Oral History Interview

with

JOHN W. SNYDER

Secretary of the Treasury in the Truman Administration, 1946-53. Other Federal positions once held include Executive Vice-President and Director, Defense Plant Corporation, 1940-43; Assistant to the Director of the Reconstruction Finance Corporation, 1940-44; Federal Loan Administrator, 1945; Director, Office of War Mobilization and Reconversion, 1945-46. Secretary Snyder has been a longtime close friend of Harry S. Truman beginning with their service in the U.S. Army Reserves after World War I and continuing to the present day.

Washington, D.C.

This interview was recorded in 47 sessions held during the period from November 8, 1967 through September 3, 1969.

by Jerry N. Hess, Harry S. Truman Library

The Harry S. Truman Library
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November 8, 1967
by Jerry N. Hess, Harry S. Truman Library

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HESS: Mr. Snyder, for the record would you tell me a little bit about your personal background--where were you born, where were you educated, and what positions did you hold prior to your service in the Truman administration?

SNYDER: Well, Mr. Hess, I was born in Jonesboro, Arkansas, on June 21, 1895. I spent my early school years through high school there in Jonesboro attending the Jonesboro High School--finished there in 1914.

My father was a manufacturing druggist who

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took a very active interest in civic affairs and in the general human interest life of the small town in which we lived. I think that he gave to me a heritage that has stood me in good stead ever since because I have always found that I was tremendously interested in the welfare of my fellow man, as has been demonstrated by the fact that I have spent so much of my life on sort of a lend-lease from business to Government. While I have never during my life been active in politics as such, I have spent a great deal of time in various Government assignments that have come my way.

Having finished high school, I went over to Vanderbilt University in Nashville, Tennessee, with a plan to become identified with the electrical developments of the time. My father sent me to the World's Fair in St. Louis in 1904 when I was just nine years old and it was like a fairyland opening up to the eyes

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of a country boy who had had rather restricted contact with the outside world. It was a fascinating experience which became so embedded in my mind and recollection that even today I can most meticulously describe the daily contacts and experiences that we had during the week that we stayed at the Fair, and among the things that impressed me terrifically was the possible wonders of what electricity, electrical power, electrical energy, could bring to our growing and expanding economic and social world. Unhappily, about that time that I went to college, we had considerable difficulty in the economy of our neighborhood--the cotton growing section of the United States--and as cotton got down to a pretty low price and even though the university offered to take cotton as part of the tuition, they couldn't take cotton to pay for board and room and things of that sort and I had to postpone my education

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until a little more favorable time came, which I hoped would be very soon.

During the following two years I was associated with my uncle, Judge E.A. Rolfe, at Forrest City, Arkansas, in his timber and farm operations. Then World War I began to loom. I went to the first officers' training camp at Fort Logan H. Roots, Arkansas, and became a second lieutenant in the Field Artillery at that camp. From there I was assigned to the 32nd Division, which was then forming in Waco, Texas. This Division was composed of the National Guard of

Wisconsin and Michigan, and I found myself removed from my environment in a pronounced way because I found that I was not only far away from home in the locale of the training camp, but I was far away from home with the people with whom I was associated.

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After a brief period there, I went over to France, took some further courses in field artillery operation and became a member of the 57th Field Artillery Brigade staff, General G. LeRoy Irwin, who was in command, made me his aide and also Brigade Operations Officer. This was a great opportunity for a youngster in his early twenties. For the remainder of the period of the war I was the Brigade Operations Officer for a four-regiment brigade. We had four artillery regiments instead of the usual three. The 32nd Division became the famous Red Arrow Division and the 57th Field Artillery Brigade became known as the Iron Brigade; so dubbed by the French who greatly admired the stamina of the organization in overcoming the enemy and remaining in the line when the infantry elements were moved out. After the war I went up into Germany with the Army of Occupation and became the Division athletic officer of

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the 32nd Division to develop a morale building operation because the soldiers felt as they had won the war, they wanted to go home.

After a few weeks of sightseeing, they thought they had had all of the Army of Occupation that they wanted. So we had to build up some morale programs in entertainment, athletics and in contests between divisions, between brigades. Our division excelled in many fields of athletics so we had quite a large contingency that went down to Paris to the All-American Meet there of the whole Army AEF operation. When at last I got home, why, my hopes of becoming an electrical engineer went out the window, for my uncle wanted me to go in his bank, and so my ambition to be an electrical engineer led me to a lifetime in banking.

I spent several years in Arkansas and Missouri in the banking business and then due to some upset in the economic world again,

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there were a great many bank failures in the Middle West. I found myself the receiver of several closed banks--National Banks--under the jurisdiction of the Controller of the Currency. Our job was to try to reorganize the bank if possible and if not, to try to liquidate it in such a fashion as to return as much cash as possible to the creditors of the bank. This was a tremendous exercise studying human relations and understanding human reactions and in trying to evaluate people. During this time I was trying to build towards a permanent connection with the First National Bank in St. Louis. It seems as though every time I was about to get settled in the bank, something new came up. This next time it was Jesse Jones--one of the great leaders of our country, business leaders--who asked that I come down to Washington from St. Louis and qualify for being the manager of the St. Louis office of

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the RFC, the Reconstruction Finance Corporation. This job I undertook because it had a continuity of the same work I'd been doing because the RFC was making preferred stock loans to

banks at that time to help them get back on their feet, help them meet the demands for solvency of the bank, and to strengthen them for the reconstruction period. We also did a great deal of financial work for business. We made loans to industry to fortify their balance sheet, or to help them in an expansion for new products, and for enlarged production with the idea of providing more payroll--thus enlarging the economy of our general community. At that time, of course, I came into further contact with some of the more difficult financing problems--we had several floods--so we organized the Disaster Loan Corporation, and I set up the first office in the field at Paducah, Kentucky, to help the people who were facing a real economic

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and moral crisis because they felt as though they had lost everything they had in the flood. Through careful study, giving them restored faith, we were fortunate in being able to overcome what looked like a disaster and it turned out that within much less time than thought, we had a going community again of people who just needed a helping hand to encourage them to put their shoulders to the wheel and put our greater effort to go forward again. All of these lessons, Mr. Hess, had a great bearing on the work that I did subsequently in the National Government and as we talk along, why, I may refer back to the lessons that I learned in those various operations--particularly faith in mankind. When you think of our whole financial structure today in the United States: Here we are enjoying a gross national product, by that I mean the amounts that are paid for goods and services

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in this country, of 760 billions of dollars annually. That's all based on faith in the customer, faith in people, and confidence in the future of our country. Otherwise we couldn't do--we haven't enough base reserves in gold, silver or any other commodity that would back up that size of a gross national product if it wasn't for the faith and confidence in the banks, the lending institutions, the insurance companies, in the individuals and in the corporations run by individuals. Those things come to you only by trial and error. You must feel that you understand people and that you can judge character, if you can judge the desire and intention of the borrower to repay--it's about the same thing that I was just talking about. Do you know that 95 percent of the payments for, goods and services of this gross national product is done by

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check--that, of course, is faith and confidence again. The man has deposited his money in the bank and he has faith that that bank is going to have it ready for him when he wants it. The banks have built up faith and confidence in their customers that they can take the money that's deposited in their banks and loan it so that it can help expand the economic growth of our country and yet have it ready for them when they need it. That is one of the basic explanations of how our country has been able to grow, expand, and become the great world leader that it is today. I may have spent too much time on this phase of it but I hope it gave you a background as to what I was able to do when the opportunity to do it came to me, and how it helped equip me in a modest fashion to meet the problems as they came up.

After the RFC experience, why, I went back to the bank again and was scheduled

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in 19--oh, I left out one of the vital things--I was about ready to go to the bank again in 1940 when Mr. Jones asked me to come down to Washington to help out in some financing for World War II--a great number of pressures being put on manufacturers to manufacture things--airplanes, guns, etc.--for use of the Allies in the European war which had developed into World War II. At that time, of course--this was in July, 1940, about a year and a half before the United States actually got into the war. During our discussions and studies and everything, we came upon the idea of setting up several subsidiaries in the RFC such as the Defense Plant Corporation, Defense Supplies, the Rubber Reserve, and a number of other auxiliary financing groups that would help the Defense Program, as we called it then, because at that time we were only trying to build up our own defenses and to help those that were engaged

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in actual war, who were our Allies. With that, of course, came the end of going back to St. Louis anytime soon, because I was made head of the Defense Plant Corporation as the executive vice president and ran the organization for nearly four years. During that time we developed a most unusual way of financing, construction and equipping large manufacturing plants. The Government would furnish the money and would own the property. We would, upon recommendation of the WPB or the War Department or the Navy--we didn't have the Air Force at that time, the Air Corps was under the Army operation upon their recommendation that a certain firm have financing to build a plant to enable them to build things that were needed for the defense or war effort, the Defense Plant Corporation undertook to supply that money through lease agreements, and then assigned engineers, lawyers and bookkeepers to see that the

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plant was built according to plans approved. The lease agreement with the manufacturer who was to manufacture items for defense and to use of that facility as long as the emergency existed was a unique legal instrument. I am very proud of those leases because we exercised considerable forethought in drawing up the principles under which they were drawn. Among other things, we put a proviso into the lease agreement which gave the manufacturer--the leasee--an option to buy the plant, after the emergency period was over, at an agreed on formula that was written right into his contract. This, of course, was of tremendous value in later years in our swing from war back into peace operations because these very fine, modern plants could be quickly put back into an expanded usage of production for the great demands for commodities that followed the war. We, of course, at that time had no

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idea how long the war was going to last, but we just took that precaution to work out a transition from war to peace in light of the experience of many of us of what happened following World War I. After the problem of the financing had pretty well been solved--incidentally, we advanced over eleven billions of dollars to build plants under the Defense Plant Program. When this was finished, I went back to the bank in 1944 and was slated to become its president on July 1, 1945, but in the meantime I found that they kept calling me--Mr. Jones did, and others back in Washington--to help in this program or another until finally I just had to say, "No." That was about the middle of 1944. In the meantime my very dear friend, Senator Harry S. Truman, had become nominated and elected Vice President of the United States. He took office in January, 1945. As you know, events moved

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rather rapidly and so it was only a few months later that he became President. That somewhat gives you a hasty but somewhat sketchy story of my early background.

HESS: When did you first meet Mr. Truman?

SNYDER: Well, here we're going to clear up a myth that's been existent for a long time--maybe Mr. Truman and I should have corrected it earlier but we never thought it could do any harm and we just didn't go to the effort to put a stop to it, because we didn't see how it would be any damage to history, so we sort of let it go--maybe it would have been better if we had stopped it at the time. I had not known Mr. Truman prior to World War I. I had not known him nor was I with his battery during World War I--I was not with the famous Truman Battery "D"--he was in the 35th Division, I was in the 32nd Division.

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After we got home, the war being successfully completed, he and I, each in our own way, had become invited to retain a Reserve commission in the Field Artillery, the purpose being to use our talents as soldiers who had served in an actual war, as morale builders and as sort of inspiration for the younger officers coming along in the Reserve Corps and in the ROTC. Mr. Truman accepted a commission first and I did later. Along in June, 1928 I received an order to report to Fort Riley, Kansas for a summer camp with the Reserve officer group that would be held there at Fort Riley. On the order was Lieutenant Colonel Harry S. Truman. On July 9th--I believe it was--1928 at Fort Riley, Kansas, I met Harry S. Truman, then presiding judge of the Jackson County Court in Jackson County, Missouri, and who was later to become the President of the United States. That was our

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first meeting.

HESS: Thinking back to that day, sir, what was your impression of Mr. Truman when you met him?

SNYDER: I think it's pretty clear in my mind that I immediately had a feeling that here was a man that you could like--here's a man that you would enjoy getting better acquainted with. He has something that gives you a good feeling whenever you meet him; when he shakes hands with you and looks you in the eye, there's a twinkle there, there's a grip in his hand that gives you a feeling that here is an acquaintance that I'd like to cultivate. I believe that was my instant reaction to him when I met him at Fort Riley.

HESS: Had you heard of Mr. Truman before this time?

SNYDER: Yes, I had because at that time I was in

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Missouri and I had heard of what a great job that he had done as presiding judge of Jackson

County. The name was not unknown to me although I had never had the pleasure of meeting him.

HESS: How often did you see Mr. Truman during those early years and what were the occasions?

SNYDER: Well, for one thing I can quickly say that every year, for two weeks, he and I—first I'll say from that year forward until 1939 he and I went to one of the training camps, sometimes in Minnesota, most of the time at Fort Riley, Kansas, and we spent two weeks of very close association, our tents were pitched there side by side or if we were in barracks, we had rooms adjacent and for those two weeks we had the opportunity to become very well acquainted. In the meantime between those camp periods Mr. Truman lived in Independence, Missouri and I lived in St. Louis, but we

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found opportunities for our families to get acquainted; we visited each other when passing through our respective cities where we lived, and then as part of my receivership work I was sent out to Sedalia, Missouri to look after two banks that had failed there. Sedalia is only a short distance from Independence, so for about a year and a half or two years we had an opportunity to see each other rather frequently. After that it became a custom for us, as frequently as possible, to have visits on various matters that were developing and it wasn't very long after that, as you know, in 1934 Mr. Truman was elected Senator and came down to Washington to represent Missouri.

HESS: When did you first meet Mrs. Truman?

SNYDER: I think it was probably about 1928 when we stopped by Independence on the way back from camp. I stopped off in Kansas City for a

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day and I think probably it was at that time.

HESS: What was your first impression of Mrs. Truman?

SNYDER: That's a very easy question to answer. Mrs. Truman is a most delightful person and she has from that very first meeting down to today been a woman I admire very much and I always enjoyed having an opportunity of visiting with her and getting her views and discuss matters of bringing up children and other important facets of life.

HESS: Thinking back to the times that you met Mr. Truman in your annual sojourn to the camp, are there any instances that come to mind that might show the developing man, that might show Mr. Truman in his earlier days?

SNYDER: Yes, very definitely. I soon learned that

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Mr. Truman was a devoted student of history. He had spent a great deal of time studying the causes and effects of history throughout the years and we had many hours at these camps in the evening sitting around discussing what actions might lead to what results. As a matter of fact, we used to sit there and talk and had big plans for Mr. Truman to become Governor, maybe, of the state, and that if he did, why, those around him were all going to pitch in and be part of his organization. That was just musing in connection with talks on economics and history and things of that sort. At no time had we ever dreamed of his becoming a Senator and certainly not of his becoming President of the United States.

HESS: In 1934 Mr. Truman ran for the Senate for the first time--do you recall anything in particular about that election?

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SNYDER: Well, that was not a very difficult election. The Democrats were pretty much in the majority and having received the nomination, why it wasn't too difficult to get the election at that time. That was not his first race. He had run for county judge, as you know.

HESS: Do you recall any other instances about Mr. Truman before we get to Washington? Any Missouri instances? Any times with the National Guard?

SNYDER: Well, Mr. Truman was not in the National Guard after he returned from World War I. He was in the Reserve Corps. He took an active part in American Legion affairs. He took an active part in the Reserve Corps affairs. He took an active study of the defense program of the United States. He had almost a vision that the work that we were doing with those young soldiers had a real purpose and not just

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a peacetime program that would never be called on to show the training that these young men received. It has been a source of much pride to both of us in checking afterwards the record of the young men who were with us at those camps, that, perhaps, due to the inspiration they got from their work and through ambition they had, become good soldiers in time of war. It was a rarity where one of them didn't make a tremendously good accounting of his talents when World War II came along.

HESS: Did you see Mr. Truman very often during his first term in the Senate?

SNYDER: Yes, a great deal. I saw a great deal of him--for within two years of the time he became Senator I was asked to take over the job of manager of the St. Louis office of the Reconstruction Finance Corporation, being a Senator from Missouri, Mr. Truman was

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tremendously interested in the banking and economic development of the state and since the RFC's job was to aid and abet that, he and I found much in common in working together and helping various institutions around the state bolster up their finances and get on a sounder basis.

HESS: What was Mr. Truman's view of what should be done?

SNYDER: Naturally as representative of his people he wanted every business to be properly financed and to give it an opportunity to put its best foot forward. He wanted the banking system to be strong so that the depositors were assured that they would get their funds back whenever they wanted them. You see we had had an unfortunate banking experience in the thirties--late twenties and early thirties--which led to President Roosevelt declaring the bank holiday

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immediately after taking office in 1933 because he felt that the only way to get back on a sound foundation in banking was to analyze the whole banking structure and not to let it fritter away by closing banks here, there and other places which would pyramid into greater trouble; he stopped it all at once; had an immediate examination of the assets and liabilities of all the banks in the country and set up a priority of reopening certain banks, which immediately proved that they were solvent and able to continue. These banks were given the license to reopen within a very short time. Others were put on a deferred list and as they strengthened their capital through liquidation of assets or through the sale of additional capital stock, were allowed to reopen. Some of the weaker ones took a little longer in reorganization and at that time the

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RFC started making provisions for preferred stock purchases in banks that needed additional reserve capital.

So all of this became a part of Mr. Truman's prerogatives when he became Senator, to follow through on this action of the Federal Government in its efforts to restore confidence and faith in the operation of our banks and also in our industries, many of which had gotten into difficulties because of lack of demand for their products or for price problems, and so for his own state's welfare it behooved him to get in and take an active part in seeing that these financial facilities were made available to his constituents.

HESS: Do you recall anything in particular about Mr. Truman's service on the subcommittee of Senator Wheeler's Interstate Commerce Committee? That was the committee that was set up to

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investigate railroad finances.

SNYDER: First let's add--I'd like to touch back a little on Mr. Truman's attitude when he came to Washington as a Senator. He had a rather fundamental notion about what a young Senator should do--how he ought to prepare himself for the most effective work as Senator and as a senior officer of his state in representing his people. He was a junior Senator, Bennett Clark was the senior Senator at that time. Mr. Truman had the idea that initially a Senator ought to study the purpose for which the Senate was created--what were the duties expected of a Senator, how could he best go about accomplishing what was prescribed in the setup of the Congress. He felt that in order to get the most out of his work that he ought to be well acquainted with the people for whom he was working. He felt that he should have a fundamental understanding

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of the intent of the various provisions of the Constitution. He felt that he should understand the objectives of the platform of the party under which he was elected. He felt that he had to have a feel of the operation before he moved out into taking too active a part in statements and in the advocacy of certain actions for the consideration of the Senate. Fortunately he was made a member of two of the most important committees, in his opinion, in the Senate at that time. He was put on the Appropriations Committee which is one of the very, very powerful committees because they control the funds that are used for all the operations of the Government and for anything that the Government might undertake. He was also made a member of the Interstate Commerce Committee. He felt, and this goes back to some of his earlier studies, because we had a great many

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railroads out through our part of the country--St. Louis and Kansas City were both large railroad centers and as a matter of fact, St. Louis was the second largest railroad center in the United States--Chicago was first, and he felt that transportation was one of the basic bulwarks of a free enterprise system, of a strong economy, getting the raw material to the market where it could be used in fabrication of products, and getting the manufactured product to the customer. He learned then what we found out since, in the World Bank operation in studying the economies of the world, that transportation was usually the number one necessity that they should have in those developing countries to start toward building a viable economy. So with that notion in mind he was fortunate in being put on those committees that were going to rule over how the money was to be spent that the taxpayer paid in, and how one of the best ways to get it spent

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properly was through building up a strong transportation system through the country. He was delighted with the opportunities presented to him. He went to work on the appropriations, he studied the budget with meticulous care; it turned out that this stood him in great stead in later years because, while I was serving with him it was my privilege each year to go with him before the press and explain the budget to them so that they could interpret it to the public in the best fashion possible. At that time he proved that he understood the various parts of the budget, its various segments, its many applications, its various intricacies, better than any (the press' opinion at the time) President before him. In fact he was the first President to discuss the budget in open press conference. While he had the Budget director and me, as Secretary of the Treasury, present to back him up in anything that he might want to

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ask us about, it was rarely that he really had to refer a question to us. He generally had the answer himself. But he never hesitated when he did get into little complexities to immediately refer to the Budget director or to me. A transcript of those press conferences will be most enlightening as to how well he was able to cope with the questions that were fired at him by these press experts. Budget work was basic training for him as a Senator for later larger responsibilities. His studies of transportation led to his appointment as a member of the committee to study the railroad situation in the United States, the railroad needs and railroad problems under what was later called the Wheeler Committee. Much to his benefit, Senator Wheeler gave Mr. Truman carte blanche to make the study. At the time he finished that report, it was issued, of course, under the committee's name, I would venture to say due to the fact that I

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have heard railroad men say this, both the railroad bankers and railroad operators, that at that time Mr. Truman was probably the best informed man on the whole complex problems of the railroads that we had in the Congress. He went to experts in the field. He asked them about various phases of operation. He made a number of rather deep rooted discoveries of what was going on in the railroad world; what the weaknesses were; what the strong points were. One of the great weaknesses he discovered was in the financing operation. He remarked one time that the railroad holding companies and wholly owned subsidiaries simply were not cooperating with the railroad management in the public interest, nor for the welfare of the country as a whole. Well, that to him was a startling discovery because here was one of the facets of our economy that he thought was necessary in the front row of its requirements. He found that

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the railroads, in his opinion, in studying the traffic requirements and the flow of traffic across the continent and in local traffic movement, that the railroads were a great and necessary adjunct to our country's welfare. "The fact is that the transportation system," he once said, "of the country is its largest and most important industry."

Well, those were interesting facts that were brought out by this committee in its study. In summation I recall how widespread this was accepted and it was very controversial in certain areas. He made the statement that, "I believe that the record that we have set down here will show that there must be reorganization of the finances of our railroads. They must quit using the railroads as a toy for the financial operation." He pointed out that many bonds and stocks of the railroads were issued with no idea of ever paying the bonds off or

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making the stock of real value other than for management purposes.

The Wheeler Committee's Report became one of the textbooks of railroad operations, both to banks and to operators. I think briefly that is the impression I had of his work in the committees, and of course we could spend days going into this more definitely but I think what you're after is the effort that he put into his work and the end results that he came up with.

HESS: Do you recall anything offhand that came up from his duties with the Appropriations Committee?

SNYDER: Within a very short time after he became a member of that Committee, Mr. Truman--Senator Truman--became quite an authority in various areas of the budget. He became a consultant of other Senators who would come to him and say, "Look, Harry, I wish you would explain this section of

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the budget here about this particular appropriations request. Are these people entitled to that? Have you gone into it or is this getting out of line or are these people growing faster than they are producing good results for the welfare of the country?" I found more and more in my visits with

him--he had a back office that he called the "doghouse" and every afternoon after the Senate adjourned, that was the gathering place for quite a cross section of the Senators who would drop in there, Senators from both sides of the aisle, Republican and Democratic, and they'd talk over the events of the day and many times what action ought to be taken in regard to certain matters or questions that came up on the floor or in committees. It was a great privilege to me to have the opportunity to sit and listen to this quasi debate that went on as to the merits or demerits of certain matters that were before the Congress.

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HESS: Between this relatively junior Senator and the people who had been there somewhat longer.

SNYDER: That's true. He made many staunch friends with the deans of the Senate.

HESS: Do you think that his working with the Budget and with the county budget in Jackson County, Missouri at the time that he was Eastern County Judge and then presiding judge gave him a good background for and a good understanding of budgets and administration?

SNYDER: Without question, Mr. Hess. Mr. Truman--Judge Truman at the time--was faced with quite a number of important capital outlays in Jackson County. They were going to build a courthouse. He spent months traveling over the country looking at examples of architecture, of the utilitarian merits of various structures that were built for courthouses; he studied the

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pricing operation of contractors in bidding on public structures; he spent a great deal of time visiting with architects and contractors and getting counsel on how things are done; he went over many, many floor plans and revisions and finally came up with one of the--at the time--one of the outstanding courthouses of the country.

HESS: Did you ever hear him talk about the trip that he took around to see the other courthouses?

SNYDER: Oh, yes, many times we discussed them and many times later we'd be traveling around the country and he'd say, "I remember coming here and looking at that courthouse at the time we were building ours."

Jackson County had the first important county grid-system of hard surfaced roads. Mr. Truman put the same research into building those

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roads that he did in the courthouse. The concrete mix, the foundation that was to go there, the analysis of the soil over which the road was to be built, how much rock base would have to be put in, how the traffic flow could be estimated fifteen, twenty years ahead to see whether the road would be adequate for a long time projection, and then of course he instituted a very strict competitive bidding on the materials and the engineering that went into them and as a result he came up with the finest grid-system at that time at a very appropriate cost.

HESS: It still is a fine system.

SNYDER: It's still a fine system; those roads have held up remarkably well. They've been expanded and widened, of course, a great deal since. He built several eleemosynary institutions and he gave them the same interest, and then

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he had his own problem of his budget of his county operation. You see the county judge in Missouri, and in several other states, is not a member of the judiciary, he is actually the business administrator, and the word judge just kind of grew out of an early setup of the county judge who later actually became the administrator of the finance of the county rather than any legal talents that he might have.

HESS: Do you recall anything else about Mr. Truman's first term in the Senate? Anything else come to mind?

SNYDER: Yes, I recall very well. Mr. Truman was given the opportunity to be put on a committee to study the defense requirement of the country. This was back before we ever had any notion that we were going to get in World War II--many people didn't, some of us did have--he had

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just finished that in 1940 at the time that he came up for re-election. He developed some very interesting impressions and reports as to the reorganization much of our manufacturing industrial capacity would have to undergo in case we were ever placed in a position of defending ourselves. That was one of the important things. He began to take quite an important part in internal arbitration among the Senators and smoothing out and trouble shooting relationships, and with that warm friendly approach that he had become one of the very popular Senators on the floor. This was later to be demonstrated by the willingness of his colleagues to go to the front for him when he was running for re-election in 1940.

HESS: Now were you referring to the background of what became the Truman Committee there?

SNYDER: No. I was referring to studies before the

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creation of the Truman Committee.

HESS: What was the relationship between Senator Truman and Senator Bennett Clark during the first few years?

SNYDER: Senator Truman and Senator Clark were always friends. Their offices cooperated extremely well. There were times when Senator Truman felt that Senator Clark ought to take a little more active part in certain matters which were before the Senate and in the state, but by and

large they cooperated very well. Senator Clark made a number of speeches for Senator Truman. Mr. Truman put forth a great effort to try to help Senator Clark get re-elected when his time came up for re-election but unfortunately he was defeated. Mr. Truman subsequently, as President, named him judge--Federal judge. Mr. Truman was his best man at his second marriage. They always remained good

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friends I think.

HESS: In his *Memoirs* President Truman states that in the 1940 election one of the things that helped him get the nomination was that in the last few days before the election Senator Clark did come out for him and make some speeches for him.

SNYDER: That is definitely true as I flagged a moment ago. There were quite a number; go back through the records and you will find letters and public statements and endorsements from quite a cross-section of the members of the Senate in backing up Mr. Truman and endorsing him for the job, speaking of the fine accounting that he had made of himself in his first six years as Senator.

HESS: Mr. Snyder, what do you recall about Mr. Truman's efforts in the primary and the general election of 1940 to gain a second term in the Senate?

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SNYDER: Well, Mr. Hess, we have to kind of roll time back a little. One of Senator Truman's friends, Lloyd Stark, who was in the fruit tree business in Missouri, came to him one time and asked for his assistance in getting an interview with Mr. Pendergast, Tom Pendergast, with the view of soliciting his assistance in backing Mr. Stark in his campaign for Governor, he wanted to become Governor of the State of Missouri. Senator Truman arranged a conference in Denver, Colorado for Mr. Stark to go to see Mr. Pendergast who was out there at the time. Stark went out to see him and that led subsequently to Mr. Pendergast endorsing Mr. Stark for Governor and in the subsequent race Stark won the election. Mr. Pendergast unfortunately got into some difficulty through one of his appointees in some insurance matters. I won't go into detail because it's long drawn out about some reserve funds that had been set up by insurance

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companies on a delayed rate charge and that is a long story in itself, but Mr. Pendergast became involved in some unfortunate transactions which Mr. Stark seized upon to capitalize on as an effort on his part to stamp out machine politics in the State of Missouri and its weaknesses and so forth. This resulted in what is history and Mr. Pendergast was found guilty. The time came up then for Senator Truman's re-election. Mr. Stark felt that he had built up a record that would give him a great standing in the state and that he had a great platform to run on and he decided he would run against Senator Truman for election. Of course, we had first a primary to approach. Along with Mr. Stark was a man by the name of [Maurice] Milligan who was then very active in politics in the state, who decided that it was a great opportunity for him too to become a Senator. Both of them reasoned without doubt that Senator Truman was in a very

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vulnerable position because of his association in Jackson County with Mr. Pendergast. Although in the six years that Mr. Truman was Senator there was never any question that came up as to his integrity or any misuse of Senator Truman's authority or any attempted misuse by the Pendergast organization in Kansas City, but it looked like a wonderful opportunity to those two gentlemen and they proceeded to try to make the most of it. They, of course, continually associated Senator Truman with the whole picture and held it up that this man must be replaced because we cannot have that association representing us in the Senate. It looked like a very devastating barrier. We had a meeting in St. Louis which I'll discuss a little later, and we left that meeting, I'll say, rather depressed.

Senator Truman went back to Washington. I came down to Washington later to talk with him over what our next step might be. We discovered

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that after we started going into matters to see what our tools were, what pluses we had; we'd been overwhelmed with our minuses so we wanted to see what pluses we did have. We received another shock in that a record that we thought was being kept as to people that he had been able to assist in problems that came up, that he had represented as Senator in the State of Missouri, that an adequate record had not been kept as to who you could expect to be your friend in case of a campaign. That was quite a shock to us because there we were with our disappointing result in St. Louis, and we also were faced--Senator Truman was not a man of means--with a heavy cost of what already appeared would be a very expensive campaign and our depression deepened. As a matter of fact, I recall, the thought came to me, "We haven't even enough money to buy the postage stamps to write to anybody to help us."

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So we decided we would mull it over and have another meeting the next day and talk about it. As I started out Senator Truman said, "I want to say one thing right here, I've got to run. I must not walk out on this opportunity of facing the public under the charges that have been poured around. In my own self-conscious I must run and I'm going to if no one but just us two or three right around this room vote for me."

"Well," I said, "Senator Truman, there's no question but what those of us here are going to be in there with you all the way through. It looks pretty bleak right now but let's talk about it tomorrow."

I walked to the elevator, went down and was walking out of the building--the Senate Office Building--and I ran into an old friend from St. Louis, Horace Deal. He said, "John, what happened to you? You look like you've just been run through the wringer."

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"Well," I said, "that couldn't be a better description as to how I feel." And I told him what our problem was.

He said, "It's pretty bad isn't it?"

"Well," I said, "it is."

He replied, "Well, maybe it's not all that bad." He walked over to the fender of an automobile, brought out his checkbook, wrote out a check and handed it to me. It was for $1,000. I didn't even stop to thank him for it. I turned and rushed back into the--then all of a sudden I got to the door and I said, "Well, come on, go up with me, Horace."

He said, "Oh, no, I'm going on back to the hotel. I'm not even going up there; I was coming up but I'm not now, I'm going back to the hotel; if you need me, call me."

I ran back up waving the check to Senator Truman, and said, "Well, there's a silver lining here; we at least can buy postage stamps."

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Well, it was a rejuvenating experience and from that minute on we were determined we weren't going to let anything lick us. We didn't have any money though. We decided that under the circumstances it was best not to set up headquarters in Kansas City or in Independence, so we moved over to St. Louis and established his campaign headquarters there. I borrowed the room from which we operated, a floor in the Ambassador building. We borrowed clerks, we borrowed furniture, we borrowed everything that we could. We financed a mobile loudspeaker system; we got writers for speeches; we got students to make studies of what Mr. Truman had done along with his own recollections of his six years and of his past years as judge, and we made up a set of speeches. Mr. Truman was largely the author himself of the speeches but we did a little polishing for him and so forth.

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HESS: Who else helped on those speeches?

SNYDER: Well, I would have to give you those names later. We had a half a dozen people who were word artists that were able to...

HESS: Any names come to mind?

SNYDER: Yes, I've got two or three--but I'll give you those names later. Senator Truman started out and before the campaign was over he visited every one of the seventy-five counties in Missouri, and while he was a Baptist, I accused him of being a good Episcopalian because whenever he would stop at a crossroads or a town square and four or five people gathered together, he'd turn on the loudspeaker and start talking to them. In that way he communicated his image to the people. They saw the man; they heard him talk. He built up confidence from one corner of that state to the other. It was a quiet infiltration. In the meantime, of course,

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all of this blaspheming and everything else was going on through the papers, and through every means possible.

HESS: Now, Mr. Truman did have a campaign office in Sedalia.

SNYDER: That was later--yes. He did have another one over there.

HESS: The treasurer's office was in St. Louis, is that right?

SNYDER: Yes, for the time being, yes.

HESS: Harry Vaughan was the treasurer that year, correct?

SNYDER: Vaughan did a magnificent job. He worked constantly gathering up whatever funds that we could get, and it was sort of a hand-to-mouth operation but we wouldn't be discouraged--we just kept going. Every now and then we'd

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get a real nice contribution from a good friend and it was most remarkable to see how many postdated checks turned up a day after we won the election.

HESS: That's called getting on the bandwagon, isn't it? Do you recall how Mr. Truman met Mr. Vaughan?

SNYDER: Well, now Vaughan was a member of his Battery and so they met...

HESS: They'd known each other a good long time.

SNYDER: Yes, in World War I.

HESS: Also in the 1940 campaign didn't the Brotherhood of Railroad Trainmen provide some assistance?

SNYDER: Not only some--magnificent assistance.

HESS: How did that come about?

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SNYDER: It came out of Senator Truman--really that railroad study was the basis of it. In talking with his brotherhood--well, there were actually four brotherhoods, you know; at one time. I don't know what the structure is today, but there were four major brotherhoods of the Railroad Operators, and Mr. Truman established rapport with those people when he was studying how the railroads were run because he penetrated every facet of the question of the operators, of the workmen, of the managers, of the bankers who financed it, of the shippers, he went into every facet. Well, that's how he got to know them and they got to know him: "This is a man we can have confidence in." The farmer--Senator Truman was very faithful to his pledge to the farmer in his first campaign that he was going to look after their interests. He was constantly, during his first term, looking into the bills on agriculture that went through the Senate, and another strong

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point that he had in that campaign was his veteran support because of the activities I was telling you about--the American Legion and the Reserve Corps and his study of the defense needs--he built up quite a support among the veterans, and, of course, to labor groups other than the railroad people. He built up a reputation for carrying out his promises when he could.

HESS: Was A. F. Whitney instrumental in getting the railroad brotherhood to back Mr. Truman that year any more so than any of the other railroad men?

SNYDER: There were three or four of them. I would have to check back in the records to find just whether he stood head and shoulders above the others, but there were three or four there that came in separately, don't you see, there wasn't much cohesion--that's a good word--at that time. Each one kind of ran his own bailiwick.

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HESS: I think he was in charge of the railway trainmen.

SNYDER: Yes.

HESS: In his *Memoirs*, Mr. Truman says concerning that primary that one of the biggest breaks in the final days of the campaign when Robert Hannegan who had been supporting Stark switched his support to him.

SNYDER: That was because Hannegan at that time was very active in St. Louis politics and I believe he was Collector of Internal Revenue. I'd have to check back.

HESS: I think so but I'm not sure.

SNYDER: To get to be Collector of Internal Revenue required someone who had quite a bit of influence, particularly in St. Louis, which was close to Louisiana, Missouri where Mr. Stark came from. St. Louis at first was lined up

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considerably towards Mr. Stark.

HESS: The mayor of St. Louis was quite a Stark man--wasn't his name Dickmann?

SNYDER: Yes, Barney Dickmann. But Bob Hannegan saw the error of his ways and switched over, it just broke up that situation in St. Louis that had been a pretty solid front for Stark, you see.

HESS: Was this really the first political connection between Robert Hannegan and Mr. Truman?

SNYDER: Yes, Mr. Truman may have met Hannegan at some of the state conventions because up until that time, if my memory serves me correctly, Hannegan had not been very active nationally. I don't want to say that as dictum. We ought to check into that one, and I will.

Senator Truman may have casually seen him but so far as being associated with him,

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I doubt it. It could be that we might find if we go back to the 1934 election that Hannegan might have been a member of the St. Louis committee in 1934. That's why I'm so cautious about that because Bob was a growing young fellow there in politics in St. Louis and could well have been on Truman's committee in 1934, but Truman didn't have any real opposition in the '34 campaign and so it didn't call for any real effort on the part of Hannegan.

HESS: Then in the general election he defeated Manvel Davis, the Republican.

SNYDER: The real effort was in the primary and once he had defeated those two why his problems were much lessened because his strength was quite a revelation to the people of the state and it was a demonstration of leadership and capacity that he could beat these two people

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who had the support of most of the papers in the state.

HESS: Who else worked for Mr. Truman that year besides Mr. Vaughan?

SNYDER: Oh, there were a great many faithful, loyal people and...

HESS: Do you recall any offhand?

SNYDER: Yes, I could go back and if you'd like to inject that, I'll give you quite a little list of those who put forth a real effort to help him.

HESS: Well, outside of the meeting in 1940 in St. Louis, which had to do with this and which we want to put off until a later date, does anything else come to mind when you think of the subject of the 1940 campaign and election?

SNYDER: I think one thing that impressed me considerably

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was Senator Truman's manner of handling his campaign. He strictly ran on his own record. He didn't attempt to meet in any fashion the charges that were brought up, the innuendoes. He didn't try to debate those at all; he ran on the Truman record and laid it before the people at every opportunity. As a matter of fact, when we sat down to organize the campaign initially, he set out in very clear fashion the conditions that were going to be observed in his campaign, and he asked all of us who were around at the time to pledge that we would keep the campaign within that framework. And I'd like to read to you just what he said:

> The Senator will not engage in personalities and asks his friends to do the same. Avoid mentioning the Senator's opponents in any way.

That was number one. Number two:

> Avoid getting into controversial issues. Stick to Truman--his record as a judge, as a Senator, as a military man.

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Three:

> While others discuss issues not involved in the primary, each worker will carefully avoid getting into those traps.

Four:

> The press is a function of our free institutions. If they are wrong in their attitude, try to make them see the true light, but under no circumstances attack them.

And finally, number five:

> Political parties are essential to our republic, our nation, and we must not attack them. What we're doing is to show by our actions that we think what our Party is destined to do. Provide the basic laws for a more abundant life and the happiness and security of our people. Those are the conditions under which I am going to run and those are the conditions I want each of my adherents and co-workers to observe with the greatest of zeal.

HESS: Very good. Did you write those down at that time?

SNYDER: I had that list put in one of my scrapbooks because I thought so highly of it. I dug back and found it and these are just notes that I

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jotted down so as to make what we're saying a little bit more understandable.

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Second Oral History Interview with John W. Snyder, Washington, D.C., November 22, 1967
By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, did you attend the meeting in St. Louis in 1940 at which it was discussed if Mr. Truman should run for re-election that year?

SNYDER: Yes, I was present. It occurred, as I recall, along in June of 1940. Mr. Truman thought it would be well to gather some of his acquaintances in the eastern part of the sate and feel them out on the prospects of his running for second term. At that meeting I think there were some sixteen-seventeen people. Among those that I remember particularly were Roy Harper, Horace Deal, Harry Vaughan, Jake Vardaman, Eddie McKim, Neat Helm, Clarence Turley, and of course the Senator and me. It was frankly a very disappointing meeting. As we've already

noted there had been quite a build-up of Governor Stark as a candidate, and also Mr. Milligan. Those two candidates,

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because of the Pendergast background of Senator Truman, had become very vicious in their attack on machine politics and Senator Truman's connection with them. So, we found a rather lukewarm response to a campaign for the second term. And after some hours of discussion back and forth we adjourned with no decision having been made regarding procedures or recommendations or anything of that sort in connection with the second term. And it was left on the basis that we would get in touch with everyone later.

HESS: Do you recall at this late date what some of the views were of some of the various people that were there? Who advised Mr. Truman to run and who advised him not to run, basically?

SNYDER: I'll be very frank with you there, he had very little backing or encouragement at that meeting. As I recall it, there were only two

[65]
or three that even suggested that he should run for the second term.

HESS: Who were they?

SNYDER: I don't want to press my memory too hard on that. As I recall it, Jake Vardaman said that it would be a hard race, but that maybe Mr. Truman should run again; Vaughan, of course, urged him to run; the man that I had hoped would come out very strongly found that he was going to be awfully busy for the next six months, and that was Mr. Harper, later, Judge Harper; and of course, I felt that Mr. Truman should run. But of course my position was less influencing than the others because I was not active in politics and did not fully understand the problems of such a campaign.

HESS: What was Mr. Truman's attitude during that meeting?

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SNYDER: No, that's been quite awhile ago--twenty-seven years.

HESS: Anything else of importance come to mind when you look hack upon that meeting in St. Louis?

SNYDER: No, except our disappointment at the lack of enthusiasm.

HESS: At a later point, of course, the President did make the bid for re-election, and <u>was</u> re-elected. Were there any of the people that were at the meeting who expressed a note that the President probably couldn't win who later came back "into the fold," shall we say?

SNYDER: Oh, they all did before the election was over. Without exception, there wasn't a one that I mentioned that didn't lend some aid to the campaign once it got started. I have already told

of the Horace Deal incident and how it

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gave us a good start because from that time on, in spite of the fact that we ran a very, very tight race as far as finances were concerned, we were able to meet the urgent demands with a very economy-minded campaign, and Mr. Truman, through his own efforts, through his own constant presenting his case to the public, prevailed and came out with a good margin in the election, first in the primary when he defeated Milligan and Stark, and of course, later in the general election he won very handily.

HESS: Who were a few of the others that were helping Mr. Truman in his campaign in those early days?

SNYDER: Well, we enlisted quite a number of people, professional writers and we established headquarters over in St. Louis. As a matter of fact, Clarence Turley, who was at that first meeting, gave a whole half a floor of the Ambassador building for the use of the

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headquarters. Vardaman, of course, helped from, time to time, but Vaughan was...

HESS: What duties did these men have--while we run down the names what comes to mind?

SNYDER: Well, Vardaman was with the First National Bank in St. Louis; Vaughan was, of course, working for Mr. Truman and at that time I was beginning operation of the Defense Plant Corporation in Washington.

HESS: Do you recall what Mr. Vardaman did to help out in the campaign?

SNYDER: Well, he was very effective in helping us get small contributions and he was very good in soliciting certain people. I don't recall specifically the incidents, but I do remember that we relied on him for help from time to time.

HESS: I believe Mr. Vaughan was the treasurer, is that correct?

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SNYDER: That's right.

Neal Helm contributed, worked in southeast Missouri and was very helpful. Neal was a capitalist down in Caruthersville, Missouri. He was in the farm business, in the banking business, real estate business, real estate business, and quite a number of activities. Roy Harper was a lawyer down in southeast Missouri, and he helped in the campaign when it once got started.

HESS: What did he do, do you recall?

SNYDER: Well, he went out and solicited votes and tried to raise a little money, and was

generally helpful.

HESS: What are the big problems that arise in a campaign like that? What kind of help did he really need?

SNYDER: First and foremost, we needed financial

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help, because there were so many expenses, transportation, telephone, office space later in Sedalia, clerk hire, however, most of our office people we had donated to us, and it was only towards the end of the campaign that we began to pay anything for that sort of help. We had the question of speeches. Of course, in those days, there was no television, and the radio was not used a great deal in our campaign, as it was too expensive. We got together a sound truck for him and he canvassed every county in the state, and stopping at the court square, he would get a few people together and tell his story, sticking strictly to the outline I gave you the other day. He campaigned on his own merits, accomplishments, and record. He never once referred to the opposition or to the tactics of the opposition. He ran strictly on his own record.

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HESS: Did he usually have a speech written out for such occasions, or was this more or less off-the-cuff?

SNYDER: He had five or six speeches on labor, agriculture, railroads, various subjects of current interest in the electorate of his state, and he sort of used those as the background according to the audience that he had.

HESS: Who helped Mr. Truman write those speeches?

SNYDER: Well, we had a half a dozen people who were assisting. I'll have to give you the names of the two who did most of the actual assembly of the speeches. I don't recall their names right now, but I'll give them to you later--two St. Louis people.

HESS: Did you sit in on any of those speechwriting sessions?

SNYDER: Oh, yes, constantly. They were brought

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over and shown to me or mailed to me because I was in Washington and this was going on out in Missouri, you know.

HESS: How were those speeches written? Did the speechwriters get together with Mr. Truman before they started to work, or would they work up a draft and then present it to him?

SNYDER: They largely would get his ideas of what he wanted, write the speech, and send it to him for editing.

HESS: Fine, then we'll get the names of some of those people who helped write those speeches at a later date. Anything else come to mind about the 1940 campaign?

SNYDER: Yes, it was a very interesting thing. Bob Hannegan, at the beginning of the campaign, was very closely tied in with Lloyd Stark, and was supporting him, but as time went on, he

[73]
began to find that his people around St. Louis, were losing their confidence and their respect for Stark.

HESS: What caused that?

SNYDER: Well, I think that it was just the unfairness of the attack on the record of Mr. Truman. When they began to check on it, they found that Truman had done a pretty good job as Senator and that the whole campaign of the Governor's--the import of his campaign, was attack rather than demonstration of any ability. It also became known that Stark had solicited and received Pendergast's aid in running for Governor. It just evolved and one of the brightest initial things was when Hannegan announced one day that he was going to back Mr. Truman.

HESS: Mr. Truman mentions in his *Memoirs* that that gave a great deal of impetus to his campaign.

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SNYDER: Well, it did.

HESS: Were he and Hannegan particularly close?

SNYDER: I don't recall that they were. They were acquaintances, of course, but Hannegan had been in the St. Louis Democratic organization, and Stark had allied himself with that organization, coming from just north of there from Louisiana, Missouri, where he was in the fruit tree business. And so it was only natural that Hannegan should have supported him maybe, and at least he did. But along towards the end of the campaign, he switched over and that had a very stimulating effect on the Truman campaign, because it gave us a toehold in the eastern part of the state which we had been lacking. And of course, it had a snowball effect.

HESS: One question about the headquarters. There was also a supplemental headquarters in Sedalia?

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Is that correct?

SNYDER: That's correct. We had a small office in Sedalia. Later we opened up one over at Independence, in Jackson County, after the primary, I believe it was.

HESS: Do you recall who was stationed in Sedalia? Who was in charge of that office?

SNYDER: I don't remember.

HESS: Now, Mr. Vaughan and the treasury department were in St. Louis.

SNYDER: That's right.

HESS: Was that the main headquarters?

SNYDER: It was.

HESS: Mr. Snyder, what was the relationship between Bennett Clark and Mr. Truman during the early hours when Mr. Truman was in the Senate?

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SNYDER: They were very good friends. They cooperated, worked together very well. At times, Villmore, his secretary, was not too cooperative with Senator Truman's staff, but by and large the staffs worked together very well. Clark, frankly, had a little attitude of superiority because of his family background. His father was the famous "Champ" Clark, one of Missouri's outstanding Senators in history. As a matter of fact, he ran largely--his name was Bennett, but he injected the "Champ" into it and ran as "Champ" Clark, and was actually elected on the background of his father's reputation. And with all that, and the fact that he had been a colonel in World War I he felt that he was considerably the senior Senator from Missouri. But, at the same time, he was always friendly, and he did, in the 1940 campaign, make some speeches in the interest of Mr. Truman and supported him in that election.

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HESS: In the primary or the general?

SNYDER: In both, particularly in the general.

Later, when Bennett married the second time, Mr. Truman was best man, and after Senator Clark was defeated as Senator in Washington, Mr. Truman appointed him Federal judge. So, their relationship was very good.

HESS: Mr. Snyder, in his *Memoirs*, Mr. Truman said in speaking of the need for a committee to investigate the expenditures on national defense in early 1941, "I talked over the prospects of a committee with my close friends--with John Snyder in particular, and Senate leaders whose advice I respected--and they were interested." What do you recall about the background of what came to be known as the Truman Committee?

SNYDER: Senator Truman, from the time he first came to the Senate, had taken quite an interest in the defense efforts that were being made

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because of his military connections. As a matter of fact, along in 1940, he was a member of the

Special Committee to Investigate the National Defense Program. And he became extremely interested in what was being done and what was not being done and the manner in which it was being done. In our long conversations from time to time about the general welfare of the Nation, when war was impending, as it appeared by the headlines that we were being drawn closer and closer into it, we discussed the aftermath of World War I, and how mixed up so much of the investigations were that weren't started until after the war--people had died, records had been lost, particularly in the settlement of contracts, we discussed at great length, particularly the fact that some of those investigations and settlements were so long drawn out that the final settlement when it came through would have saved the

[79]
company from bankruptcy had they gotten it at a more appropriate time after the war. Among other things he and I both recalled the scandals and the problems that came up during the mobilization of our defense forces in World War I, the scandals on the cantonment building and on wax plants and war contracts. We both felt in these conversations that it would be a fine thing if an arrangement was made to have a committee, a congressional committee, concurrently with the development of the defense program make some of these investigations as they developed and stop them before they turned into formidable problems. I recall particularly an evening, we had a dinner over at the Army-Navy Club and I had brought in two of our attorneys from the RFC who were associated with me in the Defense Plant Corporation operation, particularly Hans Klagsbrunn. He was a brilliant young lawyer, and was particularly informed on

[80]
the history of the litigation and the contracts of World War 1, as he had made a study of those in connection with our preparation of our bill for the Defense Plant Corporation, which was presented to Congress and approved for the RFC to create certain subsidiary corporations to help in the defense program. Harry Vaughan was at that dinner that night, and Mr. Truman was particularly interested in some of the suggestions that were made as to the areas in which investigations would prove very beneficial.

HESS: Who made some of those suggestions?

SNYDER: Many of them came from Hans Klagsbrunn and from me. Concurrently with that however, Senator Truman had been talking with three or four of his colleagues in the Senate and had been discussing their views of the likelihood of such a program being worthwhile, among

[81]
them was Senator Connally, Senator Wallgren and Senator Hatch, particularly. I think he had discussed it some with Senator Barkley, and they all seemed to think, too, that it would be a very beneficial program. As a result of those various discussions, he wrote up a resolution to form such a committee, we were able to help him in the formulation of that resolution.

HESS: At one time Mr. Truman took a trip around the country to look at some Army installations that were under construction.

SNYDER: That was in connection with the Special Committee to Investigate the National

Defense Program, and he was somewhat alarmed at some of the things that he heard and saw on that trip.

HESS: Did he take the trip before you talked to him at the Army-Navy Club?

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SNYDER: No, I think it was after if I remember correctly.

HESS: The meeting at the Army-Navy Club was first, and then the trip came after that.

SNYDER: That's my recollection.

HESS: What were some of the suggestions that were made to Mr. Truman at that little informal get together at the Army-Navy Club?

SNYDER: The one that I particularly recall was to nip these construction problems in the bud; that whenever rumors came of graft or waste in the construction of some of the big camps, cantonments, that the time to stop them was right at that time. Go in and investigate them and if they were true put a stop to them, with the people who were at fault, and if those people didn't cooperate, then to bring about the proper corrective measures through

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publicity. Also history showed back in World War I that there were many contracts that became real scandals in the manufacture of defense goods. Our plan was that whenever any rumor or suggestion came up that there was something at fault with a certain contract, to go into it and see what was wrong with it, if there were labor troubles to investigate and see if they couldn't get straightened out, because this was the emergency period and nothing ought to interfere with the operation of a plant. If there was a pending shutdown of a plant because of labor disputes, that might be well to check into; if it was a matter of the distribution of materials, it might be well to check on the priority of the necessity of the products, and see to it that one plant wasn't piling up a big surplus of a needed material while some other plants that needed it weren't getting any. We ran into a lot of that in the Navy, stockpiling steel plate and

[84]
electrical equipment, and things of that sort. It was things of that character which it was intended to prevent. In the records, we found that in World War I, very bad records had been kept, and it was with difficulty after the war to trace things. We thought that while the war was going on was the time to see to it that proper records were being kept.

HESS: Do you recall offhand what suggestions Mr. Vaughan may have made at that time?

SNYDER: No, I don't.

HESS: Now, who else was present besides...

SNYDER: That's all.

HESS: That's the group. Fine. Speaking of the Truman Committee, I'd like to ask you a few questions about some of the men who served on the staff of that committee, and ask you if you know how they came to be members of the

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staff, or your impressions of their effectiveness as members, just what you recall about them. Hugh Fulton was the first chief counsel. What do you recall about Mr. Fulton?

SNYDER: Hugh Fulton was among the first to join the staff. Mr. Truman was looking for a competent chief counsel for the committee, and through recommendations he went to the Cravath law firm in New York and got Hugh Fulton. Fulton turned out to be a very capable, able counsel for the Truman Committee, and did splendid work during the investigations.

HESS: Jumping ahead just a bit, but Mr. Fulton left the committee about the same time that Mr. Truman did in August '44. Do you recall that he helped in the campaign in 1944?

SNYDER: My recollection is that his assistance was very minor.

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HESS: All right, Charles Patrick Clark also served on the committee.

SNYDER: I did not know a great deal about Charles Patrick Clark. He was one of the investigators, and I personally don't recall any outstanding contribution that he made to the Truman Committee.

HESS: Rudolph Halley?

SNYDER: He was brought in by Fulton as his assistant counsel. His work was largely in specific investigations and in planning investigations that should be made. As I recall it, his job was to dig through all the letters of complaint. You see, when the Truman Committee once got into operation there was a flood of mail constantly coming in, some of it pertinent, some of it simply mail, and that all had to be carefully sifted and appraised, and the more meritorious had to be put into the schedule for investigation, because it would have been impossible

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to have given individual attention to the tremendous volume of suggestions, complaints, inquiries, and gossip that came in, although each letter was answered. It had to settle down to which ones should be followed up. And Halley, as I recall, contributed to that work and to several specific examinations.

HESS: On that subject, did you ever recall hearing Mr. Truman say just how it was decided what investigation should be pursued?

SNYDER: That would come up in committee. The staff would present a half a dozen candidates for investigation, and the Senators would talk it over and determine the priorities that

they would give the various investigations. It was largely on the pressure pattern of which seemed to be the most important at the moment. Each Senator would be assigned a certain investigation and would go out to the plant or to the

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cantonment or to the construction job or to wherever the investigation was to be held. The whole committee would not go along, but occasionally for a big nationwide investigation they'd hold the hearings in Washington. Largely, however, they were spot investigations at the scene of the problem.

HESS: There were several investigations that were especially noted during the Truman Committee time. The Canol Project--that was the pipeline they were going to build through Canada. And also the problem of the tank lighters, getting the boats to put the tanks ashore, and then the Curtiss-Wright airplane engines...

SNYDER: Oh, yes, airplane engines. Well, those hearings were held in Washington largely, although they did send out some investigators to do ground checking, but those investigations were largely held in Washington.

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HESS: Do you ever recall hearing Mr. Truman mention any of the investigations, any of the work that had been done?

SNYDER: Oh, we talked about it constantly. The Truman Committee was of tremendous assistance to the Defense Plant Corporation. D.P.C. was charged with the financing of a great many plants for the defense program. The Defense Plant Corporation had a policy that they would only finance plants when they were recommended by an agency that was charged with the responsibility of conducting the defense program, such as WPB, the War Department, the Navy Department, and various other defense oriented agencies. We would not proceed with negotiating defense plant contracts with the corporation and industry, without a recommendation of that sort, as we did not have the facility for determining the necessity for the product, the end product, of course. The War Department and

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the Navy, WPB, were working out these arrangements and therefore they knew where they needed the additional capacity for certain items, and if they knew of a program that was coming on in the future, and could in advance know how much law material was going to be required, how many machine tools, how much of the various necessities, labor for instance, or plant construction, so we solved it by only negotiating contracts upon recommendation of one of those defense agencies. As a result, we built, during the war, that is we contracted and financed some eleven billion dollars worth of plants. That is a tremendous amount of construction, and therefore, we were constantly running into problems on material supply, labor supply, on contracts that were being slowed down, or rumors of waste in the construction of these plants. The Truman Committee was <u>most</u> cooperative in investigating wherever we felt there was a

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particular need for a check on what was going on in some of these huge plants we were building. See, the Defense Plant Corporation itself in South Bend, Indiana, built the first plant that had nearly two sections of land under one roof. It had over eighty acres under one roof, and that created quite a bit of conversation and it created quite an opportunity for rumors of waste and this, that and the other. So, the Truman Committee was most helpful in helping us to get those things straightened out in the early days, that is in the early days of the trouble. I don't mean the early days of the war, they were useful all the way through the war in helping us, because we were constantly being called on to finance plants right up until 1944.

HESS: Were there other ways that the Truman Committee helped you during these days?

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SNYDER: Such as what -- I don't quite...

HESS: Well, I was trying to phrase a question here on the connection between the Defense Plant Corporation and the Truman Committee.

SNYDER: Well, we were purely a Government agency. It wasn't because of any particular...

HESS: Well, connection is a bad word--advice that might have been given.

SNYDER: Well, there was constant discussion, as I say, between Senator Truman and me unofficially. Members of the Truman Committee and Senator Truman many times would go with me out to take a look at a certain project; for instance, when we were building the synthetic rubber complex. We started out with a test tube and built a composite plant; that is, of all the various synthetic rubber plants that we financed, we raised the capacity up to hundreds of millions

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of pounds of synthetic rubber products. This was brand new. There were no guide posts along the way. The butadiene plants, the copolymer plants, this kind of plant was brand new. So there was always danger of there being excessive expenditures or waste or problems coming up in connection with plants of that character. In the aviation plants, we were headed towards a goal of 50,000 airplanes that President Roosevelt had mentioned in one of his speeches, and just overnight we were called on to build huge plants for making propellers, air frames, engines, landing gear, electrical equipment. When you suddenly start to contracting for a great volume of items, there's always a chance to run the costs up, you know. The minute something like that would show up the Truman Committee would get right on top of it and would nip them in the bud.

HESS: During the days when you were dealing with

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the Truman Committee, who would you phone when you phoned over there? Who would you deal with, Mr. Truman, or some of the members of the staff?

SNYDER: It all depended on what it was, many times Fulton, many times one of the Senators; if it was something long range, I would probably talk with Senator Truman about it preliminarily; if it was something of an urgent nature, why, a member of the defense plant organization would get in touch with field investigators or something of that sort. There was no set pattern, there was no routine, we didn't set up any line of authority in raking the contact. We found that they worked very cooperatively, and if it was just a question of something that should be looked into, one of our executives in D.F.C. would call somebody he knew in the Truman Committee, and it might be anyone from Senator Truman down to one of the staff people.

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HESS: What do you recall about some of the Senators that served on that committee? Were they helpful to you also?

SNYDER: Yes, it was one of the finest groups that I've ever seen in Government in their dedication to this work. And I think one of the outstanding parts was that this committee did not seek headlines in time of war. Whatever they were investigating was handled as quietly as possible, and in the interest of the overall defense effort. All of the Senators cooperated wholeheartedly in that effort, as long as Mr. Truman was chairman of that committee, I don't recall of any great scandal headlines that came out except in some very unusual cases where they were well-deserved. The original committee was composed of seven Senators. You know, when Mr. Truman first petitioned, that is filed a resolution for the formation of a committee, it turned out it wasn't as popular

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as we hoped it would be; President Roosevelt was not too enthusiastic for it; Senator Byrnes was not particularly enthusiastic for it either.

HESS: What caused their opposition?

SNYDER: My recollection is, they just didn't want such activity--they thought they were going to be able, through normal operations, to be able to keep track of those things; they just didn't want an additional congressional group looking into the defense program. They were afraid it might stymie production or that the committee might get embroiled in a lot of wrangles and so forth and create barriers rather than help. So, it turned out that Senator Truman asked for only $25,000 to start with. Senator Byrnes wanted to give him $10,000. It was finally settled on $15,000 and was to be made up of seven members. Those

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seven members were Mr. Truman, Carl Hatch, Tom Connally, James Mead, Mon Wallgren--those were all Democrats and then they had two Republicans, Joe Ball and Owen Brewster. That was the committee for some time until in 1942, about a year later, they changed the name of the committee. The committee's first name, by the way, was Special Committee to Investigate Contracts Under the National Defense Program. In May of the next year they dropped the Contracts out of the title and it became the Special Committee to Investigate the National Defense Program. At that time they added two more names--three more names I believe it was, Clyde Herring and Harley Kilgore, Democrats and Harold Burton was the third one. He was a

Republican from Ohio. The committee thus functioned until Mr. Truman resigned at the time he was nominated to run for Vice President, and James M. Mead was named chairman of the committee to continue the operation

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HESS: Were there any of those Senators that you found particularly helpful in your duties at the Defense Plant Corporation--other than Mr. Truman?

SNYDER: All of them I'll say. I had splendid cooperation, and I was told by other agencies that they had the same kind of cooperation. The RFC didn't just have the Defense Plant. It had the Rubber Reserve, the Metals Reserve, Defense Supplies and Pre-emptive Buying and quite a number of other subsidiary operations which were also having problems and the committee was extremely helpful to all of them. Senator Brewster was very helpful in a number of cases up in New England and later Senator Burton was most helpful to me with the plants in Ohio. Senator Wallgren was helpful in some of our Light Metals Plants out in the northwest. We had to work out contracts with some of the big hydroelectric plants out there through the

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Interior Department for power for the Light Metals Plants--magnesium, aluminum--and later some of the Atomic Energy Plants, and he was very helpful in helping us negotiate those various matters.

HESS: On the subject of that Atomic Energy Plant I understand that Mr. Truman heard about some big expenditures going on and was asked not to press his investigation. What do you recall about that?

SNYDER: That is correct. Yes. He was told that we were spending a great deal of money on something that was as secret as anything could possibly be and because of his--I think it was Secretary Stimson who asked him to please not press for examination, but to let him work it out if there was something that ought to be looked into. Mr. Truman acquiesced. He said he did not want to interfere with something

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that was that important to the defense program and actually it was not until he became Vice President that he ever learned just exactly what it was all about. I recall personally that the Defense Plant Corporation had a great number of priorities in connection with the Manhattan Project. We had the machine tool pool, and we would get frequent requests to direct priorities of certain machine tools and certain manufacturing space for building machine tools of a specific custom type for an unnamed consignee. I would get requests to schedule these and put them ahead of any other type of tools, without any questions asked. The funny part was that a very close friend of mine who was in charge of the electrical installation in a plant would come over; he would be so concerned about his priorities and getting his equipment and everything he wanted to talk to me about it and I said, "I do not want to know. Please don't tell me."

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And I put real effort in trying not to learn what it was because they did want to talk to me about it

for assistance, and I didn't want to know.

HESS: Well, there were a couple more people who worked on the staff--George Meader.

SNYDER: George Meader later became Congressman. I did not come in contact with Meader, as I remember, in the committee work. I understand he did some very fine work on the committee, but personally I never came in contact with him.

HESS: And do you recall anything in particular about Matthew Connelly in connection with the Truman Committee?

SNYDER: Matt Connelly had been working on some other committees--investigative committees--and as the Truman Committee grew, Matt, who was from New York, was recommended to be added to the committee.

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I think Jim Mead recommended him--Jim was from New York, too. I think that was probably how he got there, but he was largely in the investigative operation.

HESS: Do you think we've fairly well covered the subject of the assistance that the Truman Committee gave to you in your duties during those early years?

SNYDER: I think we have pretty well.

HESS: Mr. Snyder, I'd like to ask you about some of Mr. Truman's regular staff. Now Harry Vaughan we have mentioned a few times.

SNYDER: As to his initial staff when Senator Truman was elected in 1934, he came down to Washington without any personnel. Congressman [Frank Hood] Lee of Missouri had gone out of office at the same time Mr. Truman came in. Senator Truman took Victor Messall who was Congressman Lee's secretary, as his secretary. He took him upon

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recommendation of Congressman Lee, and also took one of his assistants, Miss Catherine Bixler, who had been one of Congressman Lee's employees. Miss Bixler came from Maryland, I think Messall did also; he was not a Missourian as I recall. Mr. Truman brought Mildred Dryden from Missouri, Harry Vaughan joined the staff and Miss Reathel Odum of St. Louis. Miss Odum had been in my employ in the liquidation of banks and when Senator Truman was building up his staff, he asked me for help. I gave him the choice of anyone in my organization. He selected Miss Odum and brought her to Washington. She stayed with him through all his various jobs until he became President. At that time she became Mrs. Truman's secretary and stayed with them until they returned to Independence. As a matter of fact, she and Vaughan were the only ones that remained after he left the Senate. Vaughan was out for a while in the Army on

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active duty in the Pacific, but he was invalidated back home and returned to the Truman staff as

soon as he was able to get back on active duty.

HESS: I understand Miss Odum is still in your employ, is that right?

SNYDER: Yes. She still looks after my personal correspondence.

HESS: Who else served on that staff?

SNYDER: Matt Connelly didn't come on the staff until much later after Mr. Truman became Vice President.

HESS: He left the Truman Committee about the time Mr. Truman did, and then when he was Vice President he was his Executive Assistant.

SNYDER: Well, it was such a short time and, of course, I was in St. Louis most of that time. It could well have been that way because when

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Mr. Truman went over to the Presidency, he took him as his Appointments Secretary.

HESS: During those years did you have any occasions to work with these people--work with Mr. Truman through these people that were in his office?

SNYDER: I was well acquainted with all of them and worked with them, would write to them about people out in Missouri who wanted some help from the Senator, or if the Senator wanted me to look up something, why, any one of those people wouldn't hesitate to call me, write to me or mention it when I was in the office; I worked very closely with all of them.

HESS: Mr. Snyder, what do you recall about the events in 1944 that led to the nomination and election of Mr. Truman as Vice President?

SNYDER: There had been some talk casually in the fall of '43 but nothing very serious. As I

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recall, Bob Hannegan had brought it up once or twice that Truman would make a good candidate, but it wasn't serious.

HESS: Did he mention this to you?

SNYDER: He mentioned this to me and to Mr. Truman and to others whenever we were sitting around talking about things. I recall that at Christmas time our families--the Truman family and my family--were having dinner together--this was in Christmas week of 1943--and the matter came up in sort of a conversational way and Mrs. Truman and I both voiced a protest that we didn't think that that would be in Mr. Truman's best interest to ever agree to be a candidate for Vice President. He was making a splendid Senator; his record had been excellent during both of his terms; as I have mentioned Mr. Truman was not a man of wealth and he had geared his life--

he and Mrs. Truman had geared

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their lives so they could well enjoy life and do good service to his state and to his country as a Senator, with great prospects of becoming one of the top Senate leaders in due course with seniority. We discussed it to great length and finally jokingly or seriously--I don't ever want to pin him down to too definite a commitment of that sort--but he jokingly, there may have been an undercurrent of seriousness in it, said that he would never agree to be the candidate for Vice President unless Mrs. Truman and I agreed to it, and we let it go at that and thought no more of it for some time. In the spring, it came up again and Mr. Truman passed it off. By the time he had thought about it carefully and was, I think, definitely determined that he did not want to be a candidate for Vice President. Along in June, as I recall it, I had a call from Bob Hannegan. I was in St. Louis at the First National Bank

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at that time and Bob said, "I wish you would come up to Chicago to the convention. We'll fix it up officially or unofficially."

I said, "I'm not in politics as you well know. Why would you want me to come to Chicago?"

He said, "Well, the Boss wants you to come up. The Senator would like you to come up and be with him. He's asked me to see if you wouldn't come."

I replied, "Bob, I think Senator Truman's and my relationship is such that if he really wants me to come up there and be with him, it's a pretty simple matter for him to pick up the phone and call me. I will talk with him about it when he does. I appreciate your calling me, that's very nice of you."

Well, a few days later I did have a call from Mr. Truman who asked me if I would go away for a week to be with him in Chicago; that he,

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Mrs. Truman and Margaret were going up for the convention: He was a delegate from Missouri and he'd just like for me to be there with him. I told him I'd be very happy to come. When I arrived for the convention, it was, I think, on maybe Friday or Saturday before the convention opened, Mr. Truman and Mrs. Truman were over at the Morrison Hotel, although Mr. Truman had set up headquarters at the Stevens for his conferences and meetings with his various delegations and whatever work that you have to do he was removing it from his family hotel, and I had quarters over at the Blackstone which is right across from the Stevens. At that time among the first things that Senator Truman said to me upon arrival was that he had committed himself to nominate Jim Byrnes for Vice President and said we've got to write his speech; so we started going over an outline and brought in other people--Ed McKim was there

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at the time--and we brought in some other folks who were good at writing nominating speeches, and we'd drawn up a very good draft for the speech for Byrnes. Jim would drop in every now

and then and we'd talk about it and so forth. One morning, however, I think it was along the first of the week, Jim came storming in and said, "Well, I'm going back to Washington."

Senator Truman said, "You can't do that. We're working on your nominating speech. You know I told you I'd nominate you." He said, "We're working on it right now. I have the draft right here before us. Sit down here..."

"I don't want to hear anything about it. I'm going back." He said, "I just talked with the boss and of all things after telling me that I was his choice, he told me just now on the phone, 'What are you doing in Chicago? I thought I left you to run the store in

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Washington.'" Byrnes said, "I'm through. I'm going home." And he stormed out.

Well, that was rather startling. However it wasn't very long, either that same day or the next day, I think it was probably the same day, Senator Truman had a call from Bob Hannegan over at the Blackstone Hotel asking him if he could come over there a few minutes. He said, "Yes, John and I will be right over." And I could hear Bob, "Well, never mind John, we want to see you."

