dora this morning. She looks wonderfully well. She says she intends to sail on November 7th on the MANHATTAN. I will believe her when she is on the boat. She is superb.

Love to you all.

Yours always,

Bill.

PSF: France
Bullitt
1

THE WHITE HOUSE
WASHINGTON

November 3, 1939

file
→

CONFIDENTIAL MEMORANDUM FOR

H. M. Jr.,

Please read and return. What
do you think I should say to Bullitt?

F. D. R.

Enclosures

Want to know more

Paris, October 18, 1939.

Personal and
Strictly Confidential.

Dear Mr. President:

I enclose herewith the agreement drawn up by the British Government and Jean Monnet covering economic cooperation. Personally, I think Monnet should head the Committee in London, and I should like to see Bob Brand at the head of the Joint Purchasing Commission in the United States.

In any event, I hope that Monnet will go to Washington to put through the business of enlarging the productive capacity of our airplane industry. The experience he had last winter has given him a knowledge of the possibilities of our industry that no one else in either France or England possesses - and every day will count.

I don't like to say so in a telegram, but I really believe that there is an enormous danger that the German Air Force will be able to win this war

The Honorable for

Franklin D. Roosevelt,

President of the United States of America,

Washington, D. C.

for Germany before the planes can begin to come out of our plants in quantity. I think we should encourage the French and British in every way possible to place the largest conceivable orders. If, before those orders are completed, the French and British shall have been defeated, we shall need the planes for our own defense.

You may still be interested in that island; but our Navy doesn't seem to be so much interested. I had my Naval Attaché telegraph to the Navy Department the text of the contract that the French Government is prepared to sign, more than ten days ago; and in spite of another telegram from the Naval Attaché asking whether the Navy Department wants to sign this contract, we have had no reply!

There has never been any question about the readiness of the French Government to let us have the island; but it was very difficult to find a legal adviser of the French Government who had not been mobilized or was not snowed under with war work to go over the contract. I had to push hard. Before you get this letter, the matter probably will be settled. If not, I shall probably send you a telegram couched in diplomatic language expressing the thought - What the Hell!

Everyone in Paris is expecting a major German attack to break the moment the present rains stop. Our preparations are superb. I have converted a wine cellar in the

basement

basement of the Embassy Residence, under the front steps, into an abri. It is not in the least bombproof; but I have hung in it the Turkish and Bokharan embroideries that I used to have in my house on the Bosphorus, and it is the last word in Oriental style and comfort, so that when the bombs begin to drop you may imagine Offie and myself tucked away in a Selamlik!

Our motto is: "We don't mind being killed, but we won't be annoyed."

Love and good luck.

Yours always,

Bill

(COPY)

~~SECRET~~

MACHINERY FOR COORDINATION OF ANGLO-FRENCH
ECONOMIC WAR EFFORT

I. PERMANENT EXECUTIVE COMMITTEES.

(a) Composition.

Permanent Executive Committees will be formed to provide for Joint Anglo-French action in the various departmental fields, e.g., food, armaments, etc. These Committees will consist of a few British and French members appointed by their respective Ministers. It is essential that both French and British members should be selected in such a manner as to carry the required authority with their national Departments, and that they should be given by their Ministers wide enough powers to permit prompt decisions by the Executive Committees. This point is of the utmost importance to the efficient working of the Executive Committees which are to be permanent organs carrying out joint action and administrative tasks.

Ministerial consultations will take place at meetings to be held either in Paris or London as and when necessary between the Ministerial Heads of the Departments concerned in order to take whatever decisions are required in connection with the activities of the Executive Committees, and to give them the necessary

necessary directions. These meetings will be known as "Councils".

(b) Functions.

The functions of the Executive Committees will be:

- (1) To lay down a programme of the requirements of the two countries in the particular field covered by each executive committee and, where possible, to establish an ad hoc inventory of the resources of each country in that field.
- (2) To secure the best utilization in the common interest of the resources of the two countries in raw materials, means of production etc., and, so far as may be possible, to provide for a fair allocation of cuts arising out of the necessity for the restriction of programmes.
- (3) Having regard to the above considerations, to formulate Joint Allied programmes of imports.
- (4) To organize purchases under such agreed programmes of imports in such a way as to prevent all competition between French and British purchases. This will in most cases entail the making of purchases through a single purchasing organization, the form of which should be adapted to suit the particular conditions prevailing in different countries.
- (5) To ensure that such programmes are effectively carried out.