So he excused himself and went across the street. He was gone some little time. When he came back he told me what had transpired. It seemed that when he got there, why, there were several of the party leaders present. He found that Hannegan had Kelly of New York, [Frank] Walker, Jake Arvey of Chicago and, I think, Hillman was there, Sidney Hillman. They asked: "Well, have you made up your mind that you will

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accept the nomination for Vice President? The President wants you to accept it." They also said, "It was a matter of you or Bill Douglas. Douglas has said he wouldn't take it and it's up to you now to make a decision."

And Senator Truman again asserted that he did not want to be a candidate; that he was greatly honored, but he felt like he should stay a Senator and, as though it were timed, the phone rang and it was President Roosevelt out in San Diego answering Hannegan's call. He was on a tour at that time of investigation of the defense operations in the country--the defense program--and while Mr. Truman couldn't hear what President Roosevelt said, "Mr. Hannegan said, "No, we've talked with him about it and he still says he doesn't want to accept it."

Then Hannegan put his hand over the mouth piece of the phone but everyone could hear the President say: "Well, if he wants to be

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that stubborn and ruin the Democratic Party, why let him do it."

Mr. Truman said, "Well, let me think about it." And so that was passed on and he came back across the street then and talked about it. We quickly decided he had no choice but to accept if it's put in that light. He got in touch with Hannegan and said he'd go along. Our first job was to

see Mrs. Truman and tell her about it. That's my recollection of it.

HESS: Did he say at that time what some of the other people who were present there may have said--Walker--Kelly...

SNYDER: They were all pressing him to do it.

HESS: What about Hillman?

SNYDER: My recollection was that he was, too. I've got to check Hillman. I'm sure that he was

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there, but I just don't want to make an error about that.

HESS: Well, fine. We'll check on that. As you know when...

SNYDER: But they were unanimous in their pressure when he was over there.

HESS: As you know when the convention opened, Hillman was definitely for Wallace and I believe after a day or so, he said that they would take Truman as second choice; they still wanted Wallace. William Green of AF of L was for Mr. Truman from the beginning, as I understand.

One question. When did Robert Hannegan become chairman of the Democratic National Committee?

SNYDER: In early 1944.

HESS: Was he chairman of the Democratic National

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Committee at the time that he was first making these overtures to Mr. Truman?

SNYDER: Yes.

HESS: He was.

SNYDER: That's my recollection.

HESS: How did he become--how did he get the position of chairman of the Democratic National Committee?

SNYDER: Well, Hannegan had built himself up in St. Louis in the party to the point that when in 1942 there was a vacancy in the Collector of Internal Revenue job out there, Bennett Clark and Judge Moore strongly pressed for his appointment and it was given to him. Hannegan apparently did a very good job in St. Louis and built himself further up in the good graces of the

party. In 1943 he was brought to Washington as Commissioner of Internal Revenue in the Treasury Department and as Commissioner

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of Internal Revenue he continued very active in his political activities. Frank Walker was Postmaster General and chairman of the Democratic National Committee. His health was failing and he stepped out. Hannegan was put in his place, as chairman, on January 22, 1944. And that was his background.

HESS: Who else was instrumental in getting Mr. Truman to take the vice presidential nomination? In this context have you ever heard the names Ed Pauley, George Allen, perhaps Bill Boyle?

SNYDER: Boyle was not in the picture as I recall at that time. Allen--I don't recall that Allen was a particularly close acquaintance of Mr. Truman's until the campaign started. He was assigned by someone to go with the Truman campaign train.

HESS: Why? What was his function?

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SNYDER: Presumably to see that Mr. Truman got along all right, T suppose. Allen was very close to Steve Early and through Steve had become somewhat of a visitor to the White House, and, as I recall, he was present at the time that Mr. Truman was first mentioned at a meeting in the White House that President Roosevelt had with a number of his close advisers--Flynn, Pauley, Hannegan, Walker, I think that Steve Early was there, George Allen was present, when three names were mentioned--Byrnes, Douglas and Truman--that was back in the spring of--late spring of 1944 as I remember.

HESS: Why were these men being mentioned at this time? What did these men have against Henry Wallace?

SNYDER: Well, it wasn't anything they had against Henry Wallace, but word had been pouring in that Wallace would be a detriment to the ticket and would not be a good running mate and that

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was what this meeting was held to discuss. If that was the case, they didn't want to nominate Wallace. Not that he was being selected or anything at the time, but just who would be--canvas the situation and see who would be a likely substitute in case Wallace didn't run.

HESS: Isn't it true though that most of the people at that meeting were quite averse to having Henry Wallace on the ticket?

SNYDER: Well, as I understand it, I was not at the meeting, but as I understand it, they were the ones who were bringing in the news about him--I think Jim Parley might have been at that meeting--I'm not sure. I'm sure Walker was though. We'll have to double-check because I don't want to misstate any of this--this is digging back a long way, you know, and they were bringing

in the news that they had gathered

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that Wallace just was not an appropriate candidate with the feeling of the country being what it was. I was told about this later by Hannegan.

HESS: Well, one question back on when Mr. Truman was being presented with the idea of being a possible candidate now, we've come through the fall of '43 when Hannegan...

SNYDER: That was just casual. You know you're always probing, and saying how would you like to be so-and-so, don't you see. What would you think about being Governor of Virginia? That's always going on and sometimes it's half way in jest and half way probing seriously, so it could have been way back that far that the thought of Truman began because Mr. Truman--Senator Truman--had been making a splendid record in the Senate and as chairman of the Truman Committee, and he had a good standing in the country and, therefore, for those who

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had something to do with canvassing the party for material it would be only likely that they'd just try him out and see what his reaction might be.

HESS: In your opinion were there other reasons why Mr. Truman's name was being mentioned than his success at the Truman Committee?

SNYDER: Oh, I think it was because there was less controversy about him; that he would be a non-controversial selection.

HESS: Now one thing that might be brought up on that is his connections with the Kansas City Pendergast machine.

SNYDER: That had been pretty well buried and forgotten.

HESS: By 1944?

SNYDER: Yes

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HESS: Pendergast died when Mr. Truman was Vice President.

SNYDER: Yes, he went out there to the funeral. It had somewhat gone into limbo I think.

HESS: Well, I have read in the *New York Times* and in other papers that some people were a little hesitant about putting Mr. Truman out at this time since he did have connections with--past connections with a big city boss and it seemed that many of the people that were backing him--Arvey and Kelly and Walker--were also products of big city machines and it looked like it might have...

SNYDER: That might have come up at some of the discussions, but I don't think it was given much weight.

HESS: What was Mr. Wallace's general attitude toward Mr. Truman during the convention?

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SNYDER: Mr. Wallace was determined to get the nomination at that time and believed that he had the organization to get the nomination and so, therefore, he was not at all--was not thinking kindly at all of any opposition. As a matter of fact, a tremendous demonstration was organized by the Wallace forces and they crashed the convention and practically took over at the night session before the nomination started. That was somewhat controlled the next day, but the Wallace forces stayed very, very positive right up to the last minute; they were determined, but after the nomination speeches got under way and there were two or three switches, it became very apparent that Wallace did not have the strength they thought he had.

HESS: I understand the Wallace forces wanted to have the vote that night.

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SNYDER: They did. They kept calling--demanding--there was a tremendous demand from the gallery for the nominating speeches the night of the demonstration but that was overruled.

HESS: I understand that was overruled when Senator Jackson recognized David Lawrence on the floor.

SNYDER: David Lawrence of Pittsburgh. That is correct in my recollection, because I was sitting with Senator Truman and his family during that session and that's very vivid in my memory.

HESS: I understand that was all prearranged if it looked like they wanted to move it into the next day.

SNYDER: That's right. They anticipated that that might be a maneuver.

HESS: Did you hear that being discussed beforehand?

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SNYDER: No, I did not hear it. That was talked out by the convention managers, the chairman of the convention--permanent chairman and his advisors.

HESS: During the convention President Roosevelt did not come out strongly for any particular candidate for the vice presidential nomination.

SNYDER: That is correct.

HESS: Why?

SNYDER: That I don't know personally because I was just not in the picture that close. Of course, I think actually he would have preferred to have had Wallace because he was satisfied with Wallace. He got disturbed about Wallace's loss of vote getting power. By that time, you see, Mr. Roosevelt had served three terms and he felt the power of the office and to select a new running mate or

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a new number two man was a very difficult thing to determine--how will I get along with this man and how will our teamwork be; will he do the things the way I would prefer to do; after all I'm the one that's getting elected and I want to have someone along who is sympathetic with all my aims and desires. That's the only reason I can guess as to why he hadn't made up his mind definitely as to who it was he thought he could cooperate with or would cooperate with him the best.

HESS: Now the *New York Times* at that time had an article in which they said something to the effect that due to the President's health there was a great deal of discussion that he might not live for four more years and that the person that was picked for Vice President would be President.

SNYDER: That all fits in to what I'm saying, you

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know, who was going to succeed him in case anything did happen although he did not permit that, I don't think, to become much of an issue with himself; he was determined to go through with it, and I don't think he allowed that to interfere too much with his plans--although it may have been part of the background--"Can this fellow carry on my policies in case he should be catapulted into the job."

HESS: What had seemed to be President Roosevelt's attitude towards Mr. Truman during the time that he was a Senator before this time, before the convention?

SNYDER: When Mr. Truman was chairman of the Truman Investigating Committee, I recall he used to drop up to the White House to keep the President informed on what was going on, and he was always received in a friendly fashion and considered himself a friend and supporter of the President.

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Third Oral History Interview with John W. Snyder Washington, D.C., December 8, 1967
By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, let's go back and cover a few of Mr. Truman's friends who may have helped in the 1940 campaign in Kansas City and the western part of the state. Who helped function in that part of the state?

SNYDER: Well, now, there was his great friend a druggist, Tom Evans. Tom was a longtime, loyal friend, very helpful throughout Mr. Truman's career and still is a very, very trustworthy

friend of his. Of course Jim Pendergast was always loyal, helpful and constructive in his assistance to Mr. Truman's various activities. There are three or four more that I would have to check back to get their names--Rufus Burrus was always helpful and willing in anything that might come up and there are several others, I am sure. They slip my memory right now.

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If you have some in mind, I can tell you my recollections as far as I was concerned.

HESS: We can get those names as they come up at a later time. Was there an office opened in Kansas City?

SNYDER: No, there never was an office opened in Kansas City. There was one opened in Sedalia, however, at 313 S. Ohio Street and that was our western operation and the eastern was at the office in the Ambassador building in St. Louis.

HESS: Who was in Sedalia?

SNYDER: Well, in the Sedalia office--I don't recollect just who was in charge of that office. I'd have to do some checking on that.

HESS: Did Tom Evans and Rufus Burrus do any work out of the Sedalia office?

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SNYDER: Yes, they were over there from time to time and used that office in checking with the records and so forth because the records were kept in the Sedalia office and in the St. Louis office.

HESS: What were the main areas in which they lent their support? Fundraising, speechwriting?

SNYDER: Well, not so much speech writing but research, digging up people, routing, making appointments for the Senator, and arranging for conferences with different groups in the western part of the state.

HESS: Mr. Snyder has just obtained a letterhead of the committee set up for the 1940 campaign from his files. Will you just start from the list of names, sir, and tell me what you remember about the various people?

SNYDER: Well, yes, that might be very helpful. This letterhead sets up the two headquarters—

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the one in St. Louis was called the executive offices, Ambassador building, St. Louis, Missouri; and the one in Sedalia was called the state headquarters of the campaign. We had as vice chairman of the state committee Phil Welch, the mayor of St. Joseph, who was very helpful in that area; Frank Lee from Joplin was one of our standbys; John Farrington of Springfield, Missouri and Jim Wade of Sullivan, Missouri. These men were all extremely valuable--you see we've got a cross-section in the state here, and they all put their shoulder to the wheel in a

magnificent fashion to help us out. Down at Popular Bluff we had Doctor Brandon who helped us tremendously down in that part of the state where we needed some real help. Phil Graves at Neosho, Missouri was another one of our people who from the very beginning was helpful. Down at Caruthersville we had Judge Sterling McCarty who was always

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of help. McCarty was in there pitching from the very beginning. Frank Monroe in Sedalia was extremely helpful. He helped us set up an office there and was very helpful in the operation of it. Sam M. Wear down in Springfield was one of our stalwarts in the whole program, and then we, got a tremendous amount of help in the Women's Division under the leadership of Mrs. Henry Clay Chiles at Lexington, Missouri. Roger Sermon in Independence was one of our very close advisers and a close friend of the Senator's. C. L. Blanton, Sr. from Sikeston, Missouri helped us along the Mississippi River with some real assistance. Tom Evans, of course, in Kansas City was always on the job--we could count on him through thick and thin, and of course, at that time Harry Vaughan was in and out of the Washington office, the St. Louis office and the Sedalia office. Then, of course, we had some very good support from the Negro

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people under the leadership of Dr. William J. Tompkins of Kansas City. He stumped the state and helped organize the Negro Division to help us. By and large, those were the real key workers in the campaign.

HESS: I believe Mr. Messall's name appears on that list, is that correct?

SNYDER: Well, Messall was Mr. Truman's secretary in Washington, and we named him state chairman because he had better contacts with all the records and the background and so forth.

HESS: Was he effective?

SNYDER: I think that he could have had better experience and could have been much more helpful if he'd been a little better organized.

HESS: He wasn't from Missouri, was he?

SNYDER: No. Messall was from Maryland. He had

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been with the Congressman from Missouri who did not return to Congress the year Mr. Truman went up as Senator the first time.

HESS: Congressman Lee.

SNYDER: Congressman Lee, yes, and Mr. Messall and Mrs. Dryden came over from his office to help Mr. Truman in his first staff as Senator.

HESS: Who helped write the speeches in the 1940 campaign?

SNYDER: The two helpful ones were Dave Berenstein of St. Louis and a Mr. Goodman.

HESS: What had been their backgrounds?

SNYDER: Well, Mr. Berenstein was a lawyer and I think Goodman was a literary man--a special writer, as I recall it.

HESS: Did they remain through the primary and then

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into the general election?

SNYDER: Yes, they remained until the final election, and Mr. Berenstein returned to his law practice following the general election in November and I think Mr. Goodman stayed on and helped in the Truman office in Washington after the election. Possibly he did some work in the Truman Committee when it was later formed.

HESS: Did Mr. Berenstein have any further connections with the Senator?

SNYDER: Except on an ad hoc basis--not a continuing relationship.

HESS: That's about everything that we have at the present time on the 1940...

SNYDER: If that subject comes up again, we can add...

HESS: ...add it in at a later time. Moving

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from here to the 1944 campaign, what do you recall about the campaign in 1944--taking those days after the Chicago convention?

SNYDER: Well, I'll tell you something of Mr. Truman's part in the national election--the presidential election in 1944 was a carefully scheduled performance. He was assigned a certain area--for instance he went out west and made speeches along the west coast.

HESS: Who worked out those itineraries?

SNYDER: They were worked out by the national headquarters. I presume Hannegan had a great deal to do with them with consultation, of course, with Steve Early who was in direct contact with President Roosevelt. President Roosevelt had notions of his own about conducting a campaign, and he was the one that was actually running for the number one job and the Vice President

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was normally used for spots where it would be helpful to get an appearance without the President

himself having to go to that area.

HESS: Well, Mr. Truman was officially notified of the vice presidential nomination by the Democratic National Committee at a ceremony at his birthplace in Lamar, Missouri on the last day of August of 1944. Do you recall anything in particular about that?

SNYDER: Yes, it was to me quite an historic affair. It was a particularly interesting gathering. The countryside gathered to do him honor because it was our first time to have a vice presidential candidate, as I recall it, from Missouri.

HESS: Were you down at Lamar that day?

SNYDER: Oh, yes, I was over there and it was quite an affair.

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HESS: Who came down from Washington, do you recall? Were there a number of Senators that came down?

SNYDER: Yes, there were three or four as I recall. Now I'd have to go back and try to see if I have any notes on who was there, but I just don't recall that.

HESS: Mr. Truman opened his campaign at Cadillac Square in Detroit, which is the traditional place to open campaigns, on September 4, 1944. As I understand it, he was called up to address a labor gathering and it was found out that the AFL and the CIO weren't getting along too well and he had to address one group in the afternoon and another in the evening.

SNYDER: That's correct. I was not there but it broke up into a two-way speech, but he delivered very much the same speech to both of them and came out with good support from both sides in

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the long run.

HESS: On his campaign trips in 1944 just who traveled with Senator Truman?

SNYDER: My recollection is that Vaughan was with him most of the time. Matt Connelly was along as secretary to keep records and so forth of the trip.

HESS: Hugh Fulton?

SNYDER: I don't recall Hugh's being--no, Hugh Fulton was not along--this is in '44. He had resigned from the Truman Committee. I don't recall his being on the long trips. He might have shown up in certain spots.

HESS: And George Allen?

SNYDER: Yes, George was along. I think George was along as sort of an overseer for national headquarters to see if Mr. Truman knew his

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way around and report back as to how the campaign and his speeches were being received and what he had to say and so forth.

HESS: I understand that in 1932 James Parley sent someone with John Nance Garner down to Uvalde, Texas during the campaign just to keep an eye on him.

SNYDER: I think that's largely what George Allen was doing; just along to see to it that whatever he said was promptly reported back to Hannegan and Early.

HESS: During that campaign, Mr. Roosevelt rode in an open car; I believe it was in New York City is that correct?

SNYDER: It was in the rain, yes, and I'm trying to think whether it was Philadelphia or New York. It was one or the other, yes it was a

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rather heavy rain. He took his hat off and waved to people and somewhat exposed himself to the weather which greatly concerned his friends.

HESS: Was Mr. Roosevelt's health much of a debated subject during that campaign?

SNYDER: Off the record, yes. It was kept pretty well out of the papers, but there was considerable concern among important leaders and among important groups in the political field as to how his health was and whether or not he had over-campaigned, if he hadn't overexposed himself to weather conditions and probably overexerted himself because he ran a terrific campaign. Although it was rather certain that he was going to win easily from the very beginning, he did put a great deal of effort into the campaign.

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HESS: Do you recall Senator Truman making any comments regarding President Roosevelt's health during the latter part of '44 or early '45?

SNYDER: During the campaign. Afterwards he was concerned about the President's taking care of himself and was very solicitous about it. He was greatly concerned about his rushing off to Yalta right after the inauguration. He left a day or two after the inauguration, you know, to go to Yalta. I think he planned going on a ship to Malta first to meet with Churchill, and then they went on from there to Yalta.

HESS: Offhand I don't recall the name of the ship.

Tell me about your impressions of that day--this is jumping ahead just a little bit--January 20, 1945?

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SNYDER: It was the U.S.S. *Quincy* I believe. Well, it was a bitter day--very cold, snow, as I recall it, and there was a certain amount of tension because there was concern all during the inaugural period about whether the President was overexposing himself and should have taken things a little more easy, but he seemed to be determined to go through with all the functions and the usual inaugural procedures.

HESS: I understand that the swearing in was on the south portico of the White House, is that correct?

SNYDER: That's correct. They did not go up to the Capitol, and, of course, there was a limited number of people they could assemble on the White House grounds.

HESS: About how many were there roughly?

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SNYDER: Oh, there were a few thousand but certainly not up in the numbers that would have liked to have been present. The arrangements were not such as would have been made at the Capitol.

HESS: Were you there standing out in the snow?

SNYDER: Yes, I was present with Mrs. Snyder and Mr. and Mrs. Stuart Symington. There was a reception and a buffet luncheon served afterward which we attended.

HESS: What were your impressions of the President's appearance at the time of the inauguration?

SNYDER: He looked tired. Frankly, he looked weary to me.

HESS: Did you speak to Vice President Truman later that day?

SNYDER: Oh, yes, I was with him later that evening. We had quite a little visit and discussed the

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graveness of the situation--that was the biggest thing on our minds at that time--the graveness of this meeting with Stalin in Yalta--Stalin and Churchill--because Mr. Roosevelt had not indicated to Mr. Truman what his plans were nor what he intended to try to do. Mr. Truman had not been briefed on just what the program was and it was a matter of some inner concern as to how Mr. Churchill and Mr. Roosevelt were going to be able to come to an understanding with Mr. Stalin--because it was already apparent that the European phase of the war had turned towards a victory and it looked as though this was to be a final "Big Three" agreement concerning the aftermath or post-disposition of things in Europe.

HESS: Did Mr. Truman express any concern at that time about the fact that perhaps he was not being kept too well informed of the events

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that were taking place at that time?

SNYDER: Not openly. To some of those close to him...

HESS: Do you think he felt that way?

SNYDER: ...he indicated that he felt that he would have liked to have known more particulars with Mr. Roosevelt leaving the country, and he was to be here in charge. He was President in being in the United States. When the President goes beyond the borders, the Vice President is actually the President--the head of state during the President's absence. Of course, there's constant communication established, but if something should happen he's actually the head of the country, and Mr. Truman felt that as such he would have liked to have known in some detail about some of the planned discussions.

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HESS: Now the election had been held on November the 7th. Just asking for an opinion, how many times do you think that the Vice President-elect saw Mr. Roosevelt during that period?

SNYDER: In my recollection is was only a couple of times--not more than three.

HESS: What were those occasions, do you recall?

SNYDER: Well, remember at that time I was out in St. Louis in the bank and wasn't in the day-to-day contact that I was later. Mr. Truman and I were constantly in touch with each other during the period I was in Washington running the Defense Plant Corporation. After I went back to St. Louis, I had my bank work to do and it was largely through correspondence, telephone calls or my visits to Washington that I could keep up with the operations; so for that reason I can't speak too specifically but my recollection

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is it was a couple of times.

HESS: Back on the campaign, other than his appearances in Lamar, did you hear Mr. Truman speak?

SNYDER: No, I didn't have the opportunity to hear any of his speeches during the campaign.

HESS: In New York City on the last day of October Mr. Truman and Mr. Wallace appeared on the same program. As I understand Mr. Truman had many good things to say about Mr. Wallace in his speech, and Mr. Wallace did not reciprocate.

SNYDER: Yes, Mr. Wallace was, I think, openly resentful of the fact that Mr. Truman was

nominated instead of him because he felt very strongly that he represented a great section of the people and that he would have made a continuing good running mate and Vice President to President Roosevelt. Yes, I think he was openly resentful and remained so for some time

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after the election.

HESS: During that campaign, just how close were the relationships between President Roosevelt and Mr. Truman?

SNYDER: I don't think they saw each other over once or twice and it was all communications through the chairman of the national committee or through messages that the President would send--brief messages and things of that sort. There wasn't a great deal of communication between the two insofar as I know. Again, remember I was not down here on the scene at the time, I was out in St. Louis and you just don't have the opportunity to visit and talk and chat that you would if you were closer. Therefore, many of these things were only caught up with when we got together.

HESS: What part did William Boyle, Jr. play in that

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1944 campaign, do you recall?

SNYDER: I don't remember. He may have been--I think he was in the Washington office during the campaign while Messall was away as I recall. I don't remember Boyle being around much.

HESS: I believe he was with the Democratic National Committee.

SNYDER: That's where he was. I don't remember him being with Mr. Truman on his trips.

HESS: I believe he left the area of Capitol Hill about in March to come down to the Democratic National Committee--was an executive assistant or something of that sort to Robert Hannegan but just exactly what his functions were...

SNYDER: I don't know.

HESS: Do you recall anything else of interest

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regarding the 1944 campaign?

SNYDER: No, I don't think so.

HESS: Then on November 7 the election was held and President Roosevelt and Vice President Truman were elected, and then we discussed the period between there and January the 20th. What do you recall about Mr. Truman during the time he was Vice President?

SNYDER: During that period, Mr. Truman presided over the Senate and was in a number of conferences, of course, while Mr. Roosevelt was gone, with the various governmental groups--Cabinet members and so forth. Then Mr. Roosevelt was only here for relatively a short time after he got back from Yalta. He went down to Warm Springs within a few weeks and so Mr. Truman's activities were largely presiding over the Senate and maneuvering

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the various legislative items that were in the President's program as set out in his State of the Union speech and his subsequent talks on the economy. There was, of course, quite a list of recommendations to Congress, and Mr. Truman took a very active part in stimulating action on those items before Congress. His office at that time was up on the Hill in the Capitol as Vice President.

HESS: During the time Mr. Truman was Vice President, Mr. Pendergast died and Mr. Truman...

SNYDER: Mr. Truman said he was his friend and therefore he was going to pay due respect to him and went to his funeral. It created quite a bit of comment but generally it turned out favorable. The thought being, here was a man that was going to stay by his friends in adversity as well as in other times.

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HESS: On January 21, 1945 Secretary of Commerce Jesse Jones made public an exchange of correspondence between President Roosevelt and himself which revealed that the President had requested his resignation from the Commerce post and as head of the Government financing agencies so that those positions could be given to Henry Wallace, the former Vice President, as a reward for his "utmost devotion to our cause" in the recent election. What do you recall about that episode?

SNYDER: I recall some parts of it vividly because Stuart Symington, the now Senator Symington, and I with our wives gave a reception for Vice President and Mrs. Truman at the Carlton Hotel. I was standing in the receiving line when I had a message from Mr. Jones asking me could I step around to the RFC building that was just around the corner from the hotel. He wanted to

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talk with me about a very urgent matter, and I told him, "Well, aren't you coming over?"

He said, "I can't make it, but I've got to talk to you. I just can't get over there."

I replied, "I can slip over there a few minutes if it quiets down here a little, but remember I've got this party going here."

He said, "Well, I want to see you."

A lull came, so I ran around to his office and he showed me President Roosevelt's letter. As I

recall Sam Husbands and one other person was in the office with him at the time. He said, "Are you surprised at this?"

I said, "Yes, Mr. Jones, I'm very much surprised--not the Commerce part because I think I somewhat told you what I had heard about the Commerce, but I had been told by Mr. Roosevelt in talking with him one day that he intended to let the money side be handled by Mr. Jones." I said, "I think I told you about that and so

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that surprises me considerably."

He said, "I'm going to give him a blast." Those that were there persuaded him against that, and he sat down and wrote a very decent letter, I thought, to the President. He was very, very shaken up over it and considerably hurt over the treatment he had received--to receive this letter of dismissal from the President and not have a visit or conference with him about it. He called the President but was told that he wasn't available.

HESS: Was President Truman instrumental in the confirmation of Henry Wallace as Secretary of Commerce?

SNYDER: He was. I think there was some resistance in the Senate, some opposition. My recollection is, Mr. Truman smoothed out several spots and saw to it that Wallace did get confirmed.

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HESS: In his *Memoirs* I believe he says he twice saved Wallace from rejection by the Senate.

SNYDER: Well, that's how close it was, don't you see, but it was even worse than that.

HESS: There was some discussion in Congress about the division of the duties.

SNYDER: Yes, there was considerable discussion and the Federal Loan Administrator's duties were separated from the Department of Commerce. Later Mr. Fred Vinson was put in as Federal Loan Administrator. There was a division as you see, the Senate never gave Wallace the Federal Loan Administrator's job. Fred Vinson was given the job, but only stayed there two or three months.

HESS: Before you were appointed?

SNYDER: Yes, but he had left the job and gone over

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to OWMR. The job was vacant when Mr. Roosevelt died. He had not filled it.

HESS: That's right. He was appointed as Director of the Office of War Mobilization and Reconversion on the second day of April of 1945.

SNYDER: That's right, and he had gone over to the White House office of OWMR and the Federal Loan Administrator's job was vacant at that time.

HESS: He held that position from March 5 until April 2.

SNYDER: It was only a few weeks.

HESS: So actually that job was split up and Mr. Wallace was just given the Secretary of Commerce post, and did not have control over lending agencies.

SNYDER: That's right.

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HESS: Mr. Snyder, in Mr. Truman's first reference to you in his *Memoirs* he states that you were his first visitor at the White House on Saturday morning April 14, 1945. What do you recall about those eventful days starting when you were first informed of the death of President Roosevelt?

SNYDER: Well, Mr. Hess, I was down in Mexico City at the time of the death of Mr. Roosevelt. A group of bankers from the United States had gone down to confer with a banking group in Mexico City in an effort to work out a more stable exchange rate pattern between the Mexican and the United States banks. We had a deplorable situation in which there were a half a dozen concurrent exchange rates for most exports and imports--it was almost negotiable what exchange rates would be used whenever anything was bought or sold between the

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two countries; so to try to get that on a more stable basis, a group of us went down to confer with the Mexican bankers to discuss the problem. We had had a very productive session for two or three days and had worked out a very satisfactory agreement. We were so pleased with the result that Floyd Ramson, a United States citizen who had established himself as a manufacturer's agent in Mexico City and who had been very helpful to me in the RFC during the Defense Plant days, gave a luncheon out at his country home and invited quite a number of us out for his luncheon. I recall very vividly that Mr. A.P. Giannini was sitting next to me at the luncheon and asked me to tell him something about President Roosevelt's health, that on the west coast they had been hearing that he hadn't been so well and they were concerned about it, particularly since they did not know a great deal about Vice President

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Truman and that he understood that I was an old friend of his. Mr. Giannini and I had been friends for some years, so I started in telling him about my long friendship with Mr. Truman and my observation of how he handled things, particularly I went back to the time he was judge of--presiding judge of Jackson County--and how he handled the building of a road system in the country that was outstanding. It was the first real grid system we had had in that part of the country, maybe the whole west of the Alleghenys and how he had carefully studied road building and gotten the very finest engineers to counsel him and how he'd had bid prices submitted and

had built the system very economically and put together a very fine road pattern. I told him about how he had handled the building of the courthouse--how he traveled all over the country--got ideas

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from various architects--got cost patterns--and how he built a very magnificent courthouse in Kansas City, again at a very economical price compared with current prices and with the architectural styles and so forth. I told him about the eleemosynary institutions for which he had built buildings and how he went about that. I went on to tell him about--after he got to Washington as Senator--how well he handled the railroad investigation for the Wheeler Committee. Senator Wheeler had turned over the work largely to Senator Truman and he had consulted many of the outstanding railroad men, incidentally that's how he got acquainted with the labor group of the railroads because he looked into the labor side, the management side, the bankers side and came up with a very splendid report that was hailed throughout the country as being an outstanding report on the railroad situation at the time.

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I said, "You are well aware of the splendid job he did do as chairman of the Truman Committee in the war program investigating construction problems, building problems, and defense contract problems and how in each case he would get experts in the field in which he was investigating to assist the staff in their investigations and how he avoided publicity in order to get the job done."

Mr. Giannini said, "Well, you make us feel as though we've got a man who will select good people to help him do the job if he happens to become the head of state."

"Well," I said, "that's my opinion."

Within thirty minutes of that conversation, the butler came in and said that there was a message for me that Mr. Roosevelt had died and please get in touch with Mr. Truman. Because of the communication traffic pattern,

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it was late before I finally reached Mr. Truman and he said, "Well, the sky has fallen in on me," and he added, "I need you to come up here as soon as you can. I just want to talk with you."

HESS: Did you talk to him on the telephone at that time?

SNYDER: Yes, from Mexico City. It was impossible to get a plane out until early the next morning. Ambassador [George S.] Messersmith was our diplomatic representative in Mexico at the time, and he helped me arrange transportation. I was terrifically impressed at the stops along the way. In those days we didn't have the nonstop jet flights up here and the planes stopped for refueling frequently and the whole country at the airports seemed absolutely stunned with the news of Mr. Roosevelt's death and there was deep grief

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throughout the country and there was a demonstration of sincere mourning for a great leader.

I got into Washington in the late evening and spent the night with my very dear friend, Max Gardner, who was an attorney in Washington here, a prominent attorney, and the next morning I went over to see the President early and was with him then until he went to the station to meet the funeral train. It was the day after the funeral that he asked me to take the Federal Loan Administrator job--really he didn't ask me so much as he told me he wanted me to take it, and I recall that Jim Byrnes was there with us at the time and I was hesitating and telling the President that I thought I could be of much greater use to him staying on with the bank as I was to become president of the bank in July--a few months later--and that this had been a long ambition

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of mine. I thought that as a banker out in the Middle West that I could find ways of being helpful to him that would be valuable to him. That didn't seem to make a great impression on him and he said, "Well, I want you to come down here."

And Jim Byrnes, I remember, spoke up, "Harry, you forget who you are," he says, "you're President of the United States, order him to do it."

I said, "I must talk with Walter Smith, the president of the bank, because I came on here from Mexico City and haven't had a chance to talk with him about the likelihood of being asked to come down here."

The President then picked up the phone and called Smith. He was a good friend of Walter Smith's; I'd introduced them and on several occasions we'd been together. He said, "Walter, I just wanted to tell you that the

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President has just appointed John Snyder as Federal Loan Administrator."

Smith said, "What! What's that?"

Truman replied, "I just called you to tell you I want John down here as Federal Loan Administrator."

He said, "Well, Mr. President, whatever you have to have. You are the President and we can't stand in your way."

And so he very graciously conceded to the appointment. Of course, almost as soon as the President got that done he called Jesse Jones down in Houston and told him the President had just appointed me. Jones asked, "Did he do that just before he died?"

Mr. Truman replied, "I said <u>the</u> <u>President</u>. <u>I</u> have just appointed him."

"Oh," he said.

HESS: And Mr. Jones was thinking about President

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Roosevelt. I believe that was Mr. Truman's first appointment after assuming the Presidency, isn't that right?

SNYDER: It was his first major appointment. He had possibly named a few staff people--it was the first appointment that required Senate confirmation. And then during the day, he made two more appointments, Ed Pauley, I believe, in connection with one of the surplus disposal jobs and Ed McKim of Omaha to be one of his assistants around the White House.

HESS: An article in the *New York Times* indicated that Mr. Truman had recommended that you be placed in as Federal Loan Administrator to President Roosevelt shortly before his death, is that correct?

SNYDER: That is correct because the vacancy occurred when Fred Vinson went over to OWMR,

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and Mr. Truman did suggest that as I was familiar with that operation that I would make a good chairman of the Federal Loan Administration, but nothing was done about it--the job was vacant at the time Mr. Truman became President.

HESS: What seemed to be Mr. Truman's attitude when you first saw him there on Saturday morning?

SNYDER: Well, we just shook hands very firmly, and he said, "I'm in real need of help from everybody." He repeated, "I need the help of everybody."

I said, "Mr. Truman, you have the sympathy and the full backing of the Nation in this trying moment and I feel sure that we will be able to get the right kind of assistance to help you carry on your enormous new responsibilities."

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He was very humble. He also was very serious. He stated that he was very determined that he was going to do the job to the best of his ability.

He had a great philosophy. It served me in a good stead all the time I was associated with him and in contacts in other responsibilities that I've had since. We were talking one time about the great job that he was doing as chairman of the Truman Committee, when he said, "Well, John, whenever I got to bed at night, I ask myself the question, 'Have you done the best job that you can do within your capacity?'" He continued, "If I can say yes then I go to sleep and get a good night's sleep and am ready to meet the job the next day. I do not fret about it and worry because if I've done the best job I can do within my abilities, then there's no need to worry about it any further, I couldn't do any better."

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Well, that struck me as being a wonderful philosophy, and I attempted to follow it throughout the many trying years that followed, because I had some rather unusual things to do--the Defense Plant Corporation was one of them. There were "no road signs;" it was a new concept; we created that out of imagination and forward thinking. Later when I went out to prepare for taking over the First National Bank--it was one of the largest single banks west of the Mississippi River--and I studied hard, but I said well, I'm just going to do this--I've been chosen, I'll do it to the best of my ability, and it always gave you some comfort. Then when I was catapulted later into the War Mobilization job and again when I got into the Secretary of the Treasury's job, this philosophy was a continual source of comfort--now I've been chosen to do this job; I'm going to give it the best I've got;

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if it's not up to the mark, then the man who put me here will have to make the decision. I'm going to do the best I can, and I tried to follow that policy throughout my career with Mr. Truman.

HESS: Very good. Shall we quit for the day?

SNYDER: Yes.

HESS: Thank you very much.

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Fourth Oral History Interview with John W. Snyder Washington, D.C., December 27, 1967
By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, we have a list from Mr. Connelly's appointment book showing a few of the people who saw Mr. Truman in the first few days after he became President. Of course this does not list everyone who was in the White House during that time. This is one of the things I would like to discuss with you just who you saw in the White House during the first few days that Mr. Truman was President and were you present at any times that they were discussing matters of interest to them? Shall we start down Mr. Connelly's list and just see what he has to say here? Now on April 12 no names were on the list, only the information that the oath for the office had been administered to Mr. Truman at 7:09 p.m. in the Cabinet Room, and, of course, April the 13th was still the day

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that you were traveling back from Mexico City, correct?

SNYDER: That's correct.

HESS: And then on April the 14th the first person to see Mr. Truman at 9:15 in the morning was yourself. Shall we start right there and take it from that point on?

SNYDER: Well, as early as I could get over to see the President on April the 14th, I went over first to express my felicitations and to assure him of the deep feeling that the Nation had for him

in his time of great trial--this was a tremendous responsibility that had fallen on his shoulders--and that he had the good will of the Nation behind him. I had noted in my trip across the country coming up from Mexico that an intense sadness rested on the people. As you know, in those days we

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didn't have the fast jets, so we stopped very frequently for passengers and refueling. There were many people around the airports who were shocked by the death of Mr. Roosevelt and had a very warm feeling for the man who was going to take over the great responsibilities of the Presidency. Mr. Truman was greatly comforted by this word from out in the country. He was very serious. Of course, there was this sudden falling of this burden on him, and we discussed briefly as to what had gone on up to then, who had been in to see him; he said he had principally discussed the matters that were currently being handled by the Secretary of State, Secretary of War, Secretary of Navy, and had had himself brought up to date as quickly as possible in those critical spots because the war was still on at that time. He said that there was a tremendous amount of double-checking that he would have to

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make because he had not been too well informed by Mr. Roosevelt as to the conduct of the war, nor by the various agencies, for that matter. Of course, this was a day that many events would take place and many things were to be done, so I assured the President that I would be standing by to talk with him whenever he had a moment in which he wanted to discuss anything with me.

One of the first people who came in to see him after I had visited for a short time was the Secretary of the Treasury, [Henry, Jr.] Morgenthau. He had not been over so far and he wanted to pay his respects and assure his cooperation. He brought the President up briefly on the matters that were going on in the Treasury and the financial situation of the country; the bond program and the war financing. While he was there, I sat through most of that visit, and while he was still there word came that

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Jimmy Byrnes had arrived with Secretary of Commerce Wallace and that they were ready to go down to the station to meet the funeral train that was bringing President Roosevelt up from Warm Springs, so that conversation was rather short. The President left and was gone for about an hour and a half. When he returned, he saw a few people. I was not in the office at that time. I was over talking with Steve Early and Sam Rosenman about whatever help I could be as I wanted to be helpful in getting them acquainted with Mr. Truman and do any of the chores that would be helpful at that time.

HESS: What seemed to be their attitude at that time?

SNYDER: They were completely stunned, is the only word to use. They were under real shock yet although there had been some knowledge that

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Mr. Roosevelt had not been doing too well down at Warm Springs. He had seemed to have had

a pickup just a few days before and talked a great deal about things that he was going to do, and as a result of that, the actual happening was somewhat of a shock when it came. You can imagine how having worked for many years with a person in daily contact and suddenly have him taken away leaves you somewhat in a dazed state. I think it was a comfort to them to be able to talk a little and to discuss matters. Mr. Truman had called Harry Hopkins over because he felt that Harry knew more about what was on the President's mind from day to day as he had been so close to him. They discussed particularly the fact that the President was extremely anxious to learn if there had been any agreements or commitments or discussions between Stalin and Mr. Roosevelt that were not of record. As a matter of

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fact, their conversation prolonged on through lunch, and afterwards Mr. Truman told me that Hopkins had said, even though he had not been very well, that he would undertake, if Mr. Truman wanted him to, to make a trip to Moscow to talk off-the-record with Stalin as a friend paying respect of the former President and see if he could learn anything from Stalin that was not anywhere in the record.

After luncheon Mr. Truman had two or three people in and, of course, there were a number of people that just stopped in to shake hands and went on their way. But the principal conference that he had, as I recollect, was a very important one with Admiral Leahy on the war situation and get briefed on just what was happening and what was the current situation, and at that, as I recall, he had Jimmy Byrnes sit in with him, because Jimmy until a very short time before this, had been in the OWMR

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job and had been extremely close to President Roosevelt.

HESS: What seemed to be Mr. Byrnes' attitude at this time? Did you speak to him?

SNYDER: Oh, yes, I talked with him very frequently. He and I had been friends for many years. His feeling, that he expressed over and over again, was, as he said, "Harry is undertaking a tremendous job. He's had a real load put on his shoulders and everybody has got to get in here and try to help him out and I'm certainly going to do everything I can to help him and furnish him with all the knowledge I have accumulated in my relationship around the White House."

HESS: As you know he tried very hard to get the nomination as Vice President and he would have been President on this day.

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SNYDER: Yes, he wanted to be Vice President very much at the convention in 1944. That is correct. I think I mentioned that Mr. Truman and I were working on his nomination speech--Mr. Truman was going to nominate him, had agreed to nominate him. That's correct. At that time I did not detect the feeling of resentment that Mr. Truman had the job rather than he. As a matter of fact, it didn't come along until much later after they began to have conferences and Mr. Truman was beginning to get all the prerogatives of a President, and he suddenly began to realize that he would have liked very much to have been in that same position. It didn't crop out fully

until his trip to Moscow, in my recollection. I'm going back a long way trying to remember these things.

In chronology, following that conference which was with Leahy and Byrnes, the funeral

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services were held in the East Room of the White House about 4. The room was filled with people who had been invited, the President's family, the Supreme Court, important members of Congress and the Cabinet, quite a number of Mr. Roosevelt's friends, as a matter of fact, the capacity of the room was packed. Chairs had been placed there in the East Room for the funeral service.

HESS: Were you there?

SNYDER: Yes, I sat with Jimmy Byrnes during that period, during the ceremony, and following the ceremony, they left for the train and President Truman went up for the funeral services and was gone until 8 the next evening. When he returned from the funeral, of course, he was pretty well exhausted and except for reading over some reports, he retired rather early that night. How late he worked I don't

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know, but it was his custom to work late in the night and early in the morning, so he usually came in to all conferences early in the morning pretty well prepared because he had done his homework very well. He had certain newspapers that he carefully read on certain items. He had his early morning time pretty well organized and looked over his appointment sheet for the day to see what people were coming in, with what reports he was going to work on, so he came over to his office pretty well organized. As I recall, the first person that went in to see him on the morning following the funeral, that was on the sixteenth I believe, was [Edward R., Jr.] Stettinius, who was Secretary of State, and they had a very brief discussion of the situation up to date. Later he had two or three other people and among them was Hugh Fulton who'd been his general counsel in the Truman Committee. Mr. Fulton didn't stay very long, however.

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HESS: Why wasn't Mr. Fulton given a position in the White House or the Truman administration at this time?

SNYDER: Well, Mr. Fulton resigned from the Truman Committee at the same time that Mr. Truman became Vice President, and he had gone back to his practice of law in New York but, unfortunately, when Mr. Truman suddenly became President, Mr. Fulton made it appear from his talk that he was going to have to carry the great part of the burden of the Presidency, and Mr. Truman somehow or other didn't seem to care for that approach to an association so he had a very cool reception when he came down to see the President. Then, of course, there followed that morning a series of important conferences, several of the ambassadors came in to check up on relationships and get acquainted with the new President, get better acquainted with

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him if they didn't already know him. Of course, most of them, I think, had met him but were not accustomed to working out negotiations, and conversations and cooperations with him. Among the first who had come over was Anthony Eden and the British Ambassador Viscount Halifax; they proved to be extremely helpful in establishing a warm rapport between Mr. Truman and Churchill. Shortly after that Mr. Truman went up to address Congress and had lunch up there.

HESS: Did you go along with him?

SNYDER: Yes, I went up and sat in the gallery.

HESS: What do you recall about that episode?

SNYDER: It was a rather serious delineation of the situation as it stood and it went into considerable detail as to the things that were to be done, how much responsibility the Congress

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would have in the completion of the war and the reconstruction following the war because at that time it was evident that Germany was going to crack up pretty soon. They were already cracking up. The Nazi Germany was falling apart rapidly and that seemed to be evident. How much longer the Japanese would hold out after the Nazis broke up was a question, although the advices (the military advices) were that they might hold out a long time and that it would be a most difficult undertaking to actually invade Japan, it'd be a fight to the last ditch. So that was the problem that Mr. Truman had to convey to the Congress; that while we were approaching victory on the European scene, we may have to conduct a semi-reconstruction program, and at the same time carry on a war in the Pacific.

That impressed me greatly. His speech

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was very gravely received by the Congress. It was a well-received talk and, of course, having just shortly before been a member of their body, they were extremely sympathetic with Mr. Truman.

HESS: Do you recall Mr. Truman making any statements to you along about this time about how difficult he thought it might be to end the war with Japan?

SNYDER: Oh, yes, because of the very matter that I have spoken about. He had been receiving advice that they were determined to fight to the limit. That was of great concern to him. You see, at that very moment he hadn't been fully appraised of the atom bomb progress. He had been told by Secretary Stimson that it was in being, in process, but how far the progress had been, he had not been fully brought up to date. As a matter of fact, no one was sure

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of it until they actually tested one out in New Mexico, I believe it was. That was after he had gone to Potsdam.

HESS: When did you first become aware that there was work being done on an atomic bomb?

SNYDER: Not until the day he left Potsdam. I am trying to recall, it was very sketchy, just that something important was under way.

HESS: Who told you this?

SNYDER: Well, I heard it. Then, of course, after he came back from Congress, he got into the organization of the office. There was a tremendous amount of mail piled up and the press was pressing him for details. They were anxious to get better acquainted with Mr. Truman insofar as what he would do as President, and they were clamoring for interviews and there was a great deal of mail to

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be answered, and there was the continued operation of the White House responsibilities to be considered, and so he undertook then to organize his office and get better acquainted with the procedures and so forth, and at that conference, as I recall it, I think that Steve Early was extremely cooperative and helpful in trying to get him oriented there, and Bill Hassett, William Hassett, was one of the stalwarts around the White House in the staff operation. Also Mr. Latta, the executive clerk.

Later that afternoon Bob Hannegan came over to discuss the general political situation with Mr. Truman, the reaction of the public.

HESS: What members of Mr. Truman's staff had been brought into the White House by this time?

SNYDER: Well, Connelly was one, and he had brought Vaughan in. I remember Ed McKim was

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there. Rose Conway, Miss Reathel Odum. Those are the principal ones that I remember right now.

HESS: Steven Early and Sam Rosenman, who else...

SNYDER: Bill Hassett was there.

HESS: Who else from the regular Roosevelt staff was in evidence about that time, do you recall?

SNYDER: I can't remember that. They are the ones that stand out.

HESS: And that evening Mr. Truman moved into the Blair House.

SNYDER: That's right. He told Mrs. Roosevelt to take all the time that she wanted to prepare to

leave the White House; that he was in no great hurry; the Blair House would be very comfortable for him, and he wanted to ease

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the shock to her as much as possible and she expressed great appreciation for his consideration. The Trumans lived over in the Blair House some two or three weeks, I think, before they moved over to the White House.

Then the next day was one of extremely great importance to me because that was the day that Mr. Truman called me into the office after he had been in a discussion with the Secretary of State discussing with him the holding of the first meeting of the United Nations in San Francisco. He had reached the decision to go--he had been told about the preparation that had been made for it and it was up to him to decide if they wanted to go forward with that program, and, of course, he subsequently decided to go ahead with it and the meeting was held on schedule.

Right after that he signed the Lend-Lease Bill which had been prepared by Congress to

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assist in the assistance to our allies on the basis that we would loan them certain things, not actually give them, and there would be an obligation to pay back in kind or to return the loaned items. At this time when he called me in, Jimmy Byrnes was present. President Truman said, "Well, John, I want you to come to Washington and take the Federal Loan Administrator's job."

Frankly, I was not anxious to have any appointment in the White House or in the Government. I'd spent a great deal of my life coming and going from St. Louis to Washington in the RFC and the Comptroller's Office in the reorganization and liquidation of banks, in the Defense Plant Corporation and I was just beginning to get myself re-established in the bank and was to have become president of the First National Bank in St. Louis in July--this was in 1945 when Mr. Roosevelt died in

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April and brought on this conference. But he said, "I want you down here, and even if you do think that you can do as much for me out there, why I'd like to have you near me."

Jimmy Byrnes spoke up and said, "Don't argue with me, Mr. President, you remember who you are now." After some laughing about it, I said, "Well, we'll have to talk with Walter Smith," and he picked up the phone immediately and called Mr. Smith, president of the bank, and told him he had just appointed me Federal Loan Administrator. Walter said, "Was that the plan of Mr. Roosevelt?"

The President replied, "No, it's my own plan. I just appointed him."

Smith said, "Well, I guess if you want John down there, you're the President and you're the man who really needs help at this time. We're going to miss him a lot. We had planned on having him here with us to head up

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our bank, but if you feel that you need him, why we'll have to let him come." He added, "I'll, of course, talk with John about it later."

The President then hung up the phone and immediately called Jesse Jones. That turned out to be rather amusing because he said to Mr. Jones, "The President has just appointed John Snyder Federal Loan Administrator."

"Did the President do that before he died?"

"No, the President has done it just now."

Jones realized what had happened, and he seemed to be very pleased about it because he said that he had recommended that appointment to Roosevelt, and he had talked with Mr. Truman about it as Vice President.

Well, that, of course, is how I became Federal Loan Administrator. It was announced shortly thereafter and was the first major

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appointment that President Truman made. He had made a number of staff appointments, but no appointments of that caliber at that time. Later in the course of the day Ed Pauley was appointed as U.S. member of the Allied Reparations Committee, and then he made Ed McKim a White House assistant. Well, of course, all of this was announced at a press conference. Following that he had one or two callers and then I went with him over to the Blair House for lunch and we discussed there the procedure and decided I should go back to St. Louis to get matters closed up out there. Coming on back across the street, across Pennsylvania Avenue, to the White House, we got about half way across the street and Mr. Truman said, "Oh, my goodness, I left my White House pass on my dresser."

Everybody had a big laugh about that because

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he had four Secret Service men right along with us. It shows you the humble feeling with which he was taking his suddenly having been catapulted into the Presidency.

HESS: Do you recall anyone in particular who saw the President that might have had an interesting problem that you sat in...

SNYDER: Well, they were all interesting problems. And I, of course, was privileged to sit in a number of the conferences with the Cabinet members, particularly the Treasury conferences and in the Secretary Stimson and Admiral Leahy conferences. Of course, everything was important at that time and of very grave portent, because we were changing the leadership right at a crucial moment when part of the war was coming to an end.

HESS: Looking back on those days, what were some of

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the problems that were being raised?

SNYDER: Well, I would have to study to bring out the really important, of course, as I have mentioned just previously about what the President had said to Congress in the morning. Well, those were the things that were uppermost in his mind--how can we bring this European phase of the war to a close as quickly as possible and move in to the rehabilitation of Europe because there was great distress there. The war had devastated the whole of the continent. There was hardly a country in Europe that hadn't been affected by it some way and there were people in want and the destruction had been terrific. Food was a problem that had to be given prompt consideration. When war stopped, how were we going to go about helping Europe get back on its feet, and then concurrent with that was the grave problem of the persistence

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of the Japanese holding on. Of course, we were beginning to have rumbles of labor problems and as the war signs showed evidence of the war being over, why there was more and more of an undercurrent of rumblings about wages and prices.

HESS: What was Mr. Truman's view at this time of what should be done to help rehabilitate Europe? Did he make any comments during these early days?

SNYDER: We talked a great deal with Fred Vinson. Fred had been with OWMR for the last several weeks and so we discussed with him quite a bit about what steps OWMR was planning at that time should the war come to a close. That we can take up a little later after I get into the OWMR picture.

HESS: Does this pretty well cover the events of

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the first few days?

SNYDER: As I recall right now, yes.

HESS: On April the 30th when you were sworn in as Federal Loan Administrator, Ed Pauley and Ed McKim, who we have mentioned a few minutes ago, were also sworn in. Ed Pauley was sworn in as the United States member of the Allied Reparations Commission and Ed McKim was sworn in as Chief Administrative Assistant. What do you recall about that particular occasion on April the 30th?

SNYDER: Well, Mr. Pauley had been doing some work in connection--anticipatory work as to how they would work out reparations; as a matter of fact, he went over to Europe and had been getting some indication of what the problem was and it hadn't been very sharpened at the moment, but some considerable discussion was

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given to just what steps we would take, of course. It was the United States position that we wanted no reparation, but that was not the case, however, with a great number of the countries that had received great damages in property. And, of course, the Russians were extremely persistent in their demands for reparations because they had been very badly mauled in the invasion of Hitler into Russia and their losses around Stalin-grad and a number of other places were very great, and they were very positive. The French were coming in with great demands, particularly for the devastation that was done during the Battle of the Bulge and when the armies marched across France into victory. The Belgians, of course, had had damage, and the British suffered damage, and there was quite a pressure for very heavy and substantial reparations. Of course, Nazi Germany had been horribly mauled also. I

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recall a short time later shortly after the surrender, I took a flight over to Europe and visited the bombed out cities of Germany. It was an appalling sight to see the industrial cities, and particularly in Berlin, to see these gaunt walls standing there with the entire interior burned out by the incendiary bombs. These were the towns of the people that the nations were thinking of demanding reparation from and they were in dire need themselves. So you can see there were many, many serious problems facing the situation when Mr. Truman walked into the White House.

HESS: On the subject of the devastation in Germany, I believe that Secretary of the Treasury, Morgenthau wanted to make an agrarian nation out of Germany, is that right?

SNYDER: Mr. Morgenthau made that proposal to Roosevelt and Churchill at the meeting in

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Canada, and it was accepted at first by Roosevelt and Churchill but was later rejected. He had become obsessed with that idea, however, and later when Mr. Truman went to Potsdam, was extremely anxious to make the trip, but Mr. Truman would not consent to have him go.

HESS: Why do you think he was so anxious to make the trip? Was he still trying to press this particular point?

SNYDER: I think he was convinced that he should have the opportunity. Mr. Morgenthau had been Secretary of the Treasury for about twelve years and he felt that he was a very important part of the President's Cabinet and of the President's organization. He felt like he'd been very close to Mr. Roosevelt and he wanted to be part of the closing operation.

HESS: Did you ever hear Mr. Morgenthau discuss his plan?

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SNYDER: No.

HESS: What do you recall about Mr. Ed McKim?

SNYDER: Well, I'd known Ed McKim for many, many years. He, Mr. Truman, Vaughan, and I

had gone to summer camps--military camps--for some fifteen or twenty years and we were very good friends, very well acquainted and frankly I was pleased to have him come down because he had established himself rather well at the Mutual of Omaha Life Insurance Company and had become a very effective executive of that company in the insurance business. I felt that he would be helpful to Mr. Truman in his organization of staff work.

HESS: Mr. McKim served as Chief Administrative Assistant only until June the 15th of that year. Why was his stay on the White House staff so short?

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SNYDER: Well, it was determined that he didn't fit into the organization probably because the transition from private business to public business was difficult for him as it was for so many business leaders during the war who came down to try to help. In our discussions I got Mr. McKim to come over to the RFC, the Federal Loan Administration, and got him to undertake an assignment of studying the disposal of surplus property and what that problem might be and got him to take a trip over to Europe to survey it for me, and by the time he got back, he decided he'd rather go back to private business.

HESS: A few minutes ago we were discussing the people who were in the White House. In April of 1945 Mr. Truman met with V.M. Molotov when Molotov was on his way to the San Francisco conference. What do you recall about that?

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SNYDER: I recall that visit; they had a reception over at the Soviet Embassy and had quite a turnout. They were extremely cordial at that time and it was one of the big parties of that period. Molotov, as usual, wasn't very responsive. He was always a very dour sort of person, and he and Mr. Truman, frankly, were never very friendly. Mr. Truman, of course, as you know, went, on out to the United Nations meeting and addressed them there. That's something I think we ought to check up on. There's quite a bit of confusion because some of the papers had it that he gave his address by transcription, but actually he was present and he delivered his speech...

HESS: At the Opera House in San Francisco.

SNYDER: That's right.

HESS: Now, the President did talk to Molotov a couple

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of times, I believe, in the Blair House, is that right?

SNYDER: That's correct.

HESS: And I believe Mr. Truman used some rather strong language, is that correct?

SNYDER: Mr. Truman took a firm position on what we were going to do and not do, and Molotov was beginning to show some signs of what Stalin had in his mind all the time, and, of

course, at that time Mr. Truman had not had an opportunity to thoroughly explore the situation. He was establishing a beachhead there from which to take his position later. I don't believe that Hopkins had made his visit to Moscow. For that reason Mr. Truman was not too sure of his position as to what had gone on between Mr. Roosevelt and Mr. Stalin.

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HESS: Do you recall any statements that Mr. Truman may have made about this time--April, May--that would show his thinking--how it had developed on the U.S.-Russian relationship early in his administration?

SNYDER: To me--I was not present at any of the Molotov discussions--but to me he was already reaching the conclusion that it was going to be very difficult to deal with the Russians. And while he tried to be very gracious at times about Stalin, he had no illusions about what sort of person Stalin was.

HESS: I believe it was after he returned from Potsdam that he made his "Good old Joe" remark.

SNYDER: That's right, but Mr. Truman...

HESS: You don't think he really meant that Stalin

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was a "Good old Joe"?

SNYDER: No, no, no, never. It was just a quip that he gave at the time that probably was unfortunate.

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Fifth Oral History Interview with John W. Snyder Washington, D.C., January 10, 1968
By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, what stands out in your mind concerning the period of time that you spent as Federal Loan Administrator?

SNYDER: Mr. Hess, my two and a half months as Federal Loan Administrator was about the busiest, shortest, most satisfying of any period of similar length of my life. I was appointed Federal Loan Administrator on April 17, 1945. As you have pointed out, it was the first major appointment made by President Truman. The Senate confirmed my appointment on April 27th, and I was sworn in on April 30th. The public reception to the announcement of the appointment ranged from "Who is he?" to those that were highly favorable. I am happy to say that the large majority fell in the latter class. The business community particularly accepted it as a good omen that Mr. Truman had appointed a

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banker for a banker's job. As I still had hopes of getting back to St. Louis and taking up my bank

work in the First National Bank there, I got busy at once to accomplish many of the things that I had felt should be done in recognizing the RFC and the Federal Loan Administrator's job for peacetime operation. I had been in and out of the RFC operation for nearly ten years beginning back in 1937 as manager of the loan agency in St. Louis. In 1940 I was called to Washington to help organize the RFC for handling its defense programs. It was at that time that a wartime expansion of RFC resulted from the establishment of a number of subsidiary corporations that carried out specific wartime functions up until the present time. By the present time, I naturally refer to the time of my appointment as Federal Loan Administrator.

In the first week of May the war was

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obviously approaching its end, and with it, the RFC's major contribution to the war effort would be finished. I had long felt that there should be a contraction of war agencies as soon as practicable, and I had discussed it at great length with Jesse Jones, with members of Congress, and with many others before I became Loan Administrator. With this in mind, it was one of my initial major undertakings as Federal Loan Administrator. I immediately began plans for streamlining the program of the RFC. I discussed it again with a number of those in Congress who were particularly interested in the RFC operations, and with Mr. Jones, and with the President. They all were in complete agreement that the five large subsidiaries that had been created for defense and war purposes should be absorbed by the parent corporation. To be absorbed were the Rubber Reserve, Metals Reserve, Defense Supplies, Disaster Loan, and the large Defense Plant Corporation.

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The way it worked out, the streamlining was primarily a bookkeeping change that would simplify the RFC setup and prepare it for whatever peacetime task it might be given. Senator Robert F. Wagner of New York introduced the necessary legislation into Congress to implement the plan of contraction. It was promptly passed by the Congress, which was obviously gratified to find a Government agency ready to cut back its own empire.

The next major task that faced me as Federal Loan Administrator was what to do with the surplus Government war plants and equipment after the war was over. As you know, as head of the Defense Plant Corporation, I had supervised the financing of the building of most of those facilities. The Defense Plant Corporation had actually signed contracts for the financing of close to eleven billion dollars of war facilities. The war in

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Europe having ended on May 8th and with the war in the Pacific approaching its climax, many of the industrial facilities were no longer needed. So I immediately began plans to dispose of the surplus plants as rapidly as was feasible with the approval of the Government. A large number of persons both in and out of Government had expressed the hope during the war that some of the war plants would be retained and operated by the Government to provide yardsticks by which to gauge private industry. I had been opposed to this program from the very first days of the creation of the Defense Plant Corporation. A number of my associates and I in an attempt to curtail such an eventuality wrote a clause into the contracts, the lease arrangements which the

Defense Plant Corporation entered into with the industrialists who operated the defense plant facilities, providing that when the necessity for defense was no longer apparent that the lessee could buy the plants

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back under a stipulated formula. Therefore, in consultation with the board of directors of the RFC, which had absorbed the defense plant operation, we began to discuss the most appropriate procedures to follow in bringing about this restoration of industry to private hands.

My third important consideration was to begin work with the directors of the various RFC functions to make plans for the best manner in which the RFC could serve in the great reconversion problem that was going to face the country following the war. Probably I can best illustrate what developed in my mind by reading an excerpt from a speech that I made in Evansville, Indiana about that time:

> There are five major problems that will tax the initiative, ingenuity, and patience of us all, how to reapply our labor force to the job ahead; how to re-equip our factories, how to maintain credit, how to skillfully liberate our controlled economy

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> from the protective measures necessary in the peak war years, and how to adjust our tax structure after Japan is defeated.

I then outlined a few of the steps that the RFC would be prepared to take in aiding in industrial reconversion:

First, to make loans against the cancelled war contracts; second, to make business loans to returning veterans; third, to make commitments now for future loans so that industry might proceed with plans for rehabilitation and reconversion; and fourth, automatically guarantee bank loans to industry up to 75 percent with a ceiling of $250,000 for each loan, and participate with banks in individual industrial loans made to industry in <u>any</u> amount. I was particularly anxious that the Nation know that the RFC was well prepared to cooperate with the Nation's commercial banks to finance plant reconversion, finance equipment and plant purchases, and to finance property purchases where needed.

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I immediately began to work out with banks an arrangement for making loans under what we called the "blanket participation agreement." Under this agreement, banks were permitted to make loans subject only to a few conditions, such as solvency, collateral, and a limit on salaries paid by the borrower. This permitted the banks to make loans on their own judgment and without requiring prior approval by the RFC. I felt that through this agreement that the Government was showing complete confidence in the banks, which is, of course, as it should be. It was my opinion that together the banks and the RFC could solve the financial problems of the small businesses, which were capable of, and entitled to solution during the reconversion and post-war periods. While I was in the midst of these engaging pursuits aimed at a reconversion

program, I received a message from President Truman, who was, at the time, at the

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Potsdam Conference, that he wanted me to take over the Office of War Mobilization and Reconversion, a job which I frankly did not wish to undertake. However, since I was in Washington to be as of such help to President Truman as I could be, I could not hesitate to undertake to do the job that he wanted most for me to do.

As I was preparing to leave the Federal Loan Administrator's job, I summed up in my own mind what I had been able to accomplish in the short time in which I had been in the office. I began by streamlining the RFC. I made an effort to make the agency more efficient and more economical. I established a broad policy for the disposal of surplus plants and material, and finally, I set out a program for the RFC, which was to help it carry out in the post-war years a program to aid large and small businesses, a program that certainly, in my opinion, would go a long way towards the transition

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from war to peace. This, Mr. Hess, I think, gives you a brief story of my experience as Federal Loan Administrator.

HESS: Mr. Snyder, what type of plants presented the most difficulties in the conversion process?

SNYDER: Well, naturally, it was those types of unusual plants like the magnesium plants and some of the large steel plants--the one out at Provo, Utah, for instance, was an enormous, complex, integrated steel plant that was built out there near the middle of Utah, away from sources of labor supply, of iron ore, and from coking coal. It was purely a political location. But we were able to finally locate a buyer in the U.S. Steel Corporation, but, of course, in that case, there had to be some bargaining because they were taking an operating problem on their hands in taking over the plant.

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In the Rubber Reserve, we had to wait our time until the rubber manufacturers were ready to undertake to switch from natural rubber to synthetic rubber. But, in due course, those plants were all absorbed very well, but it was slow doing. Some of the larger ordnance plants, such as the one that I mentioned out at Chicago, had eighty acres under one roof. Well, it took quite a bit of planning to get operations that could utilize that large a space, but through community cooperation, putting sometimes eight and ten operations into the same building, we were able to get them all pretty well operating. There were many, of course, the one-purpose plants for manufacturing machine gun bullets and things of that sort, that there just wasn't any peacetime use for, had to be either turned into storage plants, or some facility of that character. But by and large by our foresight in putting the option clause into the contracts, the operators

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in the Defense Plant Corporation facilities had planned ahead for the use of their plants. In that way these plants were more easily converted than some of the one-purpose plants that were built

by the Ordnance Department and some of the specialized agencies.

HESS: The efforts on finding an occupant for the Willow Run Plant came a little later, is that right?

SNYDER: Well, yes, the Willow Run Plant was initially built by the Ford Motor Company. Mr. Ford, Sr. didn't want to have anything to do with Government financing. And so when he started to build the large bombers in that plant, why, he built the plant himself. Subsequently, the Defense Plant Corporation purchased it from the Ford Motor Company, and leased it back to them for operating during the war. Following the war, the plant was used by two or three different lessees,

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initially, the Kaiser Motor Company was in there for awhile, and one of the large hangars was taken over for a municipal airport terminal. Finally, though, they got it operating pretty well; all the facilities are now in use.

FUCHS: There for awhile, wasn't Lustron using part of the facilities?

SNYDER: Yes, but that wasn't a very big operation.

HESS: And we'll come to that later when we discuss housing. Also, I believe that Tucker was in there making cars.

SNYDER: Well, Tucker was to have made cars, but he had three or four prototypes of an assembled car, but he never went into production.

HESS: Did you ever see one of those cars?

SNYDER: Yes. I went to a showing that he had one time.

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And the greatest attraction were the lovely girls that he had standing around it.

HESS: And not necessarily the car?

SNYDER: That's right.

HESS: What type of conversion presented the least difficulty?

SNYDER: Well, the plant that was of the size that could be quickly turned into manufacturing of a product the company was accustomed to make, like the automobile plants. General Motors did a tremendous job, Ford did an important job, so did Chrysler, in very quick conversion, taking out the special tooling that was installed for the defense program, and switching to the type of production line that was required for the automobile assembly.

HESS: During the time that you were Federal Loan

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Administrator, and also with the OWMR, what plans were made to prevent profiteering in the disposal of surplus plants and property?

SNYDER: The Defense Plant Corporation attempted to meet that problem through the clause that I mentioned as an option to buy at a certain agreed formula, that considered depreciation, usage, size of the plant, and its adaptability to prevent operation. A fair formula was worked out that would prevent, to a great degree, any profiteering. The greatest problem came when you had a plant that was not readily usable, or you had a plant that the operator holding the option did not particularly want to buy at the end of the hostilities, or a plant that was too large to be used by the lessee. Then we had to get into some negotiations to try to sell it. I don't think that as far as the plants are concerned, there was any great degree of profiteering.

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The profiteering came largely in the disposal of surplus property.

HESS: Mr. Snyder, why, in your opinion, did President Truman select you for the job at OWMR?

SNYDER: Mr. Hess, that would be a very difficult answer for me to give, because, as you know, Mr. Truman was at the Potsdam Conference at the time that he accepted Henry Morgenthau's resignation as Secretary of the Treasury, upon Morgenthau's insistence on a showdown as to how long he was to remain in the Treasury post. President Truman then cabled instructions to send the nomination of Fred Vinson to the Senate as Secretary of the Treasury, and followed it with the instruction to send my name up nominating me for OWMR, the Office of War Mobilization and Reconversion. This action was entirely without consultation, and therefore it was not

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until after he returned that he rather bluntly one day said, "Well, my principal reason was that I wanted you over closer to me. We have so many things we have to work out together." At this point I will repeat that the President and I had discussed the Vinson appointment before he went to Potsdam, and I was personally in favor of the Vinson appointment. Fred Vinson was well-known, well-liked, and he knew his way around Washington through his service in the Congress. I felt that Mr. Vinson's presence in the Cabinet would be a political asset to Mr. Truman, but contrary to some reports that were current at the time, we did not discuss that I might be considered for the Treasury, or that I might be considered as a successor to Fred Vinson in the OWMR job.

Mr. Hess, my nomination as Director of the Office of War Mobilization and Reconversion was sent up to the Senate on July 16, 1945, and was

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confirmed unanimously just two days later on July 18th. I was sworn in on July 23rd, on the

same date that Fred Vinson was sworn in as Secretary of the Treasury.

Briefly, Mr. Hess, before we go any further, I should probably give you my conception of what the job or OWMR was. The United States Government had sprouted a long list of alphabetical agencies designed to perform certain functions during World War II. However, these agencies only partially met the new responsibilities forced on the Government by the war. The permanent Government agencies were forced to take on duties that were strange to them, which taxed their abilities, and which often cut across the old established departmental lines. All this, the new agencies plus the new functions forced on the permanent agencies, presented a problem to the Chief Executive. If all these multiple, and often overlapping, functions, were to be

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performed effectively, they either had to be coordinated or else new authority lines had to be drawn. The latter alternative would have meant the virtual reshaping of the executive branch of the Government in the midst of a war. President Roosevelt, therefore, chose the first alternative and set up in 1943 the Office of War Mobilization with power to coordinate the defense work of the various Governmental agencies. The Director of this office was given extraordinary powers to carry out his duties, but the methods of exercising those powers were left largely to his discretion. There was inherent in the Office of War Mobilization and Reconversion, a difference of opinion as to the exact function of the agency. The press and my predecessors had sort of taken the view that this was an "Assistant President's" job that actually had many of the powers of the President to make decisions and direct policy.

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To me, however, it seemed unthinkable that I should attempt to set up my office in any such capacity, intervening and counteracting the prerogatives of the Cabinet members themselves. I, therefore, attempted to design the operation of the office as a sort of catalyst. Events were not on my side, however, in this endeavor. The end of the war meant the end of the unity of purpose which had bound the Government, business and industry together, and it brought back into play the conflicting, sometimes clashing interests of the pre-war period. This resulted in situations in which the Office of War Mobilization and Reconversion could not remain unobtrusive, but had to step into controversies and to assert its authority. In spite of these difficulties, I was able to maintain, and succeed to a large degree, good relations with the heads of the agencies and departments. My relationship with the Cabinet members who might well have been

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expected to have resented any intrusion upon my part under the old conception of the office, were, on the whole, very splendid relations. The Cabinet members, by and large, appreciated the fact that as I was located very close to the President, I might be able to furnish to them a means of communication to the Chief Executive that might otherwise have been lacking. On the whole they were very cooperative and helped me a very, very major extent.

President Roosevelt from the beginning placed mobilization and reconversion in the White House. Its offices were in the Executive Mansion, and its first director, Byrnes, picked up the appellation, "Assistant President," by acting for Roosevelt on many domestic matters. Byrnes held the job for nearly a year. He was actually Director of the Office of War Mobilization for

much of that time. The Reconversion title was added somewhat later. Byrnes dealt primarily

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with war problems while he was director. Vinson who succeeded him was in the office when Germany surrendered and the United States shifted from a two-front to a one-front war. Peacetime problems then came in for a larger share of attention, but it remained for me to handle the big shift from war to peace.

HESS: Do you think that Mr. Byrnes regarded himself as somewhat of an "Assistant President?"

SNYDER: Oh, no question about it. He was the one who built it up. He encouraged that title.

HESS: What was Mr. Vinson's view?

SNYDER: Well, that would be pretty hard to try to formulate. Mr. Vinson, after he came into the OWMR, brought in a number of staff members who actually did most of the work for Mr. Vinson in economic research and in the economic planning on how the reconversion should be

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handled. They injected a great deal of speculation and controversy into it in order to aid in passage of certain legislation that they felt that Congress should enact following the war in connection with full employment, unemployment compensation, many labor laws that they felt should be enacted and a number of restrictive laws on industry. I don't know how much of Mr. Vinson's personal views were reflected in the actions of OWMR during the time that he was there.

HESS: Who were a few of the people that he was bringing in at that time?

SNYDER: Well, the one man that I remember particularly was Robert Nathan, a labor economist. It was a small staff, there were less than eighty in the whole staff, but there were quite a number of specialists that had been employed, writers, particularly, public relations people, economists--but it was relatively small for an

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office that was undertaking such a gigantic job.

HESS: Did Mr. Vinson seem to have the same idea that Mr. Byrnes had had, that he might be an "Assistant President?"

SNYDER: He never voiced that particularly, but he wasn't adverse to people calling him that. He was pleased whenever he was referred to in the papers or in public statements as the "Assistant President," but I don't recall his ever, personally, through statements, encouraging the use of it.

HESS: Was he as vigorous in the carrying out of the duties of his office as Mr. Byrnes had been?

SNYDER: Well, Mr. Byrnes was in a different situation. We were in a war and his operations were mobilization to get equipment, get priorities on the needed things, to get manpower distributed

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properly, and it was entirely different--we were under the pressures of war. Shortly after Mr. Vinson got into that post the German part of the war collapsed.

HESS: He came in on April 2nd.

SNYDER: You see, it was only a short time until May the 8th when Germany capitulated. From then on he was faced with the carrying on of the Japanese, or the Pacific part of the war, while reconversion was beginning to develop on the European side where the war was over.

HESS: Awhile ago you said that your relations with the Cabinet members were good "on the whole." I want to ask you who didn't go along?

SNYDER: Well, Wallace. I had problems with Secretary Wallace, and I had real differences of opinion with some of the agencies.

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HESS: Which ones in particular?

SNYDER: OPA and Wage Stabilization.

HESS: Who was running those at that time?

SNYDER: [Chester] Bowles, and [William] Davis. I had a number of debates with the Housing Authority, John Blandford, and then later, Wilson Wyatt. William Davis had the Office of Economic Stabilization that administered price and wage controls.

HESS: What was the nature of some of the difficulties that you were having at this time with these people?

SNYDER: Largely in the matter of transition from war to peace in the handling of controls of prices and wages. Those in charge of the wage division wanted to press the wages up, while OPA wanted to hold prices down; together they wanted to control prices and release wages.

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They wanted to control materials and direct where they would go, which was an impossible procedure in a free enterprise system in peacetime. They were going to decide where every piece of lumber should go, where every brick went, and to say that you could build a building here for the purpose of selling groceries and deny another man material for doing something else that this particular group didn't think was necessary at the time. They wanted to make judgments on what could be done and what couldn't be done, which I thought was <u>completely</u> inequitable in

times of peace. They wanted to direct the materials and equipment into housing when they didn't have the skilled workmen available that could do the job. The labor force was not sufficient to do the kind of job they were talking about, this building of two million or more houses a year. They didn't have the journeymen carpenters, they didn't have the

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journeymen bricklayers, plumbers nor other skilled labor. So 1 had considerable trouble in trying to get some realism into the picture. I was having pressures by citizens, by suppliers and by mayors of cities who wanted certain things done that didn't fit in with the planned economy which was being worked out.

HESS: At the time you were at OWMR, Chester Bowles was head of the OPA, is that correct?

SNYDER: That's right.

HESS: According to a letter printed in part in the book, *The Truman Administration: A Documentary History*, edited by Bernstein and Matusow, Chester Bowles wrote to President Truman on December 17, 1945 outlining some of the difficulties that he had encountered, and just a small portion of the letter that they included is as follows:

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> In September, I told you why I would like to be relieved of my present responsibilities by the first of the year. My desire for relief is even greater today. As you know, I have been carrying this difficult assignment for nearly thirty months. The pressures today are at their peak. Like many others I feel the need for a rest.
>
> In addition to these rather personal reasons, I have been disturbed over my relationship, and the relationship of the Office of Price Administration, to John Snyder and some of his staff. While I like John personally and respect his sincerity, we often fail to see eye to eye on the most effective ways to meet the problems which we face.
>
> Under the circumstances John might feel more comfortable to have a man in my position with whom he was in more fundamental agreement...

What do you think about Mr. Bowles' letter to the President?

SNYDER: Well, that's a controversial matter. It was just a matter of two different viewpoints. At that time, Mr. Bowles was already planning a career in politics. He had a daily program in which he went on the air to tell the housewife that he personally was protecting her interests

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through price control, and seeing that she got her groceries at a right price, and her drygoods at a right price. It was a daily program that was scheduled for his message to the public. That was all well and good if all the other problems that we had in adjustment and in transition from war to

peace would have fitted in smoothly with his idea, but he reached the point when he was almost building himself up as the one protector of the housewife against the ogres of the Government, private business and industry that were trying to maneuver them into a position of high prices and scarcity of commodities. It was unrealistic in a sense, the pressures were so great that he wanted the entire control program to stay intact; he didn't want to release certain items as they came into supply because he had the idea that that would then set precedent to bring pressures on other areas where in the opinion of his people

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the supply wasn't sufficient. So, it was a matter of facing realities that was our real problem; where he had the objective of building up a political figure, and I had the objective of trying to get the job done in the best manner possible in the interest of the people and the economy as a whole.

HESS: What was his philosophy of how prices and wages should be handled?

SNYDER: I don't know whether he had any real philosophy about it other than to hold the controls on just as long as possible. Through such an arrangement, it became very apparent that there was no way of equitably handling the controls. You had to start taking them off sometime; Congress was demanding it, the public was demanding it, and the other people who were equally interested in politics were demanding realism. How could you say that a piece of

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material should go into a house instead of into a factory or into a store, or into something that a mayor felt that he urgently needed in his city. He had gone for four years restraining the needs of his town because of the war effort, and he felt that he had to build a firehouse, improve the school facilities, etc. It just didn't balance. It really wasn't realistic.

HESS: Some historians have pointed out that when controls were lifted, prices shot up somewhat faster than some people thought that they might.

SNYDER: That's probably true. When you stop to think that for years we had been in an all-out war effort, savings had been building up, people had money that they had saved to spend when the war was over, and naturally, people are human beings. While they have been referred to as "People are funny," they are that at times, but because they're human though, rather

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than funny. When the war was over they felt like, "All right, now, we'll turn around and go in another direction." And they didn't have the restraint and willingness to deny themselves further that Mr. Bowles and his group felt that they should be forced to have. And the pressures were such that regardless of the idealism of it, the realism didn't permit the program as the more liberal group felt it should be followed in their planned economy.

HESS: Will you touch on some of the other aspects of the OWMR job?

SNYDER: From the minute that I sat down in my OWMR job my life was not a tranquil one. In

one sense, the period between the German and the Japanese surrenders was much more difficult than the years when the war had raged in both Europe and Asia. With a two-front war, the United States policy held determinedly to the

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goal of victory first. Personal and public differences among Government, labor and business leaders were shelved as the Nation met its challenge of war. The surrender of Germany inevitably meant a letdown. Some war contracts were, of course, cancelled, and some men were released from the armed forces. The Nation began to experience a kind of mental ambivalence, the war was still on, yet, the war was over. For instance, on July 30, just six days after I took office, the Mead Committee, successor to the Truman Committee, issued a report heavily criticizing the Office of War Mobilization and Reconversion for failing to plan for reconversion problems, while at the same time the report stated that nothing was to be allowed to interfere with the war effort against Japan. While most of the committee's criticisms were directed against those periods when Byrnes and Vinson held the office, its entire recommendations were leveled

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at me as the new director. The Mead Committee recommended that OWMR be put on a supervisory, operating basis, with: direct control over the other war agencies. This, of course, was impossible. You couldn't put an office or a person, other than the President himself, in the position of bossing Cabinet members and their departments, you could coordinate, certainly, but supervise, no. Fortunately, the Congress did not follow the recommendations of the Mead Committee.

Following the fall of Japan, the United States entered the first stage of reconversion at full speed. Billions of dollars worth of war contracts were cancelled right and left by the Government; millions of men were taken out of uniform under pressure of Congress and sent back to civilian life. Of course, all of this produced a host of economic problems. The essence of solution to all these problems was

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that the multitude of plants that had been producing war materials had to be changed over to the production of badly-wanted consumer goods, which production would employ millions of returning servicemen and the additional millions of temporarily displaced defense plant workers. To tell the whole story adequately, of the experience of the Office of War Mobilization and Reconversion in the reconversion period covered by my tenure of office, would, without question, take a whole volume to properly highlight the various phases of problems, incongruities, and difficulties which emerged with the cessation of hostilities. I think that it would be better to sum up briefly the results which were obtained through the operation of that office. I personally like to recall the words of Arthur Krock in the *New York Times*, in which he stated that I intruded realism into a situation that

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badly needed it, that I saw no economic panaceas for that difficult period, and that I realized that any solution of economic ills requires work, and that such solutions do not result from the juggling of statistics, or from wishful thinking. Happily, history has recorded that an economy

straining to reach the maximum in war production was converted to full-time civilian production without any great or pertinent dislocation of labor or business. It was this current toward changing a controlled economy into a relatively free one that flowed through all of my actions in the Reconversion Office. It is gratifying to go back to the newspaper files of the period and read: "U.S. PRODUCTION AT ALL TIME PEAK"; "EMPLOYMENT IS BUILDING UP STEADIL--NOW ABOVE V-J LEVEL"; "PRIVATE WAGE AND SALARY PAYMENTS ARE NOW AROUND THE V-J DAY LEVEL"; "FEDERAL EXPENDITURES CONTINUE: TO DECLINE"; "BANKS MEETING DEMAND

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FOR THE POST-WAR FINANCE LOAN".

These were, indeed, heartening recognitions of the success of the reconversion program. For the record shows that the Nation's industries have been reconverted and the Nation's armed forces had been demobilized in accordance with the demands of the people and the Congress; industry was well on its way toward that full production which would mean jobs and prosperity, not only for the demobilized soldiers, sailors, and airmen but for all citizens. Without a doubt, reconversion had been accomplished much faster than anyone had thought possible. In retrospection, I think today as I thought at the time, that a great part of the remarkable record was due to the ingenuity and drive of the American people. The all-out war productions had taught business to do big things fearlessly. It had taught labor to find better, more efficient and productive ways of producing goods on the

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production line. It gave me great satisfaction that the free enterprise principles had been allowed, in a large measure, to work in the reconversion; it was with great satisfaction that I was able to record in my final report that, "More Americans are working, producing more, earning more and consuming more than ever before. Since V-J Day, civilian production as a whole was increased by twenty billions of dollars annual rate, and now has reached the highest peacetime peak in all of our history." Please remember that this was less than nine months from the time when some economic prognosticators foresaw a wide-spread industrial and business recession as an aftermath of the war.

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Sixth Oral History Interview with John W. Snyder Washington, D.C., February 1, 1968
By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder has indicated that he has the draft of a speech that he has been asked to give. Would you tell me about that sir and then we'll just read it right into the record.

SNYDER: Well, I don't know whether that this would be an appropriate part of our script that we are working on, Mr. Hess, but it is a result of an invitation that the Toledo, Ohio Rotary Club has extended to me to make a talk to them. I was president of that club last year, as you know, and we had some pretty good programs but that's what makes me even more hesitant about accepting this. I left with a very good record of producing good programs; I had great reluctance

in undertaking a speech myself, but they have asked me to tell them something of my experiences and to crowd seventy-three years of life into a thirty

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minute talk, has great difficulties as you can well imagine.

HESS: Especially an eventful life.

SNYDER: Well, thank you. I'll give this little talk here and we'll decide whether or not it should go in the record later.

HESS: If you want to take it out or edit it later, we can do that.

SNYDER: Thank you.

President Jules, Rotarians, ladies and gentlemen:

I hope that all of you are as pleased to see me as I am to see all of you.

In the arrangement for this program, President Jules, I hope that the program committee did not consult you or obtain your approval. I want you to have someone that you can blame.

The committee has asked me to tell you some

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of my experiences in life. This I am going to try to do.

It may turn out to be one of the most profitable hours you have ever spent--not through learning how to do things, but how they should not be done.

Having been born of indulgent parents in a thriving city of 10,000 people down in Arkansas, I began my public career at the age of seven delivering papers for the *Jonesboro Evening Sun*. After two years of outstanding performance in throwing the daily into undiscoverable places, I had amassed sufficient savings to make the down payment on a set of encyclopedia. This investment plus a family subscription to *National Geographic* laid the basis for an avid curiosity and an intense desire to travel.

In 1904 I abandoned the news world when my father gave me a two weeks trip to the St. Louis World Fair. It was while drinking in the marvels

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of electric lights, telephones, transcontinental trains and the largest Ferris wheel in the world, that I became imbued with the ambition to become an electrical worker. I also got the notion that you learned a lot traveling.

This desire to learn something about electricity took root and during my early youth it was

uppermost in my mind while directing neighborhood wild west shows, organizing boys' clubs, being confirmed in the Episcopal Church, starting a high school newspaper, and acquiring a secondary education in Jonesboro.

I then went to Vanderbilt University to study electrical engineering. My first serious step in college was to join the A.T.O. fraternity, and learn more about the lasting qualities of friendship.

My formal education, unfortunately, was interrupted by World War I. After receiving a commission as a second lieutenant, Field Artillery, in the

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Reserve Corps at the first Officers Training Camp at Fort Logan H. Roots, Arkansas, I used uncanny foresight in permitting myself to be assigned to the 32nd Division, composed of Michigan and Wisconsin troops. In this manner, I opened up a wide horizon, unfettered by facts of my unmilitary background, in which to launch my military career.

My first steps forward were to accept assignment to the Headquarters Staff of the 57th Field Artillery Brigade, to be appointed aide to General G. LeRoy Irwin, accept promotion to first lieutenant and then go to France to school to learn about the French and their artillery materiel. When our brigade was in training at Coetquidan I was made Brigade Operations Officer and was promoted to captain. About that time it was decided by G.H.Q. that our outfit might be useful at the front. Well, we were. In May 1918, we began battling our way through five sectors

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ending up on Armistice Day as the Iron Brigade of the Red Arrow Division.

Yes, I could tell you many harrowing experiences, but one may suffice to give you the feel of what being under fire in the front line can really do to separate the men from the boys.

This has long been a vivid memory. The instance occurred while our artillery was supporting the 22nd Division Infantry at Montfaucon in the Muese-Argonne offensive in October, 1918. We had just taken over a highly developed German corps position and were under heavy bomb and artillery fire of the enemy. I was advised suddenly by my orderly, Hayes, that a shell had struck our elephant-iron mess shack, and that Leo, our Detroit Statler Hotel chef, was inside preparing the evening mess. I was stunned--Leo, our cook, was beloved by all. I went at once to see what could be done. The smoke

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and dust of the shell explosion was curling out of a huge gap in the roof. When I arrived at the battered door and took one look in, I was sickened by what I saw. I called for a flash as the lights had been knocked out. With the aid of the flash, a gory sight was revealed. What appeared to be blood, brains, and shattered body lay before me--I took a firm grip on myself--and pushed in. Then the real shock came--it wasn't Leo--the shell had smashed a case of canned tomatoes.

During the war, I made three friends who have remained so to this day, Gene Tunney, Eddie

Rickenbacker and Dwight Eisenhower.

Following the war, after serving some months in Germany in the Army of Occupation, I returned home to find that my uncle, Judge E. A. Rolfe, had decided that I should go to work in his little country bank in Forrest City, Arkansas.

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This was a devastating blow to my goal of a place in the development of electricity. However, again grasping at the next rung on the ladder, fortified by my training in electrical engineering, and my experience in World War I, I decided to please my uncle and spend a few months in banking.

A great comfort to me in this readjustment period was my marriage to Miss Evlyn Cook. She remained a wonderful companion of mine throughout her life.

Well, being a banker wasn't exactly what I expected. After learning to sweep out, open the mail, post the books, make change and to try to collect some old loans, I was finally given a chance to actually make a small loan. About then, I joined my first Rotary Club.

In a few years I moved to Missouri.

It was during this period that my daughter, Drucie, was born. She has been my closest friend,

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my most helpful consultant and my severest critic.

I failed to tell you that after I returned to civilian life, the War Department asked me to accept a commission in the Field Artillery Reserve. I did and was made colonel. In 1928 at Fort Riley, Kansas, a friendship was formed that completely reoriented my life seventeen years later. I met Colonel Harry S. Truman. We have been the closest of friends ever since.

In 1930, the first wave of bank failures swept the country. I suddenly found myself working for the Insolvent Division of the Office of the Comptroller of the Currency of the United States Treasury, which at that time was under Andrew Mellon.

Later in 1932, I was placed in charge of several closed National banks in and around St. Louis--six in time. This was a period in which I was given an opportunity to learn how banks should not be run.

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I had one bank in St. Louis that had been about everything in the world except being a bank. It was operating a trunk factory, a chain of sawmills in Arkansas, a truck body plant, a chain of forty-three small general merchandise stores in four states, three small banks in three states, a life insurance company and a few other enterprises. The examiners once told me that they always expected to find the assets in the elevator, passing between the bank on the ground floor and the insurance company on the fifth.

It was during this period that I received an invaluable lesson in diplomacy. In the fall of 1933, a group of our top financial leaders in St. Louis decided that the Grand National Bank, which was in my hands for reorganization, should be opened promptly in the interest of the community, banking circles, the economy

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and the reputation of the Republican Party. They did not wish to talk with any intermediaries, but desired to have a visit with President Roosevelt himself to lay their matters before him. I promptly agreed to try to arrange such a conference. Bill Woodin was Secretary of the Treasury at the time. He quickly went along with the plan and made the appointment, with the condition, however, that I should accompany the group.

All the way to Washington I heard nothing but the plans to get F.D.R. told, and demand speedy action on the opening of the bank. Our appointment was for 11 a.m. so we went almost immediately from the train to the Treasury to join Secretary Woodin. He, however, thought it unnecessary for him to go as I had all the necessary information. We arrived at the White House, and in due course, were shown in to see the President.

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His greeting was most cordial. He promptly and warmly thanked the busy gentlemen from St. Louis for coming to tell of conditions in their area. He assured them that he considered the Mississippi Valley to be the heart of the economic strength of the Nation, that leaders like them would be the real keys that would open up the restoration of confidence in the people of the Nation. In the midst of this though, Louis Howe came in and whispered to the President.

He promptly frowned, shook his head, and then took the group into his confidence. An urgent matter of national importance had just come up requiring his immediate attention. He regretted to curtail their appointment, was most grateful for their kindness in coming to see him and pressed them to come again, when they could really let their hair down. Louie Howe almost pushed them out the side door.

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On the way back to the Treasury, all I could hear was praise of F.D.R.'s personality, his great interest in the St. Louis area and how well he looked--not one word had been said about the bank, it seemed to have been forgotten.

Then to the First National Bank in St. Louis, but not for long--Jesse Jones recruited me to run the St. Louis Agency of the RFC in making stabilizing loans to banks and industry.

From 1936 to 1940, I ran the RFC in St. Louis and became president of the Missouri Athletic Club.

A funny thing happened when I again was headed for the bank in 1940; yes, once more, Mr. Jones called me to Washington. This time to help set up the Defense Plant Corporation, a subsidiary of the RFC. This job which, according to Mr. Jones, was supposed to last two or three

months stretched into four years. As most of you know, I was made head of DPC, and

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during my tenure we made commitments to finance the construction and equipment of over eleven billion dollars in defense plants, including the jeep plant here.

The defense plants that DPC financed were often huge, frequently complicated sometimes mysterious. While inspecting a synthetic rubber plant, Senator Truman, chairman of the Truman Committee, and I were walking between the styrene plant, which cost two and a half million dollars, toward a copolymer plant, which cost five million. We passed a ditch in which a six-inch pipe was laid. "What's that?" asked Senator Truman. I told him the pipe took the product of the first plant to the second. "Cover it up quickly," he said. "Don't let the taxpayers see how little we're getting out of such a big investment."

It was in early 1940 that I learned an important principle of politics. When the time for the Democratic convention approached, Jim Farley was

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much opposed to the third term. F.D.R. was adamant. Farley took a swing around the country to test the sentiment of the voters. When he returned, Jesse Jones and I had him to lunch and asked what he had learned. His reply was: "It was simple. There are still more poor people than rich people."

In 1943 I went back to the bank to stay. I was made executive vice president. At last I was settled! During the first six months in St. Louis, Mr. Jones kept asking me to come back to help in first one matter, then another. He did this under an agreement with Walter Smith, president of the First National, which Jones called a fifty-fifty deal. Walter finally called the plan to a halt when he found that to Jones, fifty-fifty meant one horse--one rabbit. The horse, of course, being Jesse's.

In the early part of 1945 the board of directors selected me for Walter's place as

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president of the bank, effective July 1, 1945. Walter was to become chairman. My banking career, based on my electrical engineering training was assured. I was really fixed for life now!

In March 1945, after President Roosevelt returned from Yalta he called me to Washington to ask me to come back and run the Import-Export Bank. I begged off as I had plans to be president of the bank in St. Louis. While visiting I asked how things went in Yalta. He replied: "I can tell you in three words--Malta, Yalta, Vodka."

The United States banks with business transactions in Mexico had been experiencing considerable difficulty with multiple exchange rates in closing export and import transactions.

We finally arranged joint session of U.S.-Mexican bankers in Mexico City in early April of 1945 to try to work out satisfactory agreements. The meetings were highly successful.

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To celebrate the outcome, Floyd Ransom gave a large luncheon at his country home. While seated at the table discussing F.D.R.'s health with A. P. Giannini, the butler came in to announce the death of President Roosevelt. A short time later a call came in saying that Mr. Truman wanted to talk with me that evening. Harold Helm of Chemical Bank in New York was with me in my room at the Reforma Hotel when the call came. Its purport was that the President would like for me to come to Washington as soon as possible. A day or two later, I was appointed Federal Loan Administrator. President Truman's first appointment.

Frankly, I resisted this appointment vigorously--I wanted to stay with the bank in the position I had worked so long and so hard to obtain. President Truman, however was insistent and finally Jimmie Byrnes said: "Harry, remember who you are now. Draft him!" This was before

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they started burning draft cards.

And with that my private banking hopes went out the window.

I succeeded Fred Vinson as Federal Loan Administrator. My program, which I devised quickly, was to start converting to peace the work I had done for defense. On my request Congress authorized me to merge all the defense subsidiaries into the RFC, the parent company, and to begin selling the properties to the private industries, which held options to buy them as defense requirements were completed. I then began to work out plans between the RFC and the banks to finance the needs for reconversion, and, at the same time, we devised a plan to help the small businessman to switch from war to peace.

These programs were well under way when ten weeks after taking office, the President nominated me for director of OWMR, Office of War

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Mobilization and Reconversion, another job I vigorously resisted.

During the twelve months that I was director of OWMR, the second job I took over from Fred Vinson, I had about as hectic a time as any in my life.

However, in spite of the hemming and hawing, the pushing and pulling, we managed to convert a great section of the economy from a war to a peacetime status, in much less time than had been prophesied on V-E Day.

I was able to report on the day that I left OWMR, June 24, 1946, that the Nation's industries had been largely reconverted, and the mightiest armed forces ever assembled had been demobilized in accordance with the demands of the people and the Congress. Industry was well on its way to full production, providing jobs and prosperity not only for the demobilized soldiers, sailors and airmen, but for all citizens.

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The dire prediction of 8,000,000 unemployed never developed. The rapidity of the reconversion, I attributed at the time was largely due to the "ingenuity and the drive" of the American people. In my last OWMR report, the records showed that more Americans were working, producing more, earning more and consuming more than ever before in our economic history. This was accomplished within nine months after V-J Day, at which time the papers of that day, showed that some economic prognosticators foresaw a widespread industrial and business recession as an aftermath of the war. It had been a trying year.

A happy memory of that period, however, was the opportunity I had, as director of OWMR, to steer the G.I. bill through Congress. This bill provided, among other things, for G.I. education. Without doubt, the eager, serious manner in which the G.I.'s took advantage of this

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opportunity, completely revitalized higher education in this country. As the years go by, I have appreciated, more and more, how significant the provisions in this bill had been in the advancement of higher education in the United States.

And then for the third time, I succeeded Fred Vinson, who had been named Chief Justice, when President Truman sent my nomination as Secretary of the Treasury to the Senate. On June 25, 1946, I became the first native-born Arkansan to become a member of any President's Cabinet. A delightful memento of the occasion is an original Berryman cartoon which was published in the *Evening Star*. It depicted President Truman at his desk with me sitting with a brief case on my lap, on which was lettered (1) Federal Loan Administrator (scratched out) (2) OWMR (scratched out) (3) Secretary

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of the Treasury. The President was saying, "John, did you ever study law?"

It definitely was a delightful transition from the maelstrom of OWMR to the surface quiet of supervising the work of the one hundred twenty thousand individual thinking men and women in the Treasury.

It has been most difficult to condense into a few paragraphs the events of a full and active life. It now becomes even more so when I attempt to summarize nearly seven years as chief administrator of the Treasury. It takes fifteen minutes to simply read the listing of the duties and responsibilities assigned to the Secretary of the Treasury, which doesn't even mention, parties, receptions, traveling around the world, congressional hearings or countless other demands that go with public life in Washington.

When I entered the Treasury the national debt was around two hundred and eighty billion dollars.

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One of my predecessors, Albert Gallatin, probably summed up the alpha and the omega of Treasury administration in two statements attributed to him. One made at the time he assumed his post, and the other some years later. The first was: "The affairs of Government finance can

be only conducted by cool reasoning and the lessons of experience." The second, said much later: "Never has a man been so oppressed by the financial burdens of his nation as am I this night. I know not how to face the morrow's problems." At that time the national debt totaled eighty million dollars.

The Treasury is the business agent of the Government. Its administration must be flexible, informed, capable and versatile.

One day it is planning legislation to raise revenues--the next, devising ways of collecting

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the levies. It finds itself buried in technicalities of management of the debt through the selection of proper forms of investments that offer a balanced supply of securities to the public. The Treasury prints your money, your postage stamps, your revenue stamps, your bonds; it mints your coins; it provides protection to the President and his family, it supervises narcotics controls; it supervises national banks, it collects customs, it administers the fiscal responsibilities of the Government, it manages the public debt, and it represents the administration in its international fiscal and monetary participations. It does a multitude of things in order to make the operations of the Government run more smoothly.

Whole volumes have been written about its various functions; whole speeches are made about single facets.

We have been able to touch, therefore, only some of the highlights here.

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Working for the Government offers many opportunities to serve your country and also to enjoy many opportunities to advance your own knowledge and contacts. It has been my privilege to know every President personally, beginning with President Wilson, except Presidents Harding and Coolidge. I stood with President Wilson on the balcony of the Crillon Hotel in Paris to watch part of the victory parade in 1919; I first met President Hoover in Paris in 1919, we remained friends until his death. I became well acquainted with President Roosevelt during his time in office; President Truman has been a close friend since 1928; I met President Eisenhower in 1918 in France, we continue as friends; President Kennedy, I met through his father when he first came to Washington as a young Congressman. Our present President, Mr. Johnson, I have known since the late thirties.

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One also meets many of the leaders of foreign lands. Today, I shall tell only of one.

In January, 1953, Winston Churchill came over to extend President Truman good wishes as he was preparing to leave office. At a dinner at the White House, I shall always recall his remarks when he learned that none of Truman's Cabinet intended to continue in Government. He forcefully said, "You Americans are so wasteful. We have a better system. We keep our displaced Cabinet members in Parliament to have their valuable experiences available when needed. Think of the waste of your system." As it turned out, however, several of those who

were there that evening have been called in, from time to time, for consultations.

My residence in Toledo is known to most of you. I have enjoyed my life here and will always treasure my experiences and the many

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friends made here. Outstanding in my memory will be the honors you have bestowed upon me in an Honorary Degree at Toledo University, a 33° in the Masonic Order, and culminating in my election as president of your Rotary Club.

In closing, I want to leave with you one or two observations.

This is a great country in which we live. Its history is one replete with the courage, the vision, the ingenuity, the drive, the integrity and the faith of its citizens.

Our country's people have faced moments of triumph, moments of doubt, moments of discouragement, moments of despair. But through it all, this country has offered its citizens the greatest opportunities to grow, to improve, to create, to prosper, to share, of any country in the world's history.

Within my lifetime, we have gone from

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cranking telephones to interplanetary communications; from five-day transcontinental train trips to four hours in the air; from stereopticon views to Telestar world T.V.; from homeopathic remedies to heart transplants.

In these present years, we doubtlessly feel at times that our country is overcommiting its resources in its efforts to fulfill its inherited international leadership.

But truly, it's a wonderful country; it's our country! One we can live for, one we can work for, and one, when our security is threatened, we must fight for.

Thanks for inviting me here today.

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Seventh Oral History Interview with John W. Snyder Washington, D.C., February 7, 1968
By Jerry N. Hess, Harry S. Truman Library

HESS: Mr. Snyder, in my research on the subject of reconversion and unemployment I found something that we'd better clear up and that deals with your report as director of OWMR to the President of August 15, 1945 entitled "From War to Peace: A Challenge." I found several historians and writers who attribute to you, or at least state that you went along with, the idea that there would be some eight million unemployed at the end of World War II. The following three quotations are from the report of August the 15th, and I found portions of the first two used

several times by various authors. Sometimes the report wasn't referred to and the author just said something to the effect, "John Snyder said." The first quotation that I found of interest was: "The outlook for this peacetime

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victory is bright, but it will not be won easily nor immediately. There should be no mincing of words. The sudden termination of the major portion of war contracts will cause an immediate and large dislocation of our economy. Our Nation will undergo the shock of considerable, but temporary, unemployment. The severity of this shock is increasing by the sudden ending of the war."

The second quotation is: "Perhaps as much as half of the eight million workers now employed in war plants will be able to stay with their present employers to produce civilian goods of the same kind they are now making for the armed forces. The number who will be laid off, during the next two months, is estimated to be about four million. The total amount of unemployment will depend upon the rate of demobilization of military personnel, and how rapidly reconversion can be accomplished in war plants and how

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quickly other civilian activities can be expanded. It is expected that there will be 5,000,000 or more unemployed in three months. By spring, unemployment may reach about 8,000,000."

And the third quotation is: "But we are not going back to long periods of mass unemployment. Labor is determined, businessmen are determined, farmers are determined, and the man in the street and his Government are determined that we shall put our productive capacity to work producing goods and services for peace. And we shall need these goods for we have a pent up demand at home and abroad that together will tax for some time our capacity to produce."

Now it seems to me that the thoughts expressed in the widely dissimilar quotes from the report are just not compatible. They don't seem like the thoughts or ideas of the same man. What do you say to that?

SNYDER: Mr. Hess, we'll have to go back just a little

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to get perspective. Fred Vinson was the director of OWMR for less than four months, actually, and it was during that short period that he brought in a Mr. Robert Nathan, an economist who was connected with one of the labor organizations; and he brought in with him a number of very bright, young economists. Now the period covered by the OWMR report of June 20, 1945 actually was issued on August the 15th, 1945. I didn't take over the OWMR until July the 23rd, so you see that the date of the report was actually for a period prior to my taking over, and the publication was within a very few days, just two or three weeks, after I did take over. Hans Klagsbrunn, who I had brought with me from the RFC, and I did not have time during that short period to test out or recheck or rethink the economic analysis on which certain parts of the report had been based. This special report on reconversion

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was in many respects a realistic, hardfisted outline, but in other respects it tended towards economic forecasts which were not mine, and with some of which I did not agree. The report was a product of a group of young men working over a period of several months before I went into the OWMR, under my predecessor, Fred Vinson, and it had a rather interesting background. It did not spring up overnight, although it was rushed to completion in the fast-moving final days of World War II. Nearly all of the statistical work on the report was done during Fred Vinson's tenure as Mobilization and Reconversion director and most of that job was done by the economist I just mentioned, Robert Nathan, or by those he had brought with him. Mr. Vinson, as I have just mentioned, had brought Mr. Nathan in at the time he was appointed. I'll gave to admit that in the

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later days I considered it most unfortunate that I could not convince Mr. Vinson that he should sign that report as it really was for his period. He even declined to cosign it with me. As we needed the report for many parts of the reconversion, and the President was very anxious to have it to use it in a talk that he was going to make, I finally succumbed and let the report go through. Of course, I am on record because I did sign and I did support the majority of the items reported; there were so many parts of it that were excellent and only a limited few that were so wide of the mark that I just couldn't agree with them. One of the flaws in the report, according to my views, and for which I was somewhat criticized in later days, was the estimate of eight million unemployed by the spring of 1946. Actually unemployment in the reconversion period never did reach more than three and a half million--that's less than half of this

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prediction. Now, this isn't hindsight of mine. It was my conviction at the time that the reconversion was going to move along much more smoothly. I had spent years talking with industrialists, businessmen, with bankers, during the war and as the war approached an end, and I knew that there would be a great drive and a real desire on their part to swing this reconversion back into peacetime operations with the greatest speed possible. It may be noted that this estimate of eight million unemployed, however, was even less, as big as it was, than some of the other estimates at that time in some of the more liberally oriented sectors of the Government. What I figured, as I've just said, was that what they were overlooking in these estimates was the ability of American industry to swing quickly into production to meet the great consumer demand. I think that somewhat brings it into focus.

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O. Max Gardner, who at that time was chairman of the Advisory Council of the Reconversion Office, and my assistant Hans Klagsbrunn and I, opposed setting any fixed estimate as to the unemployment, but, as I say, we were somewhat pushed into it by the force of circumstances and we've had to live under the criticism that came up later. However, the record of the Advisory Committee of the OWMR shows that we did oppose it very strongly and did not want to include it; however, I think that the record that was established in the rapid reconversion did much to offset the talk about the overestimate of the unemployed. Of course, at the time there was great pressure on the part of many of the young liberals. Mr. Nathan, before he came with Mr. Vinson, had been an economist for the CIO and there was considerable talk later that possibly a

considerable amount of this pressure for

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putting a big figure on unemployed was to help impress Congress with the dire requirements for the full employment bill. There are many other suggestions that have been made, but to get the record straight I want to categorically state to you at no time was I in agreement with such a high estimate.

HESS: Mr. Snyder, on October 30, 1945, the President made a radio address to the American people on prices and wages in the reconversion period. In the speech he said, "There are several reasons why I believe that industry as a whole can afford substantial wage increases without raising prices." Did you agree with that, sir?

SNYDER: There were a number of different groups around the Government that had been working on some analysis of the wage and price structure. Mr. Wallace, particularly, had had some of his economists in the Commerce Department prepare

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some figures which were not at all acceptable to me, or to some of my economists that I asked personally to look into that subject. There were one or two of the sectors of the economy where some wages could have been raised without materially affecting the price. It would cut profits lower than some of the industrialists would like to have in those particular areas, but it would still produce a livable profit. Generally speaking though, it was not possible to do because costs had gone up and rehabilitation of the industry had to take place. There was a reshaping of the production lines; there were new products being brought out and there was just as much of a problem of the industry generally, having gone without normal profits, as it was that labor had been held down by the operations of the wage control orders during the hostilities. By and large though, to me it was a matter of wage and price problems. Largely

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it was a matter of the negotiation between the labor and the management, or in the study of any contact that might come up with the price-wage question. What I opposed more strongly than anything else was any blanket assumption that across the board a very large wage increase could be made without some consideration being given to price. There were statements that anywhere from 14 to 24 percent increases in wages could be given to labor without any price raise at all. Well, this, of course, just didn't make sense, and particularly in connection with the steel problem that came up later; there was a very strong pressure brought to try to hold the ingot price of steel, which is usually the gauge of price in other areas, down to its current price and at the same time give the laborer, or the wage earner, a rather substantial increase in wages. I brought in some outside economists and we made a very

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careful study of this situation and it was very clearly shown--we had a schedule which showed the relationship that wages at certain levels had towards the price that would be required for fair and equitable earnings for the steel mills. It was that analysis that influenced Mr. Truman materially in making the decision that he did.

HESS: Whose advice had the President taken to arrive at that conclusion?

SNYDER: Well, there was a general memo that had come up. It was indicated, I think, in one of the OWMR reports that had been slipped in, that wages could be raised in many areas without a price raise, but he was getting it from Wallace and from Ickes and from various persons who were still at that time, I think, in advisory positions--I'd have to go back and check to see, but he was getting the advice from quite a number of people.

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Certainly he was, getting it from Mr. Bowles, and some of his people.

HESS: Did you talk to the President personally about this question?

SNYDER: Yes, yes at great length, but it ended in sort of a compromise. It was the best we could get out of the arrangement at the time. If you will re-examine your question, the statement that you read, you will see that there was a compromise area in there. It wasn't an all-out endorsement for large wage raises with no price raises. It said that there were some areas in which that was true. Well, that was correct, but it was interpreted immediately that the President had indicated that all wages could be raised without any prices raised.

HESS: Not just wages in some areas, but wages in all areas. What were the areas where they could have been raised without...

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SNYDER: I would have to go back to my records. I recall that there were a few.

HESS: On November 5, 1945, the President spoke at the opening session of the Labor-Management Conference in Washington. Just why was that particular conference set up?

SNYDER: Well, at the time it was probably altruistic, and we were very hopeful that labor and management would sit down together and give a breathing spell to a battle between wages and prices and inflation in setting up the economy to meet the tremendous pent-up demands for consumer goods, for housing, for so many of the items which in normal course had been held back because of the war. We had several forces that were being brought to bear. There were tremendous savings, pent-up savings that people held. Instead of buying things during the war, they had put their money into savings banks, savings bonds, and so there was

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a tremendous volume of savings that was ready to go into action to make investments, to buy something for the home, to buy an automobile, to buy all sorts of things, washing machines, radios; then on top of that, and at the same time, there was pressure for increased wages which added to the large volume of available funds, would press prices up before the supply of goods was available on the shelf of the dealer and all of which would have produced inflationary pressures. It was hoped that management and labor would sit down and say they would have a cooling off period in which they would work together and just gradually, through negotiations at

the bargaining table, go about these increases. But it soon became evident from the very first day that labor was not going to give an inch in their demands. According to their leaders, they had restrained themselves, they had put their shoulder to the wheel to produce

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goods for the defense needs, and actually some of them went so far as to say that their contribution to the victory of World War II was greater than the soldier's because they produced the very product that won the war and, therefore, they were entitled now to be unfettered and go forward with their demands for wages. This didn't take but a moment to infect the management, who were very open to infection, that they too had been restrained and been renegotiated and had held their profits down and so forth and, therefore, they too, now that they could get back into a free market, they wanted to have their pricing unrestricted by any controls or holdbacks; so the conference which idealistically was a splendid idea, practically and actually turned out to be a most unfortunate failure.

HESS: Did you at times confer with the representatives to the conference?

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SNYDER: Oh, yes, I talked with both labor and with management, but there was no getting them together; no getting an agreement of any character.

HESS: So it really didn't come to much. Is that right?

SNYDER: However, it may have had one good effect; it woke us up to the facts of life that we were really going to be faced with some realistic dealing with these matters whereas we might have been longer in coming to that realization.

HESS: Well, on November 29, 1945, the President read at a press conference a statement on the first one hundred days of the reconversion--a milestone more or less--and just a small portion of that statement is: "Unemployment, so far, is less than had been expected. This means that the disruption of our economy has been less drastic than anticipated. However, we are still in a

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transition period. The rapid demobilization of the armed forces will undoubtedly increase the unemployment total over the next few months."

So here we have a statement that things haven't really been so bad but they may get worse yet in the future. What was your view about this time? This is along toward the end of November, about a hundred days after the end of the war?

SNYDER: It had begun to be rather evident that as contracts came up with labor that there was going to be greater pressures for higher wages and conversely that there'd be demands for higher prices. It began to be pretty evident that our transition from war to peace was going to run into supply problems, it was going to run into skilled labor problems; it was going to run into a great, great number of allocation problems; that the normal supply and demand

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balance could not be maintained; that with all this pressure of purchasing power that was available that we were going to have a very difficult time meeting the demands that were going to develop. And too we were under great pressure from abroad. The countries devastated by the war had begun to assess their damage and the problems that they were faced with, and their requirements to try to get back on their feet. We were approaching world rehabilitation with a clearer vision then than we had in the excitement and the pressures of the first stoppage of the war, and these things began to come into clear focus. That was the reason for that warning being raised. We were moving along rather quickly; we had absorbed the returning serviceman very quickly. In one of our conversations I told you, one of the great helps that we had with the returning soldier was the desire of so many of them to go back to school. They were employed

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in studying for months and years and that helped to gradually bring them back into the labor supply. It was a combination of all these things that began to impress many of us that the future months ahead were going to present some pretty difficult decisions and actions.

HESS: Also on the subject of reconversion, in an article you wrote for the *Nation's Business*, in May of 1946, entitled "All-out Production is America's Out", you had the following statement: "It's time we took stock of ourselves. We need to go back to first principles, put what we have been doing against what we ought to do, and strike a batting average. When we do, if we are candid, we shall all admit some mistakes. That goes for Government administrators, businessmen, Congress, labor unions--even people from Missouri. One big error made by many was in confusing relatively simple physical reconversion

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of plants with reconversion of the delicately balanced economic system. That system in the United States is more complex and more intricate than it is anywhere else in the world. Normally it is self-regulating by the forces of competition and progress. But in abnormal times it can run as wild as a driverless truck...We can only do this by exercising certain controls and so, for the time being, order implies restraint."

Now, your article does go on to very fully outline what you said there, but one reason this seemed important to me was when we had discussed reconversion, I had thought of it more in terms of plant reconversion rather than the far more complex economic aspects, so I wanted to bring that up to you and perhaps have you say a few words on the difference between the two.

SNYDER: To follow through with you on what you have just said about your impression and how

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generally accepted that impression was, and how far it missed actuality: During the war we had had two great displacements of personnel; one was the serviceman going across the seas to fight and being dislocated, displaced as to his peacetime job; number two, we had moved great numbers of laboring people from one side of the United States to the other; we had recruitment trains that took whole trainloads of people from the east out to the shipyards, the aluminum

plants, the magnesium plants, the airplane plants, on the West Coast. We had an imbalance then of peacetime operations with labor. We had the immediate problem of relocation of labor to face unless we could build up peacetime production in those plants that could be reconverted quickly; viz. change lathes from doing something for guns or a warplane or something, into a truck or a wagon or a plow. We had to not only do that, but had to have

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the labor trained to do a different kind of job. Furthermore, the location of this plant should be near to its market from a transportation cost situation; and further than that, we had had four years in production cutback; we therefore had to rebuild distribution for these products, train salesmen, prepare general display and advertising, and then beyond that we had to rechannel raw materials into these plants to make these new things that they were going to make, or to even make the old things that were to go back into the consumer market. There were hundreds of thousands of people that had been making ships and building airplanes that had to be retrained into a new job. Let's take the lumber industry. They had almost gotten into a groove of certain specified military specifications whereas when they went back into abroad peacetime demand, they had to reorient their sawmills and

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their shaping mills, their planning mills and everything into making things that would fit in with the peacetime economy instead of a military economy. Our whole steel supply had to be rechanneled and instead of all going into the big, huge plants for war materials, it had to be distributed back into both the large and the smaller plants and let them reestablish their markets. That's just briefly some of the real problems that had to be faced.

HESS: In my research on the redeployment problems I found indications that one of the first problems with which you were presented when you became director of the Office of War Mobilization and Reconversion was to help work out a transportation crisis regarding the redeployment program. I read that the problem was given to you by the Mead Committee after they had heard a good many days of testimony of

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representatives of the Army, Navy and the Office of Defense Transportation and the Association of American Railroads, and that the committee issued a report declaring that it should be the function of OWMR to initiate policies to prevent such conflicts and controversies from developing. What do you recall about that episode?

SNYDER: The Mead Committee report, of course, was of no comfort or help to me because it was completely unoriented with any of my work. All their criticism and suggestions were largely about what had gone on before under wartime conditions. The Mead Committee report, as I remember, came out about the 8th of July which was long before I even went into OWMR and it couldn't have been criticizing any of the actions that I'd taken, although when once they said OWMR they pointed it at me, as

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director, and therefore I had to face up to it. Their report was unfair, it was unbalanced, and it

was unrealistic, but we had to accept it and try to answer as many things as we could to keep unrest and excitement out of the general economy. Their whole concept of the office of OWMR did not match mine at all. They wanted to set it up as a dictatorial, czarist type of office that would order the other departments and the other agencies of the Government to do certain things and to be omnipotent in its judgment. I preferred and I intended to revert to the more normal way of having industry and labor and the various established agencies of Government take up their duties and to move forward in a stabilized, realistic free enterprise fashion. However, there were certain things that were brought to light by the Mead Committee such as the transportation situation and that required attention. This was accelerated by the fact that V-E Day came along and stopped

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hostilities in Europe and our whole war focus was moved to the West Coast, to the Pacific, so we began to move large quantities of materials, of war materials, of personnel, across the continent in redirecting them rechanneling them, towards the west instead of the east. There developed pretty quickly a railroad crisis in our transportation. Many of the supplies and troops we took through the canal and went around by water, but a great portion, for purposes of expedition, we had to unload at the Atlantic ports of the United States, ship them across the country, and pick them up there and send them on to the required areas. This was partially because we didn't have the ships to do all the movement and partially to expedite the time requirements. In order to solve that I had a meeting with the Army and with the management of the railroads, and we worked out a program. First I had the railroads give me a

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schedule of the type of men that they essentially needed, and I then persuaded the Army to furlough some 4,000 trained men for the railroad operations and this helped solve that problem. It also, concurrently, helped solve the coal problem because we were backing up in coal shipments at that time, and we were having great difficulty in moving these large tonnages of coal that were needed in new locations as the economy swung back from war to peace.

HESS: I had found indications that you were called upon to arbitrate the dispute between the armed service and the fuel control agencies over manpower to operate the coal mines too, is that correct?

SNYDER: Yes. We had that problem and I worked it out somewhat along the same lines, by getting some of the essential people furloughed out of the Army or actually discharged as quickly

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as possible with some priorities which helped temporarily to meet that situation. It didn't help it permanently because we began to have arguments with the coal people pretty soon after that, but it met the immediate crisis.

HESS: We mentioned the GI bill of rights just a few minutes ago, and also under your direction there was an interagency committee set up that steered the GI education bill through the Congress, is that correct?

SNYDER: Part of the responsibilities of the director of OWMR, and of his office, was to help implement and steer the legislation that was requested by the administration through Congress, and it was required of that office that it follow through on all the bills that were sent up--the requests for passage of certain legislation. The GI bill happened to be one of them, and in order to get at it because it touched so many different

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segments and so many of the personnel of different operations of Government that, as I recall, I set up a committee of some seven different heads of agencies to work together because it affected all these various agencies in one fashion or another--labor, commerce, agriculture and others, as well as the Army and Navy--and by having all those work together on a concerted plan we were able to present evidence to the committees in Congress which enabled us to get the bill passed.

HESS: The bill that you worked on became Public Law 679, that was signed on August the 8th in 1946. In my research I found that there was a Public Law 346 signed by President Roosevelt on June 22, 1944.

SNYDER: That was the earlier bill and actually that is the "GI Bill of Rights." This latter Public Law 679 was really a supplement to

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Public Law 346. They were later merged into one bill.

HESS: Didn't the first bill have a provision for education? Why was it thought necessary to...

SNYDER: It wasn't broad enough. The first provision wasn't broad enough.

HESS: What is your estimation of the success of the GI bill of rights--the educational angle of the GI bill of rights?

SNYDER: Mr. Hess, it's been of great interest to me as the years have gone by to look back and measure the tremendous impact that this GI education bill had on our whole scheme of higher education in this country. Without question it completely reoriented our planning and thinking of higher education; it stimulated it to the point that it changed our methods of teaching; it changed our programming; it changed the

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requirements of teachers, of faculty, of the equipment of universities, of the size of the universities. Because the GI when he came home had a more fervent desire to actually get an education, and it wasn't a matter of boondoggling or just finding a reasonable excuse for not going back to work, he went into the school with a desire to learn and an eagerness and a sincerity that was a shock at first to the faculties and to the principals, directors and administrators of our schools and colleges, and it soon awakened in the whole Nation the fact that we had a situation here that we had to meet. Because of this desire for education of the G.I.,

these men came out of college better prepared to take up their ultimate job, their ultimate position in our economy. And, too, many were educated that would never have been educated had we never had the war. To me it was just a complete reorientation, a revolution in higher education in our country.

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HESS: One thing that we covered a little bit the other day was on inflation, but I'd like to read a short statement and then ask a question to perhaps further clarify what we've already got down. In the 1945 volume of the *Current Biography* there is a short quote: "Snyder was accused by some people of moving so fast in abolishing many wartime controls that he was paving the road for runaway inflation."

Now, I know we discussed inflation the other day, but wasn't this a very real danger that with the pent-up buying power of the savings that many wartime workers had been able to put away, that if controls were discontinued when goods and commodities were still relatively scarce, that competition for those goods would cause prices to rise rapidly and that a period of inflation would ensue?

SNYDER: That was one of the problems that we had to

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face frontally. Let's measure it. That is without doubt the one thing that the people in OPA and those other members of the groups that were insistent upon a planned economy hung on to largely, but you've got to face the truth of things. There were many areas that soon didn't need them, but the advocates for full control did <u>not</u> want to let any controls go when they weren't needed because they said it would be a precedent that would spread and weaken the controls in every area. You would set up a lack of incentive if you were holding controls on some item where they weren't needed; it would cut back the vigor and the enthusiasm that was necessary for the drive for production. It was the resistance of the planned economy advocates to any <u>partial</u> removal of controls that forced us at times to go faster than we really would have wanted, because they refused to agree to progressive releases. They claimed we were

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unrealistic, but the facts proved that they were the ones that were unrealistic. Certainly we had to take a calculated risk in removing controls at times because of this failure to cooperate in a gradual removal. But fortunately, for me, the American citizen took hold of this thing--American industry, American banking, American business, American workers, took hold of this thing and got our economy moving to where we were able to produce sufficient consumer goods to meet the needs of all the people, and we didn't have the huge inflation that everyone expected. We had some inflation. It's only <u>natural</u>. We had to release that pent-up purchasing power someday; we couldn't keep it glued down; we couldn't have a Russia; we couldn't have a Communist control of buying and selling in our type of Republic, in our type of Democracy. Maybe I was fortunate in that the people did take hold, and it was due largely to the ingenuity, drive and the stamina of our American people that helped me out of the removal of controls.

HESS: They made you look good in the end.

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Eighth Oral History Interview with John W. Snyder Washington, D.C. February 21, 1968.
By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, the first thing down on our schedule for this morning pertains to the report of August 15, 1945. We have discussed this report a little bit but let's go into it in more detail, and question number seven in the report under the heading of "Production and Reconversion" is:

> Will any munitions contracts be retained in order to cushion the shock of cancellations?

And the answer is:

> No. The War Mobilization and Reconversion Act, as passed by Congress, prohibits continuation of any war contract merely to provide business or employment.

My question is, did you have any difficulty with high placed members of the Army and Navy who wanted to keep manufacturing implements of war contrary to the cancellation order?

SNYDER: Yes, Mr. Hess, we had quite a number of

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requests from Congressmen and Senators asking us to try to keep certain plants in operation. They were requesting this because the transition from the war to peace was resulting in employment problems. For plants that were manufacturing heavily for the war program the time that was necessary for conversion was considered to be too short to take up the slack, and that by cutting off those contracts promptly it would throw a great many people out of work. Looking back over that period it looked like the regulation to extend no contracts that were for any materials that weren't to be useful in the peacetime economy was a very wise one because the quicker that we applied the pressure on industry to convert to peacetime, the quicker they, got the job done, and if we had kept on manufacturing certain war materials that were not going to be used it would not only have been wasteful of those

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materials and of the work that was put in them, but it would have taken away from the main drive to get our economy switched back to a peacetime, full production for the labor force. The first evidence that I had that the Congress did not feel too inclined to give the authorities to the OWMR and to the President that had been delegated in the pressure of the war was the reaction of the Congress to the Mead Committee recommendations that more authority and more pressure be put on the OWMR office during the reconversion period. As you recall, I've told you that the

Mead Committee wanted to make the OWMR quite an office of dictation and that the Congress did not pass the law recommended, fortunately. But there were a number of Congressmen who felt that their constituencies would be damaged in the loss of their working force and in the resulting unemployment. The one outstanding example was the case of the

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cancellation by OWMR of a large number of ships for the Navy whose use after completion was definitely in doubt. As a matter of fact, I asked the Navy to give me a study on the ships that were under construction, or contracted for that they felt might never be used in peacetime, and it was from the Navy itself that I got the list of ships that could very appropriately be cancelled and no further construction expended on them. However, the Congressmen took a little different view from that because of the reasons I've just given about employment and so forth, and in this particular case the chairman of the Naval Affairs Committee exerted exceptional resistance to the cancellation and went so far as to introduce a bill in the Congress which required the cancellation to be rescinded and that the ships be finished. This was, of course, in contravention to the regulation that the Congress itself had provided that there should

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be no work done that wasn't to be useful. The history of this case, of course, shows that not only was careful consideration given in advance to the cancellation order as to whether the ships would be used or not, but the record shows that the Navy was very positive regarding the nonusefulness of these craft after they were finished because of their specific wartime requirements in the construction. And the record further shows that after the war that these particular ships were run off the ways when completed and were put in the mothball fleet and were never used.

HESS: Under the heading in the report, "The Road to Reconversion," is the statement:

> The aimed services must be demobilized without delay.

Looking back, and with the benefit of hindsight, do you think it was wise for the United States to have demobilized its armed forces as quickly

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as it did?

SNYDER: No, definitely not. Frankly, Mr. Hess, I was considerably opposed to such a hasty, ill considered, demobilization at the time because it not only added a greater burden to an orderly reconversion, it also resulted in some very uneconomic and unfortunate results from our ability, from the services' ability, to do their proper housekeeping regarding the great mountains of supplies that were left in warehouses and stockpiles throughout the world with the cessation of hostilities with other countries--in aiding them, in many instances, with those supplies--and in the transition of the supplies from Europe to the Far East. Of course, there were pressures both

ways. The Congress was bringing tremendous pressure reflecting the pressure from the folks at home, from the troops in the field, and from the general

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abhorrence that our country has always had for war (our soldiers fight valiantly and the whole citizenry is thoroughly behind the effort during the war), that the minute one of our wars is over there is usually great pressure put upon the authorities to get the people all back home as quickly as possible. Of course, I might mention here that there was great pressure also from many of the industries to leave the items in the field and to not bring them back home. That was particularly true of trucks and tires and a number of things like that.

HESS: They thought the market would be flooded with them?

SNYDER: Yes. They felt that they would be a depressant to the conversion and resupply of these needed items that had developed quite a demand during the war that could not be

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fulfilled during the war activities.

HESS: How did you feel about that?

SNYDER: I was partially sympathetic in some areas where we could use these particular materials for rehabilitating the foreign countries, but I was very opposed and very discouraged when the failure to return some very fine materials to the United States left them in stockpiles and in warehouses where they deteriorated and where there was no use made of them whatsoever; particularly in the South Pacific, we had great quantities of supplies that were just swallowed up by the jungle for lack of care and maintenance. The jungle moved in and engulfed it just like an octopus swallowing the whole of the supply and this, of course, was such gross waste that I was opposed to it. But it could well have been that the cost of handling and returning the items and marketing them might have been

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much more costly than the procedure that was followed.

HESS: Just roughly what percentage of the materials were given to the host country, more or less; the country where the items were stored?

SNYDER: Well, it all depends where we're talking about. You see, in the Pacific it wasn't a case of giving it to the "host country." We helped war torn areas a great deal. We helped the Filipinos the most, I suppose. We helped Nationalist China quite a bit. We helped Indonesia; we helped Australia and New Zealand and in Europe, of course, most of our materials were in France and Italy, and quite a bit in England and Belgium. Of course, we were extremely liberal in the disposition of those materials. We had some supplies that we gave to the people in Africa,

too.

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HESS: Do you think the disposition of those materials in those countries helped to further their reconstruction?

SNYDER: Oh, there's no question about it that it did that. The thing that I resented and was very much opposed to was the way it was done. The United States citizens and taxpayers got very little credit for having paid for those things and for having given them to the various countries. Usually the government of that country assumed the credit for having obtained them and it appeared that it was the foreign government that was the donor rather than the citizens of the United States.

HESS: I realize that this report covered the period of time that another man was in as director, and also in the letter of transmittal it says:

> This report has been prepared in collaboration with the Office of War Information and other Government agencies.

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But still this report went to the President over your signature, as we have discussed. Now when a report of this nature would go to the President and there were very obvious things in it with which you were in disagreement, would you tell the President of your disagreement at that time?

SNYDER: Oh, yes. I was always extremely candid with the President. Right after V-J Day there was great pressure to get a report or something out. V-J Day actually came a little quicker than Mr. Vinson and his office thought that it would, so as a result of that there was quite a pressure to get the plans of OWMR for reconversion before the public. There was that pressure plus the desire of Mr. Truman, and of myself to a great extent, that we didn't want to create any appearance of disagreement or lack of unity, coordination

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and cooperation in the administrative side of the Government. The one point in the report that I was very much disturbed about was the emphasis on eight million unemployed, even though there were other agencies that were talking about even higher levels of unemployment. Governor Gardner, who was chairman of the Advisory Committee of the OWMR, and quite a number of us, including Hans Klagsbrunn, my personal assistant, had strong feelings based on knowledge of what industry was planning to do, and the absorption back into the operation of industry of the numbers of people that we felt sure would take place; we felt that figure was entirely too high and it would have a damaging effect on the morale of the country to think that we were going to have so much unemployment. The actual record later showed the peak unemployment was only about three and one half million. So it was evident that

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it was somewhat overemphasized. There were other features of it that I think I've already mentioned that disturbed me considerably at the time, one was the over-emphasis on trying to move too rapidly from a procedure that we had followed in the United States in policy. We suddenly, overnight, because of the war, were trying to change the whole complexion of the philosophy and the policy of the United States. It seemed to me that that was taking advantage of an emotional situation, but after all when we look back, a great job was done in the transition period. I don't think that any of the items with which I would have taken exception in the report really caused any great damage in the long run.

HESS: In a book that I read yesterday by Herman Miles Somers, *Presidential Agency: The Office of War Mobilization and Reconversion,* concerning the

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eight million unemployment report, he said that when you were proved right that it made you a little hesitant on placing reliance in other staff reports that came in. What would you say about that? Since you had had a staff report, or certain members of your staff had come out with this eight million unemployed prediction, and you disagreed with it and you were proved right, it is Somers' contention that this may have made you a little bit hesitant about accepting other advice.

SNYDER: That was very nice of Mr. Somers to have taken that position, but by the time that I would have been proven right or wrong the job was finished and I was moving on to another job, so I didn't have much time to lose confidence in any of the work of anyone because the proof of it came after any use could have been made of it.

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HESS: As you have indicated you just came back from a trip and haven't had a chance to look at the Xeroxed copy of the report, so when you do, there will be other items of interest, of course, that we will want to cover and we will do that at another time.

SNYDER: We'll bring them up at that time.

HESS: That covers all the questions that I had on the report. Now the next thing on our schedule was the text of the radio broadcast of the same date. What was the background for that broadcast? Why was it thought necessary to have that particular broadcast at this time, because of the end of the war?

SNYDER: Well, the war was over; the quicker we could get to the public the plans that were underway, the better. I refer to the ideas: (1) that the administration wanted

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to convey to the general public; (2) that the administration was on top of the job and that (3)

every possible human endeavor would be made to bring about a transition from the war efforts of the Nation to a peacetime operation and the restoration of the peacetime economy. The program was planned with that in mind. This program was designed under the auspices of the OWMR and to show you that we were trying to touch the sensitive spots we prepared a national radio hookup in which I, as director of OWMR, gave a resume of the plans of my office and the endeavors of the administration, and a statement made by William H. Davis, the director of the Office of Economic Stabilization stating in detail the steps that he planned to take to adjust the wages and salaries in accordance with peacetime operation as opposed to the conditions under which we had been working during the war. Then Chester Bowles, who was

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the administrator of the Office of Price Administration, gave a report on how the OPA was going to function in this transition period. Mr. Bowles, however, was a little enthusiastic at the time and made statements in his presentation that he later modified somewhat in his actual performance of the job. At the time of his speech he emphasized that we were going to move as rapidly as possible from price controls and that we were going to release them as rapidly as materials came into supply. Later his policy was changed in that he felt by releasing any price controls it brought greater pressure on others and, therefore, even though goods were coming into supply and there was no longer a need for the price controls, he felt strongly that if you lifted any of them that other areas where materials were not yet in supply would demand the same treatment, and that it would weaken the whole structure.

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It really caused some little debate. Then we had J. A. Krug, who was chairman of the War Production Board, outline how curtailment of contracts were going forward and that materials and labor were to be released from war production as rapidly as was possible stating that no items would be continued and manufactured that weren't specifically needed for the continuation of the windup of the defense program. And finally Paul V. McNutt who was chairman of the War Manpower Commission discussed the details of the plans for the shifting of manpower out of these large defense plant concentrations back into the more normal peacetime occupations.

HESS: I believe you mentioned the other day that the format for this particular broadcast was for these gentlemen to submit a transcript of their remarks ahead of time, is that right?

SNYDER: That was the plan, but we were under such

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pressure that a number of items were included that appeared for the first time. This was a tremendous program. It was a nationwide, all-network program, so .we reached a great audience and I am certain that it was helpful--the President always felt so--that it was of value to have made this step.

HESS: Next week after you have gone over the transcript if you have any other further

comments we will cover those. Now the next thing on our schedule for this morning is Executive Order 9599 of August 18, 1945, that became known as the "hold-the-line-order." This order actually was the one that came out of the report of August the 15th, is that correct?

SNYDER: Well, yes. It developed from that and from the reaction that we were getting. We didn't get quite the full cooperation in a number of cases that we had hoped for.

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HESS: Who didn't cooperate?

SNYDER: Well, I won't go into that at this time. But the President felt that to come out with a restatement of the restraint that would have to be observed in the postwar period until we could get back into full production was vitally needed, that we needed a restatement so that the public would understand it wasn't a matter of turning on and off a faucet and redirecting the forces of labor and materials and construction from one direction into another, that it took a great deal more planning, cooperation, time and readjustment and so that was the purpose o£ this particular order at the time.

HESS: In reading over the order I found one statement that sounded a great deal like your philosophy. I just wondered if you put this in, it's Section C of part Number 1:

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> To move as rapidly as possible without endangering the stability of the economy toward the removal of price, wage, production and other controls and toward the restoration of collective bargaining and the free market.

SNYDER: Yes, Mr. Hess, that was my sentiment at the time and my earnest desire to try to accomplish.

HESS: When I read the text of the Executive order and I hit that, I thought, "Well, there's something Mr. Snyder has put in." Now that Executive order was supplemented by another Executive order, but we have something that comes up in between that on our schedule. First let's talk about the supplemental report of September 4, 1945. That was the report that supplemented the August the 15th report.

SNYDER: Yes, the purpose of that was--you see the August 15th report had not contemplated the immediate Japanese cessation of Pacific activities so for that reason as soon as

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the Pacific war was over, then it required a more careful consideration and analysis of the overall situation. Before the supplemental report came out we were in the war and we were not in the war. The European side had closed up and we were plunged into reconversion in Europe whereas we were still fighting a war in the Pacific with the Japanese, and so we were neither fish

nor fowl, we were part of each.

HESS: Reconversion and redeployment on one hand and fighting on the other.

SNYDER: That's correct. So, when the Japanese surrendered, why, then we were switching to a full effort towards remobilization for peace.

HESS: The report had nine points, and I'll just read them off:

Cancellation of Contracts
Settlement of Contracts
Clearance of Plants
Release of Manpower

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Release of Materials
Expanding Production
Financing Reconversion
Stabilization
Sale of Surpluses

So, as you say, this is what had to come out at the end of the fighting.

SNYDER: That's right. We immediately announced policies regarding the cancellation of contracts. We made it known what we intended to do in the use of facilities. I had even started that back in the Federal Loan Administration by laying plans for as rapid a turnover of the plants to the private enterprise as was possible under the options that had been given to the various industrialists. We put a great deal of effort, and it required a tremendous amount of effort, subsequently, in the settlement of contracts. We had anticipated this as a result of the delay in World War I settlements, and we realized that there were many companies that were badly

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damaged by such a long delay in the settlement of their contracts. It's not just a matter of canceling a contract; you had partial work done that you had to pay for; you had equipment that was partially paid for that the Government had furnished, and disposition of that equipment had to be made and then a disposition of those partially finished items that were in the plant and of the stockpile of backup material that had been purchased to go into the filling of the contract. All those things had to be attended to as early as we could. In the Office of Contract Settlement, however, it drug on for quite a number of years and there was still a big backlog of it there at the time that I left the Treasury in 1953.

HESS: Mr. H. Chapman Rose was in charge of that during the time that you were there, is that right?

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SNYDER: Well, towards the end, yes. He was making a real effort, and we accomplished a great deal. We finally put some genuine effort behind it and were able to settle up many of those contracts and particularly the tax angles that required a great deal of careful adjustment and settlement of the contracts required much pressure. We had to get all of the partially finished material out of the plant so it could be retooled promptly to make the things for the peacetime requirements, and many times the entire tooling of the plant had to be dismantled and entirely new equipment brought in--new production lines set up--that, of course, that was a tremendous job, particularly in the automobile plants. The clearance of the plants was a vitally important procedure and industry did a magnificent job in the conversion of their plants back to peacetime operations; and in the use of these enormous

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plants that had been financed by the Defense Plant Corporation. We never had such huge plants before or so much floor space under one roof, but the ingenuity of industry to devise a use for that space was most commendable and encouraging. Then we had to give intense study in many sectors of the Government to the release of manpower. In many instances we had certain manpower that was in great demand in peacetime plants. We worked out plans such as the release of the experienced railroad men to get them back to help take care of the tremendous requirement for transportation that was put on the railroads by the end of the war, switching the flow of materials, picking up items at the east coast ports and carrying it to the west coast ports to go on out to the Pacific operation. We had a problem with coal miners; we had to get rapid release of experienced coal operators from the services to get them back to work.

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We had quite a number of specific areas of labor that we had to shift quickly, as we had experienced such a huge dislocation of labor during the war. We had had train loads of labor go from the east out to the huge shipyards, light metals plants, and airplane plants on the west coast. They had to be either absorbed out there or reworked back where they could be properly employed.