(c) Sphere of Activities.

In the first instance Permanent Executive Committees should be formed to deal with:

- (1) Food.
- (2) Shipping.
- (3) Munitions and Raw Materials.
- (4) Oil.
- (5) Air Production and Supply.

The Permanent Executive Committee for Shipping will be entrusted with the important responsibility of providing for the allocation of tonnage at the disposal of the Allies

(including

(including neutral tonnage) which is required for carrying out the agreed programmes of imports of the other Executive Committees.

It may subsequently be desirable to add to the number of Permanent Executive Committees; moreover Sub-Committees can, if necessary, be formed to deal with particular products such as wheat, sugar, chemical products, ores, etc. Coal is a separate subject which will require special treatment.

II. ANGLO-FRENCH COORDINATING COMMITTEE.

(a) Composition.

The Committee should consist of six to eight members and should be drawn from a panel comprising, on the British side, the members of the existing Interdepartmental Committee for Anglo-French Supply and Purchase of War Material etc., on the French side, the Heads of the French Executive Committees in London. The personnel could be varied according to the subjects on the agenda. The committee should have a fulltime Chairman who should be appointed jointly by the two Governments as an Allied Official. Although in no sense an arbitrator, he would do his best from an allied as opposed to a national point of view, to adjust differences and obtain decisions. Although the Committee would sit in London the Chairman must be able to visit Paris frequently to consult with French Ministers.

The Committee should normally include representatives

of

of the Treasury and the Ministry of Economic Warfare on the one hand, and the French Ministries of Finance and Blockade on the other, in order to ensure that the Committee's decisions take into full account the requirements and the policy of those Departments.

(b) Functions:

- (1) To coordinate the work of the Permanent Executive Committees.
- (2) To deal with differences of opinion arising out of the supply and purchase of munitions, food, coal and other commodities which affect more than one Executive Committee or which raise important questions of principle or priority.
- (3) To coordinate the work of Allied Purchasing Missions abroad.

III. SUPREME WAR COUNCIL.

It is contemplated that there should be in due course an Economic Section of the Supreme War Council which will settle broad issues of policy.

12th October, 1939.

THE WHITE HOUSE
WASHINGTON

PSF Orange
(Bullitt)

November 3, 1939.

MEMORANDUM FOR
THE STATE DEPARTMENT

The President would appreciate
if you would have this photograph
forwarded to Ambassador Bullitt with
a note asking him to have it delivered
to the Maharajah.

M. A. Le Hand
PRIVATE SECRETARY



Soldier Hotel,

Zurich

26-2-37.

Pack photos
Send to
Ant Bullitt

My dear Mrs Roosevelt,

I see in the newspapers
that you are still in France,

I suppose you will soon be
going back to America

+ I wish you a very
pleasant voyage home

Will you kindly remind

your distinguished son

the Resident not to forget

to send me his signed photograph

that he promised care of

Thos Cook & Son, Travel Agents
London.

I hope & pray that the wonderful
efforts made by the President
His Majesty save the world
from the terrible catastrophe
of a world war.

I shall be staying here till
the end of August.

With kind regards & all
good wishes.

Yours very sincerely

Jagajal Singh

Maharaja of Kapurthala



DEPARTMENT OF STATE
WASHINGTON

*Miss Tully
Bullitt*

*file
personal*

In reply refer to
PR 811.001 Roosevelt, F.D./6514

November 8, 1939

My dear Miss LeHand:

Acknowledgment is made of the receipt of your memorandum of November 3, 1939, transmitting a framed and autographed photograph of the President, which he desires to have forwarded to the Maharajah of Kapurthala.

Your attention is called to Miss Tully's memorandum of August 5, 1939, transmitting an autographed photograph of the President which was sent to the American Ambassador at Paris on August 15 for presentation to the Maharajah. A copy is enclosed of the Embassy's despatch of September 4, together with its enclosure, reporting the delivery of the photograph.