On the material side, the war contracts had involved tremendous stockpiles of materials in reserve to be fed into the manufacture of items with great priorities in the war program. We had to devise release plans to redirect these materials into peacetime usage. This required a tremendous amount of readjustment of the processing and routing of these materials, particularly in lumber that was being cut for certain wartime uses which did not fit in at all with the peacetime uses. There were a

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great number of alloys in the steelmills and in the aluminum and the magnesium plants that had to be reworked and a different flow of equipment and materials, the machine tool business particularly had to switch over to supplying machine tools that turn out fabrication of items that

was entirely different from what they were doing during the war. Then, of course, we put great effort behind expanding production of the items in greatest consumer need that had been held back, been restrained, particularly gasoline, and action to quickly take off the gasoline coupons and let people freely buy gasoline for their private enterprise use was vitally important--transportation, of course, is always of great importance. We had a great built-up demand for houses that had been restrained; we wanted to flow as much material into that direction as possible, so all of these things had to be carefully coordinated to

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attempt to make the transition as smooth as possible. Of course, with everybody wanting to look after their own interests--they had devoted so much of their energy and their patriotism and their time to the war effort that they felt that the minute the war was over they wanted to go their own way again and they resisted some of the disciplines that had to be observed, self-inflicted or otherwise, in that period.

HESS: They thought it was a time for a return to normalcy.

SNYDER: That's right--quickly. Then, of course, I've touched, I think, already on the finance problems of reconverstion. That was handled, I think, exceptionally well. The banks did a magnificent job and the Government cooperated with them. We did quite a bit of the financing

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and encouraged financing with guaranteed loans of housing, farming and construction for plants.

Stabilization efforts cover nearly all of this we have been talking about and then, of course, we got down to one of the great problems which was listed at the end of the list that you just read, the sale of surplus property. That required a tremendous amount of study and research and planning, not only the relocation of the surplus items in many instances, but the proper usage of them and the proper conversion of the items that a market could not be found for, and there's no question but that always in the aftermath of the war there is great waste and loss in the disposal of surplus equipment. We experienced that in this war to a greater extent than any other because it was the largest war that has ever been waged in the world's history.

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HESS: There was a lot of surplus equipment and it was scattered over a wide area.

SNYDER: That's right.

HESS: The next thing on our list is the Executive order that amended the one that we spoke of just a minute ago. This is Executive Order 9651 of October 30, 1945, that amended 9599 of August the 18th, and the main point of the order is stated in its first paragraph:

> The Stabilization Administrator, designated pursuant to Executive Order No.

> 9620 of September 20, 1945, shall approve, under section 2 of part IV of this order, a wage or salary increase falling into any of the following three classes in any case in which such increase has been found by the National War Labor Board or other designated agency to be necessary to correct a maladjustment or inequity which would interfere with the effective transition to a peacetime economy.

Now we discussed this the other day, both the order and the idea of raising wages, granting a wage or salary increase without a price increase, but one question, when you told the

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President in this particular instance how you felt, did he explain why he was going against your advice in this?

SNYDER: It wasn't so much a matter of going against my advice, it was weighing all the advice that he was being given at the time from various segments of the economy and coming up with a plan that he hoped would be the most effective. While he had great sympathy for many of the points that I made, it was a matter of compromise and in an operation of this magnitude you can't always insist that your position is right and hold up a solution--make a decision, move ahead and if it proves wrong then you can repair it and you're not suffering from inertia and inactivity. We had had a great lesson from the depression. That's one of the great things that Mr. Roosevelt did; he at least started doing something when he went into office against a background of

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inactivity and paralysis of thinking; Mr. Roosevelt at least took some steps. That was a real lesson to me, and while I, many times during the war and during the aftermath of the war, had some very positive views about things, I was always willing to take a compromise position and try it out and if it didn't work, then to point it out and maybe get it amended later, but "start moving" was my principle.

HESS: Did the President explain to you in this instance why he thought a wage increase could be made without having a price increase?

SNYDER: Well, the President had been given all sorts of data and analysis and figures on how it could be accomplished and I think he was hopeful that it could be. There were so many convinced in their own mind, or at least by the figures that had been prepared for them, that this could be done. They completely

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overlooked the fact that there were two sides of the working man and not on the side of the man who was investing the money and the direction and the administration to using the labor to convert raw materials into something that could be sold. There were two sides to be considered. Certainly the laborer was entitled to the best that could be done for him, but at the same time to encourage the flow of capital into these tremendous construction jobs and to these tremendous

manufacturing programs you had to offer an incentive also in the free enterprise system, and when you measured the cost--costs were going up in other areas than in labor, material costs were going up, transportation costs were going up, so you couldn't take just a one-sided view of it, you had to measure all elements of it, and it was proved in a number of instances why rises in prices had to be permitted in order to get production.

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HESS: Do you recall what Mr. Vinson's recommendation was at that time as Secretary of the Treasury?

SNYDER: No, I do not remember. I think that he somewhat leaned toward holding the line on prices and liberalizing the restraint on labor's wages.

HESS: I asked that question because at this time you two were his principal advisers on financial matters, is that correct--Secretary of the Treasury and director of OWMR?

SNYDER: Well, I wouldn't say that the Director of OWMR was particularly considered a counsel on finance. His job was so broad, naturally, a great deal of finance came into it and because of my background in the financial world and my work in the banks and in the RFC, Mr. Truman very kindly listened to a great many of my views; but I did not at that moment

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consider myself specifically one of the financial advisers to the President. It was on a broader picture that I was devoting my efforts to.

HESS: I have read that President Truman consulted with the OWMR Advisory Board before issuing the order of October the 30th, is that correct?

SNYDER: Well, yes, it is because I wanted him to do so. We had a very outstanding group of people on that board. As a matter of fact, I think that I used the Advisory Board more than either of my predecessors. As I recall it, during the war period when Mr. Byrnes was director of OWMR he used the various members of the advisory group for individual consultations rather than as a board and that might have been the most expeditious way under the pressures of the wartime problems that had to be met promptly. Crises would come up in certain

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areas and rather than to call a meeting of the whole board and spending a lot of time explaining this position, he found it much more expeditious to talk to the particular board member most qualified in that area.

Mr. Vinson, I think, swung a little away from that procedure. He had one or two meetings of the board. But, of course, he actually wasn't in the job long enough to have made a great deal of use of the board. Mr. Vinson, in spite of history as it's been written, was only in OWMR three or

four months before he moved on to the Treasury, and so I don't know what in the long run would have been his attitude. I know he had high respect and regard for the members of this committee. For instance, just to give you an idea of what a tremendous organization this committee was remember that the Advisory Board members were drawn from all segments of

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the economy. For instance, in the business sector there was Eric Johnston, president of the U.S. Chamber of Commerce; George H. Mead, formerly on one of the boards of the National War Labor Board; Nathaniel Dyke, Jr., head of the Smaller War Plants Corporation; William Green, president of the AF of L; Phil Murray, president of the CIO, and T. C. Cashen who was head of one of the railroad brotherhoods. Also in agriculture there was Edward A. O'Neal, president of the American Farm Bureau Federation; James G. Patton, president of the National Farmers Union and Albert S. Goss, president of the National Grange. The public members were O. Max Gardner, former Governor of North Carolina and practicing lawyer in Washington; William H. Davis, chairman of the National War Labor Board and Anna M. Rosenberg, regional director of the War Manpower Commission. Mr. Max Gardner was chairman of the Committee

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and devoted a great deal of time to the problems that I presented to the Advisory Board and to getting answers for OWMR about urgent matters. Mr. Gardner, as I mentioned before, and a large part of the Advisory Board were very much opposed to the eight million estimate of postwar unemployment. They took a genuine interest in the problems that were placed before them and I tried to use them as much as possible for counsel and guidance in policies and the procedures that we should follow, but I also hoped through their intimate knowledge of what was being done, that they would serve as missionaries in making known to the Nation as a whole, and to various segments of the economy, the efforts that were being put forth to try to accelerate the transition from war economy to peace economy.

HESS: On that particular subject, in his book on

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OWMR Herman Somers said:

> Increased attempts were made to use the group to help gain public acceptance of policy decisions, as in the case of OPA continuation, but without conspicuous success.

What would you say about that?

SNYDER: Well, my objective I still think was a good one. Here was a group of a cross section of the economy that could, I felt, be of great value to us. We were in such a great rush at the time, and each one of the board members--the reason I named them and gave their backgrounds was so you can see how they could be divided on those various problems, particularly those in

the labor field, agricultural field, manufacturing field. They all more or less leaned towards their own position, and so it was hard at times to get them to accept a composite view and do much missionary work with it.

HESS: You mentioned just a minute ago about their

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advice about the unemployment, but I'm not sure if I caught that. What was their general recommendation of their general stance, on the amount of unemployment that there would be at the end of the war?

SNYDER: It was very divided as you can well see by the composition of the board. I never asked the Advisory Board for a final recommendation because they were so divided that it would not have been possible to get a consensus.

HESS: What was their recommendation to the President on Executive Order 9651 of October the 30th, the one on prices and wages?

SNYDER: I don't think there was any final recommendation made as to what position should be taken.

HESS: Mr. Somers in his book states that in October of '45 there was a leak to the press concerning a confidential study by the staff

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which indicated that industry should be able to grant these wage increases without increasing prices. What do you recall about that leak to the press?

SNYDER: Well, that was rather an unfortunate occurrence. It happened during the course of a meeting with the Advisory Board in which we were discussing the subject and no position had actually been taken. No decision had been made by the director of OWMR regarding the accuracy or the dependability of those studies. There had been many studies made on the subject. Mr. Wallace in Commerce came up with some figures, OPA came up with some figures, Wage Stabilization came up with figures and, of course, we had the individual segments--the labor organizations came up with some studies of their own.

HESS: Did Mr. Nathan have a study?

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SNYDER: Well, some figures had been put together by the OWMR staff which had not been cleared. These were released, I think, at a very unfortunate time, because no decision had been made and we never quite recovered from the damage done to our whole picture from that premature release.

HESS: You used the word "released" rather than "leak." Was it "released?"

SNYDER: It was a leak.

HESS: Were leaks to the press much of a problem?

SNYDER: Oh, yes, constantly. That was part of the scheme of things, and still is around Washington as you know.

HESS: On that subject concerning this particular leak Somers says:

> Snyder shared the general suspicion that staff members were responsible despite

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> their denials. An atmosphere of distrust developed which kept the staff from knowing what the director was planning or doing on vital matters. By the end of 1945 Director Snyder and Deputy Nathan had a much more distant personal relationship than their official posts required.

What would you say about that?

SNYDER: To a great extent that is true. You can't have the rapport between director and staff that you should have if you have continued evidence of lack of loyalty and lack of cooperation. You always have to consider when you're discussing the attitudes of men of strong opinions that they sometimes rise above the situation to press for something on which they themselves have formed an opinion, regardless of what their position is in juxtaposition to authority. The history of government and the history of business is replete with instances of that sort. One of the great examples is our great general out in the Pacific who felt that

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he knew more about the operation than the Chiefs of Staff or the President. Many times you have individuals in your organization who if they can't get their ideas put forward through normal channels will resort to leaks or to public statements to try to stir up public opinion that would fortify their notions.

HESS: I believe it was not too long after this time that Mr. Nathan left, is that right?

SNYDER: Shortly after the time that you mentioned, the first of the year, yes.

HESS: Did you find that the functions of the office went somewhat smoother perhaps after he had departed?

SNYDER: Well, that office never ran smoothly. There were too many controversial problems

there to have a smooth operation.

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Ninth Oral History Interview with John W. Snyder Washington, D.C. February 28, 1968
By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, the first subject on our list this morning is housing.

SNYDER: Mr. Hess, before we go further into the housing program I think it would be well--we've discussed different phases of it from time to time--but I think in our discussion I ought to give you some of my impressions and theories about the housing shortage problem of the post-war period. In government there is the greatest facility for creating, amplifying and promoting crises. We can have crises about most everything when we want to promote legislation, when we want to get headlines, and when we want to get a point across. We've had all sorts of shortages. We've had labor shortages; we've had all sorts of shortages from time to time that have been played up and enlarged to

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real crisis level. Now there was no one that was more in accord with the idea of having ample housing than was I in 1945, or as I am right today when we have practically as big a shortage as we had in those days. The truth of the matter is that those interested in the housing program in 1945 were determined to build it up into one of the largest undertakings of the postwar period. In preparation for it--back during the war they prepared a questionnaire and sent it out to all the G.I.'s in the service. They asked them: "When you return from the service, would you like to live in a house or in an apartment? Would you like to live on a farm? What are your plans? If you're not married, how soon do you plan to get married? We want to try to make preparations for your return so that we can supply you with the type of home that you so richly deserve, and in order to help us in that preparation would you mind

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answering the questions in the enclosed questionnaire." And they started in by asking: "Do you want to build a home in the city or in the country or in a small town? Do you want a brick house, or a wooden house, or what material would you like for the construction of your home? How large a house do you want? How many bedrooms--3, 4, or 5?" Then it gave a list of all the different types of rooms--living room, den, recreation room--"Check the ones that you want in your home. What kind of flooring do you want in the house? Do you want carpets on the floor? What kind of draperies did you have in mind? What kind of heating would you like to have--hot air, electric heating, steam heating, coal or oil burners? Do you want your house wired for radio installation? Do you want this or that?" It went on at great length on every conceivable item. "Do you want an electrified kitchen, and if so, just what do you want in it?" And it gave a list

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of all the things you could put in kitchens that were electrified. Well, this was a field day for a serviceman. You can imagine, if nothing else, it was at least a short time morale builder, because you can picture him sitting out on a little atoll down in the Pacific in his undershirt looking over the questionnaire. It was hot. The occasional firing reports in the distance or maybe close by, and he is sitting down there filling out this questionnaire. Well, the results were absolutely amazing. Nearly everyone of them wanted a house, and they wanted a nice house and they just described it to a fare-you-well by the checkmarks. It was utterly amazing how the compilation of the data swelled the demands for homes that were going to be required. Then our economic planners went further than that. They took that as part base and then they planned cleaning up all the slums at once and adding

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it on top of this terrific demand from the returning G.I. There was not a great deal of specific planning for how it was to be financed by the individual, but the idea of having Government financing was already beginning to take place in these large Government projects; and fortunately that was toned down to some extent and private industry was brought in, although with considerable help from the Government in the insurance program and in the loans on multiple housing. But actually it was built up into a crisis that the papers and the radio played up a great deal--at the time we didn't have T.V., it came in a little later--we faced the housing problem under considerable pressure that was somewhat engendered and somewhat propagandized as to the intensity and extent of it. We have always had a housing shortage. Before the war we had a housing shortage. We will always have a housing shortage.

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But before the war we hadn't learned propaganda usages quite as well as we did during the war. As the war came to a close we brought into Government a great many planners who just enjoyed building up these crises and then make a grand plan to meet them. So, with that preliminary you get some idea of how the problem was enlarged when it was already a pretty serious problem.

HESS: I read something along the same line that you just mentioned about housing being chosen--proper housing shall we say--after the war as sort of a reward for the servicemen that were out fighting. Why was this particular subject chosen over what other subjects that might have been chosen--increase in jobs might have been emphasized, but here housing seems to have been chosen as the reward.

SNYDER: Well, I think that it was the psychological

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thing. Here the soldier had been at the front; he'd gone through mud and deprivation and he had had a rough time of it and that was something to look forward to--a morale builder for him. Actually, I think, that the demand for the G.I. training had a greater appeal and actually worked out that way when the soldier got back, but he made a field day of this opportunity to express

what kind of housing he wanted. Of course, the demand wasn't anything near the initial tally of the response. What I meant by that, it was entirely different. There were more small houses; there were more economical houses as was evidenced some years later when we put in the ceiling of $10,000. The whole procedure accenting the housing crisis in a way was unfortunate. Builders, material people--the laborer, plumber, electrician--they all got the notion of an enlarged demand for their particular product or service, and it made

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realism difficult. It forced prices up. When they played up how derelict the program of building houses was and the tremendous demand, why, we had to put a ceiling price on old houses because it was just running the cost of real estate up alarmingly and actually above any reality of values of the time.

HESS: Isn't this really playing with political dynamite to raise the hopes of all these people? You send out all these questionnaires and you say, "What would you like? What type of house?" And then after the war they come marching home and they don't get these houses. The party in power at that time, being the Democratic Party, wouldn't it make these people who are returning with their high hopes mad at the party in power that had raised their hopes and then not been able to satisfy them?

SNYDER: There may be considerable truth in what you

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just said, but that never gets home to the formulators of these plans. They get a great idea; it has appeal; it's something they think will warm the hearts toward the administration--that's how they sell it to the administration that's in power at the time--and it does have the effect of creating these crises and demands that are over-heated, that are too large, and it brings a great deal of disappointment to the one who was influenced by it when it doesn't work out. That's why, I think, that the greatest thing we did for the soldier was this G.I. training because there weren't very many of them that were disappointed in that, and they took great advantage of it and put it to good uses.

HESS: This is a promise that paid off whereas housing did not. Just on the general subject of housing, now we've mentioned how through

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the thirties and much further back than that, there had always been a housing shortage. There was a housing shortage through the war and here at this time after the war, we're promising to build so many houses. Now we've discussed why more houses weren't built--there weren't enough journeymen--but is there any one thing that could have been done, are there two or three things that could have been done to help build more houses at this time?

SNYDER: No, not in my belief. I think we got as many houses as we had the capacity to build.

The demand for housing, due to many of the Government's own actions in the slum clearance programs and in the multiple housing programs brought on badly planned, badly financed, badly constructed projects that hurt the program as a whole. There were many of these low cost housing projects that are in a very

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bad state of maintenance and rehabilitation within a few years. The increased demand resulted in many, many of these instances of improper construction, which didn't last for the period that they were supposed to last, thirty or forty years, and they began to show pretty heavy depreciation after fifteen or sixteen years, so I think we overplayed to the public, and to the soldier, this housing program which would have been a tremendous one if we'd just tried to meet it intelligently. Having generated a crisis, we tried to control the situation through material, labor and price controls. Now my feeling was that we could have done better if we hadn't tried to exaggerate the demand--it was there to start with, because for four years a great many materials had been withheld from the market--clothing, shoes, automobiles, tires, as well as housing and furniture; commodities of all characters had been withheld. We

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had been on rationing. We had built up a big savings log of purchasing power and everybody was anxious to get in and make up for those four years, so we had a tremendous demand there already, and then to have fanned it up to an even brighter blaze brought about a great deal of disappointment as you have read about in some of the accounts of the times and the failure of some of these particularly heavy drives like Mr. Wyatt experienced when he tried to overtax the capacity of the Nation to construct in unrealistic quantity and quality.

HESS: For my first question on housing this morning I took some dates and facts from Somers' book, which we have already mentioned, and Somers mentions that in July of 1945 you appointed Hugh L. Potter as Construction Coordinator in OWMR.

SNYDER: Mr. Potter's appointment was brought about

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by considerable pressure of the different groups interested in housing--the materials people, labor and suppliers. During the war there was built up a great respect or hope, let's say, for a czar. We had a rubber czar appointed to coordinate the rubber manufacture of synthetic rubber. We had a czar in steel; we had a czar in aluminum. It was a great name that was brought in as a coordinator to get greater cooperation and production into certain areas of the economy. So, after the war that same notion carried through and the appointment of Mr. Potter was somewhat in response to a demand for a czar in housing--a man who was going to pull everything together and get it in motion. Now the difference between a czar in peacetime and a czar in wartime is that you have greater leverage in time of war on priority items and you can give him some authority to put priority numbers onto certain things from

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certain plants to go to certain places. In peacetime we don't have that and we don't want to have it, in my opinion. I don't believe in a planned economy and I think that you have to bring the forces of free enterprise to play in order to get the best results. Certainly controls had to be held on immediately after the war because of the tremendous demand that I've just mentioned, but as soon as there was the slightest opportunity of expecting that ample supply of a certain product was on the market we should have moved towards the release of controls covering that product. There was an objection to that because it would show a sign of breaking the straight front of strict control of the economy. Well, when are you ever going to get through with controls unless you break off at some time or other. It's the same way with our tax program. We have built up a tremendous conglomerate mass of taxes since the depression—

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we started in with some of the tax revenue bills to help with the plans to alleviate the depression, and when the war came on, why, when we'd need some additional funds for this or that and we'd find a source of funds and tack a new tax on to the structure, and there never came a proper time to take any of those off. The idea behind these taxes was that they were temporary tax measures, revenue measures, and that as soon as that crisis was over, they would be released. The truth of the matter is no one was ever willing, except the one affected by the tax, to discontinue a revenue measure.

HESS: As they say: There's nothing so permanent as a temporary tax.

SNYDER: That's right, or a temporary building in Washington. So, there is one of the great problems. Right today we are in the greatest need (which we may discuss later when we get

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around to the Treasury) of revising the tax structure. We have a considerably imbalanced tax structure that ought to be improved--we've tried it from time to time--I made several attempts while I was in the Treasury--but it goes back to the same problem that is facing us now in our session this morning in the housing situation, and that is that once having that control it is hard to ever remove it. Because you've always got pressures, you've always got dislocations, you've always got the impropriety of groups of persons determining where material or labor or equipment should go in the housing program. How can <u>you</u> say whether a housing project is more important in Connecticut than it was in Nevada? You have to get the free enterprise forces to work to get a balance there. You can't dictate it from a chair in Washington, or in any other center.

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HESS: Regarding Mr. Potter, what kind of a job did he do? How successful was he in carrying it out?

SNYDER: Well, unfortunately the times were against him, and conditions were against him. He was, I thought, an intelligent, well-balanced, businessman. He understood real estate very well; he understood construction very well, but he just came into being with the wrong title at the wrong time and how much good he did can only be measured by examining the number of things that he was able to accomplish. I think that he made some progress in our problem during the time of his administration. According to many people, he did not make a success because he didn't promptly accomplish what the job was played up to be.

HESS: On the subject of the release of controls, Somers say that on September the 1st Potter

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recommended that Order L-41, the wartime regulation controlling construction materials, should be dropped, and that you announced that it would be repealed, effective October the 15th. Now I have heard that described as somewhat premature. What is your view of that?

SNYDER: Well, yes and no. It was premature in one sense; it was not in another. Up until that time I had experienced great difficulty in relaxing to any extent on the priorities and on the controls of labor and materials in the housing area. Everybody that was in back of the different departments, that had housing as part of its goal, wanted to retain 100 percent control on everything and to direct that the entire available materials--that means pipe, plumbing, electric wiring, heating equipment and everything should be directed towards housing. Well, of course, that was not exactly

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fitting in with trying to rebuild the whole of our economy. We had factories to build; we had stores to build; we had cities that had held back for four years from building necessary construction in their eleemosynary institutions, in their courthouses, in their city halls, and to hold all those people with a tight rein was an impossible thing. So, from that sense L-41 ought to have been released. If we could have trimmed it 50 percent at that time, I would have agreed, but no one agreed to that at the time. We did release it. A great protest went up from all of the planners and fanned many newspaper columnists into terrific protest. There were a few sound--I call it "sound" from my point of view--sound editorials and stories and comments about the propriety of removing L-41, but after trying it out for awhile, it became evident that we were not going to get the wholehearted support of the construction

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industry that we had hoped to get. So, after considerable negotiation I recommended to the President that we should restore the controls on materials--lumber and various other materials having to do with housing--but said that we should limit it to 50 percent of the available material that should go into housing. Now had we been able to get such agreement back in October we might have avoided the storm.

HESS: This was in December.

SNYDER: Yes.

HESS: And at the same time they put a $10,000 ceiling on all new homes.

SNYDER: Well, we found, as I mentioned awhile ago, that the houses that we were talking about were entirely too costly; they were averaging up around $18,000 to $20,000 and you just

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couldn't build any volume of houses and actually get the ultimate buying in that area, so it was determined that $10,000 was about the top level so that you could get a large volume of houses.

HESS: Was that higher level caused by the requests of the servicemen that had been made in the questionnaire?

SNYDER: Well, no, not entirely. It was because of the improved type of houses. A house that was built in the prewar days in the thirties did not have near the equipment and the things in it as did the houses that were contemplated by these planners and designers. They got the very finest architects to working on these multiple housing plans and naturally to build the thing up to the expectation, why, they all had central heating in them and electrical equipment that was many times--well, the majority of the times--was left out of the housing in

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the days before the war. So, it was like the automobile of today. You could take the Ford of 1920 and it would chug along and take you from one place to another but it wouldn't do it quite in the style that the Ford of today does. So, that was one of the causes that made the price go up and then the better homes that were expected and in apparent demand at the time. The higher real estate values also had considerable to do with it.

HESS: On the subject of the construction of homes, do you think that if Lustron had been supported more than it was, earlier than it was, that that type of home, a prefabricated home made in a factory and then assembled on the site might have worked? This was a new idea at this time, is that right?

SNYDER: Somewhat, yes, but we had had prefabricated homes before the war that were on the market

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for summer houses and things like that on the lakes and in the mountains...

HESS: Summer cabin type things.

SNYDER: Yes, that you could get a prefabricated home, but the idea of building a permanent

home out of prefabricated materials was new and it had an immediate appeal in that it could probably meet the great demand for mass housing. As a matter of fact, there have been some very successful prefabricated housing project--two or three large companies that made a tremendous success of housing, where you have about half-a-dozen patterns that you can choose from and it's shipped right in on the truck and unloaded and you can put it together there on your site. But, that didn't have the appeal--the financing of it was difficult, and it just didn't have any appeal to the general public. And there are not too many of us who can look at a blueprint

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and envisage a house. So, the most successful type of production was in housing projects where they built the house and you saw it and you could go and see samples of the kind of house in which you were going to live. Then the housewife or the householder could determine what he really wanted. To look at a blueprint is a difficult thing for a great many people and that, of course, was what the prefab industry relied on for the most part. They had certain locations where they had models set up, but except for a mass operation you couldn't travel to Detroit or someplace to look at a house and decide. And there were not a great many of the projects that were opened up as an addition that had prefab houses in them. Well, it was found that by gang construction that they could go into an area and build a whole series of houses somewhat to the same pattern making a few alterations. Of course, in many

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cases they made none and it looked like eeny, meeny, miney, mo, but they soon learned that that had its drawbacks in sales.

Unfortunately, a lot of inferior planning and inferior construction was rushed off on the purchasers in the early days when there was such a demand for a roof over your head.

HESS: George Allen helped block the first loan to Lustron, as I understand, when he was in RFC and they wanted to borrow many millions of dollars and actually had only a few thousand dollars to put up. Perhaps that latter situation was the basis of their trouble.

SNYDER: Well, it was not a sound proposition that they offered.

HESS: In your report to the President on December the 8th--this is probably part of what went into the directives of December the 12th when the

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ceiling was put on and also the 50 percent of the available materials channeled into housing contruction--but in your report to the President on December the 8th, you recommended the appointment of a special Housing Expediter with: "Responsibility for coordinating and expediting the housing program and for recommending new steps that may be needed." And four days later on December the 12th the President appointed a Housing Expediter with OWMR. Who recommended Wilson Wyatt?

SNYDER: My recommendation grew out of a series of discussions with Foley, Bowles and some others. It was called to my attention the other day that Mrs. Sam Rosenman, who was very active at that time in the housing project, supported the appointment of Wilson Wyatt, and I upon reflection remembered that that was the case. Wilson Wyatt had been the mayor of Louisville,

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Kentucky and had had some experience in housing and was a member at that time of a national housing organization, and he was a very personable chap. This idea of appointing an expediter was a modified form of the potter appointment, and it was groping for some leadership that could put across this massive plan. Mr. Wyatt came into the picture with a thoroughly inflated idea of what could be accomplished. Unhappily he had been so thoroughly briefed by those who believed that holding controls on and channeling materials and so forth, without full analysis of the availability of skilled labor, of new types of material that would be needed, the new shapes, the new metal forms, the availability of unskilled labor too, and the preparation of the sites of the houses, those were somehow or other pushed off in a corner and not given any consideration; the notion was that

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you could rule by edict and that, of course, just didn't turn out to be the case. And so when Mr. Wyatt came in he was all charged up with doing a terrific job in a terrific way. As a matter of fact, in our first conference with him when I tried to point out some of the hazards along the way, why, he was somewhat annoyed by me putting the handicaps out in front of him and attempting to discourage him and he said to me then, "Now the President has issued a pretty strong edict to me to get this job done, and he said to me 'Do no small things,' and that impressed me a great deal."

I said, "Well, it impresses me too and I know the President was sincere in saying it, but on the other hand, you can't put up a circus tent without having the poles and the ropes and everything to hold it up and tie it down." I said, "Now, you might get the canvas by a direct

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order but you're going to have to get the poles cut somewhere and get some timber man who is willing to cut those poles and agree on a price for them and you've got to get people who are experienced in knowing how to raise those poles and put the canvas on top of it so it will be stable and stand there." I added, "It takes experience to do those things. You and I probably just couldn't go out and put up a circus tent. That's the same with building a house. I doubt if you and I could go and put the plumbing in."

"Well," he said, "now, John, you're telling me nothing but the handicaps that are ahead of us and I want to look forward to the greater goals."

I said, "Let's go over and talk to the President." And we walked across to the President's office

and I told President Truman

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that Mr. Wyatt and I had had a lengthy conversation on housing and rather than to handicap him I'd like for him to take this project of his out from under the OWMR and give him a free hand in the program he's going to undertake as Expediter. I further said that we would consult with the various parties and try to give him as much authority as he could under the laws. And we would certainly insist that everybody cooperate with him to the fullest extent, and that I had told him about the problems with skilled labor and proper materials and so forth but that didn't seem to deter him from his eagerness to go at it in a big way. Well, Mr. Truman said, "I think he ought to stay under your supervision but if you feel that way, let's give him every chance."

I said, "That's what I would like to do and I will cooperate with him to the fullest extent."

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That was why and how he was taken out from under any supervision of OWMR. Unhappily some of the folks over in the housing authority got him together with some magazine writers and they just played this situation up--at least they had the man who was going to lead the folks out of the wilderness--and *Fortune* magazine did a superb job on him, and I say "on" him because that's what it turned out to be. They just dressed it up so it was an impossible job. From the day you looked at the magazine you knew it was doomed for failure. It took about a year to convince Wilson that you just couldn't do it that way. And, while he accomplished a great deal--a great deal was done--but I don't think it was any more than could have been done without all the fanfare, and without the label of failure.

HESS: Mr. Wyatt served from December the 12th, 1945

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until December the 5th, 1946. During the time that he was Housing Expediter, Mr. Wyatt had a good deal to say about the numbers of starts of housing units but he fell far short of that number in the completions column.

SNYDER: Well, again that is believing your own propaganda and not only <u>his</u> particularly, but his staff that would bring inadequate, improper, unseasoned estimates to him. And, he was so eager in making this appear as if progress was being made that he never stopped personally to analyze those reports as to the possibility of their being effective and that's where he fell down. He did not take into consideration the availability of skilled labor and of materials. Everybody wanted housing. Everyone of the forty-eight states, as it was then, wanted housing projects, as well as our territories. So, if you decided you're going

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to have so many starts in Boston, so many starts in Chicago, and so many in New Orleans, you

soon have a short distribution of available labor materials and so forth with which you just couldn't produce results. And, then when you would put those into a composite--"We're going to have 40,000 starts in the first quarter"--and then the individual areas didn't fill their part of that quota, you're going to have a failure.

HESS: Was there a bigger problem in obtaining labor than in materials or was it about equal?

SNYDER: It was about equal because, as I think I mentioned the other day, it was a matter of fabrication and matter of getting the timber cutters. You had to start right with trying to find the skilled timber cutter. You just can't pick a man up off the street and have him go

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out and become a lumberjack. They were developing new techniques in reforestation as they cut the timber, and all those things took planning and preparation. There were sawmill techniques and new shapes of materials. They had been cutting things for the defense programs, for the War Department and for the Navy and they had to reshape their sawmills, their planning mills, their semi-finishing mills, all those things had to be redesigned and refitted plus the skilled labor to operate them. So, there was a problem of supply of raw materials. We began new types of production and construction. We learned a great deal about conduits during the war and instead of the old seam pipes that we used to have we had extrusions that press the pipe out that had no seam in it at all. We changed the materials for our electric conduits, and before the war we had done a tremendous

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amount of what's called knob and tube work where you just hang the wires along on the rafters of the house on knobs and when you went down, you put it through ceramic tubes. Now we run wires through in loom or the wires are self-insulated now so that you can run them down through the walls in different ways or you had these conduit pipes now that are laid as part of the original construction, and your wiring is done later by fishing the wires through these various conduits. The plumbing had all been new types of plumbing. The plumbing fixture manufacturers had to revamp from the mass production they were doing for these large cantonments and factories and things of that sort, to go back into designs for homes. They were slow in coming through and again it was a matter of skilled labor in the suppliers plant, don't you see, in addition to the actual

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artisan or journeyman who worked on the house itself, and labor was very reluctant to permit an apprentice to come in and learn to be a master carpenter or a master plumber or a master bricklayer, and it was with great difficulty that pressure was put onto the labor people themselves to permit more apprenticeships. And then we ran into some civil rights problems because the civil rights people took the occasion immediately after the war to start making pressures, which I had no reluctance in going along with, but it's a matter of practicality of getting everybody to cooperate with you. The union leaders initially had a tremendous amount of reluctance to ignore the racial situation and just hire all the people who applied for jobs as apprentices who wanted to

learn a certain trade. We tried to do a tremendous amount on short notice in many areas, and in many fields--in sociology, and in

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construction, and in psychology; we tried to do it all within a short time and it took some adjustment.

HESS: The situation of the apprentice programs in the unions is still with us today but what pressures can be brought to bear on a union to try to enlarge their apprenticeship program?

SNYDER: It is an appeal to the leaders, and they of course, have to go down through the rank and file. It's just like in an automobile factory, you have a foreman and he has built his boy up to succeed him and he has certain training. They want to keep that to a minimum until his friend or his son or someone is ready to step in and take over his job and they don't want the impeded. So, it isn't just the boss up at the top that is on the problem, it's the next layer, the next layer, and right on down into the project itself. You have your local

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labor unions right here in the city who are looking after their own flock and as long as they deal out these apprenticeships so as to hold the skilled manpower in controllable numbers, they have a better leverage over their union. So, that's been the problem. We had some great leaders in labor who were at the head of the unions--always have had--and right after the war the top men put great effort to try and increase the number of apprentices that were admitted into training that would develop them into skilled journeymen.

Then, of course, we developed a great deal of mass production as a result of that. Even in a house that is not considered prefab, there are many precut pieces of material that come into that house and the carpenter on the job doesn't have to do a thing but install them. Lumber is handled so differently now from what it was back in the thirties. It comes

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much more complete and ready to go into the building than it used to, and you can go out and see the finer appearance of the material in the lumberyards, much finer than it used to be in the old lumberyards back in my days, certainly.

HESS: What could Mr. Wyatt have done to have carried out a more effective job?

SNYDER: This is pure conjecture talking about...

HESS: Awfully "iffy" question.

SNYDER: Well, it's conjecture trying to go back and take advantage of twenty years' happenings now and say that this could have happened or couldn't have happened. My personal

belief was and is that had he taken a little more time to study the realities and to consult with the labor leaders, the manufacturers, the suppliers, the furniture people, about their capacities and to

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what extent it could be expanded and what delivery dates could have been given him, he would have been in a much better position to have made the determination about the size and scope of his announced plans later on. He announced the plans and then had to come back and find he had built added resistance because with this fanfare that was given to the prospective great volume of houses planned, it just forced real estate prices up, it forced material prices up, and it forced labor prices up.

HESS: The report that you submitted in December advised the President that OWMR was taking action on the housing situation under a six-point program, and the six objectives were:

1. To increase the supply of building materials.

2. To strengthen inventory controls to prevent hoarding.

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3. To strengthen price controls over building materials.

4. To discourage unsound lending practices and speculation.

5. To enlist industry support in increasing production and fighting inflation.

6. To provide information and advisory service on home values to the public.

What do you recall about that particular report?

SNYDER: Well, I recall a great deal about it. As a matter of fact, while we set it out there as a six-point program, each one is somewhat reliant upon the other and tied in with the other, particularly, to increase the supply of building materials: That immediately is part and parcel of enlisting the industries' support to increase production and to hold down cost, so those two are tied very much together. And, that was one of the basic plans, as I just mentioned to you, that Mr. Wyatt might have found useful had he approached it from that perspective.

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Number one: We had numbers of conferences with the heads of the building industry to see just what could be done. As I have mentioned, if Mr. Wyatt had been willing to work along with us, we had these plans underway. We were going to try to accelerate the production of the industries that produced the equipment for housing, and that went all the way from the timber cutter in the field clear on through to the electric range manufacturer for the kitchen.

HESS: Did you tell him you had these plans underway when you first talked to him?

SNYDER: I told him that we were working on them, because we had not rounded them out. It was a progressive effort.

HESS: It's something that was underway.

SNYDER: We had an idea that we thought was going to work. Yes, I discussed this with him, but

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he had a different notion as to how to get things done. Someone had told him--I don't think it was his own idea--but someone had told him that if you create enough pressure you get the thing done. Well, that has been the failure as well as the success of many of our big projects. Now, on the inventory controls, human nature will be human nature, and as the pressure developed we did learn of certain groups or certain individuals going out and buying up large quantities of essential material or equipment and holding it for a price rise that they felt sure was coming when that much pressure was put on. So, the same kind of pressure of public opinion that some folks thought would bring about a greater effort also influenced people to try to take advantage of it. So, we had to try to put certain controls on materials to prevent

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hoarding. It wasn't as simple as writing out the formula.

HESS: It wasn't as easy as it sounds.

SNYDER: No, it wasn't as easy as it sounds. And then, of course, an effort was made to hold prices down but with labor pressing for higher wages, prices just zoomed. Well, you just can't keep a tight grip on such a situation. If you're driving a pair of horses down the road and your near horse decided that he wants to go faster than the off horse, why, you've got to have some tempering of your control to keep him in line, and if one of them gets to pressing forward faster than the other one and you can't keep the laggard up you're going to have an uneven draft on your vehicle unless you control the fleeter of the two. Well, that was the same problem with labor pressing forward for increased wages with less restraint than on the

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price side of it. Yes, we had some very irritable manufacturers in industry who wanted their prices to go up without controls. The objective to discourage unsound lending practices and speculation, of course, was equally necessary in many areas of our economy in the postwar period when the great demands were increasing. There were all sorts of schemes for financing houses and financing equipment--time payment plans. We had folks that were greatly disturbed about the rapid growth of installment business, that it was going to throw our whole economy out of gear. It not only did that, but it amplified the purchasing power available for a limited supply

of materials in the earlier days and yet it's the very pressure of the free enterprise system that has made up the great Nation today with the 760 billion dollar gross national product. It's the drive of the

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individual to do a better job, to do a big job, to do something for himself, the incentive there.

HESS: The profit motive.

SNYDER: The profit motive--the free enterprise system. So, it was a constant effort, and we had discussions with bankers, discussions with financial people to try to hold matters down, and some legislation was passed from time to time to prohibit certain practices and certain procedures. Our effort to explain to the public the value of houses, both old and new, was a very difficult one, because to get uniform appraisals in different parts of the country was not too successful, it got to be almost an ad hoc proposition. You couldn't say that a five room house had certain value because that five room house might be in a very desirable neighborhood or it might be in a much less desirable neighborhood, it

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may have a much better view of some of nature's beauties or one that has a big tall building looking at it; and so it was a difficult problem to work out, although, as always, we had those who believed that they could draw up a formula for any problem that came up. And I'm sure that if we had had the computers working back in those days as we do today, we would have had even more plans and suggestions than we had then.

HESS: Concerning the Taft-Ellender-Wagner housing bill which was very much in the forefront during these days, did you have any discussions with Senator Robert A. Taft about that particular bill and what could be done to try to get it through Congress?

SNYDER: Senator Taft was one of my very close friends. I found that I could rely on Senator Taft to listen--I learned this way back in the Defense Plant days--that if I had a problem

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that required some legislative action, some act of Congress, that if I would take this problem up to Mr. Taft--now he was one of many; I'm not singling him out, but you asked about him--he would sit and listen and study the proposition till he felt like he understood it. If it had legislative holes in it, he'd bring them up and we would try to find a remedy. I talked with him a great deal about this housing problem as I did with Senator Ellender, who was also a good friend of mine, and Senator Wagner who was really the creator of the housing program, you know, it was his early thinking that got Congress to studying the housing problem, and we had continuing discussions on problems that I would take to them as to what we were running up against, and they were telling me the problems that they were having in getting their bill passed and the different objections or the

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different opponents of it and we worked--yes, to answer your question--we worked very closely together. Not with just Senator Taft, although I do have to pay him a tribute and say that he did do his homework awfully well on matters that came before Congress.

HESS: Who were 'a few of the others that you worked with on housing?

SNYDER: Well, I would have to go back. I was up on the Hill probably 40 to 50 percent of the time on one problem or another, and I'd have to check back to see who was on those various committees.

HESS: Did Senator Taft have any suggestions about what might be done to get this particular bill passed?

SNYDER: Well, he particularly wanted to know how certain segments of the economy were responding. He wanted to know where the biggest

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backlogs of resistance were building up, where maybe we could break a certain log jam. That was particularly what he was feeling for all the time, and then going to the Senators or the Congressmen that were in the steel area or in the timber area, like the northwest or places like that, and getting them interested in bringing pressure, don't you see? It was that sort of feeling your way through and putting out the fires as they developed.

HESS: It seemed to be quite a surprise to many people that such a conservative as Senator Taft would back a housing bill with such a strong public housing provision in it. Did you ever discuss that with him?

SNYDER: Yes, I did, and he felt that housing was a vitally important program in our postwar economy to help lift the standard of living and to bring about better living conditions

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and thereby upgrade the general level of our citizenry.

HESS: Jumping ahead just a little bit, during the preliminaries for the 1948 campaign President Truman seemed to focus the view and attention of the people in the United States on domestic matters, and one of the main domestic matters that he brought up many times was the housing situation and it seems to me that he tried to focus the Americans' view on the conservative record of the Republicans in Congress. He didn't mention that Senator Taft had supported housing legislation in Congress, for instance. He tried to lump all of the Republicans in Congress as opponents for housing legislation. And, as you know, during the special session there was a bill passed but it was an emasculated bill, more or less--Senator McCarthy's bill.

SNYDER: President Truman, I thought, was very

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skillful in his managing of his legislative programs, and of the tremendous job that lay before him when he was handling international problems as well as national problems each day, and to try to get as effective legislation for the postwar reconstruction period, rehabilitation period, he used great skill, I thought, in bringing that about. President Truman had a very high regard for Senator Taft. He used to chide him considerably as did Taft Truman, but they actually had a very warm regard for each other.

Mr. Truman once told me--I frankly was disturbed about his spending too much time with certain groups and he said, "Now don't be disturbed about that. I have a certain percentage of results that I want from that group and I am aiming at that. I'm not getting over-influenced one way or the other. Now you just

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watch, that's my system."

I found that he had that ability to evaluate the help that he could get from different groups and get the best out of that, and he had that same program for individuals also. He was able to get a great deal of help from individuals by measuring the amount of help they could give, and so while he did tend towards calling it the "do nothing" Congress, I think it helped him get elected, but that certainly didn't mean that the President and those individuals didn't have a very warm rapport, and the individuals who were really putting their shoulder to the wheel and trying to get good legislation through Congress, regardless of politics, realized the spirit in which those words were spoken.

HESS: The last question I have on housing has to do with Mr. Raymond M. Foley. He was commissioner

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of the Federal Housing Administration from July, 1945 and took over the position of administrator of the National Housing Agency in December of 1946, the same month that Wilson Wyatt left. In a speech before the National Housing Association of Homebuilders in Dallas, Texas on October 25, 1947, Mr. Foley referred to himself as, "the champion of free enterprise in housing," and stated: "The chief activity of government in housing should be to aid and stimulate private enterprise in reduction of housing costs and in attack upon its problem areas." Just how would those statements square with your understanding and assessment of Mr. Foley?

SNYDER: I had no problem there whatsoever. I believe that Mr. Foley actually stated the proper concept of a permanent administration. His was a long range point of view. This wasn't a

crash

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program, it wasn't something that was to be rushed through to meet a certain deadline. They were building for a long range, continuous attention to improved housing and improved quality and quantity of housing in the years to come. So I think that those objectives which he stated were certainly in my mind at all times in dealing with the housing problem. Mr. Foley, as I recall it, never particularly got himself involved in some of these crises. He was more or less working for the long range program and establishing proper administration that would continue the work of seeking out better housing proposals, holding prices in line and getting a greater value for the purchaser throughout the years.

HESS: Did he do a fairly effective job?

SNYDER: I thought he did a very good job. The

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Housing Administration, the FHA and all that was set up on a pretty sound basis and had been most effective. The amount of assistance that the FHA operation brought to housing just can't be measured. It was sound; it's turned out that way, and it added a great deal, both to the quality and quantity of housing that was forthcoming in the postwar years.

HESS: We've talked for about an hour and a half. Shall we call it a day?

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Tenth Oral History Interview with John W. Snyder Washington, D.C., March 5, 1968
By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, to begin this afternoon let's finish up what we want to say on Chester Bowles and, as you've just mentioned, we've got quite a bit down on him already, but one of the things I found about Chester Bowles is in Cabell Phillips' book *The Truman Presidency*. Phillips has the following quote:

> In February 1946 Snyder made an end run around Bowles to give the steel companies a $5-a-ton increase in prices, which they had been demanding in exchange for an 18 1/2 cents-an-hour wage boost with which to get steel workers, who had gone out on strike, back to the furnaces. Bowles, furious, handed in his resignation. The President cooled him off by reviving the almost-expired Office of Economic Stabilization--a wartime superagency with somewhat ambiguous powers over both prices and production--and moving the disconsolate Bowles upstairs to be its director. Mr. Truman glossed over the steel pact as being no more than a 'bulge in the line' and said that the fight to hold firm on prices and

wages would continue without abatement.

Tell me about the events of that time.

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SNYDER: Well, I think, we'll find that we've already discussed that previously, but to wind that particular quotation up and put it in the perspective that we'd like to have it, the fact of the matter is, as I stated previously, I felt that Mr. Bowles could be of great value to Mr. Truman politically and did not want him to be leaving the administration, and through my checking the situation I came up with the idea of making him the Director of the Office of Economic Administration which was already authorized but had no occupant at the time; and so Mr. Truman took advantage of that and gave him that title, which seemed to please him at the time, and it helped bridge the hiatus that we did not want to develop. This, of course, subsequently leaked out and was published in the papers, which can be found by checking back to the press of the time.

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HESS: And one note that I wrote down here this morning from the *Public Papers* is that Mr. Bowles served as the Administrator of the OPA from November 5, 1943 until February 25, 1946 and then as Director of Economic Stabilization through July 10, 1946.

Let's continue on with the question of the strikes. Late in 1945 and early in 1946 there was a great rash of strikes throughout many industries. One general question: What caused so many strikes to come at this particular time--what were the events?

SNYDER: It was the natural sequence of the aftermath of the war, trying to get labor and management back into collective bargaining, with each side probably demanding the limit and hoping to come to some compromise in between. Labor seemed to be very determined to get the highest wages they possibly could get,

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while private industry and manufacturers showed some inclination to be restrained in their price rises. They were very adamant about not being restrained as to price if labor was going to be released on the wage side, and it was because of this situation that all these various agreements had to be worked out at this time. Labor and management had been operating somewhat on the continuous labor agreement without any particular formal contracts during the war. Now they were getting back to where negotiated contracts were to be signed between the parties, and they were attempting to get the best results out of that for the various parties as they could get. This spread almost through the whole of industry. It was in the steel mills, in the automobile factories, in the meat plants, in coal mining, in electrical equipment, it spread throughout nearly all of the manufacturing world and at one time along about the first of January, or a little

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later, of 1946 we had several million protesters, some of whom were on strike, and others were threatening picket lines and so forth. It was just an adjustment period that we had to go through to get the labor-price situation ironed out while still trying to hold on to some of the price and wage controls. Of course, the wage controls had been somewhat released because of the statements that had been made in so many quarters indicating that wage scales could be raised without any price raise, and this set in motion a chain reaction that accelerated all of these strike situations. But they were really brought to a focus by the fact that they were trying to get contracts re-established and these debates and arguments came up in that connection.

HESS: One of the books I read this past week harkened back to the eight million unemployment

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prediction and said that many of the strikes were a reaction against this prediction which was very frightening to the unions. So they were trying to put forward a hard front to get all of the benefits that they could, because they were afraid of the predictions that were being made. And they thought that when all this unemployment came along that they might be severely damaged.

SNYDER: That could have been one of the factors that entered into the situation.

HESS: On this point I want to read just a couple of items that I've taken from the book *The Truman Administration: A Documentary History*, by Bernstein and Matusow, just to establish a little clearer some of the events of this time. They say that on January 20, 1946 about 750,000 steel workers joined nearly 200,000

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meatpacking workers, 200,000 electrical workers, and 320,000 General Motors employees on the picket lines, so there was a good deal of general striking at that time. And on the subject of the steel industry, Bernstein and Matusow have the following to say. I'd like to read this and get your reaction to it:

> Rebuffed by the steel industry and unwilling to seize the mills, Truman followed the advice of John Snyder, his loyal friend and the director of the Office of War Mobilization and Reconversion, and yielded to the steel management. Under the new stabilization policy of February 14, 1946, the steel industry received more than $5.30 a ton in price compensation for the additional 18.5 cents an hour workers gained. Meanwhile on March 13 the United Auto Workers finally ended its 113 day strike against General Motors, also winning a wage increase of 18.5 cents. Soon after, the company raised prices. Though Truman had allowed a 'bulge in the line' to settle the steel and auto strikes and others besides, he still hoped to restrain inflation.

Well, that leads to several subjects. One: Do you think that you "yielded" to the steel companies?

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SNYDER: No, there was no yielding to the steel companies per se, it was a matter of trying to arrive at a solution of an impasse. The steel people took the very positive position that they could not grant such a wage raise without a simultaneous price raise. I had called in a group of independent CPA and cost accounting experts on steel pricing and had them make a careful study of the relativity of the price-wage situation in the steel argument and they came up with a very logically set-out analysis and formula which showed that as a minimum a $5 per ton raise in ingot steel should be permitted for a wage scale raise of 18 to 20 cents, and it was not just a matter of acceding to the steel companies' demands, it was a carefully studied formula that was in fairness to all. And as a result of that the parties were brought together and the steel strike was resolved.

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HESS: At this time Mr. Truman referred to the fact that he was allowing some increases as a "bulge in the line."

SNYDER: That became necessary, Mr. Hess, because you couldn't just set down a list of rules that had to be followed across the board, and each situation required a careful ad hoc study. It would have been delightful if we could have held the line everywhere until we did get a little breather and get production into motion and start the flow of consumer goods, but that wasn't to be and where there was undue pressure on one side we got resistance on the other, and it was only through handling them actually piece by piece that we began to get some results in re-solving the strikes. Had we stuck strictly to the formula of OPA on pricing and had let the wage people, the labor people, and wage stabilization, remove

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their restrictions, we would have had endless problems in the various industries that would have been most disastrous.

HESS: On the subject of the railroad strike, taking a few statements from Mr. Truman's *Memoirs*, Volume I, on May 23, 1946, the railroad unions called 300,000 members out on strike and the following day May 24, 1946, Mr. Truman made a nationwide broadcast in which he spoke of the difficulties he had had with two of the union leaders, Mr. Alvanley Johnston, president of the Brotherhood of Locomotive Engineers, and A. F. Whitney, president of the Brotherhood of Railway Trainmen. He said that he began conferring with Whitney and Johnston as far back as February 21, 1946, and that eighteen unions out of twenty had accepted the offer of an increase of 18 1/2 cents per hour, but those two men would not go along with it. Were you present at the

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conferences?

SNYDER: At some of them. There were a number of them. I had a little difficulty at the time

understanding just why Mr. Johnston and Mr. Whitney took the position that they did. They had somewhat agreed to the arrangement previously then...

HESS: Just as the other eighteen unions had done?

SNYDER: Yes, in the initial talks before they had all agreed; and then as more of them were agreeing on it, they began to back up a little. So, it appears, to me at least, that they were jockeying for position of leadership in the railroad unions and they felt that if at the last minute they could squeeze a little additional consideration out of the picture it would give them an edge. However, Mr. Truman was very firm. He went up to the Hill to deliver a speech

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to Congress requesting further authority when he received a message that the strike had been resolved by unanimous agreement of all parties along the line of the settlement as had been agreed by the eighteen, and had been resisted by Mr. Whitney and Mr. Johnston.

HESS: On the subject of this trip to the Hill that was the time that Leslie Biffle gave him the message while he was addressing the joint session of Congress telling him that the railroad strike had been settled, and several people thought that that was a put-up deal, and as you know Senator Wayne Morris had quite a bit to say about that.

SNYDER: Well, it wasn't. It was just a very fortunate, dramatic thing that happened, and as a matter of fact, similar occurrences had happened several times. As you recall, one that didn't turn out quite so happily

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was the time that they came in and announced the withdrawal of L-41 in the materials control and that, of course, was considered to have been planted, which it wasn't at all. Those things just sometimes happen. Fortunately, in our opinion, Mr. Johnston and Mr. Whitney feared the results of having Congress take any action on this matter, and at the same time they realized that they were driving too hard a bargain and that the consensus was against them and when they saw that Mr. Truman was going to go to the lengths of going to Congress with the matter, they capitulated.

HESS: This was the time, wasn't it, when Mr. Whitney said that in the next election he would use the entire treasury of his union to defeat Mr. Truman?

SNYDER: That's true, but that never happened. As a matter of fact, I think he supported him.

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HESS: In checking the *Memoirs* I found on page 501 of Volume I the following quote:

> On May 24, the day following the start of the strike, I went before the American

> people in a nationwide radio broadcast and related the facts. I announced that unless operation of the railroads was resumed at once I would call upon the Army to assist the Office of Defense Transportation in operating trains...

Which indicates that the idea of having the Army take over the railroads had been discussed, but that that measure was not necessary at this time.

SNYDER: That is my recollection, and their capitulation and acceptance of the settlement forestalled any request of the President for authority to seize the railroads, and that, doubtlessly, was one of the reasons, as I just stated, that caused Whitney and Johnston to join the other eighteen unions and accept the settlement.

HESS: They were really the roadblocks in the matter,

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weren't they? Anything else come to mind on the railroads?

SNYDER: No.

HESS: Our next subject on strikes, Mr. Snyder, is on coal strikes, and, as you know, there were a good many strikes in the coal industry following the war. We have discussed briefly your involvement in that situation, but I would like to ask a couple of questions concerning events that took place in May of 1946. In his *Memoirs* Mr. Truman states:

> I called Lewis to the White House six times from March to May, along with Charles O'Neill, spokesman for the coal operators, in an effort to bring the two factions together. At the May 10 Cabinet meeting I stated that Lewis had promised that the strike would not last more than a few days. But Lewis failed to keep his word. I told the Cabinet that it was ironical that Lewis was now making safety and welfare the primary issues of the coal strike when for ten years he had opposed the inclusion of safety features in the union contracts.

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Do you recall anything in particular about those meetings?

SNYDER: Well, they were almost continuous in the spring of 1946. Mr. Lewis was dominating the scene and he was getting all the mileage that he could possibly get out of the negotiations. Mr. Lewis was a very able salesman and he didn't mind dropping one thing and picking up another viewpoint at any time if it suited the situation, the better to advocate a different viewpoint from one in the past. He didn't rely too heavily on what he had said in the past.

HESS: On precedent.

SNYDER: On precedent. If something new presented itself that would better carry him with the

audience that he was talking with. He was consistent only in one thing and that was he was the boss, and he certainly was

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that for many, many years and rightly so, because he had been a great leader in correcting many of the abuses in the coal mining operation.

HESS: Had he been just a little bit derelict about trying to forward safety measures in his negotiations?

SNYDER: He had been a little slow in the opinion of many people because there were so many things that had to be corrected, and the cost of some of these safety devices were so exorbitant as measured against other things that he was trying to get all the little things, the apparent smaller things, accomplished before bringing in some of the greater expenditures that would be required. There were dozens and dozens of items that needed correction in the way of ventilation, and in the way of water supply, and the equipment for lifting, of course, they all had somewhat to do with safety, but

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living conditions had a great deal to do with it, and hours; while we're looking back on it you can say nearly everyone of those things that he was pressing are connected with safety in one way or another. The safety devices they're talking about here, particularly, are mechanical safety devices whereas these others had the human side to it and the physical side, the health side, the standard of living side...

HESS: The sociological type of things.

SNYDER: ...sociological is a good word.

HESS: On the subject of Mr. Lewis and his strikes on page 496 of Mr. Truman's volume he says;

> ...just eighteen days after I took the oath of office as President, when on April 30, 1945, John L. Lewis ordered seventy-two thousand anthracite coal miners out on strike...

and he says that was the first strike that he had to put up with, just eighteen days after he took

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office.

Mr. Truman has the following quote in his *Memoirs* concerning the 1946 period:

> During this soft-coal strike of 1946 the mines had been shut down for forty-five days at a cost of ninety million tons of coal. At this point the government stepped in to take over operations in May. However, we continued negotiating with Lewis until we reached an agreement on joint control of the welfare fund and other issues in dispute.

Now, a statement on that welfare fund, that was one of the main things that Lewis was trying to forward at this time, and in March of '46 when this show had got on the road he wanted a welfare fund set up that would be paid for by royalties on coal, and that he would have the exclusive control of the welfare fund.

SNYDER: Exclusive control of the welfare fund to be used in whatever fashion he considered proper was his goal. Of course, that was opposed very strongly by the coal mine operators as well as

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by many in the Congress and the other places that felt that that was going too far. They subsequently, of course, did work out a welfare fund which did give Mr. Lewis quite a firm control over its use.

HESS: Well, this is a point where the Government did step in and took over the coal operations. In this particular instance did you think that the Government should have done this--is this something that the Government should do?

SNYDER: I've never been enthusiastic about the Government taking over the operation of industry. In every case where it lasted longer than a very brief period of time, it's been to the detriment of industry and the economy and was not well done. This coal operation, fortunately, did not last very long and it was doubtlessly justified in this instance.

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HESS: I'd like to take this particular difficulty--the coal strike--just a little bit further along and into the period of time that you were Secretary of the Treasury, since it's one continuous subject. Let me read a couple of paragraphs out of Mr. Truman's *Memoirs* on this:

> The government had taken over the bituminous mines in May only after it became clearly evident that this was the only available means of averting an economic disaster to the country. I was eager that the mines be returned as early as possible to private operation, and the owners stated that they, too, were eager to regain control of their properties and encouraged his miners to lay down their tools. On November 20 the country was once again plunged into a general coal strike--this time against the government of the United States. I had instructed the Justice Department to seek a temporary injunction restraining Lewis' action in calling the strike. Federal Judge T. Alan Goldsborough issued the injunction against the United Mine Workers' chief, ordering him to cancel notice of the termination of

the contract. When Lewis refused to comply with the injunction, he was summoned before Judge Goldsborough to show cause for his failure to obey the court injunction. On December 4 Lewis was found guilty of civil and criminal contempt of court. His personal fine was fixed at ten thousand dollars, and

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the United Mine Workers Union was fined a total of three and a half million dollars. Seventeen days after he had called the costliest strike in his career, Lewis ordered the miners to return to work.

Well, this, of course, was right at the time of the election of 1946, an election that the Democrats in Congress lost. They lost both houses that year.

SNYDER: Yes, that's right. That was the first election after Mr. Truman became President. He was not involved in it directly as President as it was an off year election. It has been said that all these strikes and the labor disputes and quite a number of things, disappointment in housing, for instance, brought about a defection in the voters in their selection of majorities in Congress and brought on the election of a majority of Republicans in the House and the Senate. That I will leave to the political analysts, but it seemed that we had had a long period of

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heavy labor influence in the Government through their efforts in the elections, and it seemed that the first time that they were being somewhat thwarted in the free rein, many of the labor leaders did get out and work against the Democratic candidates who had not gone to bat for them in Congress to the extent they desired.

HESS: In his *Memoirs*, Mr. Truman mentions that Lewis called this particular strike at this time in an attempt to bluff the Government and also because of the congressional elections, and as Mr. Truman says, "He may have contributed to the turnover in the Congress which he was anxious to bring about. But instead of helping to elect a sympathetic Congress, Lewis soon learned that he was faced with a reactionary-controlled group in the Eightieth Congress, which soon was to produce the Taft-Hartley Act."

If he had been trying to produce one thing,

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he didn't do it and produced something else.

SNYDER: That was true with all of them. In a moment of pique I think they thought that they were going to bring pressure that would redound to their own benefit. It didn't though because the Congress turned right around in the months to come and brought into being some very strong labor legislation.

HESS: Quite often after a war isn't it the normal thing for the country to want to swing another way? Now, one thing I have in mind is just after the Second World War England swung from a conservative government to a liberal government, at the same time Mr. Churchill was in Potsdam.

SNYDER: Well, we can hardly take that as an example. England was about to elect a labor government at the beginning of the war and it was because

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of the war, and because of the skillful leadership of Churchill, that the labor party agreed to postpone any drive for taking over the government during wartime, but they lost no time after the war was over in doing what they had planned to do prior to the war.

HESS: Do you think--well, I came up with a poor example there, but is it normal for the people to want sort of a change after a war or not?

SNYDER: I think it is frequently true that following a war the public wants to put the blame on the "in" party for the war. The voters of the United States, the citizens of the United States, have traditionally abhorred war. We've never been a warlike country, and we just don't like war. It is true that there has been a swing away from the "in" party following each war because they put the blame on the "in" party for the war

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and its conduct. It probably had a considerable bearing, and not just the labor situation, on the election of 1946--the congressional election.

HESS: The next subject I have on my list deals with the Bottlenecks Subcommittee of OWMR. And in November of 1945, OWMR established a Bottlenecks Subcommittee. Could you tell me a little bit about the reason for the setting up of that committee and its operation?

SNYDER: The reason, without doubt, was the fact that there were a number of raw materials and finished products that were not coming into production as rapidly as was required to give a balanced flow of the needed supplies as judged by the various analysts in the Commerce Department and in various trade journals, and these laggards were put together in one group and called the bottlenecks of the reconversion of industry holding back a full-time production flow.

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The timber industry was one of them, and you could go on and name a number of them, but those were all grouped together for analysis. The purpose of the committee was to study what was holding each of these items back and to see if those couldn't be cleared up so as to bring the items into a fuller production stream. Unfortunately, the committee didn't accomplish a great deal except to focus attention on the problem, and I think the attention that was brought to bear on the particular problem helped to straighten it out more than any of the actions that were taken.

HESS: In the files of OWMR in the National Archives there are several memos by Robert Nathan about the time that the committee was set up--late in November and early in December. Was he one of those instrumental in the formation of the committee?

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SNYDER: That's right. It was a recommendation of his group to set up such a committee. It was not an enthusiastic committee. The members did not put a great deal of effort into it, but because of the attention that was given to it, it seems to have served its purpose without the committee doing any great amount of work.

HESS: The subcommittee was composed of five men. Do you recall very much about those men?

SNYDER: The chairman of it was Philip H. Coombs. He represented OWMR and was a member of Nathan's staff. At one time he was acting director of Materials Supply Branch of the National Housing Agency but he didn't stay in Government very long. Phil Maguire was a representative of the Civilian Production Administration. He was the deputy director at that time. Then there was John Bulkley representing the Office of

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Price Administration, and Manual Lerner representing the United States Employment Service, and Phil Arnow representing the Bureau of Labor Statistics. Well, now just the reading of those names will show you the handicap that they had as a committee, to go out and persuade industry or labor or manufacturers or suppliers to take any particularly coordinated action.

HESS: Do you mean by that because they were not high enough on the ladder?

SNYDER: They were not high enough on the ladder and there had been resistance, as I indicated just now, of the departments under whose jurisdiction these various things came, to enter into any such operation. Because I think they foresaw the futility of trying to--it would be going back almost and trying to re-establish priorities to bring the kind of pressure that the people

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who thought up this bottlenecks committee had in mind, and to direct materials into a particular production stream. And that was what we were trying to get away from in trying to lift controls. So, I think, as I mentioned a while ago, it was the publicity that was given to it that helped solve the problem rather than any action of the committee.

HESS: Our next subject concerns the attitude of the Congress towards reconversion. During the war the legislature had turned over a good many powers to the executive. Did you feel that when

the war was ended that Congress was anxious to reassert its own authority and wanted to direct reconversion by legislation instead of by Executive order?

SNYDER: I am sure that that is the case because, as you know, we found that Congress did not go along with the Mead Committee's recommendation

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to strengthen the OWMR and give it real dictatorial powers. Not only was Congress anxious to get the controls back to prewar status, but the various departments, most of the Cabinet members, and many segments of the people, wanted to remove these tendencies towards dictatorial power and to put that authority back in the classical areas such as the legislative arena where the representatives of the people could vote on the matter rather than have an individual or a group of individuals make those determinations.

HESS: In my research on that question I found that the report submitted by Bernard Baruch and John Hancock in February of 1944 that was widely known as the Baruch-Hancock report, stressed the need for congressional leadership in planning postwar readjustments.

SNYDER: Yes, that was a very interesting and very

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pertinent report. In that report that covered such items as the settlement of war controls. They felt that without strong pressure on the part of Congress that those contract settlements might drag on to the detriment of the reconversion and the re-establishment of a peacetime economy. The disposal of surplus property--they thought that Congress should take a more positive position in that. We will touch on that when we take up the policy that was adopted by the Truman administration regarding the handling of the surpluses. We'll take that up at our next session. There were billions of dollars in properties scattered around the globe in huge excess quantities and it took more than just a surplus disposal czar to make decisions regarding a policy that would hold up before the people. So, the Baruch-Hancock report touched on that. And then they felt that unless Congress took a very

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positive step in regard to removal of wartime controls that they'd drag on and that some particular groups would try to hold on to them as long as possible to maintain their position in administrative power. And the report touched on the orderly process of discontinuance or curtailment of wartime production. Legally it had been set up in the statutes that no item was to be continued in production after the war that was not actually needed for defense purposes, and in spite of this there was a great deal of effort made to defeat that aim. Instead of Congress taking the leadership unhappily, some of the congressional groups were the worst violators of continuing construction and turning out certain products that were patently not needed and would not be needed. For instance, the story I told you about the surplus ships is an example in that area.

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The one thing on which the Baruch-Hancock report missed their mark was the legislative action that they thought would be necessary to accelerate the resumption of civilian production. I think that industry got way ahead of everyone on that. They wanted to resume production rapidly and went far ahead of all expectations. However, the Baruch-Hancock report did highlight, and point out, that the small man should be protected and given a chance to join in with his small plant operation, or what was called the small business operation. That, of course, was always a problem because when you're after production you want to get the producer that will deliver the goods, and the little man had difficulty at times getting finance, getting a market, organizing a sales organization, and working up a distribution for his product. All of those considerations took more time because of lack of experience and lack

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of finance. Touching on that was one of the commendable parts of that phase of the report. I thought it showed great intelligence and foresight.

HESS: In August of 1945, the President created a committee referred to by Somers in his book as the "SSR Committee" which was made up of yourself as chairman, Harold Smith, director of the Bureau of the Budget and Samuel I. Rosenman: "For the purpose of making recommendations to me from time to time on the proper disposition of the various war agencies," and I have read that one of your main jobs was to recommend which war agencies were to be abolished and which ones consolidated into existing or permanent agencies, is that correct?

SNYDER: That is correct. We assumed the responsibilities of that assignment very seriously. Its formation had grown out of my recommendations

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to the President that we should take very firm steps in eliminating wartime agencies along the lines that I had taken in merging the RFC subsidiaries into the RFC and thereby cut down on the scope and the breadth of the operation by getting the war activated policies out of the picture and back into the peacetime economy pat-terns. We had many agencies in the Government that were formed purely for war purposes and had no part in our administrative setup once the war was over and it was apparent that the hostilities had ceased. So, we started in making a careful analysis and determination of which ones had served their purpose, were no longer needed and should be dissolved, or their remaining activities transferred to one of the permanent agencies. We started out in a very considerate attitude. We picked out five that we felt were eligible for dissolution and we called in the heads of those agencies and

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explained to them that they had served their purpose, complimented them on the record that they had made and said that we are now planning to dissolve their operation and disband them.

Within less than twenty-four hours we had an avalanche of protests from the Hill and from the various Congressmen whose pet projects these particular agencies were, and we soon learned that we had to adopt a sterner procedure.

HESS: It wasn't going to be so easy, is that correct?

SNYDER: Yes, we woke up quick as to the seriousness of our undertaking. We promptly reversed our procedure and thereafter when we decided on the dissolution of one of the agencies--the OWMR had the authority to do that as you know--we would issue the dissolution order and then tell them about it afterwards. It was fait accompli by the time the word got to them. We actually

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dissolved some forty-one or two agencies--discontinued them and folded their remaining activities into one of the permanent agencies. It could have gone much further but so many other things came up that in time they were absorbed and taken over and the problem was worked out. It could have been done a little quicker if we'd had a little more breathing spell in which to do it, but by the time we got this well in motion I went over to the Treasury and the OWMR began to quietly fold up.

HESS: Did Harold Smith and Mr. Rosenman give you quite a little bit of assistance in this matter?

SNYDER: Oh, tremendous. Sam Rosenman, of course, from the legal side, and Smith from the Bureau of the Budget side. He was able to produce the costs and the accomplishments, what they were doing and what it was costing them to do it,

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which we could measure up against the necessity, and he was extremely helpful and very cooperative in the end decision, as was Judge Rosenman. Judge Rosenman, of course, protected us constantly on the legal side and was very cooperative. It was one of the closest knit committees that I served on at any time during my public administration.