In view of the above, I should appreciate being advised whether the President wishes to have a second photograph sent to the Maharajah at this time.

Sincerely yours,

Enclosure:
From Embassy,
September 4, 1939,
with enclosure.

G. S. Sumner
Chief of Protocol.

Miss Marguerite A. LeHand,
Private Secretary to the President,
The White House.

Department of State

BUREAU
DIVISION

PR

ENCLOSURE

TO

Letter drafted.....

ADDRESSED TO

Miss LeHand

EMBASSY OF THE
UNITED STATES OF AMERICA

Paris, September 4, 1939.

No. 4934

SUBJECT: Delivery of President Roosevelt's
autographed photograph to the Maharajah
of Kapurthala.

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

I have the honor to refer to the Department's
Instruction No. 1683 of August 15, 1939, enclosing an
autographed photograph of the President which I was
requested to have delivered to the Maharajah of Kapurthala.

I am enclosing a copy of a note dated August 29,
1939, in which the Maharajah acknowledges the receipt
of the photograph, and requests that I convey to the
President his most sincere thanks.

Respectfully yours,

For the Ambassador:

ROBERT D. MURPHY
Counselor of Embassy.

Enclosure:

Copy of a letter dated August 29,
1939, from the Maharaja of Kapurthala.

DM/jhg
800.1

C O P Y

Enclosure to Despatch No. 4934
dated September 4, 1939, from the
Embassy at Paris.

Hotel Dolder,
Zurich, Switzerland.

29th August 1939.

Your Excellency:

I have just received the autographed photo of
President Roosevelt which you have sent me. I shall
be much obliged if you would kindly communicate to
the President my sincere thanks.

I will keep this photograph as a very pleasant
souvenir of my meeting him at Hyde Park when I was
in New York in June last.

With kindest regards,

Yours very sincerely,

(Signed): JAGATJIT SINGH
MAHARAJA OF KAPURTHALA.

His Excellency

The American Ambassador,

Embassy of the United States of America,

P A R I S.

THE WHITE HOUSE
WASHINGTON

*PSF: Francis
Bullitt*

November 15, 1939.

MEMORANDUM FOR

THE UNDERSECRETARY OF STATE

What is our answer to this
(Bullitt #2742 - November 13th,
7 P.M.)?

F. D. R.

PSF: France
Bullitt

COPY

DEPARTMENT OF STATE
WASHINGTON

November 15, 1939

My dear Mr. President:

In accordance with our conversation today, I am submitting to you herewith for your approval a suggested telegram to Bill Bullitt. If this is satisfactory to you, please return it to me and I will have it sent from the Department.

Believe me

Faithfully yours,

(Signed) SUMNER WELLES

Enc.
Suggested
telegram

President's notation:

"S.W.
O.K.
F.D.R."

The President,
The White House.

November 15, 1939

AMERICAN EMBASSY

PARIS.

STRICTLY ~~CONFIDENTIAL~~ AND PERSONAL FOR THE AMBAS-
SADOR FROM THE PRESIDENT.

QUOTE With reference to your telegram 2739, Novem-
ber 13, 6 p.m. and previous telegrams on the same sub-
ject, I believe that because of the changes in the gen-
eral situation since you first took up this question
with the French Government, it would be wiser to aban-
don any idea of a lease or contract. Please suggest
consequently to Daladier that the matter be handled by
a mere exchange of confidential letters between him and
yourself. The first letter might be from you inquiring
whether the French Government would agree that the
United States, for training purposes and in connection
with peace time maneuvers, might be enabled to utilize
the atoll and lagoon for naval vessels and for planes.
Daladier's reply might state that the French Government
is willing to give the permission requested, with the

understanding that such permission in no way affected French sovereignty over the island and its territorial waters. The third and final letter would be your confirmation of this understanding that French sovereignty would not be affected. Telegraph me what the result of your suggestion in this sense may be. UNQUOTE.

U:GW:DMK

THE WHITE HOUSE
WASHINGTON

75
*File
personal +
confidential
Bullitt*

November 20, 1939

MEMORANDUM FOR THE PRESIDENT:

This has to do with a conference
called in compliance with your suggestion
to consider Bullitt's cable re: aluminum.

Emt
E. M. W.



OFFICE OF THE DIRECTOR

TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON

November 20, 1939

MEMORANDUM FOR GENERAL WATSON

A conference with the Quartermaster General of the Army and the Paymaster General of the Navy this morning developed the fact that their requirements, plus the possible commercial requirements, for sheet aluminum through December, 1940, are approximately 15,600,000 pounds.

Information received from the War Department indicated that the capacity of the Aluminum Company of America during the same period is approximately 202,000,000 pounds.

I contacted Secretary Welles and suggested that I promptly confer with Mr. Wilber, Washington representative of the Aluminum Company of America, in an effort to have speeded up and increased deliveries we have discussed. Secretary Welles suggested that I ask you to present this matter to the President to obtain his views as to whether such action might be considered compromising in any way to our Government.


Director of Procurement

H. E. Collins

file
↓
Personal and
~~Secret.~~

Paris, November 1, 1939.

Dear Mr. President:

I enclose herewith the memorandum which was given to me last night by the Minister for Air, Guy La Chambre, to which I refer in my long letter of today.

La Chambre said that he had asked to see me urgently at the request of Daladier since they were both horrified by the development of this piece of business in the United States. If, indeed, it should be impossible to obtain more than fifty tons of Duralumin from the United States each month, the entire French airplane production program would break down. The French production program requires one thousand tons of Duralumin a month starting with November, that is today.

It was his understanding that the production of Duralumin in the United States was very large and that
there

The Honorable

Franklin Delano Roosevelt,

President of the United States of America,

The White House.

there should be no difficulty whatsoever in obtaining supplies of one thousand tons per month. It was, however, he believed controlled by a trust.

He asked me to communicate with you immediately and to request you to have an investigation made most urgently to discover why the French Government could not purchase a sufficient quantity of this product in the United States. He wondered if the German Government or the Soviet Government might have cornered the market for Duralumin in order to prevent the French and British Governments from carrying out their airplane production programs. He wondered if some individual American might have cornered the market for speculative purposes. He wondered if the Aluminum Trust of America might have private reasons for its refusal to sell.

In any event, he and Daladier felt that it was so vital to obtain this material that they hoped that you personally would interest yourself in the matter.

Will you please have this looked into as quickly as possible and let me have a word as to the result?

In order that you may telegraph me, I suggest that

we

- 3 -

we refer to this letter of mine as letter Zed. In that case, we can discuss the matter by telegraph without anyone being the wiser.

Good luck.

Yours always,

Bill

Enclosure:
Translation of memorandum.

PSF: Francis
(Bullitt)

Copy

November 28, 1939.

My dear Mr. President:

In compliance with your memorandum of November 25th I have repeated to Bill Bullitt your message suggesting that he come home for Christmas, or, alternatively, go to Algiers and Tunis for a couple of weeks.

Faithfully yours,

Cordell Hull

The President,
The White House

THE WHITE HOUSE
WASHINGTON

Warm Springs, Ga.,
November 25, 1939.

MEMORANDUM FOR

THE SECRETARY OF STATE

I hear from an outside source that Bullitt is very tired and needs a couple of weeks holiday. What would you think of sending him the following telegram:

If the situation does not greatly change in the next two weeks, why not come home for Christmas? If while you are here something breaks loose you can always get back in three or four days. If you decide not to come, why not go to Algiers and Tunis for a couple of weeks and make report on general situation North Africa?

F. D. R.

Warm Springs, Ga.,
November 23, 1939.

B. Bullitt
1

Dear Bill:-

It is a long time since I have written you but don't think you have been entirely abandoned to fate. All that you have done has been excellent and explicit and the only trouble is that the dear British and French Governments are failing, as usual, to be definite between themselves and to be definite to me. They shifted back and forth a dozen times on their relationship with the Federal Reserve Bank in New York; on their purchase methods and finally got everyone so disgusted that we had to tell them what to do. I hope they will understand it now as it is a perfectly practical thing.

While dictating the above yours of November twenty-third, No. 2815, has come in and I have talked with the Secretary on the telephone. We both feel certain that it would be a mistake for you to come over here on any such mission because it would be sure to leak out and it is not the duty of an Ambassador -- even though I see no reason why, if things are really settling down to a winter calm, you should not come over for a week or ten days and let us have a chance to see you. Incidentally, it would do you lots of good.