HESS: Well, we'll want to get into your relationship with the Bureau of the Budget at a later date since as Secretary of the Treasury you had a very close relationship with that bureau, but just one general question, how effective was Mr. Smith as Director of the Bureau of the Budget?

SNYDER: Very good. I considered that he did a very good job. I was always very complimentary toward Mr. Smith as Director of the Budget.

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HESS: Our next question is on the continuation of OWMR after you left, and when your appointment as Secretary of the Treasury was announced, the President told the press that no

new director for OWMR would be appointed and that the office would come to its termination after the completion of its business, but because of some pressures from various agency heads the President appointed John Steelman, his special assistant, to assume the directorship. Did you discuss the problem of the continuation of the office with the President at the time he offered you the position as Secretary of the Treasury?

SNYDER: Oh, yes. We decided definitely that the OWMR had served its purpose and that there was no justifiable reason for permanently continuing the operation of the OWMR: that the President had sufficient operating units in his control there in the executive office to take care of most

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of those things and then he had more time to have the various Cabinet members work out the phases of the problems that affected their particular operation. We had had sufficient evidence during the latter years of the war and the early years of the reconversion to know that the President did not want to have that kind of an operation within the White House itself, and so, we decided that it would be best to dissolve it and put the remaining requirements and activities back in the various permanent agencies.

HESS: Now, part of it did go to the White House at the end, did it not? Part of the operations of OWMR still went to the White House?

SNYDER: Well, it stayed there; it didn't go; it was in the White House all the time. You see the OWMR office was always in the east wing of the White House. So, it wasn't a matter

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of moving it over there because it was always there. After I left, due to one cause or another (some of the agencies wanted to have someplace they could deposit their problems and brush them off, and then on the other hand, it may have been the recommendations of the individual himself that the director of OWMR be continued), Mr. Truman did decide to continue it for awhile. But it was gradually dissolved.

HESS: On December the 12th of 1946, Mr. Truman signed Executive Order 9809 which provided for the disposition of certain war agencies and according to that those functions of the office that pertained to "the formulation and carrying out of the reconversion plans that would affect the economic conditions of the United States as provided in the War Mobilization and Reconversion Act of 1944," were transferred to the President. And that is when Dr. Steelman

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went to work at the White House as assistant to the President. That was his initial date with the President.

SNYDER: He was already over there, I think. Yes, I think he was already on the President's

staff before I left. Let's check on that.

HESS: In looking up our records, I find out that Mr. Snyder was quite right because Dr. Steelman was Special Assistant to the President from December 29, 1945, until the date of the Executive order on the 12th of December, 1946, when he was made The Assistant to the President, and he held that post until January the 20th of 1953--the end of the administration.

SNYDER: Yes, and, of course, it was only six months that the OWMR office really continued in operation after I left but its influences and its effectiveness diminished rapidly until

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December of '46 when it was finally dissolved.

HESS: And that same Executive order transferred some of the functions to the Office of Temporary Controls.

SNYDER: Yes, that was directly under the President's direction.

HESS: Then I found that Harold Stein was commissioner of War Mobilization and Reconversion there for just a little while.

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Eleventh Oral History Interview with John W. Snyder Washington, D.C., March 12, 1968 By Jerry N. Hess, Harry S. Truman Library.

HESS: Secretary Snyder, I believe it was in September of 1945 that you spent two weeks in Europe surveying the surplus property and lend-lease property situation. What do you recall about that trip and what were the problems that you encountered?

SNYDER: Mr. Hess, the trip actually had two objectives. Just going back a little, President Truman and I, while I was still at the Federal Loan Administrator's office, began to talk about surplus property disposal at the time that I went to Congress to start the consolidation of the RFC subsidiaries--that was really a step towards disposal of surplus properties because through that arrangement we worked out a method of disposing of the plants that would be in surplus and the equipment that was in those plants and the

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material. This led to our discussion of the bigger problem as it might appear for the future, and as early as July, 1945, the President had determined that instead of a committee or a commission that he felt that a single administrator of the surplus property disposal should be provided by Congress and he sent a message up to Congress as early as July advocating the authorization for the appointment of a single administrator of surplus property disposal. As the European part of

the war had come to a close in May, that accented it, of course, and led to the decision to try to clarify the surplus property problem. It had already become evident to us that there was a tremendous problem ahead of us from the reports that we began to get back from Europe as early as June, and so by July we had framed a recommendation to Congress for the authority to appoint a single administrator. Then, of

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course, in the meantime President Truman went over to Potsdam and attended the Potsdam Conferences where he learned a great deal there of the tremendous tonnages of surplus property that were in Europe. He actually sent his message up on the Surplus Administrator before I went into OWMR, but the point I'm making is that we had been thinking about it and studying this problem for some months before the war stopped. Then after he returned from Potsdam in August and by the first of September, it became pretty evident to us that a quick look ought to be taken of the situation in Europe, particularly, because in the meantime Japan had capitulated. In planning the trip to Europe, with one of the objectives being the surplus property problem, he and I discussed who the most competent person for that job that was available and between the two of us we decided that Stuart Symington, president of the Emerson

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Electric Company in St. Louis, who had been heavily involved in war production during World War II, was very competent and highly able to undertake such a job, so I invited him to go on this trip although he had not been appointed at that time. The bill had not been passed, actually, authorizing the single administrator, but I took him along with me. As it was confidential at the time the publicity didn't come out about the trip, because we didn't want to stir up a lot of speculation and have to cope with that at the same time we're trying to learn something about the European situations. The strange part of it is that when the news did finally come out the item was carried in the paper that I was accompanied by the Surplus Property Administrator, although he was not actually appointed until after we got back. But as I said there were two objectives actually involved, the other

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was to take a look at the industrial destruction in Germany and see how much of a problem was facing us. We not only had a problem in Europe with the rehabilitation of our Allies, but we also had a definite one in that we had to measure the capabilities of Germany to get back on its feet and determine how much of a financial, labor and materials problem there was going to be in that situation. Again, just to reiterate, this was a very confidential mission and we avoided publicity to the trip before we went over. I took with me on this particular trip, Stuart Symington, as I have just mentioned, and Mr. David R. Calhoun, who was the vice president of the St. Louis Union Trust Company--that's really the company that owns the majority of the stock of the First National Bank of St. Louis. Mr. Calhoun had been a deputy administrator in WPB and was well versed in the problems of materials and surpluses by reason

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of his experience in WPB. I took with me Earl Stewart who was the electrical contractor who installed the intricate electrical machinery in our large nuclear plants at Oak Ridge and also out in the state of Washington. He was a thoroughly informed man on electrical machinery and equipment and plant production lines. I took Mr. Leslie Biffle, who was Secretary of the Senate, because I felt that he could provide me with the type of questions that would be raised by the Congress when I got back in reporting to them our conclusions and our recommendations as to what we should do about the situation after we had taken this quick look and gotten an impression. I had, of course, a number of servicemen who were assigned to make available to me the necessary data and transportation and so forth which we will discuss as we go along. The whole trip, however,

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was placed under the general supervision of Lieutenant General Joseph K. Cannon, who was the commanding general of the Strategic Air Force of the U.S. Army in Europe at that time. We took off initially from Washington on Sunday morning of September the 8th and we flew first--in those days you didn't get in a plane and fly right to your destination in Europe--we flew first to Stephenville, Newfoundland, and refueled and then to the Azores and refueled and then into Paris, and we arrived there on Sunday afternoon of September the 9th. We were met at the airport by General Cannon who had assembled quite a number of Army and Navy personnel to give us an opportunity to tell them what we were going to want to discuss with them when we came back later so that they could be assembling the data, the figures on the likely surplus property and their locations, and their state of preservation

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and maintenance, the personnel problem and so forth. We left early the next morning from Paris. We decided that the first thing to do was to fly up and have a conference with General Eisenhower and get his impressions or counsel as to both problems, and we had already advised him in advance so that he could assemble whatever notes he might desire or personnel to help us. Enroute, however, to Berlin we flew across France and saw a great part of the area over which the U.S. troops had marched. We had a wonderful opportunity to see what the path of the war is in a heavy operation such as was conducted at that time.

HESS: Did you see a lot of destruction?

SNYDER: We saw a great deal of destruction both in small towns and in railroads and road equipment, and we saw places where there were heavy resistance points and how they had been built

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up--and then as we got over Germany we circled Kassel. Now Kassel had at that time a population of about 200,000 people. It was a very important railway center and for that reason it was selected as a strategic target. The Air Force was already beginning to activate a study of the

second phase which was to examine the effects of our heavy bombing. We were, during the course of our visit, to visit fourteen bombed out cities, and as we discuss them I'm going to briefly tell you the purpose that our Strategic Air Force had in bombing those particular places. It wasn't just a matter of bombing the town, but it was an effort to try to destroy the potential attack force or defense force of the Nazi army. Kassel was a railway center, as I said, and they had assembled there some very large locomotive, aircraft and tank plants here they were manufacturing equipment for the

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now defending army--it was the attacking army at one time--and was built up as a potential source for those particularly vital items of war. One of the huge plants there was the Henschel and Sohm Locomotive and Armament Works. This plant turned out something like 200 locomotives a year of very large power and it also had a capacity of about 150 large tanks per month, so it was considered an important point to put out of commission. They also had an airplane factory there that built the Messerschmidt 109's, and they had been turning out, up until the time we started bombing, about 70 a month of those aircraft. Now, when you stop to think that about 10 percent of all the German single engine fighters were manufactured right there in that plant and 22 percent of the entire production of this particular type of plane in all Germany, you can imagine that we had a rather

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urgent need to try to put a stop to the production. Then, too, at Kassel were the marshaling yards for the railroads handling nearly all supply distribution to the entire western front line after the invasion started.

In the next town we flew over we could plainly see the tremendous effects of the bombing because here were plants that were now nothing but shells that had once been manufacturing a large volume of items for the Nazi forces. This town was Magdeburg. It was a larger town, running about 350,000 inhabitants. It was the capital of the very famous old province of Saxony which was known way back through German history and was one of the foremost cities, I suppose, in central Germany. This was a very important town as a center for rail and river traffic. It was a focal point for the transfer from the barge lines to the railroad or vice versa

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from the railroads to the barge lines, to move up and down the river. They had here one of the largest German synthetic oil plants. The Brabag synthetic oil production unit was located there which had an output of about 21,000 tons a month of synthetic lubricating oil and some gasoline. I think it was considered about the tenth largest of all the German plants for this purpose. As a matter of fact, I was told by the Air Force representatives that the Germans kept up their efforts to keep that plant in repair right up to the capitulation. It was that vital to their operation. There was a small Krupp plant here, too, that had been making the Nazi tiger tank and they were turning out about forty-five of those a month, so you can see that this was considered a very, very important plant. Then we came over Berlin, and it was to me who

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had been brought up as a banker and had placed great value on property values, I tell you it was a sickening sight. The German buildings in this city as in most of the large cities--were very ponderous, heavy structures with thick walls of masonry, stone and various other construction materials and they were so old that there was hardly any steel in them. They had been built with masonry and wooden trusses and construction of that character, and when the bombings started the planes would come over and break the roofs through with explosive bombs and then drop incendiary bombs later. We could look right down through the shell of those buildings some five, six, seven stories with nothing but the walls standing. They had been completely gutted, and the periphery of the city was very clearly outlined by this destruction of the core of the city. Out in the suburbs,

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unless there were industrial plants out there, you could see the green trees and the houses with their tile roofs untouched. But right in the city was this honeycomb of the shells of the big buildings. Of course, Berlin was a target objective for many reasons because they had centered in and around Berlin a great deal of the industry of the Nazi production plants. They had centered there, to a great degree, the manufacture of electrical equipment, general engineering equipment, the aircraft components, such as the instruments, the wiring harness and the more intricate mechanism of the airplane, and they also had quite a number of engine works there because there was a higher ratio of trained personnel available. There was also quite a number of tank factories. Apparently the intent was that they were going to keep those tanks in production to protect

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Berlin if there was an attack on Berlin. So it was a three-fold target, I guess; one was to bring home to the German high command that Berlin was not impregnable; number two was to destroy as much of the potential manufacturing capacity for war of the community, and the next as a double morale builder for us and destroyer for Germans. First for our troops to know that Berlin was being mauled, and second was to bring home to the Berliners and the Germans that their capital city <u>was</u> pregnable, and couldn't stand up against the air attacks that were going to come. When we arrived at Tempelhof we were taken promptly to our GHQ. We had lunch with General Eisenhower and spent some time going over the various objectives about which I wanted his counsel and advice. He was extremely helpful and was most generous with his time because as you can imagine he had a very full schedule. We had just established our command headquarters

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there--this was within less than three months after V-E Day. We were trying not only to get control of the situation in the devastated nation that we had conquered, but we also had to give consideration to troop disposal, that is, what troops we were going to retain in Germany, and

their redistribution. There were constant consultations by General Eisenhower with our allies and with the Germans and particularly with the Soviet Union, because they had moved in in great force, as you know, and began to be difficult to deal with right from the very moment that the war was over. General Eisenhower arranged that a day or two later we could meet with General Bedell Smith in Frankfort, agreeing that he would assemble there personnel and data on a great many of the items that we were asking about. And then, under his direction, we were driven over the city of Berlin--both the East Zone and the West Zone--we went into

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East Berlin, and it looked very much like West Berlin at the time. `We went to the Reichschancellery and saw the destruction that had taken place with the bombing, both from the Russians and from the Americans. The Russians had done most of the bombing though in Berlin. The building was more damaged by Russian plundering than by their bombs. And we had the dubious thrill of going down in the bunker where Hitler committed suicide. And where he supposedly murdered Eva Braun. One of the souvenirs that General Eisenhower sent me afterwards was a picture frame that was hanging in the bunker in which Hitler committed suicide. Before he fired the shots that killed Eva Braun and then himself, he ordered his orderly to pour gasoline on them and burn them up, so the place had been badly smoked up and burnt, and his picture frame--I'll show you sometime--shows the signs of the smoked room. Eisenhower

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had the frames filled with photos--some of which I'll show you copies of here--and presented it to me as a pictorial sketch of the Snyder Mission. The bodies were actually burned outside.

We then proceeded to the airport and started toward Wiesbaden, which was to be the hub of our operations around Germany, before going back to France. Enroute back from Berlin, we flew over Frankfurt which was an enormous industrial complex--largely chemical--some of the big I.G. Farben plants, the Adler Motor Vehicle plants, quite a number of large synthetic rubber plants, synthetic oil plants, and the Areo Engine Works were located in Frankfurt. Frankfurt was just simply mowed down by bombs. I have pictures here that I'll show you afterwhile so that you can see the actual destruction of these places. An interesting situation at Frankfurt was the fact that right at the

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edge of the city was the enormous seven story administration building of I.G. Farben, and it was two blocks long and there wasn't a scratch on it. We heard the kidding after we landed that the Air Force had saved that building for their headquarters when they took Germany. Anyway they moved right in after V-E Day and made good use of it.

HESS: Maybe there was some truth to the story.

SNYDER: There could well have been.

Here in Frankfurt another vital target was the main marshaling yards of the whole upper Rhine Valley. That, of course, was a vital target to interrupt the flow of supplies to the forces at the front and to harass the movement of relieving forces as well as disorganizing the general distribution of both sustenance and armament materials. A great

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number of railroad equipment factories were located here--railroad car wheels, engine wheels, switch gears and a great number of electrical equipment plants for the electrical control machinery for large generating plants and large motor installations that operated many of the huge machines that they used. They had, like all large cities, a tremendous number of smaller plants that really, in total, turned out a large tonnage of very vital military items, such as the small arms parts and instruments of all kinds for computing firing data, adding machines, typewriters, and because of the large numbers of synthetic rubber plants that had three or four rather large tire plants there.

Then we landed at Wiesbaden where we established our headquarters from which to make other explorations that we had planned. We were up early the next morning and before

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8 o'clock we took off on a trip up to Hamburg. Enroute we flew over the city of Hanover. Hanover was a town of about half a million people at that time--badly destroyed as you can easily see from these pictures--it is another one of the very ancient German cities that was the capital of the kingdom of Hanover; it goes way back seven or eight hundred years in its history. It has always been a very highly industrialized city and was one of the principal administrative points in northern Germany because of their excellent communication lines, railway lines and waterways. Now, here again they had a great number of tire plants and produced large numbers of armament turrets for both tanks and airplanes. They manufactured a great deal of engineering equipment--transits, elevators, cranes and items of that sort--that were used not only militarily but for construction of plants. Everything was devoted largely to the

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war effort however, as you can well imagine. They also built quite a number of fighting vehicles here, like the gun carriages for the cannons, tractors, the prime movers to move the cannons towards the front, the rifles and military trucks, transports, tanks--gasoline tanks, not fighting tanks--and they manufactured a tremendous amount of wire and cable here because they had another large synthetic rubber plant near so the insulation was available, and they also had some copper and brass plants that made the shell cases for the heavy caliber guns. It was considered to be one of the most diversified small cities. Of course, it was a half a million and that's a pretty good sized town for Germany.

From there we went on over to Hamburg. Now, Hamburg was a pretty big city even then--it's bigger now, I think it's nearly two million people now--then it was about a half

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million at the time we were there. The war had not caused too great a reduction in the population. Hamburg, of course, was a great sea coast town--a splendid port--and the merchant fleet was centered largely in that area. At one time just before the war I think that there were over 1500 ships that had their home port in Hamburg. That gives you some idea of the tremendous importance that port was to the supply of the war for Germany. Then also, because of its port facilities it naturally was a large submarine manufacturing area. We visited a number of the yards where they had been building submarines , and also we saw at least twenty submarines that had been sunk right in their pens where they had come in for refueling or for supplies, or for repairs. In the shipbuilding areas where they had been building subs we saw any number of them that had been badly damaged in the process of being constructed and

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were never finished. Because of the port facilities and the importation of foodstuffs and that sort of thing, they had a lot of food processing plants around this city and tremendous grain elevators and warehouses. It looked like acres and acres of warehouses because with ships handling cargo both ways the products were warehoused there while awaiting a ship or after unloading from a ship until they were distributed inland. This city was very badly mauled by the bombing. And, again, another one of the features, because it was a port, there were nine railroad trunk lines that went out of Hamburg to all parts of Germany, and so that came in for heavy bombing too, with the marshaling yards, the sidings, the repair plants for the railway equipment, the rolling stock and so forth, being pretty badly bombed out.

We went over to Bremen. Bremen was a large submarine concentration point and it had one of

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the largest airfields in Germany.It had airplane plants and parts plants all around the airdrome. There were two or three very important steel plants and three or four gas plants--they used gas in their blast furnaces and in many of their operations and they had some very large gas manufacturing installations at this place--and, of course, they made all sorts of products for shipbuilding, marine engines, rudders and navigational equipment. And here, too, were several large oil refineries, because of the port facilities for the importation of the crude, it was processed right there. This was an extremely important manufacturing town and came in for some heavy bombing. As a matter of fact, the bombing of Bremen ran very high in its total tonnage--over 25,000 tons of bombs were dropped on that area; that is compared with about 75,000 tons that were dropped on Berlin.

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Then we went to Essen. Now, Essen was sort of the main headquarters of the Krupp operation, and I don't need to tell you how vital the Krupp steel plants and steel operations were to the whole Nazi war effort because they built their cannon, they built the plate for the warships, they

manufactured all the semi-finished steel products around that area, and for that very reason this was the center of attention for some pretty heavy bombing to knock out those plants. Just for instance, take a look, this was a Krupp plant before the bombing started and this was it after it was completed. You can see how badly it was bombed out. And yet in spite of that they kept that plant operating, in part anyway, right up until a relatively short time before the end of the war.

We went over Dusseldorf as that city was the center of machine tool making. They made

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tremendous, indispensable machine tools for all of German industrial plants. They had wire plants there, too, and important electrical generating and gas plants that manufacture engines for electrical and gas engines. They had huge marshaling yards that were given considerable attention with the bombing. And then, of course, Dusseldorf has a harbor area that was kept very active by the Nazis throughout the war. The dock storage and the engineering equipment there was given a great deal of attention by the Air Force.

Then we went to Cologne. Cologne is an important railway center on the Rhineland largely because of the scores of barges that came up the Rhine to unload cargoes there and be reloaded on railroad cars to go up through the northeastern part of Germany. They also had ever so many factories in depth all around Cologne. Our bombers had a real problem in Cologne in being

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extremely cautious not to damage the cathedral. Unhappily, the main railway station was close by the cathedral, and, of course, in dropping their bombs on this railway center, the detonation loosened many of the tiles, but that was the only damage that was done to the cathedral of a structural nature. It was the reverberations of the explosions rather than any hits. I don't think it had any--there was one shell that fell in the north end but it did relatively little damage. The cathedral was quickly restored after the war, and to look at it today you'd never know that it had gone through a war. The main production around here was largely automotive. One of the big Ford plants was there and several I.G. Farben plants were in that location--chemicals and so forth. The main part of the city was largely residential, but it was completely belted by very heavy industrial activity.

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And then we went back to Wiesbaden for the night and left again early in the morning when we drove over to Ludwigshafen. In Ludwigshafen was the big I.G. Farben works where they had their huge chemical plants, synthetic rubber, synthetic oil, planning laboratories and so forth. Well, because of its known potentiality it received some very heavy bombing, but to my utter amazement some of the synthetic rubber plants were kept running right up--in reduced capacity, of course--until the last day of the war. The genius of those engineers and chemists in their ability to patch up and keep production going was quite remarkable. We went through the entire

plant. We were introduced to some of the top engineers and they were delighted to tell us all about how they kept the plant in operation, and it was through them that I learned about how they kept things going right up until the last. Then we

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drove around over the town and from there to Frankfurt to meet General Bedell Smith. General Smith had come well prepared with documents, with schedules of equipment, its location, the requirements that would probably be necessary for the remaining troops, what could be disposed of, a general estimate on what part could be used in the civilian rehabilitation . This data furnished us with a tremendous overall picture of the Allies' situation. He pointed out that we would pick up additional information in Paris and in London when we got to those points. We had lunch with General Smith and had a very, very enlightening conference with him, and from there we left for the airport and flew to Salzburg. Enroute to Salzburg we flew over Nuremberg. While Nuremberg had been largely noted because of its being the site of the great festivals and the athletic events and the big stadium,

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Nuremberg actually was a very important industrial city. Their production was largely in submarine engines, tanks, armored cars, military transports, aircraft, aircraft equipment, electrical motors and the powerful search lights that were used for antiaircraft purposes and for the airports and so forth, and so it came in for some very, very heavy bombing. I think there were around 20,000 tons of explosives dropped on Nuremberg. We went over and inspected Munich. Here was another large marshaling yard. They had railroad maintenance plants, factories that built railway locomotives, aircraft, engines of all characters, chemical equipment, chemical machines, and they had some rather large synthetic tire plants there.

From Munich we went to Salzburg and then drove up to Berchtesgaden to visit Hitler's retreat where he had expected to take his last stand, as you probably have read. That never

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worked out, but I never saw such tremendous preparation for such an eventuality. Berchtesgaden is in Bavaria up in the Alps. One of the featured items at this location was the Eagle's Nest which Hitler supposedly built as his headquarters. It was up on one of the highest mountains in that area, and its access was principally through a tunnel that was dug into the mountain and an ele-ator shaft that took you up to the Eagle's Nest. There was a road that had been carved out of the granite of the mountain that also went up to the peak at tremendous cost in equipment and manpower. That didn't seem to bother them when they were doing something for the Fuehrer. From the Eagle's Nest you could look out from different windows and see four different countries, and it was a gorgeous scene in any direction. It was wonderfully equipped and beautifully

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furnished. One of the outstanding pieces of interest was a huge, black marble mantelpiece that Mussolini had presented to Hitler. It was all furnished for entertaining; it had a huge reception room, which they called the conference room, but it had never been used much for official conferences. As a matter of fact, one of the guards told me that Hitler had never been up there over two or three times in all of its history. Eva Braun, however, loved it up there and spent a great deal of her time entertaining, having friends as guests and giving big parties. They had a wonderful wine cellar and beautiful kitchens and dining room, lovely china, and magnificently furnished bedrooms, living rooms and laundry rooms. Then down on the shelf, as they called it, which was several hundred feet lower, there was sort of a flat area where Hitler had his house built--his headquarters and, of course, Goebbels,

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Goering and all of the Nazi VIP's had houses built all around Hitler's place, because whenever he'd come there and the camp followers would all follow, as well as the suppliers, big merchants and everybody who were getting rich off the war. The British for some strange reason, after the war was over, came over and bombed that area pretty badly for no apparent reason; the war was finished, but they came over anyway and took pleasure in bombing out Hitler's retreat. However, they never touched the Eagle's Nest; there's not a scratch on it. Then from that level going back into the mountain was a tunnel that branched out into a city that would house something like 30,000 troops--I may be exaggerating, but it was a tremendous number--nearly as many troops as the personnel in one of our divisions. And in this area were hospitals, operating rooms, dormitories, barracks, living quarters, a communications center, everything that you could

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think of--huge warerooms for supplies: ammunition, food and clothing. And here we went into the vault in which was stored for safe keeping a great part of the art objects that had been stolen by the troops all over Europe and brought there. Of course, the biggest ones were stored in some salt mines elsewhere but a large portion of the finest art objects were hidden back in this granite vault.

From Berchtesgaden we flew into Paris, and there assembled were Colonel Glenn Jackson, General George C. MacDonald, Tom McCabe, who was the administrator of the Army-Navy Liquidation Commission. Again, we were given wonderful cooperation and help on the location and the types of surpluses we had to consider and we got a little better breakdown on trucks and tires and things of that character, and in food supplies so that we could know what we could convert for the use in the rehabilitation of

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France and Belgium in particular. We spent the night there and worked way into the morning on these figures. From there we flew over to London. From the airport I went right to the embassy and spent nearly two hours with our ambassador, Ambassador [John] Winant, and through him I was able to talk with Mr. Churchill, with Ernie Bevin, with the head of the Bank of England, and

we were able to get some additional, very valuable suggestions and counsel from all those various people. And through the good offices of Ambassador Winant we were taken down and shown the assembly room and all the war documents that had been brought in from Germany, Belgium, Italy and from many other countries, which were stored there for classification and disposition. When we completed our various discussions there, we boarded the plane and came home. Our real work then started in assembling a report for President

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Truman, and Mr. Symington and I spent many hours with him going over the various findings. Out of that vast amount of background knowledge and statistics we had obtained, we formulated the plan that we took up to Congress and got a bill passed on the disposal of surplus property. We received a very warm reception by the committees and they were most prompt in approving the single administrator for surplus property. Mr. Truman immediately appointed Symington and he took over that job. That in a very quick and brief fashion gives you the story. In the meantime on the second phase, as I kept emphasizing, you can see the problem that we discovered that laid before Germany in getting their plants back to operating so that they could furnish jobs and consumer goods for the people. We had to, through aid and counsel, direct their efforts towards getting the most essential of the industrial

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plants re-established--clothing, food production, machinery, and industries of that nature. We had quite a problem, as you probably have read, with the Russians. They just carried whole trainloads of machine tools and equipment out of Germany. We understood that it was going to be largely the type that had been used for munitions, but it wasn't. They just carried everything they could put their hands on, much of which they damaged so badly in tearing it loose from bases that they were never able to use it, but it gave us an inkling of what kind of victors the Russians were. They had some provocation as I learned in later years when I got up into Russia and went to Stalingrad and to some of the places where the Germans really gave them a pretty bad time. That is about all I have on this, unless you have some questions.

HESS: I have a couple of short questions. Roughly what

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percentage of the surplus property was decided to be allocated for the civilian population?

SNYDER: That evolved later. We did not make that determination at that time. We set up a High Commissioner in Germany whose job was to work out that problem. We set up the same sort of thing in a different fashion in England and in Paris and in Brussels. Fortunately, not too long after that ECA came into operation and helped work those things out. In our plan we placed the responsibility for the disposal of the surplus property in the State Department, because it was our belief, and I think it worked out very much that way, that the State Department would be dealing with governments--government to government--and we could get a better return on our money--there was no money anywhere after the war--and we could get a better return in money

factors by letting the State Department

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exchange it for properties, for installations, for closing arrangements for airbases or things of that character, or for some of our military bases and for embassies, and we found that that worked to our advantage whereas if we had tried to sell, we would have had long term credits on the sales that we would never have collected anyway. We were up against a very difficult situation, and this is one thing that I have to continually emphasize, because of the fact that we had demobilized our armed forces entirely too rapidly. We didn't leave enough people to guard and maintain these huge supply depots, and pilferage was pretty bad, as we just couldn't guard the property or maintain it, and then, of course, deterioration becomes a factor in large stockpiles of items of that sort--rubber tires stacked as huge as mountains, trucks standing out in the open, in the rain

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and sleet and so forth.

HESS: Now, we have been discussing the disposition of the material that was already in Europe, but shortly after this time it became obvious that food and fuel were going to be in very short supply in Europe for that coming winter. Did you at this time make any recommendations about what additional things should be sent from the United States?

SNYDER: Yes, President Truman immediately invited former President Hoover to undertake a similar job to the one he did in World War I. Hoover was delighted and went over to Europe and made studies and, of course, his work, because of his experience and because of his stature, worked out to our great advantage, as we knew the tricks that the citizens and the governments had worked in the past, and, so, he dug out a tremendous amount of stored food and black market

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supplies that we probably would have missed had we not had his knowledge, background, understanding and acquaintance with the communities themselves.

HESS: That's right. He'd been through the mill before.

SNYDER: And he, because of his experience, knew the essential items needed, and we quickly got down to the essentials that would be required to be sent over from here. And then, of course, we started UNRRA, and two or three other relief organizations.

HESS: Did Mr. Hoover talk to you about your trip?

SNYDER: Mr. Hoover and I were very good friends and I saw him frequently both at that time and up until he died. I met Mr. Hoover, I think maybe I've told you, in World War I and so we had a background of friendship that gave me a great opportunity

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to learn from him--his impressions and so forth. Yes, we conferred any number of times.

HESS: After you came back did you discuss with the President about what additional things you thought would be needed?

SNYDER: Well, it wasn't that sharp at that time except in principle, but it was obvious that a great quantity of certain supplies would be required and particularly in the machine tool area and, of course, initially, in clothing and food, because the war damage had been very severe. In Berlin there were over two and a half million people still living there, although when you flew over and looked down, you didn't see how a rabbit could live there. And yet they had made living places, or at least they lived in them--in cellars and in lean-tos, rubbish piles--and so those people had to be helped.

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They were just foraging and, doing the best they could to hold life and limb together and that situation had to be taken care of. And so it was larger questions that were touched on rather than specifics.

HESS: On the subject of lend-lease, shortly after President Truman took office he was advised that lend-lease to Europe should be stopped after the war had ceased there, and the nations...

SNYDER: That was in the law.

HESS: Well, the nations that were receiving the aid thought that was somewhat premature, is that correct?

SNYDER: Well, naturally you would. Just put yourself in their position. They were thoroughly aware that when it was first set up it was for the purpose of supplying them with

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essential war materials and equipment for which they did not have the money to pay, and so they understood that thoroughly, but we're all human, and when the war was over they still wanted much equipment, such as trucks particularly, and bulldozers and construction equipment and machinery. They wanted those things to keep on coming.

HESS: Did we cut off all of Russia's lend-lease at this time? We were expecting them to enter the Pacific war later than this, were we not?

SNYDER: At the time I was in Europe the Pacific war was over. As you will recall, shortly before V-J capitulation the Russians rushed in and declared war on Japan. They actually took very little part in it except to rush in and seize Manchuria and a number of places which they still

have.

HESS: Wasn't that a so-called concession that

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Roosevelt had got from them probably at Yalta though, that they would...

SNYDER: Well, the concession he wanted was that they would enter the war against Japan within three months. That was before we dropped the bomb, you see, and we weren't sure what the bomb was going to do. President Roosevelt was foreseeing a long battle with the Japs and wanted Russia to come in and draw off some of the forces pressing our troops.

HESS: A second front, more or less.

SNYDER: Yes, but, of course, the wily Russians acted promptly after we dropped the bomb. They then rushed in then and declared war on Japan.

HESS: They were probably glad to come into it because they knew the war was going to be over and they could occupy a certain amount of

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territory.

SNYDER: And they shipped trainloads of equipment out of there.

HESS: Stripped those Manchurian factories, that's right.

Now, one question on the matter of reparations. After World War I Germany was required to pay high reparations to the Allied countries. Was there much thought after the Second World War of also demanding reparations?

SNYDER: Not by anyone except the French and the Russians.

HESS: Did the French try to bring very much pressure on us to allow them to get reparations?

SNYDER: Yes, but our experience had shown how futile it was and, how it kept open sores and

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that it was better to forget it and to go about other postwar business. The United States claimed none; Britain claimed no reparations but the Russians, though, did and grabbed material and ran with it before we could stop them.

HESS: Well, we're about down to the end of our reel of tape. The other day we covered a little

bit about the effect that the surplus property had in the rehabilitation of the countries in which it was left.

SNYDER: That, of course, was a matter that did not fall strictly within my purview because this operation was largely handled through the surplus property operation and the State Department, and, so, therefore, I didn't follow so closely on those things. And for the purpose of your discussion you probably would

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like to talk about things I personally had something to do with rather than something in which I would have to tell you third handed.

HESS: That's right. That pretty well winds up that particular subject.

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Twelfth Oral History Interview with John W. Snyder, Washington, D.C. April 3, 1968.
By Jerry N. Hess, Harry S. Truman Library.

HESS: Our first topic for this morning has to do with the memorandum of July 6, 1945. Do you have your copy?

SNYDER: I don't believe so.

HESS: Here is a copy that I have. That particular memorandum was submitted to the President on July 6, 1945, the same day he left Washington, D.C. bound for the Potsdam Conference. It's initialled J.S., G.A., and S.I.R. Could you tell me a little bit about the background to that memorandum and perhaps we can discuss some of its provisions?

SNYDER: On July the 4th just before the President left for Potsdam he invited several of us to go down on his ship. I think it was called the

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Potomac at that time. It was a ship that had been assigned to President Roosevelt and it was kept tied up in the Potomac down at the Navy yard. We took a little trip down the river. During the trip we discussed the oncoming meeting in Potsdam with Churchill and Stalin and tried to envision what the problems would be that would come up--the subjects that would have to be treated, the position that the President would desire to take on those various matters. Quite a number of rather difficult problems were going to have to be faced, such as the division of Germany for occupation, the lines of communication, the settlement of reparations, if any, and prisoners of war. There were quite a number of rather difficult, sticky subjects there because of the attitude that had been disclosed by Stalin at the Teheran conference. As a result of our discussions Sam Rosenman, George Allen and I, who were among those invited on the trip,

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made certain suggestions that we thought would be very pertinent to the discussion and mentioned them to the President. He asked us to draw up a memorandum of them, which we did, and furnished him with a copy before he left on the 6th of July. One of the items that we thought very important to press at that time was the insistance that Russia should enter into the Japanese war to relieve part of the pressure on our troops in the Pacific. As it turned out that became less important and would probably have been better if we hadn't pressed it because, although we didn't know it at the time, there was imminent the dropping of the atomic bomb which shortened the war materially, but at that time, except for an inkling that Mr. Truman had, the rest of us knew nothing about that prospect. So, we felt that to relieve the pressure on our troops that it would be the most advisable to urge Russia into taking an action on the

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Pacific side against Japan.

HESS: In his *Memoirs* Mr. Truman says that one of the concessions, so-called, that Roosevelt obtained from the Russians at Ya1ta was that they would enter the war against Japan within a three month period after the cessation of hostilities in Europe. Were you aware of this particular arrangement at that time, do you recall?

SNYDER: I don't think we were. Mr. Truman learned this, subsequently. It didn't come out at this discussion, and we just brought the matter up as in our opinion it was very important.

One of the things that demanded immediate attention was the economic stabilization of Europe. Europe had been devastated by a long, costly and destructive wax and many of the nations were paralyzed--Belgium, Holland, Prance, certainly Italy and Germany were in dire straits because of the great damage and big drain on their

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population and on their resources. So, we felt that among the earlier things that ought to be discussed was how the countries were going to undertake to, go about getting back on their feet again. Particularly, coal was a great problem at that very moment because the British mines were running on limited production. The Saar basin was one of the great sources of coal, and so it was thought that that should be one of the requirements, to get the German coal mines in operation to help lift part of the scarcity in Western Europe. Food was a tremendous problem. Subsequently, it was so serious that Mr. Truman asked former President Hoover to go over and try to straighten out the food situation along the lines that he did after World War I. It was because of his rich experience and background knowledge that he was able to carry out the task so effectively. He knew the

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habits of the people and their customs for hoarding food and hiding it out and how they hid it and where they hid it, that helped him break out a lot of the surplus food that had been stored away for dire times, but nevertheless the food situation was very, very critical and was a matter that should have been given early attention. Transportation was in very bad state of repair, particularly in Germany and Italy. The French railroads of the east were in pretty bad shape. The British roads were in fair shape but needed repair. They hadn't been destroyed, but the railroads of France, up around the northern ports that were used in the invasion area, were badly knocked out; and so it required early attention to re-establish those rail lines and rolling stock so as to aid in the distribution of food and coal, raw materials, clothing and people. There were quite a number of raw materials that were

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in short supply that had to be balanced because of the terrific devastation of the bombing. It knocked out large areas of industry in England and in France, Belgium, and certainly in Italy and Germany.

Right after Mr. Truman was over there I went on a mission that I told you about--the surplus property problem--and if you will recall, I told you of visiting some fourteen bombed out industrial cities in Germany, which brought home to me later how vital it was that we highlight the restoration of the industry and the redistribution of raw materials for the essential things: iron, and synthetic rubber for tires--all the tires had been pretty well worn out; and parts for trucks, particularly. We had to get transportation available including railroads and rebuilding ships and river boats. Spare parts were very important items to be considered and for that reason we had to try to get the

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industries reoperating and get raw materials flowing to them. We put this item in the memo although we realized that at that conference it could only be touched on and flagged as a potential long-range consideration, in the long-range reconstruction and rehabilitation of the devastated areas. We fully realized that that would take a great deal of planning and preparation, provision of where-withal to do it, and it did. It was some years later before the Marshall Plan was formulated and it was the most effective of the means of rehabilitating and reconstructing the war torn areas, although you must always give great credit to the drive and determination of the people them-selves. This aid just encouraged them to work harder.

The next matter that we discussed and decided was of importance to put in the memorandum concerned Great Britain. We felt that Great Britain, now that it was relieved of the

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European threat, should give all the help that it could in the Pacific. They were, of course, somewhat reluctant. They, too, had their great problems; they had been carrying the heavy burden of the war for many years and had great damage at home, a great loss of manpower, and so it was going to require quite an effort to keep them steamed up and helping in the other sector

of the war now that the European part had been settled.

HESS: I have a question on that--just an observation. Now, before the war they had had quite an area of influence in the area of southeast Asia, in Singapore and their long ties with Australia and things like that...

SNYDER: Oh, they had indeed, Hong Kong, New Zealand, Australia, Singapore, Malaya...

HESS: ...that's right, weren't they anxious to

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get back and re-establish their...

SNYDER: They were, but they were just as anxious and willing that the United States should do it, so it wasn't a matter of their not being anxious to get back in control. Of course, New Zealand and Australia had not been touched by the Japanese invasions but Singapore and Hong Kong had, and those were their two important trading points. They were most anxious to get back in control of those two centers and to re-establish their trade operations in that area, but when it came to the actual using of their armed forces and so forth, they were, at the same time somewhat anxious to have the United States take on as much of the burden as they could and would.

HESS: During the time of your trip to Europe in September of that year that we discussed last time, you mentioned that you were in England

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and saw Mr. Churchill and several of the dignitaries there. Did the subject of England's former possessions or possessions in this area come up at that time?

SNYDER: Only casually, because as I said...

HESS: You were there for something else.

SNYDER: ...we were there for something else and not only that, Australia and New Zealand were pressing forward and it looked like they were not going to have a great problem with their rehabilitation and reconstruction. The two points that were mentioned particularly were the re-establishment of Singapore and of Hong Kong and to try to get help in Indonesia--help Holland to get their oil properties operating again and the rubber and the various items that were in short supply around the world that were controlled largely in

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southeast Asia.

In regard to our policy towards Germany, we had, with the President's collaboration, discussion and approval, selected about five items that we thought had top priority and that should be brought up at the Potsdam Conference. The first was the demilitarization by reparations and otherwise. The Russians, of course, wanted to go in and take everything. There were some demands by the British and quite a bit by the French, but the Russians wanted to denude Germany to the greatest extent possible. An attempt was subsequently made to tone this attitude down at Potsdam, but the Russians did not wait. They moved in and just took out trainloads of equipment in the most profligate sort of manner; they uprooted and tore out the machinery from plants, breaking off the legs and supports of lathes and drill presses and things--just tore them out bodily from their

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foundation and loaded them on trains and sent them back to Russia. I would venture to say that there was a relatively small percentage of that machinery that ever was actually put to use. But looking back it probably served in the long run as a good thing, because it made the Germans put in modernized machinery to replace the old worn-out equipment that the Russians had appropriated. As I touched on just casually a while ago, the geographical dismemberment of Germany into occupation sectors was a matter that had to be handled with a great deal of care and, of course, we had had an inkling from the Yalta meetings as to the ambitions of Stalin in regard to the occupation--not to the extent that it eventually turned out to be but we knew that they wanted to occupy large areas apparently until the peace was all settled. It was never fully appreciated at that time, that they intended to permanently occupy what later became known

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as the Iron Curtain countries.

HESS: One of the books that I'm reading now is George Kennan's *Memoirs*, and the few pages that I read last night were on his particular assignment in England after the war. And he mentions that the British and the Russians at that time both had a plan laid out for the division of Germany, and he was having a very difficult time getting something definite from the United States Government as to how Germany would be divided up after the war. But just one general question on this: At the time of your discussions with the President was it seen that there might be some difficulty with placing Berlin in the Russian sector and not having a corridor? During the time of the meeting on the U.S.S. *Potomac*, what was Mr. Truman's attitude concerning our relations with the Russians? Now this had been after the time that he had spoken to Molotov with

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rather stern words.

SNYDER: I thought, and still do, that Mr. Truman had a more realistic view of what the Russians attitude would develop into than most of the other negotiators. Most of them were very anxious to get something settled and to start rebuilding the countries and so forth. Mr. Truman

had taken a very firm position with Molotov when he was enroute to the San Francisco conference, and although at times he made joking remarks regarding Stalin and others in the Russian hierarchy, underneath it he had a pretty firm feeling and appraisal of how difficult they were going to be to get along with.

We discussed re-education in Germany, particularly the occupation area, because, I think, it was Rosenman who particularly felt that there was going to have to be considerable de-Nazification and realignment of the Prussian

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military attitude that had been in existence since Bismarck, and that there had to be definite pacification of the German people. So re-education was put in as something that ought to be touched on and plans started, although we didn't expect a great deal to be accomplished at the Potsdam conference we felt it ought to be flagged as one of the very important matters that were to be worked out during occupation and during the reconstruction days.

A matter that we took up, although we didn't fully appreciate the depth and vastness of the problem, we were later pleased that we did give it some very serious thought and put it among the top priorities, was the distribution of the scientific minds in Germany that had been doing such remarkable work in the prewar and war days in design, in science and

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development, and in engineering. Of course, by that time we did know something of their skills because the allies had knocked out several of the technical plants, we knew that they were working on some very new conceptions in missiles and we had blown up the heavy water plant in Norway, and we knew very well by the "whizz-bangs" that they had come up with some new thinking and new processes. But, as I said, we were not armed with the knowledge of what the Manhattan Project was. All of us there had some knowledge that something big was going on, I particularly because of my experience with the Defense Plant Corporation in supplying materials and priorities, manpower and technical knowledge that had constantly come up and, of course, Sam Rosenman had maybe some inkling. I never knew how much Sam really did know or did not know. He was so closely associated with the President that I've always felt that he

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had more knowledge than, certainly, any of the rest of us had, and that helped to guide us to a great extent in putting some of these items on the agenda.

HESS: Did you refer to President Roosevelt?

SNYDER: President Roosevelt. You see, Sam Rosenman had been very close to him all during the war and certainly was taken into confidence by the President on grave matters.

HESS: How close were the Germans to construction of an atomic bomb?

SNYDER: The knowledge was there, but working out the practical application was where they were behind. They had plutonium and they had the reactor plan worked out; they knew how to separate the atom in the reactor processes, and so forth. The formulas were pretty well in mind;

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it was the practical matters that had to be worked out. You see, after we were sure it was going to work, we had quite a problem in controlling the device and stabilizing it. Working out a satisfactory system of triggering the bomb was most intricate. They had run into a great deal of difficulty with our bombing of their plants and their equipment was being constantly destroyed and, as I say, we had bombed the heavy water plant up in Norway. That was to have been one of their chief sources of supply. I visited the I.G. Farben plant when I was over later in the year and we found--I think I mentioned it--the tremendous work that they had been doing there under very, very difficult operations, because they'd be constantly bombed out and to devote much work to putting the plants back together. And many of their synthetic operations and quite a bit of their laboratory work was scattered all over

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Germany and it was most difficult for them to get it all pulled together. I think Von Braun, as I remember, said that they were some little time away from actually having a workable bomb.

HESS: Was he in charge of the development of the V-2 at that time?

SNYDER: Yes.

HESS: On the subject of obtaining the German scientists, just at the end of the war, Russia went in and took many of the scientists.

SNYDER: Russia knew where they were. They sent a mission there and they picked them up and took them back to Russia without saying anything to anybody about it.

HESS: Did you know that they had done that at this time, early in July?

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SNYDER: I don't think that we knew it at that time.

HESS: I just wondered if this came up in the discussion.

SNYDER: Mr. Truman, I think, brought us the word back. He learned after the Potsdam meeting that they had taken a lot of scientists to Russia.

HESS: When he came back from Potsdam?

SNYDER: Yes. He learned it while he was over there.

And then the last item we discussed was what sort of public relations policy that the United States was going to adopt a deal with the German population. That is a subject about which we learned how greatly deficient we were in full knowledge of how to conduct occupation of enemy lands that had been taken over by

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conquest. Since then we have conducted a continuing school in the Defense Department, in the Army particularly, on just exactly the processes, the monetary system, the educational system, the policing, the economy; it has now been given careful detailed study. It would have been marvelous if we could have spent three or four years on the subject before 1945, but nevertheless we did have great success. We didn't know just how this was going to work out at the time we were talking on the *Potomac* that day, but as it turned out, the cooperation of the German people was remarkable. Our relationship with the Germans couldn't have been finer. We, of course, had some experience back in World War I. I was in Germany for many months after the armistice. I was in the 32nd Division, which was one of the divisions in the Army of Occupation. As a matter of fact,

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our division was the deepest into Germany of any of those sent up there, and we established a splendid relationship with the German population and found them very cooperative and anxious to get the war aftermath over with and get back to normal life. It has been a remarkable experience for me, through history and through actual observation, to see how time and again the militaristic Prussian influence has brought Germany into great disorder through military operations when at heart they are a peace-loving, family-loving, industrious people. That was demonstrated both in our occupation after World War I and to a much greater extent after World War II.

HESS: What is it in the German character that makes them follow along the militaristic line?

SNYDER: Their actual dependence through the years

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on a leader. Their system even in peacetime, and it's still very much the same way today, the villages and towns have a burgermeister who makes all the major decisions regarding the industry, transportation, policing and so forth. They look to him, and he's a very important man. In the rural areas he decides on the crops division--how much land should be planted in turnips, and potatoes, and so on. They rely on him so as to keep the crops balanced, so they won't have a surplus of this and shortage of that, and it had worked very well for them. It also worked exceptionally well when Bismarck, the Kaiser, and Hitler took over. They had their financing operation all set up for them. It was the system they found the easiest, simplest and most efficient way to operate in peacetime, but it also fitted quickly into a militaristic domination

because they had accustomed the people to look to a leader and

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to guidance in their daily conduct of life.

We had a great idea which we never got very far with as Mr. Truman was not too enthusiastic about it. We thought it would be great if we had the peace conference in the United States. That was just a notion that it might have a greater influence on the decisions of the conferences and discussions were held in this country. We put that in just for a little horse trading. And then the question came up about whether or not we were going to definitely have to establish some permanent military and naval bases and we ought to get those traded into the operation. By and large that's about the substance of our memo which you and I found while going through my papers here. Our discussion on the *Potomac* led to that memo. As you can see we were groping, we were studying the things, trying to be helpful and, of course, Mr. Truman led a great deal of the discussions

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because he had had much better contacts than most of us at that time.

HESS: Looking back, who do you recall as being at the meeting on the *Potomac* that time? Who do you recall being there?

SNYDER: Oh, there were five or six--I'm trying to think who the commander of the *Potomac* was at that time--he was there; General Vaughan was there; Vardaman was there; Charlie Ross, I think; and that's about it.

HESS: After the President left for the conference, who stayed behind to see to the operations of the Government? Who was in the White House?

SNYDER: The man in charge was Sam Rosenman. Later, of course, he went over for the last week and for the trip back with Mr. Truman, and he actually was in charge. Mr. Latta had charge of keeping all the records and the files, and

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then Bill Hassett was there.

HESS: Was George Allen in the White House at that time?

SNYDER: I don't think so. He was in and out but I don't think he had...

HESS: He didn't have an official position at that time, but I just wondered if he was around.

SNYDER: Well, he was around, oh, yes.

HESS: Recalling back, were there any particular problems that came up at this time?

SNYDER: Well, there was just a tremendous number of problems--oh, yes, and by the way, Fred Vinson; I don't want to leave Fred out. He had his office over in the east wing, and he was head of OWMR at that time. Yes, we had a good many problems in regards to the OWMR's area of responsibility that had come up in

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trying to straighten out some of the problems caused by the cessation of the war, contract cancellations, trying to reorient the troops. We were trying to move troops out of Germany and Europe back across the Atlantic with their equipment and so forth and send many of them on to the Pacific. So all those problems were before us. Then we had the economic problems, the political problems that were coming up in Congress, questions of procedure were coming up constantly. Part of that time I was Federal Loan Administrator and I was already beginning to undo some of the war setup by merging all of the various subsidiaries into the RFC. Mr. Vinson had started his staff working on a program for reconstruction and rehabilitation in the United States. There were constant conferences with leaders who were already having discussions with industrial and labor leaders about getting things back into operation.

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HESS: In the foreword written by George Elsey of the President's trip to Berlin he mentions that Fred Vinson had been scheduled to make the trip to Potsdam but had dropped out of the party on the eve of the President's departure to become Secretary of the Treasury later that month.

SNYDER: Well, of course, that is not a factual statement. At the time, it had not been settled that Fred was going to become Secretary of the Treasury while the President was gone. It was generally understood that no decision or announcement or action would be taken until his return.

HESS: On Morgenthau's position, is that right?

SNYDER: That's right, on the Morgenthau position. There was a lot said, and although Mr. Vinson was tremendously anxious to go, as he thought that the fact that he did attend would be a great

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symbol of prestige, Mr. Truman, however, did not ever seriously consider taking him.

HESS: He really didn't intend for him to go at all, is that right?

SNYDER: That's right, on the Morgenthau position. There was a lot said, and although Mr. Vinson was tremendously anxious to go, as he thought that the fact that he did attend would be a great symbol of prestige, Mr. Truman, however, did not ever seriously consider taking him.

HESS: He really didn't intend for him to go at all, is that right?

SNYDER: That's my recollection. But Mr. Truman could better tell that himself. There was at no time any real thought of Vinson going along, and I can tell you that the change in the Treasury only came about through the insistance of Mr.

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Morgenthau to have a decision made while Mr. Truman was in Potsdam. Now it's been considerably kicked around in many different versions, but the facts remain that (1) it was generally understood that no change would be made until Mr. Truman got back, and that (2) Mr. Morgenthau insisted that he should know where he stood in regard to continuing as Secretary of the Treasury. I think I've covered that before.

HESS: We may have covered that but I can't remember if we have--we can edit this if it is duplication--but did you or anyone else try to dissuade Mr. Morgenthau from pressing for a decision at this time?

SNYDER: No. Well, I think Sam Rosenman said that he ought not to concern Mr. Truman with it, that he was busy with matters pertaining to the conference, but when Henry Morgenthau insisted

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Sam and I decided that we would tell him that the only way to handle it was for him to write a letter to the President and it would be sent over in the pouch. This was done.

HESS: Does anything else come to your mind before the period of time that the President returned from Potsdam--which is my next question?

SNYDER: Not right this minute. We might amplify this later and come back to the calendar and see what all was happening at that time, but except for what I've just told you that was the principal preoccupation here until Vinson was named Secretary of the Treasury and I succeeded him in OWMR.

HESS: According to the *New York Times* on August the 7th when the President returned from the Potsdam Conference you boarded the cruiser the U.S.S. *Augusta* when it docked in Newport News, Virginia

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and accompanied the President on the train trip to Washington. The article went on to say that the members of the Cabinet were at the White House and conferred with the President until 11:45 p.m. that evening. What do you recall about that episode?

SNYDER: I had a message from the President that he would like to discuss with me what steps had been made and what plans were ready to be submitted in the way of recommendations for action on the reconstruction and rehabilitation of the United States. To get down to Newport News I had to drive from Washington to Norfolk. The connections were very bad at the time, so I drove down and was present on the dock when the *Augusta* docked. Truman's private Pullman car was down there and Admiral Leahy, Jim Byrnes, Vaughan, Sam Rosenman and Jake Vardaman all were in the car on the trip back up. We talked largely--of course,

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the President had a great many things to tell me regarding the decision about the bomb and, of course there was a great deal that he wanted to say about Potsdam but he briefed that somewhat to get down to talking about the plans that were being generated by us for our own economy over here in our rehabilitation and reconversion from war to peace; and particularly he wanted to build up material for a speech to the Nation and that was his principal reason, I think, for asking me to meet him. I would like to think it was because of our great friendship, but I've got to be realistic about it; he had his mind on getting a message to the people. That was one angle that he wanted to get explored and give me ideas about what he would like to have so we could work on it promptly when we got back. Of course, he told me, he said, "I'm going to tell the whole Cabinet about what we did in

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Potsdam and about the bomb and I'll just briefly tell you these things." He said, "Of course, I've got a problem here with Admiral Leahy." He said, "He was betting me right up to the last minute that the bomb wouldn't work," and we had a few little lighter moments like that, but it was mostly a pretty serious trip up from Norfolk.

HESS: Looking back on those days what were some of the points that he took up other than what you have mentioned and can you recall anything that he may have said? What were your impressions of his attitude?

SNYDER: Well, one of the things that was outstanding was that he was extremely annoyed at the British for having swapped Attlee for Churchill. That upset him and he thought that they had done a great disservice to themselves and to the world to lift Churchill right out of the conference and

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substitute a man who had <u>not</u> been part of the whole picture. And he said, "Here we had Stalin, the one man who's gone all through it," and both Attlee and President Truman, being relative newcomers to the situation, matching wits and background against the man who had gone through it all. That was one of the things that the President was somewhat disturbed about: the very frigid attitude of Stalin in many areas and his lack of communication on many subjects. He particularly mentioned his complete refusal to discuss many of the relocation problems of the peoples of the country, the prisoners of war and things of that sort. He personally asked Stalin a

question about what happened to all those Polish officers that just seemed to disappear. Stalin's answer was that he just kind of looked blandly around and said, "Oh, they just went away." The President said, of course, that you realized the type of mentality that you were dealing

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with under those circumstances. He was, of course, constantly handicapped by limited knowledge of a great many things that had gone on. His briefing from Mr. Roosevelt had been pretty skimpy and he dug out what knowledge he had. Of course, Jimmy Byrnes, Sam Rosenman, and Harry Hopkins had been extremely helpful--and Averell Harriman--had all been most helpful in making available what they knew, but there were many things they too didn't know. Mr. Roosevelt kept many things to himself.

HESS: Did you as director of the Office of War Mobilization and Reconversion sit in with the meeting of the President and his Cabinet when he returned?

SNYDER: Oh, yes. From that time on I was at all Cabinet meetings.

HESS: Did they discuss anything in that Cabinet

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meeting that had not already been discussed on the trip back? Any other points that we are missing here, in other words?

SNYDER: Well, it was a long conference. The President was briefing us on all the things that went on.

HESS: There was an awful lot to cover at this time, wasn't there?

SNYDER: Yes, there was a great deal to cover and, of course, everybody was anxious to talk about the bomb. I don't recall in detail the various things, but it was pretty well the President telling the story of their conferences and their frustrations and their problems--it wasn't a completely smooth operation. Stalin took for absolutely non-negotiable all the discussions at Yalta and that was his guideline and he stuck to it and he had embellished it and given his own interpretation to many of the agreements. And, of course,

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Eisenhower was at the Potsdam meetings as a military adviser in the background, and he told a great deal about what he had learned in those last days of our holding back our troops while the Russians rushed on to Berlin, and there seemed to have been an understanding somewhere in the background that the Russians would come into Berlin first, which they actually did.

HESS: Where did that develop, do you know?

SNYDER: I'd rather stay away from that because there are people that are more accurately informed on that subject.

HESS: On the question of the dropping of the bomb, were there any other things that the President might have said at that time that might show his attitude regarding the bomb, other than what you have already said about it?

SNYDER: Mr. Truman had discussed at great length

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the effect of dropping the bomb on bringing the war to a close. That was the one motivating influence. To him, it was going to be instrumental in quickly stopping the war, stopping the destruction and the loss of lives. The loss of lives was particularly plaguing him, because we were having some tremendous losses. And he had been told--General Marshall was extremely helpful to him in giving him information regarding what the situation would be, pro and con, by dropping the bomb. He had been told that if the bomb was going to accomplish what they thought it was going to do that there was very little doubt but that it would bring about an early cessation of the war, and without it that the Japanese were going to put up a last ditch stand and would fight to the loss of every man in the armed forces of Japan to keep our troops off the Japanese islands. It was

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going to be a very terrific holocaust of losses without any question, because of the shoreline and composition of defenses that the Japanese could put up a tremendous resistance and so it was those points that finally convinced Mr. Truman. Also he had conferred with Churchill, he conferred with Stalin on this and they were all in agreement that the proper thing, the moral thing, was to drop the bomb. It was my privilege on several occasions afterwards, to hear the matter reviewed even on the last meeting in the White House between Mr. Churchill and Mr. Truman, just before Mr. Truman went out of office, that subject came up and I recall Churchill saying to Mr. Truman, "I know we did the right thing." So, they were still apparently thinking about it because he said, "I know we did the right thing."

HESS: The next question I have on my list deals with

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the day of the announcement of the surrender of Japan on August the 14th. I believe you were present at the White House at that date. Can you tell me what you recall of that time?

SNYDER: Yes, that was quite a day. Of course, we had had reports back and forth as normal. You get reports and then they are followed by, "Well, it's not ready quite yet," and so forth and finally when it did come through, it was a sort of great let down, don't you know, that you just say, "Well, we've been talking about this and planning for it, and has it really happened?" Of course, Mr. Truman immediately made plans to make a statement. And pandemonium broke out

in the streets. I recall that that whole block in front of the White House...

HESS: In Lafayette Square.

SNYDER: Lafayette Square was just packed and loaded.

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The two side streets were blocked off then--one of them still is. It goes down between the White House and the Executive Office Building, that's still blocked off. They never did remove that barrier, but on V-E Day the street between the Treasury and the White House was closed. They had been closed for security reasons all during the war, and were still closed. It was some months later before I lifted the ban on East Executive Place--it was not until I got in the Treasury that we opened up that street for traffic use.

To get back, we immediately started to work then on final plans. That accelerated the preparation of the speech that Mr. Truman made subsequently on the plans for reconversion. It was largely--you asked about the events of the day--receiving congratulations and making quick decisions on things that had to be done promptly.

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Congress was pressing for more intimate information. There were demands that immediately arose. No sooner than the announcement had been made--"When are we going to bring the troops home," and when are we going to do this, that and the other. It unfortunately developed into a debacle. Because of our people and of our Congress--I think I mentioned this before--our troops were <u>not</u> brought home in an orderly fashion and it caused unnecessary confusion in our whole transportation, readjustment and rehabilitation program.

HESS: What was Mr. Truman's attitude on August the 14th?

SNYDER: It was one of great calm, and my recollection is that it appeared to me that a tremendous burden had been lifted from his shoulders, and at the same time he faced the fact that a

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great burden lay ahead for him to pick up in repairing all the damage that had been done.

HESS: Do you recall anything that he may have said at that time?

SNYDER: No.

HESS: That's a long time ago. You want to quit for the day?

SNYDER: I think so.

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Thirteenth Oral History Interview with John W. Snyder, Washington, D.C., April 10, 1968.
By Jerry N. Hess, Harry S. Truman Library.

HESS: To begin with, sir, the first subject on our list for today is on the report and the broadcast of August 15th. I wonder if you have anything else that you want to add on that?

SNYDER: Let's just glance through here and see. We've touched very thoroughly on one of the items on that OWMR report of the 15th, regarding the estimate on unemployment. We've already covered the overestimation very carefully.

One of the interesting things that I recall in the OWMR work was the assignment to the Office of War Mobilization and Reconversion of the job of following through in Congress on the President's legislative proposals. We spent a great deal of time briefing the Congressmen in the committees on the proposals that had been sent up by the White House. That took up a great deal of time

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in the fall of 1945 and the spring of 1946. As I have already mentioned, and I'll recall to you again the fact that because of this report and the President's subsequent speech, there was a great deal of pressure by Congressmen, by manufacturers, and by industrialists, for us to continue certain work in the factories that were purely of a war nature, in order not to make too quick a transition. But as I pointed out to you before, the War Mobilization and Reconversion Act, as passed by Congress, definitely prohibited continuation of any war contract merely to provide business or employment. I think it's well to emphasize that again, because we had quite a bit of difficulty with that. And fortunately, our trying to maintain a very firm position was more than justified by the rapidity with which industry reconverted their plants and their production lines from wartime operation back into

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peacetime production.

One problem that we cited in the report which caused a great deal of difficulty as we went along, but one which we tried to adhere to strictly, although while everyone initially hailed it as a great policy, when we actually started putting it into operation we had a broad division of opinion, and that was that our peacetime goal of maximum production could best be attained by relaxing controls as early as the supply situation permitted. We ran into a lot of difficulty on that as time went on, because many of the OPA adherents, including the heads of OPA, wanted to use it on a judgment basis and they were fearful over there (I think maybe we mentioned this before, so this may be repetitious), but quite a number felt that to release any control would be to break down on the whole program, and there couldn't be any

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partial releases. They had to hold everything in line, and that, of course, became quickly impossible to do. Unless you have a question, Mr. Hess, that we haven't touched yet that you learned in reading the report, why, that's about all I have to say on it at this time.

HESS: Fine, that's all I have, just what we've already covered.

SNYDER: I might point out to you that in preparation for the release of the report, and the President's talk, which was based somewhat on the report, we had a program on a nationwide hookup of all of the networks, and had about five or six people available to tell how that report's recommendations were going to be carried out. Did we touch on that before?

HESS: Yes. We named the men that were there. I think that pretty well takes care of that. We've

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hit on that more than once.

Now, the next question that I have on the list for this morning deals with the twenty-one point message of September 6, 1945. I'd like to read just a paragraph out of Mr. Truman's *Memoirs*, which is in Volume I, page 483 and 484. On those pages Mr. Truman states:

> Most of my advisers agreed with the message, but some of my more conservative associates advised me against this definite commitment to such liberal measures. One of these was John Snyder, who at that time was Director of War Mobilization and Reconversion. Privately he expressed his disagreement to me in the frankest and most explicit terms. But his loyalty and friendship for me kept him from voicing any public opposition. I listened very carefully to Snyder's advice, for it has always been my policy to hear all sides on every question before coming to a decision, and now I listened particularly because of the high regard I had for Snyder's judgment.

What do you recall about the writing of that message, sir?

SNYDER: As was Mr. Truman's policy, he tried to get everyone's point of view, and he called for

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different agencies and departments to prepare drafts of material that concerned their department particularly, and then it was all put together, and the final draft was worked out in that fashion. I thought that the greatest problem was that we were trying to accomplish entirely too much too quickly. Now, as it turned out, the Congress took care of that and they slowed down on some of

the items. Looking back on it, it may have been just as well to put all those things out on the table as a long-range objective of President Truman and his administration. But to crowd people too heavily, too quickly, and to expect to get out of Congress those widespread and most widely-affecting items that were suggested as part of the program, I just felt that it would have been more reassuring to the public to have taken a fewer number of programs initially, particularly those having to do with

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the reconversion and getting the economy moving again. However, from a political view, the general feeling was that we should put all the items on the agenda right at the beginning.

HESS: Do you recall at this late date what particular programs you thought it might be best to delay? We have a list here of the twenty-one points. I don't know whether you want to go over them all.

SNYDER: No, I wouldn't want to name them all.

The one that was the most difficult was the full employment bill. That was pretty wide, and covered a broad area. It tried to adjust our entire economy overnight with a plan which, of course, had not been in effect prior to World War II. That was one of the long-range programs that those who were advocating it were attempting to push through under the excitement and impetus of the transition.

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Housing was another one that caused me some concern, because too little consideration was given to the capabilities of the economy to rush forward with the housing program in the volume that was proposed in those early plans. Small business was of some concern, because I had had experience back in the RFC before the war with trying to assist small business and found that the greatest problems with small business was their inexperience and their unwillingness to reshape their business along sound business lines. Those that did have no trouble getting loans, mostly from their banks, and those who would not comply couldn't get loans then and were not likely to get loans after the war. Another thing that disturbed me about the small business provision was that it encouraged many an unexperienced, unprepared veteran who returned home and wanted to go into the restaurant business, filling station

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business, air-plane business, but who had no experience. The general policy of this small business plan was to see that everybody had a chance to branch out into a business of his own. The casualty list more than justified any premonitions that I had on that. We had a terrific bankruptcy rate for a few years right after the war. Some of the public works plans were a little grandiose, I felt, and we were attempting to do just entirely too much. But by and large, it was along those lines that my concerns were voiced. And looking back on it, of course, many of the suggestions and proposals never did come into being. Some did. We had a great deal of

difficulty with some, and some worked out very, very well. But looking back through the soothing, gentle hand of time, I think that Mr. Truman's record was very good in the transition period.

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HESS: Were there any particular topics that were not covered that you thought should be covered in this particular message?

SNYDER: Not that I recall.

HESS: We discussed the ones that were there that you weren't particularly in favor of.

SNYDER: No, I thought the message was rather full, and I wasn't inclined to add anything to it.

HESS: In his *Memoirs*, Mr. Truman says that he talked to Sam Rosenman about the writing of this particular message aboard the *Augusta* on the way back from Potsdam.

SNYDER: That is correct and that was the particular reason that he wanted me to meet him at Norfolk, so he and Sam and I could talk about this on the way up on the train.

HESS: In your discussions with Mr. Rosenman what

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was his particular view? Did he try to win you over...

SNYDER: Oh, no, no. Sam is very objective at all times, and he would give his views. I don't recall his ever bringing any pressure to try to win me over. He was trying to get clear what his views were, and he always did that in a very clear-cut, analytical way. Some of the others were not so considerate. Some were very anxious to apply pressure, even some of my own staff in OWMR.

HESS: Who in particular--Mr. Nathan?

SNYDER: Oh, yes, Mr. Nathan. He was the ringleader in trying to get all this labor legislation through, the full employment bill, particularly, and the fair labor practices seemed to be his particular objective.

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HESS: To draw a short quote from the quote that I read from the *Memoirs* awhile ago, do you regard yourself as being one of the "more conservative associates" of the President?

SNYDER: Well, I'm sure that that was true. Charles Sawyer, of course, was a conservative, and he and I usually held similar views on matters that came up. That was in later days. Mr. Sawyer

did not come to the Cabinet for some years after Mr. Truman went into office. Mr. Wallace was Secretary of Commerce at the time Mr. Truman came in, and Averell Harriman succeeded him; and then Mr. Sawyer came in to succeed Harriman. So, it was at least three or four years after Mr. Truman took office. He was not in on these earlier matters, but subsequently he became one of the conservatives, and of course, Bob Lovett was a conservative man in the later Cabinet. In the first phases--if you have a list of them there, we could run down some of the earlier Cabinet members.

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HESS: I do. I have them here by the position they held, and the date that they went in and the date that they left.

SNYDER: Ed Stettinius was a carryover in the Secretary of State's office, and he did not stay but a very few weeks, so we'll pass him over. Jim Byrnes was so involved in the State Department and diplomatic matters, that although he had been the head of OWMR he didn't take any too active a position in the matters other than the State Department. General Marshall, of course, was, I think, a statesman, patriot, and gentleman, and a very splendid member of the Cabinet in two positions, one as Secretary of State; and one as Secretary of Defense. I would certainly say that he was a conservative and a very able man. Dean Acheson devoted the greatest part of his time to diplomatic, State Department, and international affairs, and he was not in the

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Cabinet in those earlier days. It was not until some three or four years later...

HESS: He came in for the second term.

SNYDER: Yes, that's right. And Henry Morgenthau, of course, was there only a few months.

HESS: We have discussed him a couple of times.

SNYDER: Fred Vinson moved over to the Supreme Court within a short time. I would say he was liberally inclined in his viewpoints. Stimson, of course, was a carryover from the Roosevelt administration and took no part in the economic matters because he was only there a few months. He resigned in September, I believe, of 1945. Patterson was a very capable man, an attorney originally, and he was Secretary of War. As Secretary of War he was very able, very analytical. He took a great deal of interest in the housing...

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HESS: For the servicemen?

SNYDER: ...for the servicemen. But I would say that he was more conservative than liberal. Kenneth Royall was a conservative. Jim Forrestal, I think, was a conservative at heart who at times got some liberal views.

HESS: Why do you think Mr. Truman chose him to be his first Secretary of Defense?

SNYDER: Well, Jim Forrestal was a carryover from the Roosevelt administration. He came down to Washington early as one of the anonymity folks over on Mr. Roosevelt's staff and organization.

HESS: He had been Secretary of the Navy since May of 1944.

SNYDER: Yes, he was Secretary of the Navy, he was a Carryover. Mr. Truman respected him and he was a capable man. He impressed Mr. Truman with his

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capacity.

So, that is a few of the earlier Cabinet members. In the latter part, well, I'd say Averell Harriman was a liberal, very liberal in his viewpoints. Charlie Sawyer was a conservative. Wallace was an extreme liberal. Clint Anderson was, I think, more conservative than he was liberal. Charlie Brannan was an extreme liberal. Oscar Chapman was very liberal. Krug was very conservative. Ickes was Ickes. So, I think that gives you kind of a cross section, unless there's someone specific you want to ask about.

HESS: Not right now. A little later I do want to go over the Cabinet members a little closer with some specific questions on some of the men. But right now a very interesting question arises as we have been discussing the political standpoint of a liberal and a conservative. Give me a

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thumbnail description of just what you would consider liberalism and conservatism and a liberal and a conservative?

SNYDER: Oh, you'll have to write that out and let me give that some thought. I'm not sure that I have the capacity for giving a clear definition of those, and I don't think anybody else has either. I found myself quoted as being a "liberal conservative." Now, that seems to me a little contradictory. But write that question out for me in a memo and I'll see if I can come up with my views anyway.

HESS: Fine. And one of these days we do want to get back on the subject of the Cabinet members. I have some specific questions on a few of them.

According to my list we are just about up to the time that you became Secretary of the Treasury, and perhaps to keep things in chronological order we should discuss your assumption

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of that position, and just a few of the problems that you had to deal with initially? What comes to mind when you think about those first few days?

SNYDER: The office of Secretary of the Treasury was presented to me rather suddenly, and I had a very short time to really do any research and preparation. As I recall, our names, I say "ours," because Vinson's name and mine went up at the same time, Fred Vinson to be Chief Justice, and my nomination to the Treasury to succeed him. There was only a very short intervening period, and during that time I was so involved with winding up the affairs of OWMR, and Mr. Vinson was very deeply engaged in a number of matters concerning his activities, and frankly, I found that except for the World Bank and the Monetary Fund, that Mr. Vinson had taken very little active part in the affairs in the Treasury. He

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had taken considerable interest in the Bretton Woods and the Savannah, Georgia meetings. And when I went in he was somewhat helpful in giving me background on those international matters. While I had hoped to get some considerable help from him on the revenue side because of his experience in the Ways and Means Committee, I found that he was not inclined to discuss those matters at great length. After I got into office I found it very difficult to ever have any constructive conversations with the Chief Justice regarding the operation of the Treasury. He was usually so involved with matters in the court that he was not inclined to spend a great deal of time on Treasury matters.

HESS: Do you think that he had a very clear understanding of the Treasury matters at the time that he was there?

SNYDER: The only thing that I could say would be

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hearsay, because I never got to talk with him sufficiently on it. Unfortunately, I got the impression that he had not formed any too clear an understanding, and I attributed that as the reason why he did not want to talk a great deal about it. He spent very little time with the different officials of the Treasury, other than those engaged in the World Bank and the International Monetary Fund. So, one of the first things that I did when I went into the Treasury was to form a rapport with all the various agency heads and bureau heads and invited them in to sit and talk with me about their responsibilities at any time. They seemed to welcome that because it was a new experience for them, because Mr. Morgenthau rarely did that, and Mr. Vinson, never. So, it was a welcome experience for them and a very profitable one to me because it taught me a great deal about the individual, and about his

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views--his or hers. Mrs. [Nellie Tayloe] Ross was the only woman in the Treasury at that time in an executive position. She was head of the Mint. She had formerly been Governor of Wyoming. She was a very capable, very attractive lady. I recall that those were very busy days when I first

went over to the Treasury. I will have to do a little review. I didn't know that we were going to take that up today particularly. I'll have to review some of the earlier actions.

HESS: A11 right, fine. Two points that I had on the list today, for sort of a transition from your OWMR position to the position as Secretary of the Treasury, deal with some labor matters. And I tied the Case Bill and the Taft-Hartley Act together. Of course, the Case Bill was vetoed before you went into the Treasury, and the Taft-Hartley Act about a year after you went into the Treasury Department. Regarding the Case Bill, on June

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the 11th of 1946, the President vetoed HR 4908 entitled "An Act to provide additional facilities for the mediation of labor disputes, and for other purposes." And that bill had been introduced by Representative Francis Case, Republican from South Dakota, and the House later voted to sustain the veto, 255 to 135, which was just five votes short of the number needed to override the veto.

SNYDER: My recollection, Mr. Hess, is that I somewhat favored the bill. But I'd have to go back into the files, but my recollection is that I thought it had some very good provisions in it and might have been a very helpful piece of legislation.

HESS: On that subject, I'd like to read the following quote from the book, *Truman and Taft-Hartley* by R. Alton Lee:

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> In the meantime Truman was consulting and gathering opinions from department heads and advisers on what he should do...Of the administration reports received by the President on the Case Bill, only one approved it. John Snyder, former director of War Mobilization and Reconversion who became Secretary of the Treasury in July 1946, stated that the bill was 'in the public interest' and 'most emphatically' did not deprive labor unions or employees of any basic rights.

SNYDER: Well, that confirms my recollection that I thought it was a pretty good piece of legislation.

HESS: And in his footnote he referred to a report that was in the Truman Library, and I had a Xerox® copy sent out. This is your report to the President giving your summation of the Case Bill in which you do say that you think it should be signed.

SNYDER: Well, I think the last paragraph pretty well brings it out:

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> The basic rights of organization, representation bargaining, striking and picketing, are fully preserved in their legitimate aspects. Equality before the law and the

paramount public interest have been recognized to a greater degree.

I think that pretty well brings out the view that I had on it, and that I thought it was a good bill.

HESS: Dealing with the Taft-Hartley Act, on June 20, 1947, the President vetoed H.R. 3020 entitled the "Labor Management Relations Act of 1947" and on June 23rd, the Congress passed the bill over the President's veto. I'd like to read just a little bit more from Lee's book.

SNYDER: Well, on the Taft-Hartley, I think that there were only--this is stretching my memory, but my recollection is that there weren't but two members of the Cabinet that favored the veto, and that was the Secretary of Labor and the Postmaster General, if I remember correctly.

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HESS: Robert Hannegan and Secretary Schwellenbach.

SNYDER: That's right.

HESS: Well, that is what Lee has here. But there is one thing. Let's read this:

> There were conflicting reports on the position of the Cabinet in regard to a veto. The *New York Times* reported unanimity among Cabinet members in favor of a veto.

And for his footnote there he gives a citation in the *New York Times*. Then he went on to say:

> However, another source states that only Postmaster General Robert Hannegan and Secretary Schwellenbach favored a veto.

And for his citation there he gives Robert S. Allen and William V. Shannon, *The Truman Merry-Go-Round*. So the latter is correct, is that right?

SNYDER: That's my recollection. Now, of course, generally for harmony's sake you take a Position--and did this frequently--and once

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the action had been taken, it was water under the bridge. I was in the Cabinet for the purpose of helping the President, and after all, if I could not reconcile my views to his, then I felt that I should have gotten out of the Cabinet. There was always a definite understanding between Mr. Truman and myself that if at any time he felt that my views were incompatible with his and that he thought that he could find someone that could work more closely and harmoniously with him, that he and I were not going to let that interfere with our personal friendship because of a political situation that might require or recommend someone a little more aligned with the political situation at the time.

HESS: Is this an understanding that you had with him when you first started?

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SNYDER: Well, no, that had very little to do with it up until I got into the Treasury in a Cabinet position. Then because of many controversial matters that had come up in the OWMR, I had a very frank talk with him that I did not want to ever, as a Cabinet member, to be at odds with the man who had asked me to serve with him.

HESS: Were there ever any times that you gave serious consideration to stepping out?

SNYDER: No. The desire was there constantly because, frankly, I did, at that time, want to get back to St. Louis, but once having set the die, I was determined to stay with Mr. Truman as long as he thought I could be helpful to him. He was bearing great burdens, tremendous burdens, as Chief Executive, and the weight of those burdens has been pretty clearly brought to light by some of the statements of President

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Johnson recently, telling about what a burdensome job the Presidency is. Well, it was just as burdensome back when Mr. Truman was there, and the reason for this very frank talk was that I wanted Mr. Truman to be assured that he could rely on me to help him as long as he felt I <u>was</u> helping him, <u>but</u> that he was under no personal obligation, because he had invited me to become a member of his Cabinet, to keep me there if it was not working to his interests.

HESS: Did he ever mention a time that any pressure may have been brought upon him by some liberal members of the Democratic Party...

SNYDER: Oh, we used to laugh about different ones. It was never anything serious. I don't remember. It never occurred to me to ask Mr. Truman if he ever at sometime in the small hours of the night wished that I would have resigned. It certainly never came up. There was never any

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question at any time that I recall between us about me ever resigning after I became Secretary of the Treasury. I felt that he had a great burden and that he was doing a splendid job and I was going to give <u>my</u> help as long as he needed it.

HESS: On the subject of the Taft-Hartley Act, just what were your views regarding that bill?

SNYDER: In general, I thought it was a useful bill. I thought it was a temporizing bill. It was a safety valve on some of the policies, ideas, suggestions and proposals that were constantly being made. Frankly, I thought it was a temporizing safety valve.

HESS: Looking back, and with the benefit of hindsight, how do you see the success or failure of the Taft-Hartley Bill, from right now back to 1947?

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SNYDER: Well, from my point of view, I think the Taft-Hartley Bill was only halfheartedly administered.

HESS: If just two Cabinet members favored a veto, and the President went along with that, that meant that he went against the majority of his Cabinet. Is that correct?

SNYDER: Well, he did that many times. Mr. Truman consulted with his Cabinet, but there were many times when he had a position--he wasn't a consensus seeker, he was very happy to have the views and so forth, but if he was convinced, from his many talks with key people, he didn't get a majority vote before he acted. Of course, you must remember, somebody will always say, "Well, Bill Jones, Sam Smith, and so forth, they were against that, but the President talked them into it," or something like that. That's what

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leaks out. We used to hear that very frequently. There were never any schisms in the Cabinet. The only one that I knew of was Mr. Wallace. He got way off base there in some of the things that he did, but generally speaking, Mr. Truman had good teamwork with his Cabinet.

HESS: Mr. Truman's public pronouncements on his views about the Taft-Hartley Act are very well known, but did he ever give any information in the Cabinet meetings about his views on why he should veto the Taft-Hartley Act that were not the same as his public pronouncements?

SNYDER: No, no.

HESS: Do you or don't you think that perhaps part of the reason for the veto was to hold the labor vote in the upcoming election?

SNYDER: Well, I don't know. Of course, Mr. Truman had all sorts of political pressures from his

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party and from political leaders and that sort of thing. I am loathe to say that Mr. Truman ever--I just don't believe he ever took a position simply as a vote-getting operation. No, I don't think that his veto was purely politically oriented. He was convinced that it wasn't in the best interest.

HESS: Even though political expediency might enter into a decision, it would never amount to 100 percent of the reason for that decision...

SNYDER: By him. That's right. That's my feeling.

HESS: Do you have anything else on Taft-Hartley or the Case Bill--anything else on labor come

to mind right now?

SNYDER: Nothing that I recall.

HESS: That's everything that I have on my list, and it's almost an hour.

[581]
SNYDER: Well, let's stop.

HESS: A11 right.

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Fourteenth Oral History Interview with John W. Snyder, Washington, D.C., April 17, 1968.
By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Secretary, what were your views on the tax structure of the United States at the time you became Secretary of the Treasury?

SNYDER: Well, frankly, Mr. Hess, the tax structure in 1946, when I went into the Treasury, was a hodgepodge, it was a conglomerate of taxes that had been added on as revenue was required without any real reference to keeping the whole tax program in balance, and as a result we had a hodgepodge of taxes and many that had been applied against any source that would yield the revenue. This procedure, or this policy, was begun back towards the end of the days of the attempt to recover from the depression. As we needed additional taxes for revenues for the relief programs, so-called emergency taxes were voted, which, when the war came on, stayed

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in the picture. And then as the war came on, Mr. Roosevelt elected to adopt a policy that did not face up to the real potentials of the cost of the war and he delayed asking Congress for taxes to support the expenditures of our war effort. Then when we did start trying to raise revenues while the war was still in progress, we found ourselves putting on excise taxes and raising the income tax, raising the corporate tax, and as demands for revenue became greater and greater and we were going more and more into deficit financing to support the war, many of the taxes were put on just wherever they found a source of taxes that would yield revenue for the purpose in mind. As a result, by the time the war was over, and the aftermath of the war was on us, with all of the problems of reconversion and readjustment of our economy, we had a great ball of taxes. Our tax structure was bulging in spots with bumps that shouldn't

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be on there. And then it was extremely difficult to try to unwind those taxes and to relieve those that were truly emergency taxes and did not fit in with the normal peacetime economy,

particularly in such matters as the excise taxes on ladies' pocketbooks and all sorts of things of that character. We very early attempted to give consideration to tax reform. Mr. Truman and I concurred completely in the desirability and the necessity of attempting to get a better balanced tax structure and tax program. We immediately ran into the problems of resistance of holding certain taxes on and resistance of releasing taxes in other areas. And we had the same problem developed that we had in the releasing of controls. It was feared that as you started trimming any of the taxes, you would start a demand on all of the excise taxes, which, of course, was true and will

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always be true, that when you have just piled controls, or taxes, on a great cross-section of our economy, when you start trying to repair it and bring it into better balance you're going to have certain parts of industry urging you to take taxes off of them, and saying that if it became a genuine problem and we'll have to go into the efforts that we made a little earlier. It was a problem that was recognized by Mr. Truman and me right at the very beginning of my service in the Treasury. There were about nine months there that I suppose that the Treasury was so involved in unwinding from the war, the formation of the World Bank, and the International Monetary Fund, in which the Treasury took a very active part, and Congress had so many things under consideration in the aftermath of the war it just hadn't gotten around to an attempt. So, when we did undertake it, we found

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ourselves in a tremendous quandary of how to attack it. The Ways and Means Committee was very cooperative and recognized the necessity, but when you are responsible for coming up with a problem of that sort, it puts a greater reluctance on the entity that's required to make the changes. It caused them to be cautious. Having assembled such a conglomerate of taxes they wanted to be very careful how they undid them and rearranged the tax pattern. So, I think that we'll a little later take up a fuller discussion of what we attempted to do about taxes, and maybe discuss some of the bills that did come up.

HESS: Just one more general question: During the war there were some excess profit taxes placed on some of the industries. Just what were your general views on excess profit taxes?

SNYDER: As a war measure, it was probably justifiable. Normally, I am opposed to that type of taxation. It's very difficult to say that just because you are successful and can do a better job and save more money, that you're going to be taxed heavier for your frugality and ingenuity. The excess profits tax cannot possibly be equably applied. It actually turns out in practice to be a policy in which you're paying a premium for inefficiency. Many cases that we had come to light were companies making the same product. One made a very nice profit on the end product, and the other just barely broke even. Well, then because this one company had been able to do a better job they were penalized on their profits. But for the war effort when we're up against the gun, there may be some justification for doing that, although I think there should be greater equity in the incentive plan for encouraging people to do a better job. As a matter of fact, those that didn't make their profits and lagged behind in their efficiency of operations, were really very

costly to us, and we should have found a better way of going about improving their production plans and procedures, rather than to penalize the ones that were doing the good job.

HESS: Well, shall we shut it off and discuss the bills next week?

SNYDER: All right.

Fifteenth Oral History Interview with John W. Snyder, Washington, D.C., May 1, 1968. By Jerry N. Hess, Harry S. Truman Library.

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HESS: Mr. Snyder, there was an unveiling of a portrait at the White House a couple of weeks ago of a painting of Mrs. Truman by Greta Kempton. Would you tell me the background of how Miss Kempton came to be known by yourself and by President Truman, and about some of the portraits she has painted for both you and for the Truman family?

SNYDER: Yes, Mr. Hess. Miss Kempton came down to Washington in 1946. She was a friend of Mr. Glenn Martin and his mother. Mr. Glenn Martin was the owner of the Glenn Martin Aviation Company of Baltimore, as you recall. They were living at that time in the Shoreham Hotel. They had a big suite there and spent quite a bit of time in Washington. One day Mrs. Snyder, Drucie, and I walked through the lobby of the hotel and Miss Kempton became very much attracted to my daughter

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and asked the Martins who we were and asked if it would be possible for her to meet us, as she had a great desire to paint a portrait of Drucie. This was in 1946 and at that time Drucie was twenty-one years old. Miss Kempton was quite an accomplished portrait painter and artist. She was born in Austria of rather well-to-do parents, and had been given art lessons with several noted European portrait painters; and then she married and came to the United States. She did quite a bit of painting here in this country. Because of her attraction to my daughter, the Martins had a little dinner party and invited us -- as it happened, both of them were very close friends of mine -- and we met Miss Kempton. Out of that meeting grew the offer to paint Drucie's portrait, which she did, and that portrait attracted quite a bit of attention, and the Trumans, in due course, saw it. In the meantime,

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however, because of the excellence of the portrait, she was requested to paint several other portraits around the city. In the meantime she asked would it be possible to paint the President's portrait and I talked with him about it and he said, "Why, yes, it would be all right." Up until that time the President had not had a portrait painted. When she finished it, the family was pleased with it, and it was acquired by a group of friends who presented it to the White House.

HESS: That's the painting that's in the White House at the present time?

SNYDER: It's there now, yes.

Well, a whole series of paintings grew out of that initial one of Drucie. That one hangs out in the

Horton house at Chevy Chase. It's an exceptionally attractive portrait. John Walker at the National Gallery has spoken of it as being a Romney. He said that it has all the

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characteristics of a Romney portrait, which pleased us very much, of course. But, out of that, as I mentioned, she has painted five portraits of Margaret, and now she has painted three of Mrs. Truman. Of the President's, one hangs in the White House, there's one in the Truman Library...

HESS: The Masonic portrait?

SNYDER: Yes, in his Grand Master's regalia. That, actually, I think, belongs to the Grand Lodge in St. Louis. When they did some repairing there, they loaned it to Mr. Truman. He just hasn't sent it back. There's one in the capitol, I think, in Jefferson City. I just don't recall where the others are. Of course, Mrs. Truman's, the first one, is in their home in Independence and the second one is in the White House and the third one is in the Truman Library.

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HESS: Was the one that is in Mr. Truman's home now painted to go someplace else?

SNYDER: It was intended to go in the White House to start with, but the Truman version is that it got packed up by mistake and shipped with their things to Independence and as they did not unpack things for a number of months, that when they did get around to it, Mr. Truman said he liked it so well he was just going to keep it there. I've had the privilege of having her paint, I think, about six portraits of me.

HESS: Where are they located?

SNYDER: Well, one of them hangs in the Treasury here, in the office of the Secretary of the Treasury; there's one in the capitol in Little Rock, Arkansas; there's one in the Truman Library; there's one at the Horton house, there's one in the high school in Jonesboro, Arkansas.

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HESS: Where you went to high school.

SNYDER: Yes. And she has now about completed another one which Drucie is going to give to the National Portrait Gallery, but that will be delayed some -- the gift will be made probably within a year, but will not be hung until my death as they have a regulation that they hang no portraits of living persons, except those of Presidents.

HESS: Do you recall where the portraits of Margaret are?

SNYDER: Well, I think both of them are in Independence.

HESS: At the Truman home?

SNYDER: Yes.

HESS: Anything else come to mind about Miss Kempton right now?

SNYDER: Well, as I mentioned a while ago, she painted

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quite a number of Truman Cabinet members: Stuart Symington, while he was Secretary of the Air Force; Bob Hannegan as Postmaster General; Tom Clark, Attorney General.

HESS: Were most of these painted at the time that the men were in those positions?

SNYDER: Yes. Nearly all of them were, except two of mine which were painted subsequently. The one in the Truman Library has been painted more recently, and then, of course, the one she's working on now. She got married again, the second time, and her husband for some strange reason put his foot down on her painting portraits, and for fifteen years she didn't paint any portraits at all, except the one of me which he gave her permission to do -- the one that's in the Truman Library. That was the only portrait she painted for a period of nearly

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fifteen years, and now she has gone back again to painting portraits and has done quite a number in the last couple of years.

HESS: You mentioned to me one day the reason for your portrait being hung in the state capitol in Arkansas. What was that?

SNYDER: Well, the reason for it is one of which I am very proud: I was, and am, up until now, the only native-born Arkansan that has ever served in a President's Cabinet, that was one of the contributing reasons; and the other was to do honor to a native of Arkansas. A group commissioned Miss Kempton to paint the painting and it was hung there in the capitol and it's been there for about twenty years now.

HESS: I may have some further questions on this subject and if I do we can take them up in our next interview.

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Mr. Snyder, in Volume II of Mr. Truman's *Memoirs*, he has the following statements to make leading into the subject of the revision of the Government accounting system. One page 43 he has the following paragraphs:

> The Treasury Department of the United States is one of the largest organizations in the executive branch of the government, and the need for tight controls and for efficient operation on a day-to-day basis is crucial to the total operations of government. I was particularly fortunate in having a Secretary of the Treasury who understood the problems of national and international finance thoroughly and who administered the affairs of the Treasury for more than six years with rare skill and wisdom.

John W. Snyder was actually my third Secretary of the Treasury, but he served during the major portion of my administration. Secretary Morgenthau's resignation occurred within three months after I became President, and because I appointed Vinson to the Supreme Court, his secretaryship was of short duration. My selection of Snyder in June 1946 as chief fiscal officer of the government was based on a long association which had existed between us. I had known him when I was presiding judge of the Jackson County Court and he was a bank official in St. Louis, and we had been together in military reserve training. I knew him as a banker who understood

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stood the relation of good banking practice to the community, and during my years in the Senate our mutual confidence and friendship had continued to grow.

With Snyder in the Treasury, I was able to bring about some long-needed reforms in the Treasury Department. One of the big accomplishments was a complete revision of the government accounting system. Working with a team made up of the Budget Bureau, the Treasury, and the Government Accounting Office, we were able to set up a uniform accounting procedure throughout the whole government. Where it formerly took from three to six months to get a composite financial statement, it now requires from three to six weeks only.

What can you tell me about that revision of the accounting system?

SNYDER: That was a most important revision of custom and of practice in the Government. Up until we obtained the legislation for the regision, it had been the custom of any department to devise its own accounting system and have it checked by a CPA and the Government Accounting Office -- the GAO -- and if it looked like a good, workable system it was approved. As a result there was

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no uniformity in the records of man-hours, the personnel accounting, or in the expenditures. To make a composite statement of only a few of the large departments was a long drawn out adjustment experience to get them onto a common basis and to come up with the annual report of the Government operations required months of lead time to pull them together and reconcile them to the same basis of reporting. To accomplish this revision required congressional action, so the Budget Bureau, the GAO and the Treasury joined together in this unique plan to bring about this reshaping of our accounting system. It was probably one of the few times, in recent years, one of the few times in the history of the country that you would have been able to get the cooperation between the GAO and the Treasury. Of course, up until Mr. Roosevelt's time the Budget had been in the Treasury, but he separated it from the Treasury and put it

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back under Treasury supervision, and the Budget directors all worked in great harmony with us in the Treasury during the time that I was in that office. We first had to come to some common

denominator that we could set up. We had to set up a model type of accounting that would be adaptable to the various departments and agencies because, as I've just pointed out, we had several hundred different types of accounting, different procedures, and we had to pull it together to get a uniform accounting system for the basic things that we would want to consolidate for reporting purposes. Of course, many, many times in the manpower figures, it was most important to the President, and the Congress, to have a quick report on the condition of the various elements, but as the President said in his *Memoirs*, sometimes it would take six months to get a rather comprehensive report worked out. So we had to

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lay the groundwork first by working out a uniform accounting plan. Then we had to go to Congress and persuade the congressional committees that this was an appropriate action to take. There was a great deal of resistance in various departments from various individuals, but due to the close relationship between the General Accounting Office, the Treasury, and the Budget, we were able to put up a solid front with the committees and present our case in such a persuasive way that eventually we were able to get the bill passed; then it took several years to get all the agencies adjusted to the new system. You couldn't do it overnight; it took gradual transition, but it has been of immense value to Congress, to the administration and to the departments themselves to be able to pull together statistics and certainly it was of tremendous help to the Treasury in its

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financing, its operations and its anticipation of fiscal affairs, to have means of quickly finding out the expenditures and the contemplated needs and so forth of the departments. It was of great importance in the working programs and the man-hours employed, the number of Government employees and it was very helpful in the civil service and the social security areas, to know more intimately about just what the coverage was. And particularly it was helpful to the Treasury also in anticipating requirements. You see you could have an appropriation made in the Budget -- Budget approved -- but unless you were right on top of it you couldn't tell how rapidly they were spending the appropriated funds that had been budgeted to the various agencies and departments. We didn't have to over-provide funds and we weren't caught in under-providing funds, because we were closer to the actual requirements. The

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Treasury nearly every Monday has to go in the market and sell bills and that is just to keep ample funds available, and those bills run 90, 120, and 360; then after that you go into notes, and after that you go into bonds -- the longer term ones -- but every Monday the Treasury is in the market for bills and if we don't need the money we ask for less, if we do need some additional money, we have to raise the amount of the bills offered. So, it has turned out to be of tremendous value to the administration to be able to control the accounting for the Government much more efficiently and accurately.

Among the other things that Mr. Truman referred to there, in the way of reforms, was the Bureau of Customs. At the time that I entered the Treasury we had just come out of the war. During the war customs had gone down considerably because the imports had dropped

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materially, as had exports. Our customs department had been set up many, many years ago and it had very few changes. It was the same old ponderous way of appraising and of assessing duties. Every port had its own appraising operation, and if a certain type of raw material was brought, we'll say into New York, it would be appraised there; then if you'd bring the same into the port of New Orleans another appraisal would be made there on the same type of raw material, or if it came into San Francisco the same process. You could have anywhere from five to ten different appraisals on the same item. That caused great confusion and with our rapid transportation and communications developing, our broader sales programs and our more aggressive marketing, manufacturers found that they were at a disadvantage; if the raw material cost, because of duty, more in San

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Francisco than it did in Boston, the competitive advantage was always with the one that had the lower appraisal. So we had to set up a uniform appraisal system, and we solved it by specifying that if Boston made an appraisal of a certain product the appraisal would immediately be sent to all the other ports and registered here in Washington. That was of tremendous value. We rejuvenated the whole of customs -- modernized it, modernized their accounting system, modernized their regulations, and we spent some months just completely redoing the customs operation and sharpening it up, modernizing it and cutting out many of the delaying customs and things of that sort that had developed through the years. We developed spot checking which accelerated the debarkation from ships and airplanes. This was not as hazardous as it might seem on the surface because anytime anyone is smuggling

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something into the country, it's a peculiar thing, someone, more than likely, is going to tell on them, and you nearly always get a notice ahead of large jewelry purchases abroad. So the spot checking is not too hazardous because if anyone has got some real items of value, you are almost certain to have had a notice of it ahead; you'd be watching for that particular passenger or shipment.

Another tremendous reorganization that we had to make was in the Coast Guard. We came out of the war with about 375,000 personnel in the Coast Guard, and with a tremendous housekeeping problem for the equipment that had been used in the war and the expansion of the operation of the Coast Guard. Well, we had to cut the Coast Guard back to peacetime size, to around 75,000 people, and then we had the question of what we're going to do with all that equipment. We had to work out a disposition

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program; we had to decide which could go into mothballs and be preserved without damage to it and usable at a future time and wouldn't be obsolete. We had to almost anticipate obsolescence, because there was no need of going to the expense of mothballing a ship or something of that sort that was going to be obsolete ten or fifteen years later and be more costly to put back into operation than it would have been to purchase a new ship, and there was a lot of equipment and things of that character. Also we had to somewhat revamp the policies of the Coast Guard in consideration of its new requirements, duties, and so forth. We had to set up new regulations on a

peacetime basis for the operation. Weather reporting had been assigned to the Coast Guard. Because of our overseas flying requirements, we had to do a tremendous job there.

In the Treasury in 1946 we had 110,000 civilian employees. By the time we got our work

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simplification program it was actually simple in its operation. For instance, we would have a man go into an agency and make a talk. He said he was going to show them a way to do a better job. He stated that he was going to introduce them to a man that could show them how to do it. Well, of course, that was interesting. Everybody bristled, "Who knows my job better than I do." When they got somewhat tense he told them, "The man that's going to teach you about your job is you yourself." Becoming interested they said, "Oh, well, what's this?" while it was called a work simplification program. Each man or woman was supposed to exchange ideas with the one sitting next to him or close by, doing the same type of work. Initially he was to spend a week during which everything he did -- he had a tab sheet -- he'd put it down answering: "Was this necessary, not necessary or partially necessary?" He graded everything that he did for about a

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week that way and then he'd go through it each day and recheck and finally at the end of a week's time he exchanged his findings with the person that was his teammate and then they went over it together, and came up with a joint appraisal. Then it was all turned in and the whole thing was analyzed by a professional. The individual was told at the beginning that the time saved and the increased efficiency generated was not going to cause the loss of a single job. We were able to say that to them because we had analyzed the retirements, deaths, and so forth, that is the percentage of attrition, and so all we had to do then was to let attrition take care of it by not hiring anyone to replace the fallout. So in that way every time you got your job done better, you gave yourself the opportunity of stepping up a little and improving your situation, and then we only had to bring in on the very

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bottom the neophytes. Therefore, no one was hazarding his job. Well, it just caught like wildfire. We reduced within a relatively short time the civilian employees of the Treasury down to 90,000 people. But that, of course, is not always too popular with Congressmen because of patronage, so we didn't get a great deal of kudos for our economies although we were very proud of it ourselves. Later when former President Hoover on the Hoover Commission made an examination, he was very complimentary to the Treasury on its work on the type of investigations that the Hoover Commission was looking into.

One of the really tremendous reorganizations that we undertook was the Bureau of Internal Revenue. The Bureau of Internal Revenue had, under Mr. Morgenthau, grown into sort of an independent operation. The Commissioner of Internal Revenue was sort of a martinet who

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was very close to President Roosevelt and he used to feel that he could report directly to the President and it wasn't necessary for him to go through normal channels and of course everyone was so busy at the time and it was easy enough under the pressure to let a strong-minded man

like [Guy T.J Helvering act in that manner. So by the time that I came into the Treasury a great deal of independence was in evidence in the Internal Revenue. I immediately started reorganizing and reshaping the policy in Internal Revenue including its reporting. We began to uncover some unhappy situations there and finally we brought in an organization to completely redo the Internal Revenue. Of course, all of this had to have the approval of Congress. The Treasury drafted a reorganization bill for Congress to pass. It greatly improved the Bureau's efficiency, and helped in cleaning up some bad

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spots that had developed through the years. Some unfortunate experiences developed with a few people who weren't trustworthy in their jobs. At the same time, of course, we had one or two Congressmen who made a great to-do out of what they called "exposures." Actually what they did was claim credit for the things we had uncovered and bring them out in the open when we were trying to get them cleaned up and it caused us considerable delays at times, because we were having hearings and that sort of thing and we were having to expose matters prematurely. It caused us a great deal of unnecessary difficulty. These problems, of course, were capitalized on, and the committees that were examining everything took full claim for these corrections stating that the reforms and reorganizations were forced on the Treasury. That, of course, was not the case. Reading

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the actual history of the reorganization, you'll find that the Treasury was way ahead of any investigations in its endeavor to get the Internal Revenue completely cleaned up and revamped. During the war, because of the draft and because of the tremendous large operations that required accounting systems and accountants the Internal Revenue experienced a deterioration in the quality of its workers all the way down the line. The Internal Revenue was having to hire anyone it could get and they weren't always the top people of ability. And then, of course, there were political problems. in the appointment of revenue agents and of the various heads of the offices (the District Directors) in the large cities and districts. We revamped the whole setup of the Bureau. We consolidated areas and we took the patronage out of the appointments. It was a tremendously thoroughgoing reorganization.

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HESS: Were the district directors brought under Civil Service at that time?

SNYDER: Yes, that was one of the steps. And, we had a great number of problems with some Congressmen who didn't want to do this; this was cutting off an important item of their patronage, because the district director had always been a pretty important person in the community, and it was quite a political plum, not only for the one who appointed him, but the one who received it. The system was greatly improved by the change in selecting the district directors.

HESS: Do you recall what Congressmen fought that the hardest?

SNYDER: Well, I don't recall right this minute who they were. Congressional investigation and hearings did prove helpful in obtaining legislation.

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HESS: Those are the main things I have until we reach some of the specific bills that we want to put a little more time in on.

I'd like to ask you a general question on a current situation about the Poor People's March to Washington at the present time. I'd like to ask you your evaluation of the understanding of the economic situation that these people might have or might not have.

SNYDER: Well, my impression is -- now remember I have not been out in the field, I haven't gone to the areas where they are recruiting the people to make this march -- but I am of the opinion that the people who are being brought or who are being persuaded to join in the march are not being properly briefed on what they're coming for; being told the facts of the case in reference to the things that they are going to be seeking. There has actually been great difficulty, as

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I've been told, and also by the reports appearing on television and in the papers, that there are many areas where they're having real difficulty in persuading people to make the march. They don't understand it; they don't know what their purpose in coming up here is, and what kind of reception they're going to get along the way, and they're just puzzled about spending this much money, and what they're going to get out of it. No coherent plan was announced. I think a great many of them, from what I hear, would much prefer for them to just give them the money that would provide for their trip. There are very few people other than Negroes that are going to make the march. They haven't been able to attract other races, or the white race, particularly in Appalachia, and in other poor districts. There are a few Indians and Latins in the pictures; but there are not many other

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minority groups that are joining in. It's boiling down largely to a Negro composition. I don't think that they understand at all that the Government doesn't have a printing press operation to turn out the money. They do not understand the source of the revenue in the Government that has to be used to pay out of these sums that Congress appropriates; that either it has to come from taxes or it has to come from borrowing, in which case interest charges are added onto the burden of the taxpayer and that eventually it's the taxpayer that's going to have to foot the bill. Now if we keep increasing our deficit financing, what will be the result. There is a false story that is being told the people, that with our great gross national product that we can keep on raising the debt and still be perfectly safe in our fiscal operation and in our financial soundness of the Government.

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That has some semblance of credence as long as the economy is growing, but let us have a recession or let us have a depression and the whole weight of it will collapse on top of you, and if you've got a tremendously large debt that you have to pay interest on, you're going to find yourself in dire fiscal and financial trouble. The people actually have not been told -- the spokesman is the one who knows the story. He's the one who will make the speeches; he's the

one who's going to tell Congress what they want and so forth. About all the masses, the great army of people that will come, those will be chanters and sign-bearers or something, but they have not gone into the facts of life. The leaders don't want them to know the facts of life -- in my opinion and from what I've heard -- they do not want these participants to understand the modus operandi of

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providing housing and wages and jobs and things of that sort. The marchers are getting a peculiar notion that the Government without any great difficulty could provide an annual wage for everyone regardless of how much he works for it or how much he doesn't work for it. We're just not able to finance that sort of proposition. They're bringing this all to a head right at a time when our expenditures are the greatest that they've ever been except at the peak of World War II. Of course, we are now in a very expensive war. We just are not willing to face up to the fact that we are actually in wartime when it comes to the expenditures that we are making. While the forces are not as great as they were in World War I and World War II, the cost of things -- this modernized equipment -- for a much smaller army requires greater expenditures than in any war we've had

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up to date. One airplane, as you've just been reading about, costs four or five million dollars, and you lose two or more of those and you've lost almost a day's operation back in one of the other wars. I think it's most unfortunate that we are going to have this demonstration with people who are not the type that will ever be leaders in their communities. They are largely the illiterate, difficult to employ, the hard core unemployables, that will be making the trip. I would almost guess a large majority would fall into that category. The march actually appears to have a political motivation.

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Sixteenth Oral History Interview with John W. Snyder, Washington, D.C., May 15, 1968. By Jerry N. Hess, Harry S. Truman Library.

HESS: Secretary Snyder, we received a little information from the Library regarding the paintings of Miss Greta Kempton -- the ones that she has completed of the president, yourself, and your family -- and the Curator of the Library, Mr. Milton Perry, has a few questions that I did not cover last time. He would like to know some of the arrangements that were made about the various paintings, who paid for some of the various paintings, the things of that nature. Let's go back to the beginning: You mentioned to me that the ones of your family were gifts from the artist.

SNYDER: That is correct. There were three that were gifts, the ones that are in our home now. The first one, as I stated in our last interview, was of my daughter, Edith Cook Snyder, who is

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better known as "Drucie" and who is now Mrs. John E. Horton. That was the first painting that any of us had of Miss Kempton's work. Then the second one was of Mrs. Snyder, which she also gave to Mrs. Snyder. Then, the third of our family group was of me, which was some time later

after she had done a number of other paintings. As a matter of fact, the one of me that she gave to Mrs. Snyder was about the third one, I think, that she had done of me. Now, the painting of Mr. Truman which is now hanging in the White House was paid for by a group of friends of Mr. Truman. The funds for that painting were raised by George Killion, and among those who made contributions toward the painting were: Anthony Buford of St. Louis, with the Anheuser-Busch Company then; Joseph J. McGee from Kansas City; Harley Hise from, California; John Nicholas Brown, a noted New Englander; James Forrestal, who subsequently

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was Secretary of Defense; and W. Averell Harriman, who is very much in the news today; Mr. Harriman was a very good friend of Mr. Truman's and mine; and then there was C. V. Whitney, Assistant Secretary of the Air Force after it was formed; Jim Bruce, who at the time, I think, was Ambassador to Buenos Aires; Ken Royall, who was Secretary of the Army; Joseph Love from New York; David Bazelon, who was in the Attorney General's office, I think he was Assistant Attorney General at the time; Francis P. Whitehair of Florida, who was a good friend of Mr. Truman's; George Gibbs, Jr., of Florida, who was a friend of George Killion; William J. Primm, he was an attorney here, I didn't know him very well, but I think he was over at the National Democratic Headquarters; Robert Butler, who was one of our ambassadors, at that time I think he was the Ambassador to Cuba, at the time this was done; David Bruce, who is now our ambassador at the

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Court of St. James, he's been in the Diplomatic Corps for many years; Paul Scott, another friend of George Killion, and then there was Ed Pauley, who was connected at the White House then on the assessment of the war damage in Europe. George Killion raised about $12,000 for that portrait.

HESS: How did he come to be interested in this particular project, do you recall?

SNYDER: Well, George, at that time, was at the Democratic National Headquarters, assisting in fundraising, and he was a great admirer of Mr. Truman.

HESS: Also, one other portrait of the President, and also of his family that we didn't mention last time, is the group portrait in the offices of the State Historical Society of Missouri at Columbia.

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SNYDER: That is a composite. It was never posed by the three together. The Trumans posed for individual portraits and those were blended into a composite portrait. The sittings were in the Blair House.

HESS: About when was that done, do you recall?

SNYDER: That was among the last painting that she did during the Truman administration. It was probably in the fifties.

HESS: Do you recall who commissioned that?

SNYDER: Yes, Dick Nacy commissioned this group portrait for the Missouri Historical Society museum at Columbia, Missouri.

HESS: And the other paintings of President Truman: One is the Masonic painting. Was that commissioned by the Grand Lodge?

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SNYDER: Yes.

HESS: Do you recall about how much that cost?

SNYDER: As I recall, $10,000.

HESS: And there are two of Margaret. At least one, I understand, is a full length portrait.

SNYDER: One is full length in a rather frilly dress, a kind of a yellow dress, I think, and the last one is in a blue dress, just a bust portrait, I which the Trumans like the better of the two. Both of those are hanging in their home in Independence.

HESS: What do you recall about the arrangements for painting those?

SNYDER: That I don't know.

HESS: Also, we want to clear up a question about the five paintings that Miss Kempton has completed

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of yourself, with a sixth in the works. Now are these originals or are they copies?

SNYDER: She has made no copies of any paintings of me. They are all originals. Now, I may have to modify that a little. The one in Jonesboro, because of the pressure at the time, may have been somewhat patterned after one of the previous ones.

HESS: Do you recall which one?

SNYDER: No, I think it must have been the Little Rock one, but I'm not too sure, because at the time that that came up we were under great pressure in the office and I just didn't have time to sit for her. But the first one was the one that is now hanging in the Treasury, and that is definitely an original.

HESS: Who commissioned that?

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SNYDER: A friend of mine raised the money for it and quite a number of our friends contributed -- I think that painting cost about $10,000. Then the second one was the one that went to the capitol in Little Rock, Arkansas. Those funds were raised by Raymond Rebsamen of Little Rock. They paid about $10,000 for that one. The funds were raised in Arkansas from friends there. Then the third one which she did of me, was the one which she gave to Mrs. Snyder.

HESS: That's the one that's in Chevy Chase.

SNYDER: That's right. And the fourth one is the one at the high school in Jonesboro, Arkansas. The fifth one is in the Truman Library in Independence, and a sixth one is in process now, which will eventually hang in the National Gallery of Portraits of the Smithsonian Institute.

HESS: Who raised the money for the portrait that's in the high school in Jonesboro?

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SNYDER: The students out there did, I think.

HESS: Do you recall about how much that came to?

SNYDER: No, I think she stretched the point on that one.

HESS: And who commissioned the one that's in the Truman Library?

SNYDER: That was done by friends here. I don't recall just how much it cost. I think that one was probably around $5,000. It's smaller than the usual ones.

HESS: Is she receiving a fee for the one that's in the works now for the National Portrait Gallery?

SNYDER: Yes, there are plans to pay for that one. They haven't been finally formulated yet. It was somewhat engineered by Admiral [Ernest R.]

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Feidler, who is the counsel for the National Gallery, and of course, the interesting part about it is, as I jokingly say, that I am experiencing a conflict of interest now, because in order to have that portrait hung I've got to die, as they don't hang any portraits in the National Gallery of Portraits of living people, except the Presidents.

HESS: Let's hope they don't hang it up for a good, long time. And the three paintings of Mrs. Truman?

SNYDER: Well, the original one...

HESS: That was painted about 1952, is that correct?

SNYDER: Well, about that time. And it was actually intended for the White House at the time that it was painted, but through the bustle of packing up and everything, it got packed up and stayed in storage in Independence for some

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months until they opened up a lot of things they brought from Washington. Whereupon, I think, Margaret and Mr. Truman became very attached to it and they said they weren't going to give it up.

HESS: Do you recall who commissioned that?

SNYDER: No, I don't.

HESS: And since that time there have been two copies painted...

SNYDER: Two copies for which she has been paid $5,000 each. The White House Historical Society, I think, there may be a more definite-just one minute, maybe I can get more accurate information on that.

HESS: Is that a brochure that they gave out at the unveiling?

SNYDER: Yes. I'll show it to you, but it doesn't...

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I thought maybe it might say who did this, but it was a committee that paid for that one. And then the other was paid out of funds that are available for such things in the Truman Library.

HESS: This is the one that is presently hanging in the new wing at the Truman Library.

SNYDER: Yes.

HESS: The one that you saw last week, a week ago today in the Library.

SNYDER: You might be interested in this. Someone at the White House called me up one day and asked me for an impression of Mrs. Truman, which I gave them as I thought they were going to use in a little statement, and to and behold they put it in the brochure.

HESS: Well, very good. This is the brochure that was

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given out at the unveiling of the portrait of Mrs. Truman at the White House, late last month. I'm going to read this. This is by the Honorable John W. Snyder:

> Her devotion to her home and her family in providing a constant source of encouragement, comfort, and inspiration has contributed immeasurably to the success that President Truman has experienced since he entered public life.

SNYDER: Do you like that?

HESS: That's very good, very good. Also, there is another painting in the Truman Library by Miss Kempton. It is of Chief Frank John, a Paiute Indian. Can you tell me a little bit about that painting?

SNYDER: Yes, Miss Kempton, in one of her travels to the West, did that painting of the Chief, got him to sit for it, and he was extremely pleased with it. Z think that was done somewhere in Arizona. She painted it because of her

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desire to catch this old Chief. It was hanging in her home down in Virginia, and Mr. Truman, Mrs. Truman, and Mrs. Snyder and I went down for lunch with them one Sunday and the President greatly admired the Indian that was hanging over the fireplace. And so in time, two or three years later, well, as a matter of fact, it was after he had left the Presidency, and was out in the Library, that she sent it to him as a birthday present.

HESS: That pretty well covers everything that I have on Miss Kempton this morning. If anything arises later, we'll cover it at that time.

Mr. Snyder, what can you tell me about the decision regarding the continuation of the savings bonds campaign after the war?

SNYDER: When I came down into the Treasury, the savings bonds program was still operating under

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the impetus of a patriotic fundraising program to help finance the aftermath of the war; it still had a patriotic motif. I, probably because of my banking background, decided that that was no longer the proper base for selling savings bonds in peacetime. The war was over; we were entering a peacetime era; and that if the Treasury was going to sell savings bonds, it ought to be for thrift, for savings, for benefits to come to the citizen from savings, and that the Government should not be in conflict with savings banks and private banking, and regular banking functions, or any other savings and loan, or any savings organizations financed by private enterprise. So, we gave some very serious thought as to what type of approach we could make to the public after having answered these questions that I had brought up and had discussed with our heads of the savings bond's program,

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particularly Vern [Vernon L.] Clark, who was at that time the head of the savings bond operation in the Treasury. After studying it carefully, we decided that there could possibly be a real reason for dropping the savings bonds, but we decided on a rather unusual approach to it, which turned out to be most fortunate. I went to the American Bankers' Association and put it squarely up to them as to whether or not they felt that the Treasury should continue to press for savings through the sale of savings bonds, but I put it in this way, that the only way that the Treasury <u>would</u> do

that would be with the endorsement of the banking fraternity as a project that would be beneficial to the economy of the country, to stimulating savings in the country, and that the savings were good as savings and not a patriotic gesture, but because it was something worthwhile to the man saving the

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money, and that the bankers felt that it would fit in with their programs and would not be in competition with the savings banks and the various categories of savings. They were very prompt in their reaction. I wrote a letter to quite a number of them, and then we called a meeting and they were all prepared by the time we had the meeting to say categorically that they would urge the continuance of the savings bond program on the basis of my suggestion, and that they would continue their support of the program. So then we decided to continue the program of selling savings bonds, but change it to the "Opportunity Drive." That model of a covered wagon up there was the symbol of that drive. Then we had the "Independence Drive," and each year we would develop something new, but always with the idea that savings were good -- to put your boy through school, to help buy your house, and

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to take a trip, or do something important with savings when the time came -- to go into business, if necessary. And we got away entirely from the old plan during the war, and came up with sparkling new ideas, which made a tremendous success. The banks were most cooperative. As a matter of fact, some of the leading bankers of the country headed up our different state organizations to promote and enlarge the drives. Then we went to work on the payroll savings plan, which we played up very strongly, because we found that we had to -- in those earlier days -- we had to hold back some of the savings from being put into the market and competing for scarce consumer goods and things in short supply until we could get the economy moving smoothly in a peacetime operation. So, we found that getting the man in the factories and in the payroll categories to put part of his salary or wages into savings

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bonds and the idea of savings had stimulated them to start savings in other areas, in building and loan associations, savings and loan associations, in the savings departments of commercial banks. All of these things tended to make our savings program outstandingly successful. That is the background of why and how we went about extending it. Normally, it would have been dropped, had not the bankers themselves endorsed it, because I have always been very strong for free enterprise. As I told you back when we planned for the disposal of the defense plants that we financed, that our idea was to get those plants back into the hands of private enterprise as early as possible, and not build up competition of the Government with private enterprise in any field. These savings bonds were just another area in which it was my definite intention not to have the Government become competitive with

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the banks or with the savings institutions.

HESS: Actually they were though, isn't that correct? After the savings bonds were available, wasn't that taking money away that might have gone into

SNYDER: The bankers never felt so, because I pressed them very strongly on that. And I'm sure they didn't, because if they had they wouldn't have devoted as much time as they did to heading up these various state organizations, and the national organization in helping us sell them.

HESS: Did any bankers that you dealt with bring up that particular subject, that by selling savings bonds, you were draining off money that might go to them anyway?

SNYDER: They always considered that because of the manner in which we presented the drives, how

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we dressed them up, the stimulus, the advertising, we got tremendous free advertising from business for the savings bonds program. The Advertising Council of America donated tremendous effort and planning to help dress up these programs and put new ideas into them. And the banks always felt that this stimulating influence actually caused an increase in savings. Well, the records will show that their savings went up right along with the sale of savings bonds.

HESS: Because in some people it instilled the habit of saving, and part of those savings were in commercial institutions.

SNYDER: That is correct. They found many times that after saving for a bond, and they frequently would bring the bond in to cash it and put the money in a savings account, and invest it in something, say buy a house with it. As I said, as long

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as I was in the Treasury, they were very enthusiastic over the program. Reno Odlin out in the Northwest, out in Tacoma -- he just recently served as president of the American Bankers Association. We had people of that type who put great effort -- Bob [Robert Vedder] Fleming here in Washington was one of our great supporters in the savings bonds program. We've had many top bankers put genuine effort into helping us make it worthwhile.

HESS: You mentioned the subject of the cashing in of the bonds before they reach maturity and just after they are eligible to be cashed and using the money for something else. Is that much of a problem?

SNYDER: No, I don't believe I said that. What I said was, in the payroll savings plan, you don't get your bond right off the bat until

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it's paid for. They keep a record of the purchase and when you've paid for it then you get your bond. It was when they had paid for the bond that frequently they'd come in and cash the bond and deposit the proceeds in the bank.

HESS: I had just misunderstood, but really what I was driving at was the people who do cash in a bond three months after they receive it.

SNYDER: We had to correct that because in the pressure of a drive, sometimes in payroll savings particularly, we found where there were employees who wanted to make a big showing and always held up their hand and signed up. And then we found that they would go and turn those in pretty shortly after they got them. But that was the minority of the cases. It wasn't the rule; it was the exception.

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HESS: Is that everything on savings bonds?

SNYDER: Do you think that about covers the answer to your questions?

HESS: That's right.

A few moments ago when the machine was off, Mr. Snyder, I asked you a question about your involvement with Georgetown University, and if it wouldn't be too much of an imposition, I'd like for you to state that for the record.

SNYDER: It has been a very interesting connection, and based on a very interesting background, to me. When I came to Washington and set up the Defense Plant Corporation back in 1940, and we got underway and started financing plants to build things for the defense effort, and later the war effort, we soon found that in spite of the patriotic purpose for which we were financing these plants -- the Defense Plant Corporation put

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up the money and supervised the building and cost accounting of the buildings that were to build defense items, such as airplanes, propellers, engines, and various things -- aluminum plants. The Defense Plant Corporation financed the plant and leased it to the operator, but in spite of the fact that this was strictly for a patriotic purpose, because we never financed a plant unless it was recommended by the War Production Board, the Army or the Navy. They had to say it was necessary for the defense program or for the war effort, and they'd also have to tell us in their letter of recommendation what company should be financed and a contract and lease agreement entered into, because the Army, Navy or War Production Board were giving them contracts to use this plant for specific items. So it was strictly a patriotic reason. But in spite of that, we ran into quite a number of labor problems

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in some of these big plants, one in Columbus, one in New Jersey, one in Buffalo, and it seemed that it may have been the same union, or it may have been a relationship -- one heard about the other -- but we were having difficulty. I was considerably concerned about it. But one day, Charles Fisher, who was a scion of the Fisher Body people (his father was Charles T. Fisher, one of the brothers, and the banker member of the brothers), he was on the RFC board at that time, and was working with me a great deal on many of the problems concerning defense plants. He said, "Well, I think I know somebody who can help you if you would like to go see him."

I quickly replied, "I certainly would like to go to see anybody who can help us get this labor

thing straight."

He took me over to see Father [Edmund] Walsh at Georgetown University. Father Walsh

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was one of the great inspirations of Georgetown. It was Father Walsh who started the Foreign Service School that has built such a wonderful reputation in furnishing trained young people, not only to go into the State Department (it was of course great value in our expanding during those war periods in the requirements for diplomats), but it's also been a great boon to companies who have international businesses and offices in foreign countries. As a matter of fact, about 60 percent of Foreign Service School graduates now are going to that area rather than to the Government. Well, Father Walsh listened to my problems and he said, "Well, we'll see if we can help."

So, we went on our way, and in a few days, the matter cleared up. And it was not until many years later that I ever asked how he did it, because as long as he did it, I wasn't going

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to inquire too much how it was accomplished. He was helpful many other times during the three or four years that DPC was in operation. I got much help from the law school from the young law graduates. They would give me a line of some of their honor students that I would get into the Defense Plant Corporation, because we did have a rather interesting, complicated, no guidepost legal problem with our contracts, with the various lessees who we financed to build plants. Then when I got into the Treasury and encountered the necessity for sending representatives all over the world on monetary matters, it was necessary many times to get a crash program in languages. This need arose if we were sending a representative to an unusual place, and many young men came into the Treasury and had <u>not</u> had any foreign language courses of sufficient depth to meet this

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problem. We'd have to have specialized vocabularies on finance and the training that we needed for them to have to go over and represent the Treasury in some of these financial responsibilities with various government central banks and treasuries, ministers of finance offices, and ministries. Georgetown University was extremely helpful in designing courses to help get those people qualified. The law school had programs on international law, other departments helped in linguistics and public speaking. We received a good deal of help from the Foreign Service School. After I left the Treasury Father [Edward B.] Bunn, who was president of the University at the time, invited me to become a member of the president's council. I was very happy to accept because I felt that if I could be of any help to them it would go to repay the many courtesies that they had

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extended to me. Then later I became a member of the Board of Regents. And incidentally, I have just been re-elected for another three year term. And then about three years ago, I became chairman of the fundraising program to build up for the first time some endowment reserves. The University was created in 1789 and in all these years they have never built up any capital fund

endowments. They had lived somehow from year to year. They had less than $15,000,000 in endowment funds. They had no endowed chairs. When we started out on this program it was a completely new idea with the Jesuits, they didn't know how to go out and raise funds in this fashion, because they had never done it before. They had raised funds for building certain buildings and for certain projects from time to time, but for a program of finance, they had just never done it. So, it's been a rather

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stimulating and creative job to get this program underway. We are a little beyond the halfway point now. Well, I've extended my remarks a little. You asked how did I happen to become associated with Georgetown University and I think that pretty well describes it. It's been a most interesting and stimulating experience.

Last year, I was honored by Georgetown University with an honorary degree, a Doctor of Humanities, which I prize very much. This is one of quite a number of degrees that I have received, largely because the universities and colleges have felt that I have been helpful to them in some of the work that I have done in my lifetime. And I was particularly pleased to have Georgetown so honor me.

HESS: Mr. Snyder, I believe you accompanied the President on a trip that he took to the American Legion Fair in Caruthersville, Missouri in

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October of 1945. What do you recall about that?

SNYDER: Well, I remember that very pleasantly. President Truman invited Leslie Biffle and me to go with him on that trip in view of the fact that Arkansas was my home state, my native state, and also that of Les Biffle.

HESS: What was his hometown?

SNYDER: Leslie was born in Boydsville, Arkansas, not far from Jonesboro where I was born. Mr. Truman invited us to go as he was going into our state. At that time, Mr. Biffle and Mr. Truman had been friends for a long time in the Senate. Mr. Biffle was Secretary of the Senate and was very devoted to Senator Truman, and of course, continued so as President. We landed at Blytheville, Arkansas. As we were to drive up to Missouri we stopped in Blytheville to visit

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with some of my family. When we got in the cars and started on up to Missouri, President Truman invited Mr. Biffle and me to sit in the car with him as we drove through Arkansas on that part of the trip, but when we got to the state line, he ordered the driver to stop and he said, "Well, boys, you've had your ride, you're going to have to get out. I've got to have some Missouri people in here for the rest of the trip.

So, we were delegated to the car behind his. We were abruptly unseated as guests of honor.

HESS: Who took your place, do you recall? What Missouri people got in the car?

SNYDER: Governor Phil Donnelly, Judge M. R. Rowland, Senator Frank Briggs, and Neal Helm.

HESS: Was Harry Vaughan on the trip?

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SNYDER: Yes, but he was not one of them that rode with Mr. Truman; they were local people. Neal Helm was one of them, and one of them might have been the chap that President Truman later named Frederal judge, in St. Louis, Roy Harper. But then we went on up to Caruthersville, Missouri, and had a grand time. We went on across into Tennessee to a fishing resort, Linda Lodge on Reelfort Lake near Tiptonville, and had some very fine fishing in a lake. It was a large natural lake that had been caused by volcanic action. It had marvelous fishing arrangements. It was just a delightful, pleasant trip. I remember it because it created quite a bit of comment through the state, because of his kindness in bringing Biffle and me down and giving us a chance to show our President off to our native people down there.

HESS: Mr. Truman liked to attend that American

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Legion Fair at Caruthersville as often as he could, isn't that correct?

SNYDER: Well, he had been several times before. I think that maybe was his last time. I don't know whether he ever went back or not, but as Senator he used to go. It was quite an interesting affair and a rallying point for Southeast Missouri politicians.

HESS: On the subject of Mr. Biffle;. He is of great interest to many historians and political. scientists, and a question that they always like to have raised is his influence with the President, and his involvement in matters of congressional liaison. When Mr. Truman would have something that he wanted conveyed to the Senate, would he work through Leslie Biffle?

SNYDER: Frequently. Mr. Biffle was a very effective liaison. As to his attempt to influence the

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President or the Senator, that was always somewhat of a question, because Mr. Biffle was quite a diplomat, and he was very careful in his dealings with the Senators to keep friendly with all of them, and he wouldn't go to the point of pressing any one of them. He supplied them with the facts regarding the case, and would poll the Senate to see how things were going in case of certain legislation that was before Congress. But as to his actually bringing pressure to influence legislation, it was done very adroitly, if at all. I don't recall his taking a position. He was always ready and willing and quite able in checking with the various Senators as to where they stood on various matters. But as to his actual lobbying for any measure, I don't recall his having done that. The first time I ever saw him working really hard towards a political end, was for Senator Barkley in the Philadelphia convention.

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Mr. Biffle kind of went all out there in his attempt to get Mr. Barkley nominated for President.

HESS: What do you recall about that, just what did he do?

SNYDER: Well, he went to the various delegations who were there that had come armed with the right to vote, the various state delegations, and pressed them very hard. He solicited their support and tried to persuade them to cast their ballots for Senator Barkley. But he was not successful, and frankly his relationship with Mr. Truman was never quite as close after that as it had been up until that time, Senator Barkley, of course, was nominated Vice President, and he and Mr. Truman, of course, had a very warm, pleasant, delightful association for the four years that he served with Mr. Truman, as is

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evidenced by that picture up there. [Pointing to an autographed picture of the two hanging on the wall.]

HESS: Just as an opinion, why do you think Senator Barkley made such a vigorous move at this time knowing, I suppose, that Mr. Truman was going to run again?

SNYDER: I'm not sure that Mr. Barkley made the great effort. I think it was a group that put forward the effort. I'm not at all certain, although I was there and right in the middle of it, I never got any evidence that it was Barkley himself who was putting this effort forward.

HESS: Just as an opinion again, do you think that in Mr. Barkley's mind, he could have been striving for the vice-presidential spot while some of his advisers and those around him were shooting for something higher, and were shooting for the

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Presidency itself? Is that possible?

SNYDER: I really don't think that when Senator Barkley went to the convention that he had in mind that he was going to be a candidate. I think this was generated there, though there had been some background, as I learned later, checking around the convention, but that was a long time ago, and I just don't recall any particular personal effort that Senator Barkley put into getting nominated for any position.

HESS: Several historians have said that his very energetic keynote address that year propelled him to the forefront.

SNYDER: That's right. It was magnificent. It was just magnificent. That bears out what I've just told you, that the keynote address stirred up the enthusiasm, and his presentation was so gripping and so captivating that they thought, "Well,

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here is a great candidate." And I think it was generated at the convention rather than any long-

range planning. That bears out just what I was saying.

HESS: Who do you recall as being President Truman's first choice for the position of Vice President that year? Did you discuss this with him?

SNYDER: Oh, I'm sure we did, but I've just forgotten. He had somebody else at the time.

HESS: He mentioned in his *Memoirs* that he had asked William O. Douglas.

SNYDER: He had. You see, that goes back to 1944. At the convention in Chicago, Mr. Truman understood and it is true, because we actually saw letters to that effect, Bill Douglas had been one of FDR's choices for Vice President, and he declined. He was happy to be where he was. Mr. Truman through the three and a half years

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that he had been President, had had some feelings about Mr. Douglas, that he was a good campaigner, and a very vocal person, and had thought maybe that he might make a good vocal person, and had thought maybe that he might make a good running mate. Yes, he had mentioned him, I recall that now.

HESS: You know, at the convention, when Mr. Barkley got the nomination for Vice President, he referred to himself as a "warmed over biscuit," indicating that he knew he was not first choice. Do you recall that?

SNYDER: Yes, he did do that, but he did it not with any venom, or anything of that sort, it was just a way he had. I'll tell you something if you're not aware of it, Mr. Barkley got his training in public relations, public projection of an image, from the Chautauqua circuit. He was an

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attorney down in Paducah, Kentucky, and found that he had developed quite an oratorical feel. And he got an opportunity to go with the Redpath-Horner Chautauqua circuit one year. And he found he liked it tremendously, and it taught him a great deal, so he told me. Mr. Barkley has been a friend of mine since 1934, so he told me how he really got into public speaking through this season with the Chautauqua. And he became a favorite with the Chautauquas. But he said he learned in that training, in that experience with the Chautauqua circuit, which was culture brought to the rural district and the country, that he had to catch his audience's interest and hold it within the first five minutes or else he never had them the whole time. So, it taught him to size up people, to size up their receptivity. He would make two or three test remarks and if he saw a response, why then he went all out on that theme for his talk. It helped

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him tremendously. It developed that wonderful voice he has, because we didn't have public speaking systems in those days, you know, and you had to fill the tent just naturally, and so he developed a very strong pair of lungs and a fine delivery. So he learned to catch an audience and his humor was simply tremendous, and his storytelling capacity was unlimited. He learned just to drop a little catchy story to relieve tension. That could easily have been why he said he was a

"warmed over biscuit," because that would just let some of the steam off of the convention.

HESS: During Mr. Truman's first term when there was no Vice President and Mr. Barkley was in the Senate, how close was their relationship?

SNYDER: Very friendly, very friendly.

HESS: Would you suppose that Mr. Barkley would be one of the most important contacts that President

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Truman had in the Senate, during those years when he wanted something done?

SNYDER: Well, he had a very important position up there, and naturally he would be, yes. You see, Mr. Truman, as I recall it, actually favored Pat Harrison for Majority Leader of the Senate, after Joe T. Robinson, but FDR selected Barkley. I was on the train with Senators Barkley, Truman, and Harrison coming back from the Joe T. Robinson funeral in Arkansas when Barkley said that FDR had asked him to take it. I recall it was quite a blow to Pat Harrison because he had thought that he had it lined up, and probably did have the vote, but when the President expressed his view -- particularly FDR -- it was usually heeded. But my recollection is that Mr. Truman and Mr. Barkley were always very cordial and friendly.

HESS: How effective was Mr. Barkley as Vice President?

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SNYDER: Well, Mr. Barkley was very fine in building up the Party image and the administration work. Mr. Truman had him at all the Cabinet meetings. He had his regular seat right opposite from him at the Cabinet table, and he traveled around the country a great deal making talks on various subjects. He was very popular, of course, in the Senate as President Pro-Tem of the Senate.

HESS: Well, I sort of got off on that by discussing Mr. Biffle, but one thing that interests me is the time that Mr. Biffle, in the 1948 campaign, dressed up as a poultry truck driver and drove around the country.

SNYDER: He did that several years. Yes, he would get in a Ford pickup truck, or some small car, and he and his wife would just start off across the country, and stop and talk with the folks,

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get their views, don't you see, and got the entree by saying he was a poultry fancier and dealing in poultry and so forth, and get them off-guard and they would unfold their heart. He was very effective in getting the feel of people, don't you see, around the country.

HESS: Did he ever tell you personally of some of the observations that he had made on some of these trips? Did you ever talk to him about this?

SNYDER: Oh, yes, Biffle and I were the very closest of friends right up until his death, and of course he used to regale us many times with his stories. I don't recall any of them in particular just now. Some of them were very pithy, and the remarks of some of his collaborators were a little strong.

HESS: Recalling back to the 1948 campaign when the

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polls were running strongly against Mr. Truman, do you recall what Mr. Biffle's so-called "poultry truck poll" -- his one-man poultry truck poll -- may have come up with? What did he find the sentiment of the country was?

SNYDER: He found that the grassroots people felt more kindly towards Mr. Truman than Mr. Dewey. That Dewey just didn't project himself to them, and whenever they heard him talk they weren't moved particularly in his direction. And Biffle did bring back an indication that the grassroots people were much more inclined towards Mr. Truman than Dewey. It was just an indicator that was given careful consideration.

HESS: One more question on Mr. Barkley. We'll probably come back on several of these people and ask further questions, but in the 1952 convention, held in Chicago that year, Mr. Barkley went to Chicago, as I understand it, with

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rather strong feelings that he did want the nomination at that time.

SNYDER: That is correct, and he worked very hard and thought that he had it pretty well lined up. At that time, though, Mr. Truman was very much impressed and wanted Adlai Stevenson, but Stevenson was a reluctant dragon at that time, he wanted to be drafted, and Mr. Truman just never believed that you drafted a President of the United States, that you had to get out and show some real energy and direction and that you should want it very badly. And so they had quite a difficult time getting Mr. Stevenson to throw his hat in the ring.

HESS: Since we're up here in 1952, we're getting quite a bit ahead of our story, but let's just continue on here for a minute; when did you first become aware that Mr. Truman did not intend to run for reelection in 1952?

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SNYDER: Oh, long before he announced it.

HESS: He made that announcement late in March of 1952 at the Jefferson-Jackson Day Dinner at the D.C. Armory.

SNYDER: Yes. He had indicated that he thought he had had two full terms some time before that, but…

HESS: Thinking back, can you remember how long before the official announcement was it that

you knew he was not going to run, was it weeks, was it months, or was it a year before the announcement perhaps?

SNYDER: Oh, it's so easy to get yourself deluded that way, because many times you'll be sitting around just talking off the record, as we constantly did, he might have said, "Well, I'm certainly not going for any third term," or something

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because he had considered that he practically had a full term of Roosevelt's. So, he could have, as much as months beforehand, made some such remark as that. People are too prone to go back and say, "Oh, yes, he told me," when actually he may not have been too serious about it, but just a remark in passing, don't you see. It really sounded to me like he was becoming serious, along after the first of the year.

HESS: Who do you think that Mr. Truman's first choice was for the standard-bearer, just about this time -- about the first of the year?

SNYDER: Well, his very first mention of anyone, it may have been before that, he did mention it to Eisenhower, as to whether he'd want to be a candidate or not.

HESS: When did it seem to you that Mr. Truman's backing of Stevenson began?

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SNYDER: Oh, in the spring of '52.

HESS: Well, I don't want to get much further into this.

SNYDER: Yes, because we'll come up to that again.

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Seventeenth Oral History Interview with John W. Snyder, Washington, D.C., May 29, 1968. By Jerry N. Hess, Harry S. Truman Library.

HESS: Secretary Snyder, could you tell me about the background, the development and the subsequent history of the International Bank for Reconstruction and Development and the International Monetary Fund, which were launched at the Bretton Woods International Monetary and Financial Conference which was held in 1944?

SNYDER: Yes, Mr. Hess, I can give you some of that background because I took a great interest in those procedures.

Early in World War II, the economic and financial experts of the allied nations began to consider what plans could be made to meet the economic problems of the peace. They recognized that if the peace were to be won, attention would have to be given not only to the immediate relief and physical reconstruction of the

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economies disrupted by the war, but also to the expansion by appropriate international and domestic measures of production, employment and the exchange and consumption of goods.

Discussions were held on a variety of proposals that were intended to help realize these economic goals of the allies. Among the proposals, post-war monetary and financial plans had begun to be considered as early as 1941, long before it was even certain that the allies were going to win. From deliberations on these plans over the ensuing years the outlines of two complimentary financial institutions emerged: the first, the International Bank for Reconstruction and Development was, as the name implies, to help finance the reconstruction and development of its member countries. This later became generally known as the World Bank. The other institution was the International Monetary Fund and the purpose of that organization was to promote international currency stability

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by helping to finance its members' temporary balance of payment deficits and by providing for the progressive elimination of exchange restrictions and the observance of accepted rules of international financial conduct.