In regard to purchasing, I am ready to handle the whole matter over here if we only knew whom we were talking to. Our objective is the practical one of not interfering with our own military and naval program and, secondly, to prevent prices from rising in this country.

What is really needed is one Frenchman and one Britisher in Washington who will have complete and final say for their Governments. They would have to meet once a day, put all the cards on the table, stop crossing their own wires, and give us a chance to know just what they want and when they want it.

The French Government should realize that the present situation is not satisfactory either from their point of view or from ours. What we want is that perfectly possible combination of two head men -- one French and one British -- who will sleep in the same bed and lay all their cards on the table to prevent crossing wires.

You can tell the Prime Minister that the Government here will give every facility to the export of all types of American products, agricultural and industrial, and that the Interdepartmental Committee is ready to give all proper assistance just so long as no wires are crossed.

I hope you will follow my practice of getting away for a few weeks for a short holiday. It saves my life. If you cannot fly over here, I do hope you will go down to the south of France, or even to North Africa for a really good place away from the telephone. I am absolutely certain that you are hounded to death on a million little things.

I am wiring you today what we used to call in the old days a "tickler".

As ever yours,

Hon. William C. Bullitt,
American Embassy,
Paris,
France.

PSF: France ⁷⁰
Bullitt

Personal and
Secret.

Paris, December 11, 1939. (1)

Dear Mr. President:

At lunch today at my house Daladier asked Guy La Chambre if he had been able to get the exact figures of British airplane production. La Chambre said that, thanks to Monnet, he had at last gotten the true figures. They showed a startling difference from the figures that had been given him previously.

La Chambre said that, at the present moment, the British per month are producing two hundred bombing planes and one hundred eighty-five pursuit planes. In addition to these war planes for use on land, the British are producing approximately five hundred planes for naval use, training, and use in the colonies.

The actual figures, therefore, for the British production of land battle planes per month are 385. The French production per month of the same sort of planes is 350.

Daladier

The Honorable

Franklin Delano Roosevelt,

President of the United States of America.

Daladier at great length described a diplomatic maneuver which gave him great personal satisfaction. It appears that until about a week ago the German Government had been sending him regularly emissaries with peace proposals. All the proposals involved absolute German domination of Poland and Czechoslovakia. He had been absolutely determined not to accept any of these proposals but, in order to stave off a German attack this autumn, he had wished to make the Germans continue to believe that he might accept one or another of these proposals. He, therefore, had taken all the proposals under consideration and considered each one for as many days or weeks as possible, and then invariably had replied by some question which enabled him to string out the conversations.

The German proposals had all come from Goering. A little more than a week ago, Daladier had put the question to the gentleman who had been running back and forth between Paris and Berlin: "What proof have I that Goering is prepared to throw out Hitler?" This question apparently had been a difficult one to answer and he now felt that he could no longer string the Germans.

He

He was convinced that his pretense of readiness to consider German proposals had been the main factor in keeping the Germans from attacking this autumn. He was thoroughly pleased with himself since he felt that France and Great Britain would be in a much better position to receive a German attack next Spring.

He said that he was absolutely convinced that such an attack would be made next Spring by way of Holland and Belgium. He thought that the attack would be made in the month of March. He went on to say that he had kept Bonnet, whom he described as a coward, and several worse things connected with rear ends, in his Government in order to encourage the Germans to believe that there was a possibility of a French surrender. He did not know now how long he would keep either Bonnet or de Monzie in his Government.

Good luck.

Yours affectionately,

Bill

Franklin D. Roosevelt,
President of the United States of America,

The White House.

Personal and
~~Strictly Confidential~~

Paris, December 11, 1939. (2)

file →

Dear Mr. President:

At my house today from one until four, Daladier, Guy La Chambre, Jean Monnet and René Pleven discussed the problem of winning the war.

Pleven is leaving Paris tonight to take the CLIPPER that will bring you this letter by the hand of my Counselor of Embassy, Robert Murphy. I have not time to give you the three hours of conversation which was as interesting as any three hours that I have ever spent. I must, however, give you before the train leaves Paris as much as I can.