Now, by the spring of 1944, after prolonged and intensive discussions between the Treasury representatives of the United States and of the United Kingdom and consultations with representatives of other countries, the proposals for these two organizations had reached a rather advanced stage. The United Nations Monetary and Financial Conference was accordingly convened in Atlantic City, the representatives of forty-four nations assembled at Bretton Woods, New Hampshire on July 1, 1944 and after three weeks of deliberation, discussion and exchange of idea, they came up with completed drafts of an agreement -- the articles of agreement -- for the

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two institutions, and these were submitted to the various participating governments for study and acceptance. All of the nations which participated in the Bretton Woods Conference -- I can give you a full list of those if you'd like to have them for the record, of the original countries that entered the Fund and the Bank -- all of the original ones who participated, except the USSR, Liberia and New Zealand, very shortly approved the charters of both the Fund and the Bank. The articles of agreement of the Bank was formally accepted by a majority of the participants on December 27, 1945. Six months later on June 25, 1946 the Bank opened for business and proceeded to call up capital from its member countries.

The participants at Bretton Woods realized that at the end of the war there would be a pressing need for international capital to finance both the reconstruction of productive

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facilities and an increase in productivity and living standards especially in the undeveloped areas of the world. The requirements were recognized as being so great and the risk so large that private capital would be unable to fulfill them without some form of governmental guarantee. The Bretton Woods Conference felt that the problem could best be solved by the creaton of a

new type of international investment institution which would be authorized to make or guarantee loans for productive reconstruction and development projects, both with its own capital and through the mobilization of private capital, and which would be provided with the financial structure under which the risk of such investment would be shared by all member governments roughly in accordance to their economic strength. This solution was embodied in the Bank's articles of agreement.

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The articles of agreement established the Bank as an inter-governmental institution, corporate in form, all of its capital stock being owned by the member governments. The Bank's authorized capital is the equivalent of twenty-one billion dollars of which approximately two billion seven hundred million dollars had been subscribed at that time. Only one tenth of this, however, was to be paid in in gold; the remaining nine tenths of the Bank's capital remained subject to call by the Bank, only if required to meet its obligations arising out of the borrowings or guarantees. This capital structure provides the Bank both with substantial loan resources from its own paid in capital, and with even more sizable guarantee resources; the latter, consisting of the uncalled portion of all capital subscriptions, enables the Bank to mobilize private capital for international investment,

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mainly through the sale of Bank obligations to private investors. As the records of the Bretton Woods deliberations indicate, the emphasis from the beginning was not so much on what the Bank could lend directly out of its paid in capital as on the concept of the Bank as providing a safe bridge over which private capital could move into the international field. Indeed it was one of the unique features of the Bank that although it is an intergovernmental operation, it must rely on the private investment community for most of its financial resources. The provision of guarantees for international members borrowings was not new, however, because in the early inter-war period several loans to European governments carried the guarantee of other European governments. The new feature written into the Bank's articles was the sharing of the risk on an international basis with each of the Bank's members responsible up to

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the amount of the unpaid balance of its capital subscription for the Bank's outstanding borrowings and guarantees. The amount of the risk thus guaranteed was limited by the requirements that the total outstanding amount of the loans made or guaranteed by the Bank was not to exceed 100 percent of its total, unimpaired, subscribed capital reserves and surpluses.

Now, in drafting the provisions of the articles of agreement governing the use to which the Bank was to put its funds, the Bank's founders were acutely aware of the need to avoid the errors which had characterized much of the international lending of the past and particularly of the inter-war period. Capital raised through sales of securities in foreign capital markets had frequently made little or no contribution to the productive capacity of the borrowers. Many of the loans had also been made

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without reference to the ability of the borrowers to service new or even existing foreign debts.

These lending practices undoubtedly contributed to the widespread defaults in the 1930s.

To avoid these errors, the Bank's articles contained a number of protective provisions: the Bank's loans must be for productive purposes and except for special circumstances must be to finance the foreign exchange requirements of specific projects of reconstruction or development; the merit of all projects must be carefully studied and arrangements made designed to assure that the most useful and urgent projects are dealt with first. The borrower may be a member government, a political subdivision, or a business, industrial, or agricultural enterprise, or if the borrower is other than a government, the loan must be guaranteed by a member government in whose territory the project is located or by its

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central bank or by some comparable agency.

Now in practice the Bank has always obtained the guarantee of a government as distinct from a central bank. That's been the practice and they followed it very carefully. The articles of agreement direct the Bank to act prudently in making loans, paying due regard to the prospects that the borrower, and if the borrower is not a member, that the guarantor will be in position to meet its obligations under the loan when due. The Bank is also specifically required to make arrangements to insure that the proceeds of each loan are used only for the purpose for which the loans are granted with due attention to considerations of economy and efficiency and without regard to political or other non-economic considerations. And I might add that the borrower must be in position to repay -- that is one of the most important items of the

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requirements, that the borrower must be in a position to repay. I think that's what's given the Bank one of its great, strong backing positions, the backing of the private lending sector, is the fact that they make prudent loans; they make solvent loans.

Now, further, the Bank is required to, give equitable consideration to projects for development and projects for reconstruction alike but it was contemplated at Bretton Woods that the initial emphasis of Bank activity would necessarily at first be on the urgent problems of reconstruction. By 1947, however, it had become pretty clear that the physical devastation, disruption of trade and industrial and governmental dislocations caused by the war were far greater than had been envisioned at Bretton Woods. Unforeseen political conflicts accentuated the economic difficulties and as a result the requirements for European

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recovery at the end of the UNRRA involved much more than the reconstruction or modernization of specific productive facilities. There was also urgent need for financial aid to continue imports for food, fuel and raw materials which for the time being could come only from the dollar areas. Despite substantial credits from the United States and Canada, European resources of dollar exchange had fallen to dangerously low levels by the end of 1946. When it made its reconstruction loans in 1947, therefore, the Bank recognized that important as this financing was to fill urgent, immediate needs, the long term requirements for European recovery were far too large for the Bank to meet from the resources at its command, and in fact were far greater than

the amount which the countries of Western Europe could afford to borrow with any reasonable prospect of being able to repay.

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At that time the Marshall plan proposals which resulted in the European Recovery Program were already under consideration by the United States Government and the Bank gave them its full cooperation by making its records, plans and staff available for consultation and appropriate assistance. When the Marshall plan came into operation in 1948, the Bank turned its attention to its other major responsibility, the financing of development. Most of the Bank's development loans had been for basic facilities such as power, transportation, heavy industry and irrigation and land reclamation, which are the foundation of economic growth. Abroad market for the Bank's obligation had been created in the United States and by June 30, 1966, two billion eight hundred and six million dollars of United States dollar bonds and notes were outstanding, of which about 25 percent were held by investors outside the United States.

The Bank has been

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increasingly called upon to supplement its investment activities by providing technical assistance of various kinds of its less developed member countries. This function was not stressed at Bretton Woods but over the years has taken on increasing importance.

Increasingly also, the Bank is called upon to lend its good offices in seeking the settlement of economic disputes between its member countries. The best known example is the successful role the Bank played from 1952 to 1960 in the settlement of the dispute between India and Pakistan over the sharing of the waters of the Indus basin. Other cases resulted in the settlement of two disputes arising from nationalization of the Suez Canal and the subsequent military action in the area: The first to settle the compensation to be paid the Suez Canal Company, and the second found a solution in the financial difficulties between the governments of the United Kingdom

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and the United Arab Republic. Mutually working relations have been established by the Bank with other specialized international organizations, particularly the International Monetary Fund, which was the sister financial institution set up by Bretton Woods, with the Food and Agricultural Organization of the United Nations, the World Health Organization, the U.N. Educational, Scientific and Cultural Organizations and the U.N. technical Assistance Board. There is frequent, informal consultations between the staff of the Bank and of IMF, and the members of IMF's staff have on occasion participated in the Bank's missions to the member countries.

Now, the articles of agreement contain provisions which accord to the Bank in the territories of each of its members' legal status and certain privileges and immunities. Each member government is required to take

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whatever action is necessary in its territories to make these provisions effective under its own

law. The archives of the Bank are inviolable, confidential, secret and highly classified. The assets of the Bank are immune from seizure, attachment or execution prior to delivery of final judgment against it. The official communications of the Bank are to be accorded by each member the same treatment accorded to official communications of other members. The Bank, its assets, property, income and its authorized operations and transactions are immune from all taxation and from all customs duties. The Bank is also immune from liability for the collection or payment of any tax or duty. As of now the Bank employs about 900 persons who are natives of fifty-five different countries. The staff includes bankers, economists, accountants, engineers and other experts. As I've

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said the Bank's first emphasis was on the urgent problems of reconstructing some of the war-damaged economies of Europe for which it made loans totaling two billion two hundred million dollars. It was from this beginning that attention was turned by degrees to what has become the main area of activity -- the financing of economic development. Since 1948 when it really began making loans in any volume, the Bank has made loans totaling nine billion five hundred eighty-three million dollars for development projects and programs of eighty of its member countries and territories. Today there are 105 member countries that are part of the World Bank.

HESS: Mr. Secretary, I believe that you attended most or all of the annual meetings, is that correct?

SNYDER: Yes, I was the joint chairman of the boards

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of both the World Bank and the Monetary Fund at their first meeting in 1946 -- in September, 1946 -- at the Wardman Park Hotel, Washington, D.C. For the next six years I was the U.S. Governor of both the Bank and the Fund and after I left Government, the Treasury, in 1953, I have served as a U.S. adviser or as a direct invitee from the Bank or the Fund every year since. I have never missed an annual meeting of the World Bank and Fund either here in Washington or when it met abroad. The pattern for these annual meetings, Mr. Hess, was set up at the time that I was active in the Bank and Fund as U.S. Governor, and that pattern has never been changed since. The insitutions hold two annual meetings in Washington and the third in some other member country. This is to keep the international scheme paramount. Frankly, I think that the member countries would prefer meeting in Washington each year because this

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is the headquarters of both the Bank and the Fund. All the technical staff and the directors who operate those two institutions are located here, and it gives the member country representatives a better chance to discuss either active loans or prospective loans, but to keep the international flavor we decided back in the early days to meet twice in Washington and the third meeting in some other member country. Now this last year -- last September -- we met in Rio de Janeiro. The next two meetings this year and 1969 will be held here in Washington. The next foreign country has not yet been selected, but will probably be Copenhagen.

HESS: Would you tell me something further of your involvement with the organizations during

the time that you were Secretary of the Treasury -- perhaps some of the day to day operations in which you would be called upon to provide

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assistance to them?

SNYDER: Well, each one of the institutions has its own board of directors. The top five countries have a direct director from that country. The remainder of the twenty directors, fifteen of them, divide their representation over several countries that have mutually agreed on having a single director represent them, so the operation, the making of loans, the collecting of loans, the examination for loans, the missions for studying loans is all conducted by the board of directors. The Bank has a president and the Fund has a managing director, who heads those organizations. As Secretary of the Treasury, whatever assistance, advice or help I rendered was usually done through our representative on the Bank or Fund's board of directors. In the early days the Bank and the Fund had great difficulty in actually getting started. The

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Bank's first president was Eugene Meyer, and Mr. Meyer was rather hesitant about making loans until he got the feel of it. He wasn't too certain as to how to set up the organization, and as a result it didn't move along with any great speed.

HESS: What had been his background?

SNYDER: He had been a banker and was the owner of the *Washington Post*, and he had been on the Federal Reserve Board, and was quite a reputed financier. He was followed by a Standard Oil vice president, a gentleman by the name of [Emilio G.] Collado, and then he was followed by John McCloy of Chase National Bank and McCloy was subsequently made the High Commissioner of Germany. He was succeeded by Eugene Black, also from the Chase National Bank. Mr. Black began to really put life into the organization,

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to shape it up and establish it in the role for which it was created. Up until that time there had been many problems with both the Bank and the Fund. Over in the Fund, of course, Mr. Camille Gutt had been the longtime head of the Monetary Fund. The Fund didn't get off to too early a start because of the unsettled conditions in the central banks' finances in the member countries. They were all in deficit positions nearly, and to attempt to try to work out elimination of the multiple exchange rates was quite a problem because it was almost a country by country negotiating situation. Under the multiple rate system whatever commodity you were dealing in you negotiated for whatever exchange rates you could get. This had been particularly bad prior to World War I. It had become worse immediately following World War I. To cure this unmanagable situation was the

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purpose of the Fund. It was set up to try to iron out those problems but there wasn't enough money to do it initially until the countries got back on their feet and, got their finances in better order, and got their fiscal plans, and their fiscal policies better established. So there was

considerable agitation on the part of many of our Senators and our Congressmen who were opposed to the Fund conception and many of them desired to merge the Fund into the Bank and let it all be a Bank operation. It took a great deal of patience and diplomacy to keep those two organizations alive during those formative days, and the Treasury, of which I was the head, took a most active part in that. I think that we have been given credit for being the preserver of the two institutions in the form that they were originally conceived without weakening their position by liberalizing their

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requirements, or by misdirecting the use of either of the institutions' funds.

HESS: What were some of the actions that the Treasury Department took at this time to help those organizations?

SNYDER: Well, it was largely a matter of persuading the various governments to be patient, particularly our own, our own Congress, and consulting with them as to their working with the Marshall plan. It was a matter of consultation and working with them in that way in an advisory capacity, that helped them keep their identities alive.

HESS: Do you recall just why the various men who were chosen to head the organizations were selected for those positions?

SNYDER: It was generally agreed initially that the

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head of the Bank would come from the United States, and that the managing director of the Monetary Fund would come from some European banking institution that had been accustomed to dealing in exchange rates. In selecting Mr. Meyer it was a matter frankly of finding someone who would undertake it. Mr. Meyer had been reputed to have some international financing experience and he had been a member of the Federal Reserve Board, he was a member of the RFC board, and so he was well known and he was willing to undertake it.

Mr. Collado, of course, was a vice president of the Standard Oil Company of New Jersey, which was quite a large international operation and he was knowledgeable in international finance and he stepped in when Mr. Meyer got out, but not for long. Then M. McCloy, of course, who had been in the Chase National Bank, and the Chase

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Bank had been an international banking institution, and then Eugene Black, had the same background.

HESS: How would you evaluate the success of those institutions at this moment?

SNYDER: At this moment I think they've both been outstanding successes and have fulfilled a most urgently needed function in their two fields, up to date.

HESS: How would you evaluate their success up until January 20, 1953, the date that you left office?

SNYDER: Both of them were getting into their stride at that time. The Bank was moving along in a splendid fashion, making proper loans and being very instrumental in establishing in the member countries sound economic positions. The Fund

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was just beginning about that time to really get to operating as it should. Its successes came a few years later but they were already, at the time that I left the Treasury, well on the road to a successful operation. They had overcome their growing pains and the doubts of the member countries and confidence was being established that they could do a good job by that time.

HESS: Was the Bank and the Fund used instrumentally in the work going on in connection with the Marshall plan?

SNYDER: The Bank, as I mentioned just a while ago, cooperated to a full extent with the setting up of the Marshall plan, and the Marshall plan undertook to do many of the reconstruction loans which relieved the Bank of that requirement and the Bank then turned its attention largely to the development loans.

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Eighteenth Oral History Interview with John W. Snyder, Washington, D.C., July 3, 1968. By Jerry N. Hess, Harry S. Truman Library.

HESS: Secretary Snyder, for our first topic this morning, let us take up the subject of the President's Cabinet: First, how did Mr. Truman use his Cabinet? What did he seem to believe was the proper role for the Cabinet?

SNYDER: Mr. Truman had great respect for his Cabinet and used it more extensively than any President that I have had the opportunity to observe at close range. He appointed, in nearly every case, a man in whom he had confidence, and whom he believed was thoroughly capable of carrying out the responsibilities of the office to which he appointed him. Mr. Truman held a Cabinet meeting practically every week. He had a fixed day on which he had the Cabinet meet in the morning at the White House. At those meetings they were

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seated around the table in accordance with protocol. The longest-established department being given priority. Therefore, the Secretary of State, who represented the first department created, sat on the President's right. The next department that was formed was the Treasury Department, and he had the Secretary of the Treasury sit on his left. And then they alternated around the table in that fashion. If we'd like to record the priorities, why, I'll list them in order of protocol: Department of State; Department of the Treasury; War Department, before July 1947, and the Department of Defense from that point on; Department of Justice; Post Office Department; Department of the Interior; Department of Agriculture; Department of Commerce; and the Department of Labor.

Mr. Truman in conducting his Cabinet meetings, normally, stated to the Cabinet any

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current matters that were before him which he thought would be advisable for all the Cabinet to know in connection with their work in their departments. Then he would take up matters which were pending and on which he would like to have the expression of the various Cabinet members whose departments might be particularly interested in the subject matter of the pending legislation or action of the President or whatever it might be, perhaps an Executive order. Then he would go around the Cabinet according to protocol and ask each Cabinet member if he had any comments to make, any suggestions, any proposals, which would be helpful, any counsel that he might want to give.

Toward the close, he would call on any Cabinet member who had a matter that he would want to bring up. He would give each an opportunity to set forth any particular matter that might affect some of the other departments.

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Normally, if it was a matter that only affected the President and the department, the Secretary normally took that matter up with the President in a private conference, but if it was something that might have a bearing on some of the other departments, it was discussed at the Cabinet meeting. In that way it enabled the various Cabinet members to have splendid communications with the administration as a whole and in that way soothe many troubled waters. Many times things could come up, say in the Treasury Department, that might affect the Commerce Department, and if the Secretary and his staff had been so busy with the multitude of things that they have to do, that they failed to notify the Secretary, it could cause some little feeling of irritation when it was announced, or if a bill was sent up that hadn't been carefully cleared. Of course, there were many other

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preventive measures to prevent that happening because the President himself and his staff carefully checked with any department before the President would approve a bill to go up to the Congress.

Toward the end of the session the President usually would just start around the Cabinet and ask each one if they had anything to add to what had been said, or anything for the general good of the Government and of the administration. President Truman was most liberal in allotting time for private conferences with each of his Cabinet members. There was no difficulty in getting an appointment if you had a matter to take up with the President and wanted to get his personal views or wanted to express <u>your</u> views to the President on a matter that affected your department, or on which your department might want to take an action. Naturally you wanted to be sure that the President understood the intended action and approved

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it. But sometimes there were things that happened that a department head had full authority on which to act, but the matter might be a little controversial and it would have been better,

smoother, if the President had been consulted, and worked the thing our satisfactorily. But we didn't have too many instances of that character, not too many anyway. In the event that a Secretary had some matter about which he felt he must talk with the President, it might not have anything to do with his department, but it was a simple matter to get an audience with the President. If it came to a matter of politics or anything of that sort, the President rarely discussed politics in the Cabinet, but did have the door open at all times to receive any ideas that the Cabinet members might have. I personally took great advantage of the opportunity to discuss matters with the President.

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If it came to a matter of politics or anything of that sort, the President rarely discussed politics in the Cabinet, but did have the door open at all times to receive any ideas that the Cabinet members might have. I personally took great advantage of the opportunity to discuss matters with the President, and I think that the secret of the Treasury's successful administration was the fact that at all times the President and I were in thorough accord with any action that I was taking, and I must say that I had the most splendid cooperation with the President. It is always an enormous asset to an administrator to have the confidence of his superior when he is charged with responsibilities of running a large organization, such as the size of any of the departments. In the days gone by some of the Cabinet positions used to be sinecures that were largely honors to

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the recipient of the nomination, but actually didn't have a tremendous responsibility. Today there is no Cabinet job that hasn't many problems, many responsibilities that are of greatest importance to the Nation's welfare and operation. So to be appointed a member of the Cabinet today you must perform some vitally important duties because of the fact that the Government has taken on such tremendous responsibilities in the functions and operations of both national and international affairs.

HESS: Mr. Secretary, in your opinion, did Mr. Truman look upon the members of his Cabinet as his principal advisers in the operations of Government, or were there other people, perhaps on the White House staff, perhaps other places in Government, maybe even in the private sector, whose advice he might take before he took the advice of a Cabinet member?

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SNYDER: I would say that the President consulted first the Cabinet member on matters of action concerning his department. If it was a matter of information, he might well consult an outsider, an expert in a certain field. He might hold conversations with groups regarding certain matters. He might call in experts in the field of agricultural, defense, or most any of the areas of Government. I don't remember how many exactly there are now of the different agencies and office in the Executive Office, but I think there are some thirty-five or forty. And each one of those has some contact with the departments, and with the operation of the administration. So the President is constantly seeking knowledge and information, counsel, on any subject that comes across his desk. Therefore he didn't confine his discussions and his counsel and the advice he seeks to the Cabinet

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member, but he did lay great weight on the opinion and the advice of the Cabinet member regarding his own department.

HESS: A few moments ago you mentioned the instances in which a misunderstanding or lack of communication might arise between one department and another. That might happen inadvertently, but were there times during the Truman administration when one Cabinet member would set out with the purpose of taking over various functions that might fall in another Cabinet member's area of responsibility?

SNYDER: That didn't happen nearly so frequently in the Truman administration as it did in the Roosevelt administration. There were quite a number of empire builders back in the days of Mr. Roosevelt. That probably grew out of the length of time that he was in office and some

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of the Cabinet members who had been there a long time began to feel that they had influence with the President and could bring him to their viewpoints.

HESS: Who would you classify as the worst offenders in that area?

SNYDER: Well, I think that possibly the Treasury Department, the Interior Department, the State Department, were the most aggressive. The greatest casualties to raiding, the Commerce Department and the Labor Department. They were stripped of many of their functions during the war. The Treasury took on a great number of functions during the war which I subsequently transferred back to various other departments that had had them prior to that time, or to new departments, such as purchasing and things of that sort, such as buying and selling of airplanes for instance. So there were quite a number of things -- dealing in surplus property -- that had been brought into the Treasury that I soon (after I got into the Treasury) began to put back into more appropriate places.

HESS: You mentioned that the instances o£ empire building, so to speak, were not as prevalent as in the Roosevelt administration, but who tried that in the Truman administration?

SNYDER: Well, I guess the State Department in connection with our new role as an international leader desired to take over a great many of the operations of Commerce and of Treasury because of their feeling their way along, and feeling that since they were more closely associated with the diplomatic side and the international political side, that they could handle these various functions, such as the industrial representative, the commercial representative, the financial representative.

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However, that never became a serious matter, because the President was very farseeing and brought about a very close relationship.

HESS: One short question about your meetings with President Truman. Were those meetings usually arranged through his Appointments Secretary, Matt Connelly?

SNYDER: In the majority of the cases, yes. In my case, it didn't work out quite that way. Frequently, if I was going to see him in his office, yes, I would always arrange that through his Appointments Secretary. However, I frequently, three or four times a week, would drop over after the President had gone back to his quarters in the White House.

HESS: In the evening...

SNYDER: In the evening or before dinner, or maybe for dinner, and discuss matters with him. They

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were completely off-the-record. I personally never went into Mr. Truman's office through the front reception room, because I wasn't seeking publicity. It probably would have been better, but I just had the feeling that I was trying to do a job for the President, and the matters were between us. If it required publicity I could release it at the press conferences which I held. If it was a matter that I felt that he ought to mention, we'd always arrange for him to say something about it, and if it wasn't of particular importance that the President himself voice an opinion on it, I would take the matter up at my press conferences, which I held nearly every week.

HESS: You stated that you never had any trouble getting in to see the President even when you would go through Matthew Connelly. And you ever hear of any times that Mr. Connelly

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may have blocked someone as high as a Cabinet member from seeing the President? Would this be possible, could he do this?

SNYDER: I wouldn't want to comment one way or the other, because it would be in confidence. I wouldn't know whether there was such an occurrence.

HESS: I was just wondering if he could possibly have done that?

SNYDER: Oh, it would be easy enough to do; it all depends on the Cabinet member. He could do it once, or maybe twice. But if it had happened a third time and a Cabinet member said something to the President -- I'm not talking about Connelly particularly, but <u>any</u> secretary can do it, certainly; he can prevent anyone he wants to from getting in because he could just say, "Well, he's very busy and he can't see you,"

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and so forth. But if it's a matter of real importance and the secretary continues to press, it doesn't take long for him to begin to feel like he is being excluded, and he can go right to the President himself. In fact, that's an awfully easy way to get those things straightened out. But to my knowledge, I know of no planned attempt to keep certain Cabinet members away. Remember this, that in spite of the fact that the secretary of a department has been selected by the President, invited to serve in his Cabinet, and has shown great consideration for the individual, the individual himself might feel very shy about pressing. If they are told that the President is busy,

then they let it go, don't you see, unless it is something that is so urgent that he just has to see the President. Many times I have heard secretaries, Cabinet members, say, "Well, it's awfully hard to get in to see the President." But I recall that many

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many times it was just because they hadn't tried very hard. It could be that they had called once and were told that the calendar was full for the day and they just passed it off with "Well, I can see him in the Cabinet," or something like that, and let it go. But if you really wanted to see him, it was really no problem. I never found it so in talking with any of the Cabinet members. If they really had something to talk with the President about, they could get to see him.

That may not have been true with some Presidents.

HESS: Who do you have reference to?

SNYDER; Well, I'm not going to make any pointed references but I do know that there are Cabinet members that rarely got to see the President in a private conversation.

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HESS: We have a list of the men who served on the President's Cabinet during the Truman administration. Will you start at the beginning and tell me a little bit about each man, why they were chosen for that position, why they left if that was the case, their working relationship with the President and the other members of the Cabinet, and any items of interest that may come to your mind regarding those individual members.

SNYDER: Well, I'd have to start off by saying that there is no one who can answer that question in its entirety, except the President himself.

HESS: And it would take several volumes to do it, wouldn't it?

SNYDER: Yes, it would take several volumes. I can only tell you what comes to my mind, about matters on which I was informed, or heard or

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something of that sort, because the President might or might not talk over an appointment with other Cabinet members. He might well discuss with one or two or three, but that doesn't mean he'd talk with every one about a new appointment.

HESS: I have a question on that. Because of your particular friendship with Mr. Truman, do you think (just your opinion) that he would discuss other Cabinet appointments with you a little more frequently than he might with some of the other Cabinet members?

SNYDER: I wouldn't want to venture such an opinion. We were good friends, but I don't want to presume on his friendship, and never did. Possibly that is why we are still good friends.

HESS: I thought that was an obvious question so I had better state it for the record.

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SNYDER: It is so obvious that I won't try to answer it. Because it would be presumptuous on my part to say that the President -- well, I'll let the record speak for itself.

HESS: Fine.

SNYDER: Under the circumstances of Mr. Truman's taking office on the death of Mr. Roosevelt, he was left with a holdover Cabinet, which does not necessarily take place when the election places a President in the office. Normally it is the custom for the Cabinet member to resign on the last day that a President is in office, and that gives the new President an opportunity, without any difficulty, to start naming his Cabinet. .And in some cases, but not all cases, there might be a little lap-over. But normally, a President, even in a party succession, starts choosing his Cabinet during his campaign even

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for the nomination. And then certainly after he's nominated, he spends considerable time thinking of the team that he's going to ask to work with him if he's successful. That certainly was true with Mr. Eisenhower. He had his people all selected very quickly after his election. In the case of my successor, Mr. [George M.] Humphrey, I went so far as to set up offices for him and furnish him with personnel so he could come and bring his associates that he was going to bring in and study the operations of the Treasury. I gave him the work plan of the various departments, the job descriptions of the various offices, so as to make as smooth a transition as was possible.

HESS: Did you feel that they fully availed themselves of the opportunities that you presented?

SNYDER: Well, to a great extent, yes. To some

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areas where I thought they should have paid more attention, they didn't. But generally speaking, yes. Because they were in there for nearly two months and must have absorbed a great deal during that time. Looking back over it, I think the biggest part of the time they spent was trying to figure out who they could fire first and replace them with folks of their own choosing, which is quite all right. I can't find any fault with that.

HESS: They had been a long time away from the water hole, hadn't they?

SNYDER: Yes, particularly in the Treasury there had been so many criticisms by some of the Republicans as to how things had been run, and so they actually did let a lot of people go that they shouldn't have, because they found out later that there wasn't as much deviation from good

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sound fiscal policy in the Treasury as they had first thought, and particularly in the case of the interest rates which Randy [W. Randolph] Burgess felt they ought to turn loose and let the interest rates seek their own level. Well, they did that and ran the rates up so high that they just had a debacle with the bond departments, commercial bonds and securities of that sort, and they

got the interest rates so out of line, that they had to take steps to bring the rates back down, because they let them get too out of line. It would have been much better if they had done it on a gradual basis instead of just throwing the doors open and saying, "Let the rates go where they want to."

That was what I undertook to do right after the war, it was my endeavor to let the rates gradually -- they had been held very low during the war which was very proper, but once the war was over, then my plan was to gradually let

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interest rates rise as we were getting into peacetime operation. The banking fraternity, though, had a different notion. They had been held down, and they just wanted to go right to the top. The Federal Reserve in New York was particularly aggressive in that area. I had worked very carefully with them and we were going along pretty well until, all of a sudden, they wanted the rates to go up faster, and they violated the understanding we had with them. We allowed the rates on bills and on notes and on some bonds to begin to go up and we thought we were doing a real good job of it. But then it didn't suit the money operators in New York and they wanted to shoot the rates up faster. However, they did cooperate as long as I was there. I had worked out a famous "accord" with them and we did hold the rates down fairly well, we let them grow slowly, until after I

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left. That was when I thought that they used poor judgment in throwing the gates wide open. In general, that is the approach.

President Truman, as I mentioned, inherited a holdover Cabinet. Starting with the senior Cabinet member, Ed [Edward] Stettinius, Jr. had been appointed Secretary of State by Mr. Roosevelt in December of 1944, and had served about five months at the time Mr. Truman became President. And he resigned rather quickly and was succeeded by Jim [James F.] Byrnes on June 27, 1945. Ed was not a particularly strong Cabinet member and he certainly was not in rapport with Mr. Truman. It was mutually understood that he would step out very quickly. As a matter of fact, all the Roosevelt Cabinet members did offer their resignation to Mr. Truman, but he asked them to stay on until he could work things out satisfactorily to all concerned.

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HESS: What seemed to be the basis of their lack of rapport, or misunderstanding, would you say?

SNYDER: Well, they were just two different kinds of people. It wasn't that Mr. Truman just didn't particularly...

HESS: They didn't hit it off, so to speak.

SNYDER: Well, that's the easiest way to put it...

HESS: It wasn't a misunderstanding, they just didn't...

SNYDER: No, no, it was just a matter of Mr. Truman having his own team, don't you see.

Jim Byrnes had known Mr. Truman for many years in the Senate, and had, of course, served on the Supreme Court. After he resigned from the Court he went into the White House as adviser to Mr. Roosevelt and was apparently very close to him. Mr. Roosevelt subsequently made him the head

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of OWMR, at which time someone, maybe some of the newspaper people, applied the title, "Assistant President" to Byrnes. He had great aspirations to be nominated the running mate for Mr. Roosevelt in the 1944 campaign. As a matter of fact, he had asked Mr. Truman to place his name in nomination, and the Senator had agreed to do it at the Chicago convention. So they had been very close friends, and Mr. Truman had great respect for his experience and his knowledge.

HESS: Some historians say that his appointment as Secretary of State by Mr. Truman was sort of a consolation being offered by the then President Truman to Byrnes for the fact that he was not President at this time.

SNYDER: No, I don't agree with that. I think Mr. Truman asked him to be Secretary of State

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because he thought he could trust him and that he had the capacity to fill the job. Senators develop a great feeling of confidence between each other, and as a Senator and with all these other background qualities that he had, I think Mr. Truman selected him as the man he thought could handle the job. I honestly don't believe that there was any -- unless Mr. Truman himself has said so -- to my knowledge there was never any feeling that he was paying for the disappointment. Mr. Byrnes stayed on for about a year and a half.

HESS: I have one other question on Byrnes before we leave him. As you know, near the time that he resigned, he returned from Moscow and Mr. Truman let it be known that he would like for him to check with him before he made any statements regarding the conference in Moscow and on foreign policy.

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SNYDER: As time went on, Secretary Byrnes did begin to take on a great number of prerogatives which were not rightly his in connection with transactions with heads of state. Particularly on one occasion he arranged for a nationwide broadcast of his report on his talks with Stalin before he had even set up an appointment with the President to discuss it. Mr. Truman sent word for him to come to see him before he made any statements. He met the President down on the presidential yacht, the *Williamsburg*, where they had a dinner conversation there. From that time on things were cooler between the two of them.

HESS: Were you present at that time?

SNYDER: Yes.

HESS: What are your recollections of that evening?

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SNYDER: Well, the President and Secretary Byrnes had their conversation in private. It wasn't open. None of the folks on board the ship were in on the conversation. They, however, did greet and visit with him, asked some of his experiences and he told us some of them, but the conversation was between the President and Secretary Byrnes. And their relationship began to cool from then on because Byrnes had some exaggerated notions as to his prerogatives. Mr. Truman felt, and quite rightly so, that the President was the one person who had to pass on all of the international arrangements.

HESS: Did this attitude on Mr. Byrnes' part that he could act without checking with the President develop during this period of time, or did he come to the State Department with that attitude?

SNYDER: No, it wasn't evident until he began to have

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these conversations with the heads of state. That's the first that I observed it, at least. He did not leave the Cabinet until some months later. He resigned effective January 21, 1947. He was succeeded by General [George C.] Marshall. General Marshall took office on January 21, 1947. The General, of course, was sought by Mr. Truman for that job. He had made a trip to China for the President. To correct some false impressions, General Marshall did not go over there and take anything away from Generalissimo Chiang Kai-shek. He had already lost the loyalty of most of his generals, and General Marshall found that there were many supplies from the U.S. that had been intercepted by certain of the so-called loyal commanding officers and had been disposed of to the Communist troops without ever being of any benefit to the Nationalist regime. And it was not through any negotiations, actions

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or instructions from Marshall that caused any weakening in the power of the Generalissimo. That has been played up by so many people, erroneously, but it was not the case. The Nationalist regime was badly split and the Communists had taken hold very thoroughly in the North. The Generalissimo had fled from the capital of the country and so Marshall was sent over by the President to try to find the facts, which to my satisfaction he did. But there were a number of people like Paul Hoffman and others who went over on sort of self-appointed delegations who came back and said we could save the whole Chinese situation by pouring a great deal of money into agriculture and into manufacturing, and all that sort of thing, which was simply ridiculous in line with the facts because the army had largely been taken over, and the land had been taken over by the Communist

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regime. And it was crowding in on the Nationalist portion of it, the land actually held by the Nationalists became smaller and smaller, and finally the Generalissimo went over to Formosa with the remains of his Nationalist government.

HESS: Was one of General Marshall's main objectives at that time to get the Nationalists and the Chinese Communists together into a coalition government?

SNYDER: Well, he hoped so. General Marshall was one of the greats that we had in the Truman Cabinet, in my opinion. Mr. Truman was an admirer of General Marshall, and had been through the years. They were the closest of friends. By that I mean in absolute trust, one of the other. General Marshall was not an intimate of President Truman, but a very responsive, reliable Cabinet officer and

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associate and counselor for President Truman, and his respect for him continued throughout the General's life. And as you know, he asked him to go back over to Defense and take over that job, which we will discuss later. But in the Secretary of State's job he performed a splendid service to the President thoroughness in carrying out many of the vitally important functions of the State Department during those reorganization days. And, of course, with the assistance of Dean Acheson, who was his Under Secretary, and Bob Lovett -- they performed a magnificent service, which Mr. Truman to this day greatly values.

HESS: Two of the most important items that came up during those times were the Truman doctrine and the Marshall plan. We'll postpone our discussion of those subjects until a later date, because actually today we want to spend most of our time

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discussing the men themselves.

One question on General Marshall: He left, of course, at the end of the, first term when Dean Acheson came in. Did General Marshall want to leave at this time? Was this a planned move?

SNYDER: Yes, the General actually took the job with great reluctance. He had retired and had hoped to do some writing and do some things that he had planned for many years. But, as I say, as a loyal patriot, when Mr. Truman asked him to go to China, he got right back into harness and went there, then he came back from China to take the job as Secretary of State, reluctantly always, but as a loyal patriot he did it because the President said he wanted him. And then when he went over to Defense, it was again with great reluctance, but as a service that he felt was due to our head of state in carrying the great

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burden that he was carrying.

HESS: Why was Mr. Acheson picked to replace Secretary Marshall?

SNYDER: Well, I considered Mr. Acheson's selection to succeed Secretary Marshall -- General Marshall -- as one of the most natural, most important and most effective selections of a Cabinet member that the President made while he was in office. Dean Acheson's capable performance, and loyal performance, was outstanding. He was well prepared for the job. He had had

considerable experience in the State Department. He had great knowledge of international law. He was a very able attorney in addition to his experience in the State Department, and he was as well or better equipped than anyone that could be found at that time. I was highly pleased with the appointment. I count Dean among my good friends, did then in the Cabinet, and do today. We've

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remained very good friends. He and I have just completed writing the foreword for Charles Sawyer's reminiscences. We'll get into more of his work in the Cabinet a little later, but his tremendous leadership and his capacity for negotiating with heads of state, the opposite number in foreign countries that we were dealing with was outstanding. His counsel to the President on diplomatic matters, international affairs, was outstandingly sound. Many of the principles for which he stood so firmly and many of those for which he was taken to task have turned around to prove how sound and how correct he was in his earlier decisions. He, as you know, suffered considerably from improper and misguided criticisms during the latter years.

HESS: What seemed to be the basis for that?

SNYDER: Well, it was just a great deal like the same

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situation as we have today with Vietnam. There are a lot of people that think differently, and they didn't like the way that we were handling our affairs with Russia, and didn't like the way we handled our affairs with England, or with Korea. They were just dissenters, you know, who without a thorough knowledge of all the facts pretend to be capable of giving counsel on matters for which they are not competent. Of course, a great deal of that was led by reporters and commentators and presumed experts in the diplomatic field in magazines, books, newspapers, and radio.

HESS: Three of the items that we will want to discuss about Mr. Acheson at a later date are the continuation of the activities around the Marshall plan, the instigation of point 4, and then the matters revolving around the invasion of South Korea, But those are all major

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subjects and we will take them up individually at a later date.

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Nineteenth Oral History Interview with John W. Snyder, Washington, D.C., July 10, 1968. By Jerry N. Hess, Harry S. Truman Library.

HESS: Secretary Snyder, one of the books that I reviewed for some of the things that we covered earlier was Herman Miles Somers', *Presidential Agency: OWMR*, and at the time I was going through the book I found a statement dealing with the operations of the Cabinet, and since that's the subject that we're on right now, I'd like to paraphrase his statement in the book and get your reaction to it. He stated that for a time, early in the Truman administration, certain members of the Cabinet decided their positions in advance at a regular meeting and presented a united

front to the President and tried to create pressure on Mr. Truman to follow their dictates. What do you recall about that?

SNYDER: Well, Mr. Hess, I am unaware that there was

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any plan to predetermine positions of either the entire Cabinet or groups of the Cabinet prior to a Cabinet meeting. Now, our general plan, for luncheons or for Cabinet gatherings was something like this: The President had a Cabinet luncheon on Tuesdays. He had his Cabinet meetings on Friday. And for a period we had Cabinet luncheons, without the President, at the different departments. The purpose of these luncheons was largely, as I interpreted them (I was one of the leaders in arranging those luncheons), was to give the Cabinet members an opportunity to get better acquainted with each other without the formality of a presidential gathering, and to give an individual member an opportunity to express some views he had, try them out on the other Cabinet members, or to express a view -- if he had a strong view about some current matter or something brand

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new that he was sending a trial balloon up on -- but so far as meeting for the purpose of creating a united front to pressure any particular position before the President, I was unaware that anything like that ever happened. There were occasions when something very important was before the Cabinet and was to come up at the next meeting -- we might have discussed it at some length to more or less develop among the Cabinet members a feeling for the subject and knowledge of what the action was intended to accomplish. These luncheons, however, with the changes in Cabinet and so forth, gradually stretched out into skipping weeks and so finally the Presidents luncheons became very sporadic. Regarding the individual Cabinet members' luncheons, I might have them in my private dining room in the Treasury or Jim Forrestal would have them, in his private dining room over at the Pentagon; General Marshall had a

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luncheon or two when he was Secretary of Defense; and Dean Acheson had one over in the State Department. I remember the Postmaster General had one. Those luncheons though were not, in my mind, at least, held to create a united front.

HESS: Which Cabinet members wanted to have the luncheon meetings?

SNYDER: Frankly, as I remember it, I think that Jim Forrestal and I put more effort behind having them than any other of the Cabinet members because we thought it was a good thing to give the Cabinet members a chance to communicate with each other. Under the pressures here in Washington you don't get these opportunities. You meet at parties, you meet at functions, you meet at receptions but for the five or six or seven, or maybe the entire Cabinet to get together for the purpose of just having lunch

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and talking, was a rarity. We thought that it would tend towards a better understanding among the members of the Cabinet to have those informal get-togethers without, as I say, the President

being there -- although he did come to one or two of them. I know he came to one of mine over at the Treasury. But that was unusual. It was some special occasion, when he did come, someone's birthday or something of that sort.

HESS: Were there any members of the Cabinet that you felt that might have been trying to change the purpose of these meetings into a discussion to develop a united front as we mentioned?

SNYDER: Not as a pattern. I was unaware of any such effort.

HESS: All right. Were there any of the Cabinet members that were opposed to such luncheons?

SNYDER: No, no, one or two didn't come often, and

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several of them never entertained.

HESS: That probably pretty well covers that subject.

On our list last week we completed the gentleman who held the position of Secretary of State and we were discussing, as you well recall, just the general subject of why these particular men were chosen, why they left that position, any particular thing that you could remember about them. Now, on the Secretary of the Treasury, we have in times past, I believe we have pretty well covered the story of when Mr. Morgenthau left and Mr. Vinson took over as Secretary of the Treasury.

SNYDER: We had touched on that, yes.

HESS: Do you think we've covered that adequately? Is there more to that story?

SNYDER: Well, it escapes my memory exactly how much

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we discussed Mr. Morgenthau. Of course, as you know, he was only in the holdover Cabinet for a very short time, as it turned out. He left the office on July 21, 1945, so he had been in only about three months. However his term in office in the Treasury was third longest of all the Cabinet members, about twelve and a half years. I have always been very interested in that. Mr. [Albert] Gallatin and Mr. [Andrew W.] Mellon served longer than he did and then Secretary Morgenthau. There was one other who served about four days longer than I did. I ranked fifth in the length of time in the Treasury out of all the fifty-nine Secretaries of the Treasury that we've had. There has been a tremendous turnover in that office, some having served only three or four days, at the end of a term, who were given this more as a prestige appointment -- an honorary appointment. But

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on the average, you see, there were nearly twice as many Secretaries of the Treasury as there

have been Presidents. The turnover has been fairly heavy when you think of it. Take the three who served over thirty-six years, just the three, take them off, you see, and it turns the others over pretty fast.

HESS: Secretary Snyder, I believe that in our past discussions and interviews, we probably have already covered everything that we will want to say about Secretary Morgenthau and Secretary Vinson. Of course the next name on the list is yours, and so we'll flip over the list and take the Secretary of War. The first man was Henry Stimson.

SNYDER: Secretary Stimson was one among the really fine men that we've had serve as a Cabinet officer. He came into the War Department as

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Secretary of War back in July of 1940, and served for a little over five years in that capacity, all during the war years, and did a magnificent job. As you probably remember, Henry Stimson was a Republican, and Mr. Roosevelt, in order to get a bipartison approach to the war problems, invited two very prominent Republicans, one to serve as Secretary of War, and one as Secretary of the Navy. Each delivered very, very significant service to the President and to our country. Secretary Stimson announced to President Truman shortly after he came in that he would like to be relieved as early as possible. With the cessation of the hostilities in Europe coming so quickly after President Truman took office, he did prevail upon Secretary Stimson to stay on until September. Therefore, he didn't go out in June with a great number of the holdover Cabinet members.

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He stayed on for a little over five months before he resigned on September 21, 1945. President Truman grew to have the very highest and warmest respect for Secretary Stimson's judgment, his knowledge and his diplomatic way of handling very difficult problems. He would have liked to have had him stay on longer and would have enjoyed the opportunity to have had the advantage of his views and to have had his continued assistance. The Secretary however felt that he had served during a most difficult period and therefore insisted on resigning. The President accepted his resignation, with deep regret and with great appreciation for the fine work that he had done.

He was succeeded by Robert Patterson.

HESS: What had been Mr. Patterson's background?

SNYDER: Bob Patterson was a lawyer in New York. He came down to Washington during the war and

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served in the War Department. He was there as Under Secretary of War, I believe. I had many contacts with him during the war while I was in the Defense Plant Corporation and always found him to have a very penetrating, analytical mind, who got at the root of problems before us and waded through much of the red tape and arrived at a decision, at a judgment, that was extremely valuable and helpful to us during the war period, and later during his period as Secretary of War

he rendered remarkably fine service. He was extremely loyal to President Truman. He served from September 1945 until July the 24th of 1947, and that was during those very difficult reconversion days. The winding up of the hostilities, both V-E Day and V-J Day had occurred by the time he became Secretary of War, but his great problems were the demobilization, the redistribution of troops, the allocation of

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caretaker troops, in and of protective troops, and the marshaling in Europe of the troops we were going to maintain there. I found him to be a most delightful and helpful person to work with in the Cabinet. And President Truman valued his judgment, his loyalty and his effectiveness very much. Bob finally decided that he had to go back to the practice of law, as he had devoted the whole war period to public service. Judge Patterson -- by the way, had been on the bench in New York -- was not a wealthy man, though he was a man of comfortable means. He felt that he had served well, and we all felt he had served faithfully and that he should be allowed to go back and take up his practice of law.

HESS: One of the main problems that was faced during his term was the unification of the armed forces, which came to fruition about the time that he left in 1947. What was his position on that matter

SNYDER: Well, his position was one of absolute enthusiasm, as I recall it, for unification. He felt that it was long overdue, that there were so many overlapping costs and operations that could be unified under a unified general command. Matters of administration had become far more difficult with the development of a third department, as compared with the early days when we had the two departments. You see, in World War II days, what is now the Air Force was actually part of the War Department. During the period that Secretary Patterson was in office the Air Corps was still part of the War Department, initially was part of the Signal Corps of the Army, when we put our first airplanes into usage. When we employed airplanes for the first time they were in the Signal Corps and were up

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until the beginning of World War II, and then they created what was called the Air Corps of the War Department. So there we had three great departments that all had a single purpose, defense. Many of the thinking heads of office in the Armed Services felt strongly that a unified command would bring greater coordination and great economy of equipment and unification of calibers of materiel. This, of course, took an awful long time and <u>still</u> has not been unified to the point that it should be. Why it takes a different caliber of gun for one service than another to do exactly the same thing is difficult to understand, that is, for a layman. Maybe if I was over in the military I would have a different view. But the experience that I had in the Field Artillery and years of study, because as you know, I stayed on in the Reserve Corps as a colonel up

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until in the fifties, and I did have some knowledge of the vast difference of calibers and of specifications for the ordnance of the different services. It was extremely difficult to understand why they each needed so many different calibers to accomplish similar missions.

During the war, of course, we had so many other things to consider -- the purchasing of men's underwear, for instance: Why a sailor had to have a different type of underwear that was identical in all ways, except that it had a difference of a quarter or half an inch in the hem of the shorts. We had great storehouses for supplies in each service. One of these glaring examples was down in northern Florida. We had two huge quartermaster installations, one Navy and one Army, right there within sight of each other, and both of them were carrying clothing and blankets and things of that sort which were almost identical except for uniforms,

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and also huge warehouses of reserve supplies. It did appear that that could be somewhat unified and less costly for the Government as a whole. However, for years, actually, up until the time of McNamara, the effort to unify those three services was largely vocal rather than actual. Even to this day it's a very difficult situation. The high brass in each service wants some identification as an autonomous operation. For the amount of money that we spend and the efforts that we have made, we have made some progress. We've got troops practically in every crossroads country -- that is exaggerating a little, but it's almost true. We've got a contingency in every capital of the world; where formerly we used to perhaps have a couple of Marines, or something of that sort, we've got a whole company of them now, or a battalion. So, actually, we need unification

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more every day to have some central control over the allocation of what services will furnish these various outposts complements of military personnel. This also involves the State Department. They feel that they must have certain military personnel, and someone has got to come to a decision as to what service is going to furnish it. And those are things that must be taken away from the President, taken off his shoulders. As you know, I think there are some, between forty and fifty, special operations that are under the office of the President of the United States, in his Executive Office. Now, I'm talking about the Executive officers, those right there attached to the White House, and are housed in the old State Building. That has nothing to do with the phantasmagoria of agencies, departments and commissions that we have all over the Government cross section.

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HESS: Looking back, which branch of the service seemed to oppose unification the strongest?

SNYDER: I think that was pretty unified.

HESS: Their opposition to unification was unified.

SNYDER: Yes, they had the greatest unity in their opposition.

HESS: And then Kenneth Royall served as Secretary of War for just a very short time, during the transition.

SNYDER: Secretary Royall had been in the War Department as an Assistant Secretary and as an Under Secretary, and had rendered very excellent service. His background was in law, in North Carolina. When the unification act came about, he stayed on as Secretary of the Army under the

Defense program.

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HESS: Under James Forrestal who came in at this time.

SNYDER: Yes, that's right. But Royall did stay on for a while as Secretary of the Army. He stayed actually two years in that position. But we'll get to him later.

HESS: Heading our next page is James Forrestal as Secretary of Defense. Why was Mr. Forrestal chosen to be the first Secretary of Defense under this new unified system?

SNYDER: Well, Secretary Forrestal was, I think, one of the very fine, capable people that we had in Government to come in from civilian life without any political background. Jim Forrestal was in the securities business in New York and Mr. Roosevelt brought him down here in the early days as one of his anonymity boys, and he was a hard-driving, deep-thinking, devoted official,

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in whatever capacity in which he served. He, after serving at the White House for quite a while, was placed in the Navy as one of the assistant secretaries of the Navy. He became the Secretary of Defense at the time of the unification.

HESS: What had been his attitude toward unification?

SNYDER: He worked very, very assiduously for unification and was one of the outstanding supporters of it. Incidentally, we'll come back at this a little later when we get to the Secretary of the Navy. We're skipping from the War Department -- as you know, when I first went into the Cabinet, the Secretary of War and the Secretary of the Navy were <u>two</u> separate Cabinet positions. With unification, the Secretary of Defense took over both of those Cabinet positions, and unified them into one. That was one unification that

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actually took place immediately. Up until the unification, we had not had a Secretary of the Air Force in the Cabinet. We had had a Secretary of War, Secretary of the Navy, and so we'll get to Secretary Forrestal's Navy experience a little later, but he was Secretary of the Navy at the time of the unification, and President Truman elected to name him as the Cabinet officer who would head up the Defense program. Mr. Forrestal served in that capacity from September of 1947 until March 1949. He met with considerable difficulty in trying to effect unification. He had the first onslaught of resistance in trying to unify the three services. He had a very frustrating, disappointing and actually crushing experience in trying to bring those three departments together. He found dissension at every hand. He found underhanded play among the different services, and it

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led to a nervous breakdown on his part, the realization of the futility of what he was trying to undertake in bringing these departments together by organization.

HESS: Looking back on those days, can you recall evidences of the pressure that he was under at that time?

SNYDER: Well, Jim Forrestal and I were very close friends. Some months before his resignation he began to realize that some of the people that he trusted the most were not as loyal to him as he had hoped and had a right to expect them to be.

HESS: Would you care to give any names?

SNYDER: No, I won't go into that. I'm sure that's been taken up in other areas. He became suspicious that there were different forces at work to

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undermine him and he began to feel that he was being threatened, his life threatened and that his work was threatened, and during the last few months he began to feel that practically the whole of the three services were working to undermine his administration, so much so that he called on me one day -- I had an apartment at the Wardman Park Hotel and he called me early one morning and came out and told me that he felt the telephones of his home were tapped and that he couldn't even have private, confidential conversations at home. He didn't trust his communications people on his staff to check it for him and asked me if I would do it. And I of course told him that I would be very happy to try. I had the Secret Service make a thorough check of all of his premises, all of his phones, there were no taps. He may have had feelings of this nature before this time, but if he did

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I was not aware of it. But he used to come by and pick me up several mornings a week and we'd drive down to work together, and he'd drop me off at the Treasury. He was continually mentioning some of his problems and so forth from that time -- you asked the question, "When did it first begin to show up?" It became increasingly apparent until finally the President felt that in the interest of his health that he should relieve him of the terrible strain that was on him.

HESS: His resignation was effective the last day of March 1949. Was this period you're referring to a matter of weeks or a matter of months?

SNYDER: Months.

HESS: Before this time.

SNYDER: Yes, it began several months before this,

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and became increasingly more apparent. As a matter of fact, at the time of the swearing in of his successor, he was disturbed that someone had a malicious intent towards him. He and I went to the ceremonies together and afterwards he asked me to follow a few steps behind and keep my eye on any motion that might be made towards him, and I took him home after the ceremony

relieving him of the Secretary's job. He was then taken down to Hobe Sound where I think he had a place of his own, and Sam Pryor's sister had a place where quarters were provided for him so he could relax and so forth. But it wasn't the best thing for him. He began to have more and more difficulties and he was brought back to the naval hospital. The rest is all history.

HESS: That's right. And we've already mentioned Mr. Johnson.

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SNYDER: Yes, Louis Johnson came in. Louis had a lawyer's background, had been very active in the American Legion, he had been the head of the American Legion. He had been very active in the politics of the American Legion, he was very active in national politics and the Democratic Party. He was a very effective man, but he was a very ambitious man and during the Truman 1948 campaign, was extremely effective in raising funds for the campaign.

HESS: He had taken over the job as treasurer, hadn't he?

SNYDER: Yes, he eventually took over that job.

HESS: They were having a difficult time getting someone for that position.

SNYDER: That's right. And he did a really good job on that. So his one ambition at that

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particular time, as a step forward, was to head the Defense Department, because of his military background and his long Legion work and that sort of thing. So, because he thought Johnson could do the job, Mr. Truman appointed him and he was sworn in in March 28, 1949 and remained Secretary until September of 1950, a little over a year and a half.

HESS: I have one question on him before we proceed. Before we get into the subject of his resignation itself, I have heard that Mr. Johnson tried to run some of the business of some of the other Cabinet members. In other words, he might have been a little more prone to get out of his field and to get into the field of some of the other Cabinet members. Is that true?

SNYDER: As I mentioned, he was a very aggressive man, and he was a very ambitious man, and there may

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well have been times when, because of his legal training and his long experience with administration of the American Legion affairs, and politics, that he might have felt that he was in a position to be of great service to other Cabinet members and maybe moved to help them, sometimes maybe a little more than they fully expected or desired themselves.

HESS: Did he ever try to offer you any of this unrequested help?

SNYDER: Louis Johnson and I were very close friends, very good friends until his death. Our relationship was one of complete cooperation. As a matter of fact, I recall very little effort on the

part of any Cabinet member to ever try to encroach on the duties of the Secretary of the Treasury. There were more fruitful fields for their efforts, I think.

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HESS: That's one of the departments where they didn't want to take over the responsibility.

SNYDER: No, the only time that they all got very busy was the time of getting a tax bill or something of that sort.

HESS: What do you recall -- if we're ready to move on to his resignation -- what do you recall about the events surrounding Louis Johnson's resignation, which was, of course, after the Korean invasion.

SNYDER: Unhappily, there began to be dissension among certain Cabinet members who couldn't get along with Secretary Johnson.

HESS: Was this before or after the latter part of June when Korea was invaded?

SNYDER: It began just before that and came to a focus at the time of the Korean invasion.

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HESS: What were some of the difficulties?

SNYDER: Oh, I don't recall.

HESS: All right. Then let's move on to the resignation.

SNYDER: Well, he resigned in September, 1950, a few months after the -- what was the exact date of the Korean...

HESS: It was on Saturday, June 24th.

SNYDER: Yes, so it was just about three or four months after that that he turned in his resignation.

HESS: Did Mr. Johnson offer his resignation willingly? Was it his idea?

SNYDER: Well, I think he resigned after a discussion with President Truman.

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HESS: Was he more or less persuaded to resign, do you think?

SNYDER: That you'll have to get from President Truman.

HESS: Are you ready to go on to the next man?

SNYDER: Yes, we'll try to get through with the Defense Department.

Because of Korea coming up and the problems that we were going to have in the armed services in properly rearming ourselves or re-equipping ourselves, reorganization of our military equipment, which had been allowed to deteriorate somewhat after World War II in our efforts to get back to peacetime operations and cut expenses and the unification, President Truman felt like the ideal man to step into that Defense job would be General Marshall, who had been Chief of Staff during World War II and had had a very

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magnificent background of experience and administration in the armed services.

HESS: He had also been Secretary of State.

SNYDER: Well, yes, he had just resigned a short time before that, which we talked about last week. He left the State Department in January of 1949. So he had been out of the Cabinet only about a year and a half when President Truman asked him, to come back and take up this Secretary of Defense job, which, while he was most reluctant to do it, his great loyalty and his enthusiasm for his country and his patriotism directed that when the President asked him to do something, that he responded. In my mind, his year's service there was extremely effective and was of great comfort to President Truman. As I've said before, President Truman held General Marshall in highest esteem in any

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capacity in which he ever served. He resigned, finally; he just felt like he had to get out of service and do a few things that he and Mrs. Marshall had wanted to do -- they had a lovely home down in Virginia and General Marshall was a great gardener and he just wanted to collect his papers and do some research and reading. So on September 12, of 1951, President Truman accepted his resignation and appointed in his stead his Under Secretary of Defense, Bob Lovett. Bob served from that time until the end of the Truman administration. Bob had been in the service during the war. General Marshall had asked him to come down and help him as Secretary of State, which he did, very effectively. Bob Lovett was interested in the Union Pacific Railroad, very heavily invested in the Union Pacific Railroad, and was one of its officers. He was also in the security business. That was his

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background. Bob had served during the entire war period in the War Department headquarters and went over to the State Department at General Marshall's request. General Marshall had become closely acquainted with him and associated with him during the war period.

HESS: I think we've taxed your voice enough for one day.

SNYDER: Yes.

Jerry N. Hess, Harry S. Truman Library.

HESS: Secretary Snyder, we finished the Secretary of Defense position last week; the next three are the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force. Let's skip those because they are of minor position, they were not actually full Cabinet members, and go on to the Attorney General, if you'd like to.

SNYDER: Well, Mr. Hess, I wouldn't exactly call them minor Government officials. They were not Cabinet officials, they did not have Cabinet rank: I think all of them liked to consider themselves as junior Cabinet members, but they did not hold the rank of Cabinet members and were not treated by protocol in that capacity. So, if you would like to pass those up for the time being, and if you want to go back to them at

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some future date I think that would be satisfactory.

The next Cabinet members that we have would be the Attorneys General. The first of those was a holdover in the Truman administration at the time he succeeded to the Presidency. He was Francis Biddle who had served under President Roosevelt. Francis Biddle resigned in May of 1945, effective June 30, 1945. He had been in the President's Cabinet, of President Roosevelt, since September of 1941. Mr. Biddle was only there a very short time and therefore I did not have many contacts with him during that period.

HESS: Cabell Phillips states in his book, *The Truman Presidency*, that Francis Biddle stated his disagreement with the choice of Tom Clark to replace him. Do you recall anything about that?

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SNYDER: Yes, Attorney General Biddle did voice an objection to Tom Clark's appointment to succeed him on the ground that he had not had the experience and he did not consider him to be qualified for that type of work. The President gave it due consideration and proceeded, though, with the nomination. And Tom Clark did succeed Attorney General Biddle on June 30, 1945. I think that Attorney General Clark grew in capacity in office, he was probably unprepared for the responsibilities and the work that was required of an Attorney General when he first assumed the office. He was most diligent in his studies, researches, and care in which he handled the matters which came before him. In my opinion, by the time he left the office in 1949, he had shown material improvement and certainly that steady improvement continued throughout his Supreme Court assignment. I consider that

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Tom Clark was one of our very able Supreme Court Associate Justices in the latter years of his tenure of office on the bench. While Attorney General he was loyal to the President and to the administration, and I believe gave good account of himself in the office.

Now the next one was J. Howard McGrath. Howard McGrath was sworn in in 1949. Tom Clark had served a little over four years and Howard McGrath was sworn in on August 24, 1949. He remained Attorney General until April of 1952, April 3, 1952. His resignation was effective,

however, four days later, April 7 of 1952.

HESS: How instrumental do you believe Mr. McGrath's service as chairman of the Democratic National Committee was to his appointment as Attorney General?

SNYDER: Well, having served as the chairman of the

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National Committee does not necessarily qualify a man to be Attorney General; however, it doesn't disqualify him. Howard McGrath had been an attorney for many years, he was educated in the law and was, with his experience and the knowledge that he had of law and his practice in the courts, certainly qualified him as well as many men who have served in the Attorney General's office. Howard McGrath had a number of controversial matters that developed during his tenure, and he had had difficulty getting along with quite a number of the various members of the administration. His problems came to a climax when a great deal of criticism was beginning to be generated as to the abilities of various appointees in the different departments, the claims that there had been a great infiltration of communism and that the various departments had incompetent employees of top rank. So one of the chief critics and most verbal was a lawyer up in New

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York, Newbold Morris. McGrath in an unfortunate, impetuous moue named Newbold Morris as sort of a czar to investigate the various departments and come up with recommendations in regard to all these criticisms that had been leveled at the various departments in the Government. Mr. Morris started at once to throw curves at McGrath. Mr. Morris immediately shocked McGrath by starting on the Attorney General's office. He sent out a very improper, in my opinion, questionnaire regarding the personal affairs of employees, many of which were strictly private matters that had no business in a record of any character. It was a rather unusual and amazing procedure. This upset Attorney General McGrath very much. Then before he could get into action, why, quite a number of the Cabinet members had received questionnaires regarding their personal affairs. The result was that after some firey

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newspaper discussions back and forth, the argument went on largely in the newspapers, because Morris rushed to the papers immediately with all his problems and McGrath tried to answer them in the newspapers, and it ended by the removal of Morris from his job and subsequently was followed by Mr. McGrath's resignation as Attorney General. He was succeeded by James McGranery who was sworn in on May 27, 1952 and served until the end of the Truman administration, January 20, 1953.

HESS: What had been his background?

SNYDER: James McGranery was a lawyer from Philadelphia. He had been in Government work, and was somewhat familiar with Government procedure. He had been very active in politics in Philadelphia and in the Pennsylvania area and in national politics, and was a very capable man.

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However, he didn't have an opportunity to really demonstrate his abilities because he was largely, in the few months that he was there, just about six or seven months, he was trying to straighten out some of the things that had gotten snarled up because of McGrath's preoccupation in other matters that should have had action; quite a backlog had been built up in the Attorney General's office, because some of McGrath's associates, the Deputy Attorneys General, had failed to complete matters that were assigned to them and had in many cases gone contrary to the instructions of the Attorney General and of the President of the United States. There was quite a number of shipping matters that came into this category, and as a result of that McGranery spent a great deal of his time trying to get those matters straightened out, and get the work load reduced that the log-jam

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had created there in the Attorney General's office.

HESS: Before we move on and leave the Department of Justice, several historians had indicated that it is their belief that that particular department was the "weak link," to use that term, of all of the departments in the Truman administration. What would you say to that?

SNYDER: I would limit my remarks to say that it wasn't one of the strongest departments. It could have had improvement.

HESS: What would bring about such a situation? Are there any characteristics that are particularly related to the Department of Justice that would not be related to the other departments that would bring about such a situation?

SNYDER: Yes. When the President would like to know

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about whether or not he can legally take a step in any matter, he goes to the Attorney General, for an opinion from the Attorney General's office, as to the legality of a certain course of action. The Attorney General's office, of course, actually had, with the FBI as part of it, the responsibility of making a check on the personnel, the appointments, the presidential appointments as well as Civil Service appointments. And there was some question as to how thorough that was at times, and there was always a question as to how free the Attorneys General were of influence by Hoover, who was and is head of the FBI. It was generally conceded that Hoover was pretty independent and if it suited him he did what he was instructed to do by the Attorney General, and if it didn't, he was independent enough not to do it. Of course, that was not solely an experience of the Truman

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administration. Apparently that is still one of the controversial matters in Government. As you know, no department of Government, no agent of the Government can handle a case in court against the Government or for the Government, it must be handled by the Solicitor General in the Attorney General's office. And so all tax matters, in the Treasury, particularly, in the Internal

Revenue, when it became a matter of suing on a tax matter it had to go to the Solicitor General for handling in the courts. This was one of the areas in which difficulties developed because many times the department didn't feel like their case was being handled the way they wanted it to be handled. When you think of it, the Attorney General's office handles the legal matters of the Government in a way that's similar to the Treasury handling the fiscal matters. So it's sort of a clearing house for all litigation.

HESS: One question pertaining to the FBI. You as Secretary of the Treasury, of course, were head of the Secret Service, head of the organization of the Secret Service: Do you feel at the present time, and did you feel at that time, that there is sort of an unnecessary rivalry between the Secret Service and the FBI?

SNYDER: There has always been. The FBI, and the Attorney General's office has largely supported the FBI in this, has been very anxious through the years to take over the protection of the President and the various responsibilities of the Secret Service. That has never been the desire of any President,. When I went into the Treasury Department, I found that the Secret Service had no actual official entity; that they were kept in existence through appropriation

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amendments as riders on other bills that went through Congress. To correct this I got one of the Congressmen to introduce a bill authorizing the Secret Service, making them official, and authorizing them to have their own budget. That was most assiduously opposed by the FBI. I was accused of all sorts of maneuvers by certain members of the FBI staff. One of them went so far as to leak to one of the columnists that I had slipped up in the night and had persuaded Congress to put this bill across. Of course, in itself it's so ridiculous in view of the fact that you have to appear before committees in both Houses and present your case and they come up for hearings, and so forth. I have never known of any legislation that could have been slipped through unless there was ample notice. Anyway, this was rather ridiculous, but we did get them set up as an independent

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unit. There has always been snide remarks in the background, never out in the open, all this went through leaks to columnists and through rumors and things of that sort. It came up again recently in the Kennedy assassination. There were some brickbats thrown back and forth in that case. Some FBI staff intimated that the Secret Service was not as alert as they should have been and hadn't planned the protective measures properly, and then in turn, the FBI was accused of withholding information which was essential and vital, but when the investigation went through it they found that those matters were largely rumors and gossip. The Attorney General's office has been seeking for many years to have the Narcotics Department and to have the investigative department of Internal Revenue and quite a number of those investigating units that are in the Treasury, they have been trying to get

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those for a number of years.

HESS: I saw something the other day about the Bureau of Narcotics might possibly be

transferred to the Department of Justice.

SNYDER: Yes, the transfer took place on April 8, 1968.

Now, the next Cabinet position we were going to discuss will be the Postmaster General. The Postmaster General who was in office at the time of Mr. Truman's becoming President was Frank Walker. Frank Walker had been in the Postmaster General's office since September 11, 1940. It had been the custom up until that time for the national chairmen of the different parties to become Postmaster General. The Postmaster General had been considered somewhat the patronage distributor for the administration in power. They had used that because up until -- well, it began to change under the Roosevelt administration when many of the postmasters of the smaller towns were put under Civil Service. It used to be back before the Roosevelt time that the in administration had the power of appointment for postmasters throughout the land, and this was quite a bonus in patronage, that and the appointment of judges and a number of very important jobs in the communities...

HESS: That would reach right into every community in the land.

SNYDER: Every community, and also the Revenue Agents were appointments of the President. However, when Mr. Hannegan was made national chairman of the Democratic Party by President Roosevelt, he did not elect to name Hannegan to the Postmaster General's office, and Frank Walker stayed on until Truman became President. However,

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he had not been well, he had been urging President Roosevelt to accept his resignation, but the President was so overloaded with the problems of the war, and that sort of thing, and as he had great confidence in Frank Walker, who was a very, very close friend of his, so he persuaded him to stay on. However, when Mr. Truman came in Postmaster General Walker urged that he be relieved of his job, and although he and Mr. Truman were good friends too, President Truman listened to his plea and accepted his resignation. On June 30, 1945, Robert Hannegan, who had been and <u>was</u> chairman of the national committee became the Postmaster General, and he served for about two and a half years in that capacity. He resigned on December the 1st in 1947, about two and a half years. Hannegan was, of course, heavily steeped in politics. He had come up in politics all of his life

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from a ward worker in St. Louis and worked up through the St. Louis political organization and had become the Internal Revenue Agent in St. Louis. There he had attracted the attention of a number of the people on the political scene and had become rather influential in St. Louis. When he was called to the attention of Mr. Roosevelt, he was brought down to Washington and he became the Commissioner of Internal Revenue here in Washington. His predecessor from Kansas, Guy T. Helvering, recommended Hannegan as his successor. He became Commissioner of Internal Revenue. When Mr. Truman became President, he returned to the old procedure of having the chairman of the national committee being the Postmaster General.

HESS: One question on him: How did he get to be chairman of the Democratic National

Committee? I have heard it said that Mr. Truman was influential

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in that. Did Mr. Truman really have that much influence back at this time when he was a Senator?

SNYDER: Well, he had some. How much -- don't know whether he had that much or not. I'm sure Senator Truman endorsed him because in 1940, Bob Hannegan had been very helpful in Mr. Truman's election. He was particularly helpful when he came out for Mr. Truman in the primaries.

HESS: That helped to swing a lot of St. Louis votes, isn't that right?