Pleven is Jean Monnet's right hand man, and at the moment, enjoys the title of Assistant to the President of the French-British Committee of Coordination, in London.

He is an old and close friend of mine. I consider
him

The Honorable

Franklin Delano Roosevelt,
President of the United States of America,
The White House.

him one of the most subtly intelligent and reliable human beings that I have ever known. You can talk to him with absolute certainty that what you say will not be repeated. If you would enjoy a quiet evening with a French gentleman who has a profound knowledge of what is happening in Europe and speaks English perfectly, you might invite Pleven to have a quiet evening meal with you at the White House. This is not at all necessary, however, since although he would enjoy deeply a talk with you, and I am equally certain that you would enjoy him, he is not a person who cares per se about being invited by the great.

It is, however, vitally important that you should help him to carry out the mission on which Daladier is sending him to Washington.

Daladier, today at luncheon, repeated what I have communicated to you before: He believes that the war can not be won unless France and England can obtain in the United States ten thousand airplanes with engines during the year 1940. He is sending Pleven to Washington to see if it may be possible to organize such a production.

Personally,

Personally, I agree with Daladier that the war can not be won unless France and England can obtain absolute domination in the air. Approximately ten thousand planes from the United States during the year 1940 will be necessary to obtain such domination.

I believe that this question at the moment surpasses all others in importance. I believe that if the United States can produce these planes for sale to France and England, the French and British will win the war; and I believe that our Government should do everything that it can reasonably to facilitate the production of this number of planes.

Daladier once more, in the strongest conceivable terms, pleaded with me to leave for the United States at the earliest possible moment. I said that for various reasons it seemed undesirable for me to leave before Christmas and argued that Pleven would have to get in touch with the Procurement Division of our Treasury Department in order to discover exactly what would be the difficulties in the production of such a number of planes, and that I could do nothing to be of assistance until Pleven had studied the problem for at least two weeks

weeks with Captain Collins and the other experts of the Procurement Division of the Treasury.

Daladier said that he wished to Heaven that I would leave for the United States immediately but implored me to be in the United States by the first of January at the latest.

I do not consider that the problem of obtaining ten thousand planes in the United States in the year 1940, in addition to those already contracted for, is unsolvable. It will require an immense amount of organization, and also quiet assistance on the part of our Government.

Pleven will reach Washington at the same time as this letter. I am giving him a little personal note to Miss Le Hand. I am also giving him a brief personal note to Henry Morgenthau. Will you please, as soon as you have read this letter, pick up your telephone and tell Henry Morgenthau to put Pleven into touch with Captain Collins of the Procurement Division immediately? If Henry wants the order in writing, please give it to him in writing. I should like to stress again that Pleven wishes to see Captain Collins not to ask him at this time to assist in making any purchases for the French Government, but purely in order to make use of the knowledge of the

Procurement

Your nice cable of November 25 sent from Paris Procurement Division for his preliminary inquiry as to the possibility of producing ten thousand additional planes and engines in the United States in 1940.

Since various telegrams from the Department of State have authorized me to say that the cooperation of our Government and the Procurement Division would be given to the French Government, I assume that there will be no difficulty about putting Pleven in touch with Captain Collins immediately. If there should be any difficulty, I hope that you will steam-roller it at once.

I can not exaggerate the importance that Daladier attaches to this mission of Pleven's. His entire attitude toward the war will be influenced profoundly, or even decided, thereby.

Daladier said to me at lunch today: "At this moment, it is of no importance for you to be Ambassador in Paris. Our relations are such that any Secretary of Embassy can carry out the daily business satisfactorily. The one vital problem today is the production of planes in the United States. I implore you to leave for the United States as soon as possible to work out this problem."

Your

Your nice cable of November 28 sent from Warm Springs gives me a free hand to come home for a brief holiday if I consider it wise; but I foresee on this plane business tasks which will require pertinacious and constant attention over a large number of weeks -- if not months. We shall run up against the same difficulties that we ran up against last December and January when Monnet was purchasing the planes which are now proving to be so useful at the front. There will be all sorts of personal fears and hesitancies to be overcome. I want, therefore, to know that I can stay at home until the job is done.

If you have any intention of doing what I suggested in my letter of November 1st, I wish you would inform me of the intention in order to give me time to take the CLIPPER which would put me in Washington by the first of January. If you haven't any such intention, I wish you would order me to be at home for consultation on the first of January.

I have spent the past few days down by the Italian front trying to get some perspective on this war. The more I think about it, the more convinced I am that the only road to salvation lies through a quadrupled production
of

- 7 -

of planes in the United States.

I want very much to talk with you about all the things that I do not dare to put in black and white, and I want to work on the problems that seem to me the real problems.

Now please pick up your telephone and tell Henry Morgenthau to put Plevin in touch with Captain Collins immediately!

Merry Christmas and a Happy New Year.

Yours affectionately,

Bill

PSF: France
Bullitt Bullitt
13 70

file ⇒ Personal and
Confidential

Paris, December 19, 1939.

Dear Mr. President:

This letter should probably be addressed to the Secretary of Commerce since it concerns oysters - particularly huîtres de pleine mer, the saltiest of the tribe. But as a sea-going man, you ought to be interested in oysters that are fished up in the open by the Bretons. So here is the story.

On November 22nd, Royall Tyler, who is an old friend of mine, as he doubtless is of yours, called on me and said that Avenol, Secretary General of the League of Nations, was most anxious to see me since he felt that I did not like him and he wished me to like him. I replied that he could tell Avenol that I had never liked him. He was a Maréchal de Pompes Funèbres, and there was no reason why I should see him. Royall Tyler persisted, however, and asked me to have luncheon with him and Avenol. I accepted on
condition

The Honorable

Franklin D. Roosevelt,

President of the United States of America,

Washington, D..C.

condition that we should eat at the Fontaine Gaillon and should start with huitres de pêche. At least the food would be good even though the conversation might be bad.

We had the luncheon on the 29th of November and Avenol was just as dead a dog as usual. I began to make fun of him about the League and especially the pleasure of working with his Soviet associates. He seemed to have plenty of hatred for his Russian colleagues, so I asked him why he didn't get rid of them by having the Soviet Union expelled from the League because of its aggression against Finland. He replied that the League was so dead that it would certainly be impossible to get any action by the League on the Soviet aggression against Finland.

Thereupon, I delivered an oration on morality in the world which was very nearly as good as yours when you shook your finger at Litvinov and announced: "You will believe in God".

Avenol, in self-defense, said that so far as he was concerned, he would be delighted to see the Soviet Union expelled from the League and regretted that it would be impossible to obtain such action. Whereupon, I told him that if he would carry through the matter, I would undertake to get into motion within two hours the energies necessary to throw the Soviet Union out

of

of the League.

I emphasized that I had no instructions from my Government; that anything which I did get started would be the result of William C. Bullitt and not American Government action; that I happened to have appointments after luncheon with Rochat and the Finnish Minister; and one the next morning with Champetier de Ribes. I thought that would suffice.

Avenol was gloomily skeptical, but at least seemed interested in the idea that he might not have to work with a Bolshevik any longer in his Secretariat.

After lunch I saw Rochat at the Quai d'Orsay. He was even more negative than Avenol. He said that he was certain that any action by the League was out of the question; no nation would have the courage to take up the matter; that Finland would not appeal to the League, etc., etc. Whereupon, I gave him a lecture also on human morality and left to receive the Finnish Minister at my house.

He is a nice, timid, little fellow and when I asked him why Finland did not appeal to the League, he replied that he felt certain that the League would not dare to take up the aggression against Finland any more than it had dared to take up the aggression against Poland. He thought an appeal to the League

by

by Finland might embarrass France and England. I told him that I felt there could be no disadvantage to Finland in making the attempt to get the support of the League, there might be a great advantage to Finland. If France and England should be embarrassed by being asked to fulfill their most solemn pledges, I thought it was time that they should be embarrassed.

The Finnish Minister asked me if he could telegraph his Government what I had said, and I told him that, provided he made it entirely clear that I was speaking as an individual and not in any way as the representative of the Government of the United States, he could telegraph anything he liked to his Government.

I then said to the Finnish Minister that he ought to discuss the matter with Avenol at once. He was frightened to talk to Avenol without instructions from his Government. I then told him that I would pick up my telephone immediately, call Avenol, and say that I personally was insisting that they should discuss the matter immediately. After thinking hard for about three minutes, the poor Finnish Minister said that he would be glad to see Avenol if I made it clear that I was forcing him to see Avenol, and if I would not mind his telling his Government that he had seen Avenol only because I had compelled him to! I told him he could

make

make me as an individual responsible for anything, so long as he made it clear that I was advising him as a personal friend and not as American Ambassador.

I picked up my telephone and told Avenol that the Finnish Minister was with me; that I was insisting with force majeure that they should have an immediate conversation; that I was sending the Finnish Minister to his office in my car; and that he would arrive in two minutes.

Avenol asked me while I was talking to him on the phone if I had had any positive reaction from the French Government. I replied that, on the contrary, I had had a totally negative reaction from RoCHAT, but I was entirely convinced that this reaction of the Quai d'Orsay would not be Daladier's reaction. Avenol said that he thought I was wrong but hoped I was right because the more he thought about the idea, the better he liked it and if the French Government would really support a move to exclude the Soviet Union from the League, he felt that such action would be not only in the interest of France and England but also of the League and human decency.

I had too many other engagements that day to bother about the Finnish business any more. But the next morning I had an appointment with Champetier de Ribes. I told Champetier exactly what I had said to Avenol, the Finnish Minister,

Minister, and Rochat, again stressing the fact that my remarks were entirely personal and had nothing whatsoever to do with the views of the Government of the United States. Immediately after our conversation, Champetier de Ribes had his regular morning conference with Daladier. He repeated to Daladier what I had said and to everyone's astonishment - except my own - Daladier said that I was entirely right; that Finland should be supported to the limit and every effort should be made to throw the Soviet Union out of the League.

Daladier went so far as to give immediate orders that the French Government should get in touch with the British Government and say to the British Government that this was going to be the French line of policy whether the British Government liked it or not. The British objected; but Daladier went right ahead and called a Cabinet meeting the same afternoon and had the policy approved.

The moment that I had set this business in motion, I left town and refused to take telephone calls, since everyone from the Chinese Ambassador and members of the French Government down was trying to get hold of me for advice as to what should be done at Geneva. I refused all conversations. The only person, who was I am afraid miffed, was Henry Morgenthau. But I couldn't very well talk to him by transatlantic phone when I was refusing

to

to talk to Daladier.

Avenol went back to Geneva knowing that he had the full support of the French Government. The Finnish Government replied to the Finnish Minister in Paris that it thought the idea of an appeal to the League a good one. Avenol, on returning to Geneva for the first time in all the years that he has been Secretary General of the League, began to dash around like a young colt. The Finns made their appeal and the Soviet Union got the boot.

You will remember that in the year 1934, after the Bolsheviks had broken all the promises which Litvinov gave us, you instructed me to do what I could to make it clear that it was better for any nation to have really friendly relations with the United States rather than unfriendly relations. Since you put no time limit on this instruction, I consider that my activities on the afternoon of November 29th and the morning of November 30th fall within the scope of your instruction. Whether they do or not, I know that you will like them anyhow.

The moral is: Eat oysters!

Love

Love and good luck.

Yours affectionately,

William F. Bullitt

P.S. I enclose a document which I have just received from the League of Nations. I wish you would keep it for me as it will be the only record of the connection between a peaceable luncheon at the Fontaine Gaillon and the exit of the Bolshies. W.C.B.

W.F.B.

SOCIÉTÉ DES NATIONS

LEAGUE OF NATIONS

TO SEE THE VACANT CHAIR, AND THINK
HOW GOOD, HOW KIND, AND HE IS GONE

IN MEMORIAM

XX st.5
TENNYSON.

Fontsaine Gaillon, November 29th.

Geneva, December 14th.

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

CABLEGRAM

FROM

The White House
Washington

Bullitt

*** 16-6481

December 21, 1939.

BULLITT (Via State Department)
AMEMBASSY
PARIS

YOUR LETTERS OF ELEVENTH RECEIVED AM TAKING CARE OF
MATTER HERE AS YOU SUGGEST HOPE FOR QUICK ACTION

FRANKLIN D. ROOSEVELT