SNYDER: That's right -- he had been supporting Stark. Stark was the Governor of Missouri and was running against Mr. Truman in the primary for the Democratic nominee for the Senate and had put up a fight there for it. Hannegan, who at that time, was one of the Democrat leaders in St. Louis, stepped forward and announced that the

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St. Louis group was going to back Truman. And because of that, Mr. Truman felt naturally very kindly towards him and they became certainly political friends, whether they were personal friends, I've never felt that there was a real warm accord between the two, but political friends, yes.

HESS: Who do you think was giving Mr. Hannegan the biggest boost at this time that he was appointed Democratic National Committee chairman, do you recall?

SNYDER: No. Mr. Hannegan, as I say, resigned in December. He had had a very serious operation on his spinal column, I believe, some kind of a nerve operation similar to the one that Senator Symington had, and they had a very serious unusual operation, which was known to be very dangerous, and had to be handled with great

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care and you had to restrict yourself most carefully afterwards. Hannegan was disturbed with that ailment, had the operation and did not do well about it and it later brought on his death. But ill health, among other things, brought about his request to be released. This was in 1947, and the election was coming up the following year and it began to get pretty cloudy. So President Truman accepted his resignation and appointed a longtime friend of his from Kansas City, Jess Donaldson, to be Postmaster General. Donaldson had been a lifetime civil servant in the Civil Service starting in Kansas City. He had been postman and he had worked up through the post office in Kansas City and had been brought to Washington as one of the junior Assistant Postmasters General. So he was a career man. Unfortunately, Mr. Donaldson had never learned to delegate his

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work and as a result it all piled up awaiting his personal solution of many problems, and personal

approval of many of the actions taken, and as a result, the Post Office work did suffer considerably in the later years for lack of activity and improving the maintenance and general reorganization of the Post Office Department. He did put through a few things there, but it was very hard to do. While he was competent in the daily routine, he did not have the vision or the drive to recognize the Post Office Department was becoming strongly outmoded in its operation.

HESS: There was quite a little bit in the paper recently about changing the Post Office completely and making a Federal corporation out of it, as I understand. In your opinion is one of the reasons the Post Office is so antiquated because it has been a sort of a political football for so long?

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SNYDER: It has been, and continues to be, but not because of the patronage, that's largely been removed. There are some certain classes of postmasters that are still appointed, but all of the small and medium size Post Offices now have been removed from patronage, but that isn't the biggest problem there. There is so much franked mail that the Post Office simply cannot operate on a break-even point, because they are loaded with free mail, particularly from Congress, and every department, and that sort of thing, which is not adequately covered by budget transfers. Now, the great handicap that would face any corporation operating the Post Office, would be the elimination of a great deal -- not only the Government franking but it is the very low rates at which newspapers and magazines and farm journals and various fourth class mail -- it's so bad that it is referred to generally

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as "junk mail." Those rates are just out of reason. They came into being in the early days of the Post Office because it was felt that it was valuable as an educational adjunct of our Government to get the newspapers and the magazines out to the far distant places, that they weren't getting the daily newspaper, or didn't have contact with the paper, and the weekly papers would get to them out on their rural routes or out in these small Post Offices even before the RFD was inaugurated. And it's grown to where they have one of the strongest lobbies in the United States on fourth class mail.

The Luce organization probably is about the most potent of the lobbies -- the Henry Luce organization: *Life*, *Time,* and *Fortune*. They have a department which spends their entire time working on plans and so forth to defeat any proposal to raise the rates. Among other

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things, that would be one of the vitally difficult things for a corporation to take over and try to run on a break-even or a profitable basis. If you're going to have this franked mail, at least the departments ought to be charged sufficiently. They are charged a certain amount, but it ought to be charged into the allowances in full, not just the allowance and then they are allowed to run over it, don't you see. The big problem is in the fourth class mail.

HESS: The next department is the Department of the Interior.

SNYDER: Mr. Harold Ickes was Secretary of the Interior and, of course, he was quite a

character, and one of the great controversial Cabinet members of Mr. Roosevelt. Mr. Ickes, I think, would have liked to have remained in the Truman Cabinet, but of course on his own terms.

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HESS: What difficulties arose in connection with his remaining?

SNYDER: He was such a controversial person in connection with a number of matters. He did stay on until February, 1946, as you know.

HESS: How did he and Mr. Truman get along, what was their relationship?

SNYDER: Well, distant. It wasn't too cordial. It was friendly, but it was not too cordial, and Ickes had a way of resorting to bringing outside pressure for anything that he particularly backed.

HESS: How would he go about doing that?

SNYDER: He would do that through leaks to the press and through leaks to columnists, and it just didn't suit Mr. Truman to operate with that kind of a procedure.

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HESS: He didn't like doing things that way.

SNYDER: That is correct. So, Mr. Ickes, after about eight months resigned, effective February 15, 1946. There's no question but what Mr. Ickes was a forceful, able man. He really did a fine job, in my opinion, in the Department of Interior. He was a courageous man, and he surrounded himself with some very able assistants. And so I do want to pay him tribute in saying that I think he ran a good department. His biggest problem was his inability to get along with other Cabinet members and his somewhat arrogant way of running his own department. In the Roosevelt administration, there was a constant in-fighting between Mr. Ickes, Mr. Morgenthau, Mr. Wallace, and Mr. Jones. Each, of course, of those were rather individual persons themselves, particularly Mr. Jones was a very determined man. Mr. Wallace was, in his way. I wouldn't say that Mr.

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Morgenthau was a strong-willed person by reputation, but he did have a way of pressing for matters that he was interested in getting accomplished and he used a great deal of his contacts with the Roosevelt family to obtain things. Mr. Morgenthau's wife was a schoolmate of Mrs. Eleanor Roosevelt, so most of his contact in the White House was through Mrs. Roosevelt. While he did have some access to the President, he didn't have near the access that is generally considered to have existed.

HESS: Did those gentlemen try to step in and take over authority that actually belonged to the other departments?

SNYDER: Many times, yes, many times. Or to deny cooperation to the other departments when matters came up that required cooperation. They wanted to do the job themselves. Mr.

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Roosevelt would frequently give two or more of them the same job to do just to kind of stir up things a little.

HESS: Unbeknown to them.

SNYDER: Oh, yes, unbeknown, until they finally would run head on to each other and then had to go to Mr. Roosevelt to get straightened out.

Mr. Ickes was succeeded by Julius A. Krug.

HESS: Who recommended Mr. Krug?

SNYDER: I really don't know. Mr. Krug had been in the WPB and had been a very able administrator. I really don't know who recommended him first.

HESS: I have heard that you and Bernard Baruch recommended him, is that not true?

SNYDER: I certainly would have endorsed him. I

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don't know that I recommended him.

HESS: One other question in this before we move on. Mr. Chapman, I believe, was in the Department at this time, and had been in the Department of the Interior for a long time.

SNYDER: That's correct. He had been there for years.

HESS: Why was he passed over at this particular time and Mr. Krug made Secretary?

SNYDER: Well, as I recall, it wasn't considered that Mr. Chapman had the stature, the force, the administrative ability for a job of that type.

HESS: Back on Mr. Krug, what type of a Secretary did he make; how effective was he in the job?

SNYDER: Initially he did a very good job. Towards the end he began to slip. I don't know whether

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the pressures were so great that he couldn't face them, but there were a great number of problems with the oil people. Towards the end, he failed in his ability to operate the department in the manner in which it should have been run.

HESS: I have heard that during the 1948 campaign, he couldn't be found?

SNYDER: Mr. Krug failed to measure up to the loyalty that the President could expect of his Cabinet in the time of an election. He was not among those counted as supporting the President, and that, of course, had a lessening of his influence and his ability. He stayed on, though, for about a year after Truman was reelected. He didn't resign until the latter part of 1949.

HESS: Do you recall if it is a fact or not that during

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the campaign that the Democratic National Committee could not locate him to try to get some help?

SNYDER: I have been told that was true.

HESS: He was asked to give a speech or something and they couldn't locate him.

SNYDER: That fits in with my saying that he was not the loyal supporter that a Cabinet member should be.

HESS: He left in September of 1949. And then Mr. Chapman was made Secretary.

SNYDER: Mr. Chapman was and served for the remainder of the time. Oscar Chapman is one of the finest people that you'd ever have the opportunity to meet. He isn't a forceful person. He's more of a compromiser. He's a negotiator. Very loyal. He has been very active in the more

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liberal side of politics, I'd say. He's always been very active in the organization of Christians and Jews. He was, I think, a very close friend of Mrs. Eleanor Roosevelt. He didn't do anything particularly spectacular as Secretary of the Interior, but on the other hand he didn't cause any undue criticisms of the Department's operation.

HESS: Just one thing about him and the 1948 campaign, if you recall: I understand that during the campaign sometimes when they would take a trip to the West Coast, that he would act as an advance man?

SNYDER: He was well-known in the far west, and therefore he became a very valuable advance man for the President when he went out to visit the mountain states.

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Twenty-first Oral History Interview with John W. Snyder, Washington, D.C., July 24, 1968. By Jerry N. Hess, Harry S. Truman Library.

HESS: Secretary Snyder, let's continue on with our discussion of the gentlemen who served on the Cabinet during the Truman administration, and we are down to the Secretary of Agriculture, the Agriculture Department.

SNYDER: Mr. Hess, the Secretary of Agriculture who was in office at the time that President Truman took over the Presidency was Claude Wickard, and Claude immediately handed in his resignation upon the death of Mr. Roosevelt. As a matter of fact, he resigned on the 17th of April which is very close after Mr. Truman took office. But Mr. Truman did not appoint a successor until a couple of months later. At that time he appointed Clinton P. Anderson, who had been a friend of his in the Senate. Mr. Anderson was interested

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in agriculture, he had taken a great interest in it while he was in Congress, and he, of course, was heavily interested in it in practical farming out in his home state. So he was nominated in May of 1945 and was confirmed immediately and took office on the 30th of June, 1945. Senator Anderson made a very fine Secretary of Agriculture in my opinion. He understood the needs of the agricultural picture, he understood the surplus problems that could develop. At that time, however, the war had kept our surpluses pretty well down and we had not built up the huge surpluses that we had subsequently. There was a great deal of talk by Henry Wallace on that old theme that went 5,000 years back to the times in Egypt and the Pharaohs when they talked about the perpetual balanced granary. Henry Wallace had advanced a theory about storing grain in the years of heavy production

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to take care of the lean years when we had crop failures. Well, that was quite a debatable question at the time, very controversial. That was before the days in which we became accustomed to having huge grain elevators and silos all over the country. So it took some very diplomatic handling on the part of Secretary Anderson to not get crosswise with another Cabinet (Wallace was then Secretary of Commerce) member at the time, who had advocated a more liberal subsidy to the farmer to encourage him to raise large crops which would then be stored for times of need.

HESS: During Secretary Anderson's early days of his administration, Henry Wallace was still Secretary of Commerce.

SNYDER: That is correct.

HESS: We'll discuss him in a few minutes, but he

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left that office in September of 1946, so there was quite a time that both men were on the Cabinet at the same time. Did Secretary of Commerce Wallace try to press his ideas on agriculture onto Secretary of Agriculture Anderson?

SNYDER: Not directly, but he did it through speeches and through positions that he took in his farm paper, so the controversy was there even though not direct. It wasn't an effort to influence Secretary Anderson directly. President Truman had a very high regard for Secretary Anderson and it was with genuine regret that he accepted his resignation in May 1948. Senator Anderson was not and is not a well man, in that he has an ailment that is continuous and he decided that for his health's sake, the pressures were great then and he also was offered an opportunity to go back

in the Senate. That appealed to him,

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and to his wife, very much. So, as a result, he did resign and was reelected and is still in the Senate. His period in service as Secretary of Agriculture was very helpful to the Administration and it was a great help to me in working with him.

HESS: May I ask one question about Secretary Anderson before we leave him. Now, he resigned in May of 1948. Do you recall the difficulties that arose when the Congress would not appropriate money for the grain storage bins for the Commodity Credit Corporation that became an issue in the campaign of 1948. It has been pointed out that the Democrats as well as the Republicans actually did not see the overall importance of this particular action until it had become a fait accompli. Is that right?

SNYDER: I touched on that just now, that there

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was this controversial subject of building up the storage of grain in times of big crops. You were quite correct in bringing that up. The matter was brought to a head by a request for an appropriation by the Commodity Credit Corporation to permit them to build storage warehouses in which the farmer could deposit their grain on receipt without selling it and holding it for a market that was favorable.

HESS: That's right, because if there was no Government approved bin in which to store it he could not receive the Government price level.

SNYDER: Yes, he had to have it stored in a Government approved warehouse. So it was very controversial and there wasn't any great support for it in Congress, and my recollection of it is that Secretary Anderson was not too enthusiastic over the bill himself. I'm not sure about that, however.

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HESS: This was connected with the rewriting of the charter of the Commodity Credit Corporation, isn't that correct?

SNYDER: I think that the original charter did not provide for the Commodity Credit to provide a storage place for farm products. And I think that the legislation that was controversial was asking for a change in the charter to permit that, and then on top of that an appropriation for the building of these elevators and silos, as they call them.

When Secretary Anderson resigned, President Truman appointed Charles F. Brannan. Brannan was a lawyer out in Denver and had taken a great deal of interest in agricultural activities. He was a close friend of the Farmer's Union operations and James Patton was a very close friend of his, and I have always felt that much of Brannan's ideas were generated in the thinking of Patton

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and his experts.

HESS: Would that also hold true of the famous Brannan plan?

SNYDER: Well, it probably could be. Of course, I'm not finding fault with that. I'm just pointing out that Mr. Brannan had been a lawyer and, while he had taken an interest in farming, in agriculture, he was actually, I think, endorsed, and impressed, by the farmers because they thought that he would be a friendly Secretary in the office, which, of course, it is desirable to have. If you're going to have a Secretary of Commerce, you want someone that's in tune with commerce.

HESS: The business community.

SNYDER: That's right. And so Mr. Brannan was able to get himself in many controversies because

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there was a feeling that he had leaned entirely too far on the liberal side in the agricultural legislation, and the Brannan plan was considered at the time to be a very, very liberal piece of legislation. However, subsequently, we've gone far beyond the Brannan plan.

HESS: What was your view of the Brannan plan at that time?

SNYDER: Having had some experience in agriculture's needs and problems in my own banking career, I realized that there were many points of merit in the Brannan plan. It struck me initially with being probably a little too grandiose in its approach. Mr. Brannan remained in the Cabinet until the end of the Truman administration. Mr. Truman felt like he was doing a very good job there and always listened to whatever he had to propose and,

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as you know from history, he did support Brannan in many of his suggestions for the betterment of the agricultural picture in our country.

HESS: The next department is the Department of Commerce.

SNYDER: When the Truman administration took over, Henry Wallace was serving in the office of Secretary of Commerce, and he continued there until September of 1946. Mr. Wallace was the center of constant controversy. Frankly, he had some notions that just didn't jibe with about 85 percent of the Cabinet. My own first controversy with Secretary Wallace, however, was when I was in OWMR. As he himself admitted years later that he had just been misled in a lot of his thinking.

HESS: What was that controversy, do you remember?

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SNYDER: Well, this particular one was the matter of distribution of the documents and the

classified papers which he had obtained in Germany and had them in storage, not only in Germany but in France and in several of the European countries. And Wallace wanted to open them up and share them with everyone including Russia. I opposed that very strongly.

HESS: What was the final disposition?

SNYDER: They were put under lock and key and were kept classified in the Defense Department.

HESS: At this time did he express to you a reason why he felt they should be open?

SNYDER: He was thoroughly sold on the idea that we were always going to get along with great rapport with the Russians, and he was willing to divide everything. His notion was towards

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utopia, and my feeling at the time was that we had not reached utopia. He was very, very strong on the Socialist side of distribution of the wealth. Interestingly enough, he was a very wealthy man himself, inherited initially, but through his development of fine grades of corn, hybrid corn, made quite a fortune on his own. And then he had an outstanding farm magazine, a weekly. He later though had a change of mind and in talking with Mr. Truman years later confessed that he kind of -- well, he said, "I just have to tell the truth. I was misled in many of my thoughts during my latter years of the Roosevelt administration." Some of the extreme liberals whom Mr. Roosevelt had assembled found an attentive ear in Mr. Wallace. I frankly felt that Mr. Wallace was a very fine person. I think his ambitions were in the right direction in the sense that we all wanted to do

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good for our country, and our people. But he wanted to do some things that many just didn't agree with, such as his ready acceptance of the sincerity of the Russians as compatible to our way of thinking, and the manner of the distribution of wealth, was where we had our earlier problems. He got into the habit of making statements that were frankly almost communistic in their purport. And it was one of those speeches that caused Mr. Truman to come to the dividing of the path.

HESS: Can you tell me about that?

SNYDER: Well, he was going to make a talk in New York, if I remember correctly, and he put into his speech one phrase that irritated Mr. Truman very much. It said that the end justifies the means and that we've got to accomplish those ends, and if we have the right objective, whatever we do along the way to reach that objective is perfectly all right, if we are still aiming for the correct objective. He had brought his speech to Mr. Truman and Mr. Truman, without reading it, said, "Well, Henry, is there anything in there that is controversial?" He was told that there was not. He said, "Well, go on and make it." Mr. Truman did not read the speech, and when it came out he was somewhat shocked because he had relied on Mr. Wallace's statement that there was nothing controversial in it, and he considered this particular passage extremely controversial and completely opposed to his way of thinking. So he called Mr. Wallace over and told him that he

thought they had reached the end of their association. And Mr. Wallace was amazed -- so he said -- that Mr. Truman misinterpreted what he meant.

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And he said, "In this world today you've got to pick out a goal and you'll never get there unless you just trample right through all the underbrush to get to it."

So, Mr. Truman said, "Well, it depends on what the underbrush is." And that is when his resignation was handed in.

HESS: After this point in time did you ever hear Mr. Truman give his opinion of Mr. Wallace?

SNYDER: I think Mr. Truman actually liked Mr. Wallace and he was very unhappy that this schism had to come about, but he never fully forgave him for that speech. Later, they again, became very good friends. Mr. Wallace went out a number of times to Independence. I was out there with him at one time. His attitude was just as friendly as it could be and my attitude was always friendly with him. As a matter of

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fact he asked me to go on the Business Council, while I was in St. Louis. At that time it was run as advisory to the Secretary of Commerce. All during the time when we were having this controversy, I was going to the Business Council meetings and working with him on many things. My daughter and Jean Wallace are the very closest of friends, as well as Mrs. Wallace and Mrs. Snyder -- we lived in the same hotel -- Wardman Park -- and to answer your question there was never any irreparable break. It was repaired in time, and in the latter days, Mr. Wallace came to the decision that he had roamed a little afield.

HESS: You know, at the time that he gave that speech, Secretary Byrnes was Secretary of State, and I believe he was in Paris at that time, and became quite agitated at the fact that another Cabinet member was making a statement on foreign

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policy. So this takes in Mr. Wallace's involvement in the Secretary of the State's field, and we've mentioned Agriculture. What other fields did Secretary Wallace try to help out in? Do you recall. Did he ever give you any help?

SNYDER: No, we got along very well because we had our relationship pretty well established when he realized that if he ever went counter to any of my beliefs or ideas of proper procedure without consulting me about it, that I was going to be very firm about it. So, he was very cautious in leaving the Treasury operation alone.

Secretary Byrnes complained to President Truman that Wallace was interfering in diplomatic matters in his public statements. This added further to Mr. Truman's dissatisfaction with Mr. Wallace.

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HESS: What about some of the other Cabinet members, other departments, do you recall offhand any time that he might have tried to stick his finger in the pie?

SNYDER: Well, the main one as I recall, was the Post Office Department. He wanted more liberal distribution of fourth class mail and things of that sort. He was constantly in difficulty with the Secretary of War on account of the Army at that time had in its custody all of these highly classified enemy papers and Mr. Wallace was very anxious to give all the world access to any scientific papers or any sociological papers that might have been built up by the scientists in Germany...

HESS: Did that include the secret of the atomic bomb, at this time?

SNYDER: Oh, yes.

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HESS: Did you ever hear him make a statement in a Cabinet meeting that we ought to let the Russians in on the secret of the atomic bomb?

SNYDER: Oh, yes, he was very positive about that, that we couldn't hold these things, that we were simply trustees and that the Russians were our allies and that we had to share all this with everybody.

HESS: He made no secret of his feelings on that?

SNYDER: Oh, no, he never did.

HESS: He was a plain-spoken man.

SNYDER: He was a very plain-spoken man and I don't think he ever intended to be elusive, or anything of that sort.

HESS: Just as an opinion, a supposition on your part, what was there in the background of the man

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that that would have given him such a leftist leaning?

SNYDER: Sort of an altruistic bent. He was brought up with the idea that his work was for the benefit of mankind, in his training, his father's background of looking towards the interest of the farmer, and through the farmer to all people, and I think he got a very socialistic view and that was fanned by the general tenor of some of the things that happened in the Roosevelt administration.

HESS: What do you recall about his occult beliefs and the "Mystic letters?"

SNYDER: Well, that was another one of his misguided moments.

What was the name of the man...

HESS: The one he wrote the letters to?

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SNYDER: Yes.

HESS: His name I believe was Nicholas Roerich, who was the leader of some sort of cult.

SNYDER: Well, he was quite influential in getting Wallace to pay more attention to these seances and things of that sort.

HESS: Just one obvious question. In 1948 when he ran on the Progressive Party ticket, he was supported by the Communist Party of the United States. Do you think that Mr. Wallace was a Communist?

SNYDER: No, definitely not, but the trouble was that his leaning were so ultra liberal, you see, he was very strongly an advocate of ADA, and he was, I think quite Socialist minded.

HESS: At this time, even the ADA broke away from the Progressive Party. They went to the platform

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at the Philadelphia convention and stated that they should repudiate the Communists, so even the ADA, even though they were leftists, were not as far left as the people surrounding Mr. Wallace at that time.

SNYDER: Well, Mr. Wallace was sold on the fact that the administration was entirely too conservative. According to him he was a liberal, and of course his liberalism branched over to where many accused him of having communistic leanings. But I definitely do not think, it's not my opinion, that he was ever a Communist.

HESS: On the 1948 campaign, do you think that he thought that he had a chance to become elected President? Just what was his idea?

SNYDER: I doubt it. His idea was just the same as Theodore Roosevelt's was in the Bullmoose Party,

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and just maybe like McCarthy's going to be, like today's Wallace is now. They have a good notion that if they make a good showing that they will have influence on the administration that follows, you see.

HESS: And they just might possibly throw the election into the House of Representatives.

SNYDER: Well, that has been brought up. My belief is that what they are really after is having some voice in the Congress if they can elect quite a number of Congressmen, who are followers of their campaign, that they might have those leanings in Congress, don't you see, and that therefore might give them some strength and voice in the administration that will follow.

HESS: Did you ever hear Mr. Truman make any comments about what he thought about Wallace running on the 3rd party ticket?

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SNYDER: Well, he frankly thought it was a nuisance and a bother that he shouldn't have to put up with, but he didn't let it take root too deeply and he ran, as Mr. Truman has always run, on the record of Harry Truman, and let the chips fall where they may.

The next successor to Henry Wallace was Averell Harriman.

HESS: Why was he chosen?

SNYDER: Well, Harriman had been a very loyal supporter of the party and he had always gotten along with the liberal side. Mr. Truman didn't want to break from the liberal side. And then Harriman was a businessman -- Union Pacific and other things -- so there were a number of pluses that went for Harriman. He had been Ambassador to Russia, as you know, and Mr. Truman brought him home and asked him to take this job and

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he agreed to do it.

HESS: What seemed to be the relationship between Mr. Harriman, a man of great wealth, and Mr. Truman, a man of more or less a rural background. What was their relationship?

SNYDER: Very good, very cordial, and still is today. Mr. Truman had a very warm affection for Averell Harriman and demonstrated it throughout the years. When he ran for Governor, he supported him; he has always been an admirer of Mr. Harriman. He thinks that a man of such great wealth who is willing to work as hard as Harriman does at being a public servant has a remarkably fine perspective. You can't question his sincerity and his liberal attitude with his own resources. Mr. Harriman many times supported certain procedures with his own money, I'm not talking about causes or anything, but I'm talking

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about special projects. To this day you can see he's in Paris putting his whole heart in his mission. It looks like many times he was taking the more difficult side of things, but he never hesitates, he was willing to try. He's a very courageous man and he did excellent work in Europe following the war. I've always had a very high regard for Mr. Harriman.

HESS: Again in your opinion, but what would be in this gentleman's background to make him a liberal -- a man of such wealth?

SNYDER: Well, there are so many men of wealth that have the notion, as I see it, that should there ever come a time when we would have a labor government or an extreme liberal government, they want to sort of identify themselves as not being cold-blooded, icy capitalists. Its' the only thing I can figure, we've had so many

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who have inherited wealth that have leaned towards public work. We've got an example, I think, in Nelson Rockefeller right now, who has inherited great wealth. He has never had to earn a living. His grandfather and then his father set up ample wealth so that he and his brothers could serve their country. There have been three of them, as you know, that have entered into political life. Lawrence and David have stayed out of politics; David is president of the Chase Manhattan Bank and Lawrence looks after the family business affairs. Winthrop is now the Governor of Arkansas. John is a Democrat, if I'm not mistaken.

And then, of course, Harriman resigned as Secretary of Commerce to take an ambassadorship in ECA, Ambassador at Large. Then we come to Mr. Sawyer.

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Charles Sawyer has had a most interesting background. His home is in Cincinnati, Ohio. He studied law, entered the practice of the law in Cincinnati. He became interested in politics, ran for a number of jobs and later was elected Lieutenant Governor of Ohio. When Mr. Roosevelt came into office he was very active in Mr. Roosevelt's first campaign and established quite a bit of political leadership in Ohio for the administration. In 1944 Mr. Sawyer was named ambassador to Belgium and served there until after the war. He met Mr. Truman and visited with him when he went over to Potsdam. Ambassador Sawyer greeted him and briefed him on the situation there. After World War II he retired from the ambassadorship and went back home to re-establish his law practice. Mr. Truman, and I too, were highly impressed with his work in Belgium. I had known

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him for a long time. Mr. Truman, also, had been impressed with his good work in Ohio. So he invited him to take the Commerce post, and he accepted. He was sworn in on May 6, 1948 and served throughout Mr. Truman's remaining time in office. Charles Sawyer established quite a record in the Commerce Department. He had the confidence of the business people; they were particularly happy to have an aggressive advocate in the Cabinet and in the administration. He was very successful in getting cooperation out of businessmen for various matters that came up during the second term of Mr. Truman.

HESS: One question on Mr. Sawyer. I believe he has written a book that will come out in September. Can you tell me just a little bit about your participation in that venture?

SNYDER: Well, I had the privilege of reading the

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first draft and was asked to comment and to edit, which I took seriously. Actually there was enough material in the book for five books because his style and his presentation are so readable

and so enjoyable that he could well have split the book up into five different phases: early experiences, his time as ambassador could have been a book by itself, his interest in commerce and business. As you know, he is a big stockholder of the Cincinnati Reds, he owns the ballpark there, he owns a radio station, he owns an amusement park -- he's very active in business, very successful in business. Mr. Sawyer is a very wealthy man. His book is told in such a delightful, readable fashion. It is just reminiscences of a conservative Democrat of Ohio, which I think is what he initially was going to call it. I'm sure it will be widely read. He takes the occasion in his book to give

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his version of many controversial things that happened, both as Ambassador and as Secretary of Commerce.

HESS: Do you recall one day that we just ran down the list of names of Cabinet members and you were telling me whether you thought they were liberal or conservative. I'm not sure if we touched on it but how would you classify Mr. Sawyer?

SNYDER: I think Mr. Sawyer was very much in the same status as I was and am. I think that it's hard to put a label on just what you are. We both have great leanings toward Government policies being geared towards thinking of the welfare of the people, but we do think that the Government ought to run on a balanced budget in good times so they can take care of the recessions and depressions with deficits if they occur.

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And we both were of the view that many of the undertakings that the more extreme liberals, or the enthusiastic liberals, want to propose in advancing too rapidly, in trying to mend the ills and evils of a hundred or more years, just can't be done over night and stay solvent. There ought to be some prudence used in the things that the Government undertakes to do.

HESS: Do you think the statement that you made just now might be part of your description of what you think a liberal and a conservative would be? Do you recall, you wanted to think about that a little more. Do you think that would be part of it?

SNYDER: Well, a little. It would go towards the making up of a definition of my position.

HESS: The next department is the Department of Labor.

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SNYDER: Well, that means the last department. At that time we didn't have HEW. That came later, as you know, and Transportation came later, so Labor was the last of our Cabinet positions during Mr. Truman's time.

Frances Perkins was a hold-over Secretary of Labor. She resigned immediately after Mr. Truman came in. He accepted her resignation on June 30, at which time Lou Schwellenbach from the State of Washington was selected by Mr. Truman. Lou Schwellenbach was in the Senate with Mr. Truman and was a very close friend of his. President Truman had very high respect for his

views on the labor situation which they had discussed together as Senators. Schwellenbach had been a judge, too, and had had an opportunity to make judgments regarding labor relations between management and labor and on labor problems. Secretary Schwellenbach had

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a rather tempestuous experience in the job. He tried to build the Labor Department back up to where it was fulfilling its mission. The White House had somewhat taken the Labor operations over from Mrs. Perkins and the Department had somewhat atrophied. Schwellenbach tried to build it back up to its prestige that a Cabinet position should have.

HESS: One question on that. Mr. Truman also appointed a labor adviser in the White House: Dr. John Steelman. Was there any discussion at this time that the appointment of Steelman in the White House would undercut the Labor Department? Do you recall?

SNYDER: No, at least I never heard it. I'm quite sure it could have been discussed in some areas. Mr. Steelman was an unusual person in that he and a contemporary of his are the

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only two persons who had the long-range vision to get a doctor's degree in labor relations.

HESS: Who was the other one?

SNYDER: I forget now who he was. But they studied labor exhaustively and got a master's and later a doctor's degree in labor relations and activities. He had established himself in labor circles as a negotiator. So we were having so many labor problems come up that someone had recommended him to Mr. Truman. I had not known Mr. Steelman prior to the time that he came to the White House, but someone had recommended him as being possibly a very helpful person. I never was conscious of any rivalry between Schwellenbach and Steelman.

HESS: What seemed to be Dr. Steelman's main duties in the White House? Was it on labor negotiations?

SNYDER: Yes, that was almost entirely his responsibility.

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At the time, of course, that I stepped out of the OWMR, Mr. Truman put him in the job to wind it up. Mr. Steelman, I suppose, leaned towards continuing the office -- there were a number of groups who wanted something like OWMR to remain in the White House as a route for them to get to the President. That was largely among some of the liberal factions. But I had set out clearly my views that it was not the type of thing that any President would want in the White House, that he should solve such problems through the established departments. From July 1946 on the OWMR did not actually serve any important purpose, although it did last a little longer than our original intention. It was finally wound up in early 1947.

HESS: I recall that we discussed that when you left the President said that he would not appoint anyone to head it up, but a few weeks or a few months later that decision was reversed, isn't that

correct?

SNYDER: Well, yes, he put Steelman in there, but always with the idea of winding it up. As I said, it lasted less than a year.

HESS: How strong a Cabinet member and head of the Labor Department would you characterize Mr. Schwellenbach as being? Was he a forceful Cabinet member?

SNYDER: He was a judicial Cabinet member. He weighed things very carefully; he tried to bring about agreement; he was an arbitrator, a negotiator, and I would put it that he was a judicial Secretary rather than a driving, forceful Secretary. He often got his point, many times he didn't. I think he served very well during the time. As you know, he was taken ill and died in office.

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HESS: During the period of time that he served, from June of '45 until June of '48 was quite a period of labor unrest, as we have already discussed.

SNYDER: Yes, constant controversies.

HESS: Then in the light of that, how would you evaluate his success?

SNYDER: I think he was entitled to commendation for the success that he met with in meeting the conditions of the time. It was very explosive, very difficult. The labor demands were so vehement at times and strong labor leadership was building up at that time. This has developed into many explosive situations more recently, as you know. The top leadership was battling, and jockeying for position, and they wanted to be judged by what they could get done in the way of labor legislation, and favorable labor

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decisions, things of that sort. Yes, I would close my remarks on Schwellenbach by saying that under the circumstances in which he labored, that he made a very good Secretary.

HESS: One more question, what seemed to be his relationship with the heads of labor, with William Green and with John L. Lewis?

SNYDER: Well, they seemed to be friendly. They were very firm, of course, but Schwellenbach was friendly with them. He always remained friendly.

He was succeeded by Maurice Tobin from Boston. Maurice Tobin had been very active in politics. He was a lawyer and his name came to Mr. Truman through some of the party leaders in Massachusetts. He had had a great interest in labor settlements and things of that sort. He came into office there in ‘48 and served...

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HESS: August of '48 it looks like.

SNYDER: Yes, he was sworn in August 13, 1948 an interim appointment. He was confirmed when Congress returned in January 1949. He served until January 20, 1953. I would say that Tobin's service was workmanlike. He didn't have any great flairs; he did a very good job as Secretary of Labor.

HESS: I notice that he came in just before the campaign in 1948? Did he assist?

SNYDER: He assisted very capably and effectively, yes.

HESS: All right. I have just a couple of questions on the Cabinet in general. Did any member of the White House staff serve as secretary of the Cabinet? Did they sit in on the Cabinet meetings and take notes?

SNYDER: No, that they never did. Some were present

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at times, but there were never any formal notes taken nor minutes written of the Cabinet meeting.

HESS: What members of the White House staff would be present?

SNYDER: Well, it all depends on what matters were being discussed. If a matter came up about labor, Steelman might have been asked to come in and sit in the background. Connelly usually sat around for awhile.

HESS: Was Mr. Connelly there at most meetings?

SNYDER: At some time during the meeting, I think so, but he didn't attend all of them. Ross used to sit in quite a bit.

HESS: Did Short sit in after Charles Ross died?

SNYDER: Yes, and then Rosenman used to when he was

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there, and then Clark Clifford and Charles Murphy. As you know, there were chairs all around the wall. They could sit back of the President and listen awhile, but there was no note taking that I recall, and no minutes were written about Cabinet meetings. The President may have dictated some impressions when he went back to his office.

HESS: But their presence was usually when a subject was going to be discussed that they had a particular interest in. It wasn't a matter of routine?

SNYDER: No, the President asked them there to listen to what the Cabinet had to say on matters of particular importance.

HESS: One other question, we mentioned a few times ago about the informal luncheons that you

and Secretary Forrestal and a few of the other

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gentlemen had. Was there ever any discussion of having a secretary take minutes?

SNYDER: No, I think that would have defeated that very purpose. This was a strictly, off-the-record opportunity to exchange ideas, and not, as I told you before, with the idea of organizing any group to press any subject or anything of that sort. It was just an opportunity to have a better relationship between the different Cabinet operations.

HESS: One last question: How would you evaluate the success of the Truman Cabinet?

SNYDER: I think Mr. Truman had a very good Cabinet relationship. He had wonderful cooperation, and generally dependable loyalty from the members of his Cabinet. He had some very fine, strong gentlemen that served in his Cabinet. By and large, I think that Mr. Truman's Cabinet

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relationships were very splendid.

HESS: Comparing it to some of the other Cabinets, the Eisenhower Cabinet, the Roosevelt Cabinet, do you think that it was a success when compared to those Cabinets?

SNYDER: Yes, very much so, because it served more the purpose of a Cabinet than Mr. Roosevelt's. He never called a Cabinet meeting for the purpose of making a decision. If he was going to talk about it he called a Cabinet member that was affected, and occasionally two or three, if they were interested, and Eisenhower did a great deal of the same thing. His Cabinet meetings were, I think, very ineffective, as I understand. Mr. Johnson's Cabinet meetings are rather sketchy, as I understand it.

HESS: Anything else to add on the nature of the

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Cabinet?

SNYDER: Not at this time.

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Twenty-second Oral History Interview with John W. Snyder, Washington, D.C., October 24, 1968. By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Secretary, to begin, suppose you give me your views of the background of the Bureau of Internal Revenue and how it came to be a part of the Treasury Department.

SNYDER: I'd be very happy to do that, Mr. Hess, but in the beginning, let me philosophize a little. The basic functions of all governments are the raising and the spending of money. Every

other activity or service: national defense, diplomacy, the administration of justice, public welfare, even the maintenance of law and order hangs on the power of the government to tax and borrow, and on the capacity of people to pay and lend. Governments have no more onerous and necessary duty than the imposition and collection of taxes. Bad taxes, badly collected, can fell

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the strongest dictator. Fair taxes, fairly collected, would still be an outrage to some, and an irritant to many. Historically, tax laws have furnished the greatest point of contact, and the major source of friction between the governed and the governor. The administration of tax laws, at best, is fraught with peril, and in the United States, there is no exception.

Its first internal tax imposed on alcoholic spirits back in 1791 incited a rebellion among the free-brewing settlers of western Pennsylvania, particularly. It was put down only after Federal troops were sent into that area. Even earlier, the War Of Independence, the cry of unfair taxation by Great Britain was one of the most effective rallying cries of the colonies. The recent history of the United States shows that the dislike and distrust of the tax collector is evident in the beginnings of the Nation and has not died out. The one Government official, who,

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from the beginning of the United States, that has had the heavy duty of administering the tax laws of the country, that has been assigned to him by the Congress which has written the tax laws that he is charged to carry out, is the Secretary of the Treasury. In turn, the Secretary has delegated the collection of domestic taxes to the Internal Revenue Service, or the Bureau of Internal Revenue, as it was called until 1953, has staggering tasks. In the fiscal year of 1955, it processed nearly eighty-nine million tax returns, and handled two hundred and twenty-four million related documents. The same year it collected more than sixty-three billion dollars. Today, these figures are really, I suppose, more than 40 percent higher than they were thirteen years ago.

Since an understanding of the development of an internal revenue system in the United States is

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important to the understanding of my accomplishments and problems in this field, a brief look at the history, I believe, would be worthwhile. The United States' experience with internal taxation falls into three broad chronological divisions: First there was a period of primary reliance on customs duties for the support of the Government, and a consequent neglect of internal taxes; second, there was a period beginning with the Civil War when internal taxes became a permanent source of revenue; and third, beginning about the time of the Second World War, and based on the fact that Constitutional barriers to an income tax were removed by the adoption of the 16th amendment to the Constitution in 1913, we have had a period when the bases of internal taxes have been expanded tremendously so that they affect nearly all Americans. For nearly

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three quarters of a century, the United States depended for most of its revenues, as I said, upon customs duties, except in times of emergency. The decade, 1790-1800, saw the passage of several internal taxes, including the whisky tax mentioned above, but they were all repealed in

1802, and the Nation was without any such revenue until it became necessary to pay for the War of 1812. Internal Revenue laws were again repealed in 1817, and it was not until the heavy burden of the Civil War fell upon the Federal Government that they were reimposed. The permanent Bureau of Internal Revenue dates from 1862 when Congress provided for the appointment of the Commissioner of Internal Revenue, the division of the country into fourteen revenue districts, and the appointment of assessors and collectors of internal revenue in each. The organization established in 1862

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existed with no major administrative innovations as late as the post World War II period, although by then the Bureau compared with its ancestor only in principle. The Bureau had a steady growth from the Civil War to 1940, but it continued to have little effect upon the majority of the citizens, most of whom were not required to pay an income tax up until that time. It remained for the Second World War to make internal revenue laws a fixture in the lives of nearly all of us. The huge financial expenditures necessitated by the war of 1941 were reflected clearly in the Bureau. In the six-year period from 1940 to 1946, it multiplied its dollar volume of taxes handled by nearly eight times, from five billion to forty billion dollars. Its customers were multiplied largely through the broadening of the income tax, four times, from twenty million to eighty million taxpayers. But in

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those same years, the Bureau was able to increase its working force only two and a half times, from twenty-two thousand to about fifty-seven thousand. The war brought new revenue laws, excise taxes, victory taxes, excess property taxes, that had to be administered by Internal Revenue, and a major change in tax collection, such as income tax withholding. These additional processes were instituted as the necessity arose.

The magnified tasks were being performed by an organization that was, by business standards, almost primitive. There were several reasons why the Bureau could not have been modernized overnight at the beginning of the war, these same reasons largely obtained in the earlier period when I was Secretary of the Treasury, and they will be discussed later as we get into further discussion of this matter.

It's sufficient to say that the Internal

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Revenue system was established by Congress, and its major features could only be changed by Congress. Add to this, that the Congress had a vested interest in maintaining the old system of having collectors appointed by the President and confirmed by the Senate, which had developed into a political patronage plum system. It is no exaggeration to say that the present day Internal Revenue Service is the heart of the United States Government, and interruption in the flow of revenues would be as fatal to the Government as a heart attack to a citizen.

What is remarkable is that this heart functioned as well as it did under the strains of the Second World War. The Bureau that performed its job so well in 1939 found itself completely unequipped to cope with the greatly expanded job a few years later. Wartime manpower

shortages made the situation more acute. They

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found it necessary during the war to use its limited manpower and resources in a manner that would insure the uninterrupted flow of revenue. This was its major responsibility, and all other duties had to give way to it. This necessity meant a curtailment of other Bureau functions. One of the functions restricted significantly in the war was the enforcement of revenue laws. Volunteer payment of taxes was relied upon to an unprecedented extent. This same situation carried over into the postwar years when there was virtually no diminution of the Bureau's burden. In 1940, the Bureau was able to audit income tax returns representing less than 50 percent of the total tax liability, but think back in 1939, returns representing less than 10 percent of the total tax liability were closed without investigation.

The postwar period found the Bureau with a huge backlog of

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back-tax cases. Individual tax returns were being received twice as fast as they could be processed, and the backlog was increasing steadily. Investigation of corporate and profits taxes had fallen nearly two years behind. Twelve months or more were needed to make refunds to taxpayers who had overpaid their taxes. Such conditions offered plentiful opportunity to unscrupulous taxpayers for tax evasion.

Even worse, from the Bureau's point of view, the inability of the Internal Revenue Service to efficiently cope with this task, as we know now, gave rise to instances of irregularities and opportunities for individual cases of misconduct within the Bureau. One major contributing cause of all of the IRS problems was the deterioration of fitness of personnel during World War II. Competition of the draft demands, the constant demands by expanding war plants for accounting and legal talent at higher

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salaries, and living conditions growing steadily higher, made recruitment most difficult. Such was the situation in Internal Revenue when I took office as Secretary of the Treasury, a year after the war ended. The Bureau of Internal Revenue was only one of my many responsibilities, but it demanded, and received from me, immediate attention.

Obviously, if the Bureau was to meet its added responsibilities, and at the same time dispose of its war-accumulated backlog of tax cases, I would have to undertake a broad scale and thorough administrative reorganization. But there were two important restrictions on any reorganization or improvement in the program of the Treasury. First, until I was ready to go to Congress and ask for sweeping legislative changes in the Bureau, the problem would have to be carried out within the existing, congressionally-imposed, and congressionally-protected

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system of political appointment to most of the top Bureau jobs.

Second, no organization or improvement program could be allowed to interfere with the flow of

revenue into the Government.

I made two quick moves to get Internal Revenue started back up the hill. Joseph N. Nunan, Jr., who was Commissioner of Internal Revenue when I moved into the Treasury, resigned a few months later. Realizing the tremendous job ahead for the Bureau, I sought as a replacement for Nunan an exceptionally well-qualified man. In George J. Schoeneman, I thought that I had found him, and there was exuberant approval of the choice in Congress and among the Government officials in general, as well as wide-spread editorial approval. Schoeneman, who was confirmed by the Senate in the fall of 1946, was a career Treasury employee. He had spent many

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years in a diligent climb up the career ladder in the Bureau of Internal Revenue. He knew its personnel and problems, and was widely respected in and out of the Department. The choice of Schoeneman to be Commissioner of Internal Revenue was a natural one for a Secretary of the Treasury who sincerely was interested in the welfare of the Bureau. In October of 1946, some four months after taking office, I made my second move to bolster the badly-worn Bureau. The top Internal Revenue officer from field offices over the entire Nation, were called to Washington for a meeting, at which was initiated the Bureau's Management Improvement Program. That was the first definite step that we took to try to get at the root of the problems in the Bureau.

The Revenue officials were asked for their ideas and suggestions, and were told to seek

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ideas and suggestions from their subordinates on ways the Bureau might become more efficient. The latent vitality of the Bureau is shown by the fact that more than one hundred suggestions from its own employees and executives were put into effect before 1947 ended. At the October meeting, the number of ideas and reports offered were so great that a special committee on administration was appointed to consider and recommend action on them. The committee submitted its report in August of 1947, and the Management Improvement Program got underway in earnest. This program continued to develop throughout my tenure in the Treasury. It laid the groundwork for the Bureau's reorganization plan in 1952.

In addition, two other important programs were put into operation in 1947: One was a work simplification program designed to take advantage

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of the operational know-how of the lower level Bureau employees. The other was a cash awards program in which we rewarded employees who made time and effort-saving suggestions. By the end of 1951, five years after the programs were initiated, more than two thousand cash awards had been made, and about twenty-two hundred work simplification program suggestions had been put into effect. I had reason to be pleased with these efforts towards modernizing the Bureau.

Following the October,1946 meeting, I addressed a letter to all the division chiefs in the Bureau, urging that they streamline their operations and initiate what administrative improvements they could without disturbing the flow of revenue. The effect of the program could be immediately

felt in the form of work speed-up and economy. One of the changes effected in 1947 was the microfilming of records,

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which saved an estimate of over $100,000 in expenditures a year. Another was a rescheduling of payments of refunds, which hastened the operation sufficiently to save the Government $3,000,000 in interest charges in just one year. The work simplification program in its first year resulted in estimated savings of nearly $640,000.

The Bureau's Self Improvement Campaign moved ahead at a good clip in 1948, but there was some aid from the outside. In February the House Committee on Appropriations, having noted the work that we were doing in the Internal Revenue and in the Treasury itself, issued a report containing a number of recommendations concerning matters that might help the Bureau of Internal Revenue. These were studied carefully, and a number of them were put into immediate effect. In April, Commissioner Schoeneman established a management staff of the

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Bureau, and in the same month, the advisory group to the joint committee on Internal Revenue Taxation also made a series of recommendations, all of which were put into effect as soon as possible.

You can see that there was continual cooperation between the committees in Congress, and with the Treasury and with the Bureau of Internal Revenue personnel in getting at this problem which was so evident, and was so much in need. These suggestions included decentralization of routine work from Washington to the field offices, improvements in tax forms, the use of sampling techniques to measure the effectiveness of enforcement methods, and employment of outside management specialists to study the Bureau. In July of 1948, I ordered the creation of a committee to direct the management studies of the Bureau and brought in A.L.M. Wiggins, a prominent businessman who had been a former Under Secretary of mine, to head this committee. Wiggins brought

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together men from the Government, and specialists from private business to aid in the campaign. In September Congress authorized retention of a private management consultant firm to survey the organization and procedures of the field offices of the Bureau. This report was submitted in January, 1949, and the same management firm, Cresap, McCormick and Paget, was then engaged to study reorganization suggestions for the entire Bureau.

Also in 1949, the Bureau, due to manpower shortages, and the growing need for increased work efficiency, turned more and more to the use of machines for the performance of tasks that had once taken the time of so many employees. In November of that year an administrative change was affected when Commissioner Schoeneman divided Bureau responsibility between its two assistant commissioners, .giving one supervision of technical matters, and the other, the matter of operating activities. In December, further

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decentralization of Bureau functions was carried out when collectors were delegated authority to make refunds up to $10,000, thus sparing the Washington office the job of processing about 100,000 over-assessments annually. In the same year the Bureau also instituted an audit control program, involving selection of a broad and scientifically chosen sample of individual tax returns for field investigation.

On the first day of 1950, the Bureau combined into one form the returns of the Federal Insurance Contributions Act, and Income Tax Withholding statements. This change alone resulted in savings of approximately $250,000 a year for the Government, and countless expense and time to the taxpayer. In the spring, the Bureau reached agreements with five states for cooperation in the investigation of income tax returns of residents of those states. In addition, new

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methods of calculating and collecting Federal liquor taxes were devised which resulted in additional savings of manpower.

The year 1951 saw the installation of an operational cost system in the collectors' offices, and the creation of a new office of budget and finance, as well as the first three of the Bureau's Regional Finance Offices, which furnished better fiscal service in the management of the Bureau's operation. In October, one of the most important parts of the improvement program was accomplished with the creation of the Internal Revenue Inspection Service. This new branch furnished the Commissioner and the Secretary for the first time with an independent inspection agency to report on both efficiency and integrity in the field offices of the Bureau.

In March of 1952, the Bureau set up standardized mail room procedures in all collectors' offices, saving, we estimated,

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about $500,000 the first year. Mechanization, job simplification, administrative improvements, all of these were put into effect by the Bureau in the last half of the decade of the forties.

What were the results of the Management Improvement Program and others initiated by me, or under my supervision? Well, by 1950, the Bureau was collecting annually more than sixty billion dollars a year. It had caught up with its war-accumulated backlog, and at the same time, had taken on new duties assigned to it by Congress in tax legislation. Its enforcement functions were carried out more thoroughly and with greater success than before, resulting in great additions to the national revenue from undeclared taxes. It set in motion an all-out drive on racketeer tax evaders in this period. In summary, the Bureau, with my

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encouragement and help, had done an outstanding job of self-improvement. It was a drastic change from the war-weary, over-worked Bureau that had existed when I came in in 1946. By 1950, the Bureau was collecting it rapidly with little or no increase in operating cost. The self-improvement program stands as a remarkable testament to the Bureau's desire to do the best job possible. And it certainly was a great satisfaction to me and to my associates to have this organization developing into an efficient, well-run Bureau.

None of the reforms so instituted were designed as cure-alls. None tried to create a tax man's utopia. They were day-to-day, realistic improvements that could be carried out within the Bureau without congressional approval, and without upsetting revenue collections, and they were carried out within budgets approved by the Congress.

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As these improvement programs progressed, however, it became more and more evident that ultimately the Bureau would need a thorough reorganization to bring it up to its current responsibilities. I, for several reasons, looked upon a reorganization as a long-range plan. Such a reorganization, if not well planned, might disrupt the flow of the revenue system. Such a reorganization had to be carefully thought through. In addition, the reorganization I had in mind, and which I knew was necessary, involved the most revolutionary change of the Bureau from a semi-political institution to a Civil Service function. From my own experience in dealing with political appointees in the Bureau, I had a clear idea of what this would involve. I knew that under normal conditions the accustomed senatorial prerogative of clearance and confirmation of appointees and political

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identity between appointee and sponsor, inherent in the systems since the establishment of the Bureau in 1862, would not be easily relinquished. And it would be Congress which would be perhaps the greatest opponent to such a change initially. It would also have the power to prevent reorganization if they persisted in their reluctance to make a change.

In my first years as Secretary of the Treasury, I had exercised my executive ability to effect many changes in the existing machinery of the Bureau of Internal Revenue. Those changes I could and did carry out with my existing authority, but they took place within the walls of a political appointee structure. When it came to personnel matters, my authority for the most part was effectively hobbled by the political appointment and political protection of nearly all of the top officials of the Bureau.

The Bureau of Internal Revenue before its

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reorganization, was so set up that there was an inevitable dilution of the authority of the Secretary of the Treasury, and an inevitable political tinge to its personnel. The Congress that created the post of commissioner, assistant commissioners, and collectors of internal revenue in 1862 made the job "presidential appointments, subject to confirmation by the Senate." The appointments came in time to the point of patronage jobs for members of the Congress. As a matter of practice, appointments of collectors were cleared with the Congressmen concerned. Appointees who received their jobs under these conditions generally felt that their first loyalty to be toward their political sponsor. The history of the Bureau contains instances of such men whose acts showed a greater consciousness of their responsibility to the member of Congress than to their boss, the Secretary of the Treasury.

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I was able, successfully, to insist that the headquarters staff of Internal Revenue function as a part of the Treasury Department. But the collectors, who numbered sixty-four before the reorganization, and who were located in offices over the entire Nation, posed a more difficult problem, and they constituted the basic network of tax administration.

Until the time I took office in 1946, the Bureau had somewhat alienated itself from jurisdiction by the Treasury, and was somewhat autonomous in its operation. Congress, setting up the Revenue Service in 1862 had intended that the collectors should be men of wide, local reputation, who would be able to command the confidence of the taxpayer in their own districts. However, it was only a matter of time before they were regarded as patronage employees. Quite naturally, the Congress which had a stake in the maintenance of this system,

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offered no objection to its continuance. The system was workable, so long as Internal Revenue remained a relatively minor and simple operation, and so long as the Bureau remained small enough to give the Secretary some semblance of personnel control. The advent of modern taxation touching nearly all citizens made the political collectors archaic. The Internal Revenue system, directly affecting nearly all wage earners and collecting more than sixty billion dollars a year, could not be operated in the same manner as one which handled less than five million dollars annually, collected from only a small group of the citizens of the United States.

Earlier in my career as Secretary I grasped this fact with its full, logical conclusion, but understanding the jeopardy to basic initial structural improvements that might

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result from premature attempts and a radical reorganization, I undertook first to reorient the Bureau after its sprawling expansion during the war, and then to approach the innovating of the system with due respect. However, a series of events, unfortunate in themselves, began occurring in 1950, that before they were over accelerated the basic reorganization.

Mr. Hess, as I'm unfolding this story, if you have any questions, I'd be happy to have you inject them at any time. I'm just trying to tell you the story as I have reconstructed it from my experience in the Treasury.

The disclosures of some glaring instances of misconduct and irregularities in the Bureau of Internal Revenue in the years 1950, 1951, and 1952 had a profound effect on the Bureau itself, upon me individually, actually, upon the Nation, and not least, upon the Congress. The congressional

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investigations that followed had a paradoxical effect. They were to prove in the long run a political liability to the Truman administration, but they were also to make more readily acceptable the wholesale reorganization of the Internal Revenue Service which I so greatly desired. I was convinced that without the investigation, there would have been violent opposition and small chance of approval in Congress of any plans to abolish political appointments in the Bureau. The investigations, undoubtedly made many Congressmen reluctant to oppose the

reorganization.

Any fair and unbiased account of the Bureau of Internal Revenue in these troubled years from 1950 to 1952, must if it aims at realistic accuracy, take into account a number of somewhat cross purpose elements. First of all, such an account should show that although the newspapers of the Nation virtually exploded into headlines

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about corruption in the Internal Revenue Bureau, what corruption there was was not of a cyclonic nature, but had developed over many years, particularly during the war years, and that the Bureau was attempting to deal with it itself, and was doing so successfully. This does not, however, minimize the contributions of the investigations, for in a number of ways they were most helpful. Secondly, the account would have to credit the investigations with arousing public opinion. Third, it should be stated that the public investigations not only hastened the formulation of the Bureau's reorganization plan, but helped put the plan through Congress. Fourth, it should be admitted that the investigations however commendable they were, had a deleterious effect upon the morale and efficiency of the Bureau as a whole. In connection with this, it would be

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necessary to point out that the scandal, so called, touched only a very tiny percentage of the Bureau personnel, and that the preponderance of the Bureau employees were not in any way implicated, although they had to suffer from the blanket attack. Finally, the account would have to consider the political bias behind much of the investigations, a bias which, on the whole, detracted greatly from their value and their pertinency.

The number of Internal Revenue employees in the years of my tenure as Secretary of the Treasury fluctuated between 55,000 and 60,000. Among such a large number of public and private areas some persons of a corruptible nature are bound to be found, and unfortunately, they always will be found. With the Bureau's semi-political setup, it is understandable, on reflection, that a few of those corruptible employees should come to be located in key positions of great

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temptation. With the additional workload that came with the Second World War, it was almost certain that at least some corruptible men would yield to temptation in the hope that it would not be discovered. The Bureau never denied the existence of misconduct from time to time within the division. The Commissioner's annual report made a yearly report of the number of cases investigated against Bureau employees, and the disposition of these cases. A report published by the Bureau showed that in the period between January 1, 1946, and November 5, 1951, a period covering my term in the Treasury, with the exception of the final year, a total of 1,052 disciplinary cases against Bureau employees were initiated. Of these investigated, 133 were removed promptly; 185 resigned or retired rather than face disciplinary action; 9 were demoted; 13 were transferred or reassigned;

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93 were suspended during the investigation; 8 were discharged while under investigation; and

104 received reprimands. Of the approximately 250 more, they were still under investigation after I left office. And we found in the investigations approximately 182 cases in which the charges were not substantiated. You see, this percentage of all the cases that were turned up and developed, that the percentage was extremely small and that the so-called scandals were not rampant throughout the Bureau.

In late 1950 the storm had broken over the Internal Revenue Service. Newspapers were increasingly filled with stories of misconduct and corruption in Bureau offices. In July, the House of Representatives established a subcommittee on the administration of Internal Revenue laws to investigate the reports. I took a common sense approach to these proceedings. I did not

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flinch from assuming executive responsibility for the operations of the Bureau, or seek in any way to shift the blame to deputies in an aura of disdainful Cabinet aloofness. On the contrary, I personally directed all forces of the Bureau to make the maximum effort in assisting in the investigations, and the attempt to correct any faults found. However, understanding the effect of any such charges on the morale of the Bureau, I often and publicly stated my confidence in the great majority of the Internal Revenue personnel, and I feel properly said that the guilty few would be punished.

We must remember that all of these attempts that were made to improve efficiency and to make better contact with the personnel and so forth, were bringing out many of these problems. As I pointed out before, throughout the history of any institution dealing in finances, you're going to have defects. Banks

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find them, businesses find them, there are defalcations in any organization handling finance. The Internal Revenue Bureau was no exception. Handling the tremendous sums that they did, dealing with the tremendous number of individual taxpayers, you're going to find that some irregularities will develop. But when you stop to think about it, for that period, the ones that we did discover, it amounted to less than one tenth of 1 percent of the employees.

In order to push this forward, I urged Commissioner Schoeneman to use all Bureau resources to intensify efforts to weed out corruption at its roots. In addition I went before the House subcommittee which had opened hearings in December, 1950, and offered the services of myself and the Department in cooperation, and sought the cooperation of the committee with the Internal Revenue Bureau officials who were

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trying to accomplish the same goals. Justin Winkle, an assistant commissioner of Internal Revenue, was detailed to spend his entire time aiding and cooperating with the committee. With my department I gave the subcommittee, headed by Representative Cecil King of California, a Democrat, full cooperation. It made its case and personnel files available to the subcommittee. The Bureau investigative and staff facilities were placed at the disposal of the subcommittee members. Even so, there were instances of disagreement between the subcommittee and the Treasury Department.

One of those involved the renowned "Oliphant log," a record of telephone calls to and from the office of Charles Oliphant, then chief counsel of the Bureau, which had been compiled by an office secretary who monitored telephone calls. This, of course, was an unchecked listing, and was subject to many obvious

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errors. I took the position that the log was Oliphant's private property and not a Bureau document. I felt that the subcommittee wanted to treat it as an official Bureau record. If the log was to be used, I thought it should be used with the opportunity of Oliphant being present to interpret the sometimes cryptic references to persons and events, in order to avoid public embarrassment to blameless third parties. In fact the subcommittee for a period had access to the log under that arrangement, but the subcommittee staff, with its eager beavers at work, did not concur in process. They wanted to take it and go through it under their aegis, and therefore began to press more for an unrestricted use of the log. They became so impatient that the matter became quite an item in the papers. The log was given finally to the subcommittee on November 18, 1952,

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because it had become then a political issue, and it wasn't worth the withholding of it any further, even though it was unfortunate, as it did cause many unfortunate situations that were unjustified. I had stated my position earlier in the year, but two years before the presidential election in 1952, in an obvious attempt to embarrass the Democratic Party, two or three Republican members of the subcommittee issued glaring statements to the effect that I was withholding the log, and insinuating that I was doing it because it revealed improper interests by me in certain tax cases. The particular one that they were discussing was the Universal Pictures case. This case was discussed at length later, and it is sufficient here to say that when control of Congress passed to the Republicans in 1953, the Republican-controlled subcommittee devoted much of its efforts in

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trying to substantiate the insinuations, and finally failed completely in exposing any culpability upon my part in connection with any tax case.

Another important instance of disagreement between me and the King committee involved net worth questionnaires for almost half the Bureau personnel. John Dunlap, commissioner at that time, who had been Commissioner of Internal Revenue in 1951 upon Schoeneman's resignation, and I were at first reluctant to order such questionnaires. We had two grounds for our opposition. The first was the effect that they would have on the already sagging morale of the Bureau of personnel, since questionnaires requiring them to list all their financial resources seemed to question the honesty of all the employees. Second, the questionnaires would be worthless unless all 25,000 of them were

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checked carefully, and the Bureau had neither the time nor the personnel for this kind of a job. Nevertheless, in October, 1951, I ordered the circulation of the questionnaires. The result was as I had feared. The Bureau personnel regarded the action as a slap in the face, and the

questionnaires proved completely ineffective insofar as turning up any additional cases of corruption. In addition, the Bureau instituted a program calling for a special annual audit of tax returns of all employees, something that had been done only sporadically heretofore. In spite of such differences, an unusual degree of cooperation was maintained throughout the King committee's nearly two years of work, evidencing the Bureau's and my desire that any irregularities existing be discovered and corrected. The subcommittee paid tribute to this spirit in its report issued in 1952.

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It said:

> The success of the subcommittee's activity is due in great measure to the assistance given by the principal subject of its investigation, the Bureau of Internal Revenue itself. Most Bureau officials have cooperated closely with the subcommittee in an effort to expose misconduct and to achieve positive reforms. True, there have been some occasions when it seemed that the Treasury Department was attempting to impede the subcommittee's work. Despite these occasional lapses, there has been a determination by the Internal Revenue and by the Treasury Department, to put matters to right, particularly when pointed up by the subcommittee. Such a joint investigation is probably without precedent in our history. It should prove a useful pattern in the future.

What the subcommittee discovered, or claimed to have discovered, in its two years of work may be summarized quickly. There were instances of failure to prosecute tax evasion cases for monetary or political reasons, both in Washington, where much of the blame was put on the tax division of the Justice Department, then under the direction

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of Lamar Caudle, and in the field, where there were instances in which field employees, particularly collectors, had been accused of fixing tax cases; that is, they made it possible for some persons to pay less than the amount of taxes legally due, for one reason or another. The report of the King committee said:

> Disclosure of subcommittee hearings of shocking misconduct by high officials charged with the enforcement of the Internal Revenue laws led to the resignation or dismissal of many, many of whom were political rather than civil service appointees.

The use of the adjective "many" somewhat overstates the case; however, in my opinion, even a few were too many. The fact that the subcommittee found that all of the Internal Revenue officials who were dismissed or resigned as the result of its own investigation were political appointees, led the subcommittee to the logical recommendation that something should be done about such a

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system. However, generally overlooked was the fact that whatever corruption then existed in the

Bureau was a result of the dual control of the system, which divided the responsibility of supervision, and that this was as much the responsibility of the Congress, which cleared and confirmed the appointees, as it was of those who were responsible for the administration.

The report of the subcommittee also claimed credit for substantial reforms initiated by the Bureau in 1951 and '52. Among them were the Bureau's revisions of its handling of cases of suspected tax fraud, cutting down the number of successive reviews of cases prior to prosecution, abandonment of the policies of not prosecuting tax evaders in poor health, or who made voluntary disclosures of their guilt, and revision of Treasury policy governing the qualifications and surveillance of accountants and lawyers who represented taxpayers

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before the Department. Whoever should be given credit for these reforms the question must be considered secondary to the acknowledgement that they were by and large beneficial to the enforcement of Internal Revenue laws and they were put into operation and effectively enforced by my organization. The King committee finished its investigation in December. Incidentally, you will note, Mr. Hess, that I have given you a chronological list of the steps that the Treasury had taken already prior to the investigation, some of which the committee later took credit for. I think this list will be appropriate in this interview.

The King committee finished its investigations in December, 1952, shortly before the Truman administration was superseded by a Republican regime. By that time, I had put into effect the basic reforms of the reorganization of Internal Revenue, and had seen this

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reorganization give the Bureau new life after the morale-shattering days of investigations. Throughout the investigations, I repeatedly proclaimed my belief in the fundamental integrity of the Bureau. Results of the investigations proved me to be correct, even though the handful of men who were tainted were often spectacularly exposed in the papers, and their taint was displayed in dramatic congressional proceedings. Nevertheless, as in the nature of such things, charges brought and proved against a few Internal Revenue employees were extended, sometimes with the help of politically inspired statements in the public mind to blacken the reputation of the entire Bureau. It was to ward off this damaging misrepresentation that I insisted time and again that my confidence in the Bureau as a whole had not been shaken at any time.

I must point out, Mr. Hess, though, that my

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relations with the Bureau of Internal Revenue from the beginning demonstrated the attempt to work with this political appointee system. It showed that I had the necessity of imposing my responsibility upon the personnel of the Bureau at times, without the authority to impress my executive will on many of the employees. Such a situation originated long before I went to the Treasury, of course, and could not help but hamstring any Secretary who sought to change conditions or procedures in the Bureau. I put much effort into revitalizing the Bureau within its existing framework from the first day that I took control of the Treasury. Working within these limits I believe that I succeeded very well. Nevertheless, further changes more far-reaching and

fundamental were necessary to bring the Bureau into line with its responsibilities. This was evident before the congressional investigation

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of Internal Revenue ever began. Studies of reorganizations had been taking place ever since 1947.

The Internal Revenue investigation, with their resulting public outcry, brought the reorganization into focus much faster than would otherwise have been the case. By late 1951, my aides and I knew what was necessary in the way of reorganization of the Bureau. The plan would require congressional approval, but the Internal Revenue investigations had made it unlikely that Congress could possibly turn it down. The time was propitious for the presentation of the reorganization plan for another reason. George Schoeneman had resigned as Commissioner of Internal Revenue in the fall of 1951, and had been replaced by John B. Dunlap, a man admirably suited to carry out such a reorganization program. Schoeneman, who had been under heavy criticism during his last year in office, had been accused of failure

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to use stern discipline against those Bureau employees guilty of misconduct. This pressure had been to affect his health. Dunlap, a career Bureau official from Texas, had served in the Second World War as a Brigadier General in the Army, and had returned to duty with the Bureau as collector at Dallas, Texas, was soon to be moved to Washington and made head of the racket squad, the unit designed to crack down on racketeer tax evaders. He made a fine record in that job, and his reputation later as Commissioner was equally outstanding.

In January of 1952, President Truman sent to Congress the plan worked out in the Treasury as his Reorganization Plan Number One of 1952, calling for reorganization of the Bureau of Internal Revenue. The President's action had the effect of submitting the plan to Congress for its confirmation or disapproval. However, if Congress failed

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to disapprove of the plan by March 14, it would automatically go into effect. No single individual can take credit for the Internal Revenue Reorganization Plan. Certainly it evolved under and from my policies and direction, but every Treasury employee who sat in on Bureau Management Improvement Conferences, or who contributed work improvement suggestions had a part in its development from the beginning. The plan was the work of men inside the Bureau who knew its needs and its capabilities, and of many outside the Bureau who contributed suggestions and recommendations in one form or another. This, of course, included congressional suggestions.

The most discussed feature of the plan was the abolition of political patronage within the Bureau. Abolished were the more than sixty politically-appointed collectors. Also abolished were the deputy collectors, the assistant

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commissioner, the special deputy commissioner, the deputy commissioner, the assistant general

counsel of the Bureau; all of these patronage offices were to be abolished. Their places were to be taken by three new assistant commissioners, a maximum of 25 district commissioners, a maximum of 70 other offices to be filled at the discretion of the Secretary of the Treasury, and an assistant general counsel of the Bureau. All of these new offices were to be civil service positions. Political patronage, which had been a part of this Nation's Internal Revenue system from its beginning, was to be wiped out. The only politically official left in the Bureau would be the commissioner himself. To fill the other posts, competitive examinations were to be held.

Organizationally, the more than two hundred field offices of the Bureau were to be replaced by a maximum of twenty-five district offices and a

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maximum of seventy state or division offices. Beyond removing the Bureau political appointees, the reorganization plan was designed to streamline the Bureau's operations, saving money, and at the same time, giving the Commissioner and the Secretary more direct lines of control over the field personnel. In this respect the plan fits the recommendation of the Hoover Commission. The plan, although revolutionary for the Bureau, was simple and direct. It recognized the fact that Internal Revenue had become too big and too complicated to be handled by unskilled men, and recognized the need of having the lines of control within the Bureau, firmly in the hands of top officials.

The action of the Congress in the reorganization plan, forms an interesting chapter in the history of the Bureau of Internal Revenue: The plan readily passed the House, but in the Senate it was disapproved by the Government

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Operations Committee of the Senate. That committee, with a minority dissenting, reported that the plan, first, was not necessary to eliminate corruption in the Bureau; second, it would give the Secretary of the Treasury too much power, and third, would jeopardize the rights of taxpayers, even though the Justice Department had said that it would not. The chairman of the committee sponsored a substitute bill. Rather than abolish political patronage in the Bureau, the substitute bill would have extended it by making additional officials presidential appointees subject to Senate confirmation. However, the full Senate overruled the committee's negative report and the plan went into effect in March.

In an interesting sidelight to the congressional fight over the reorganization plan, the highly respected Senator Walter George of Georgia, took the floor

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of the Senate one day and publicly apologized to me for some previous remarks he had made concerning the plan. Senator George, who opposed the reorganization plan, had apparently been misinformed about certain features of it, and when this was called to his attention he promptly issued his apology, although he did not lessen his opposition to the reorganization plan.

With the reorganization plan accepted, Commissioner Dunlap and I spent a great deal of time in the succeeding ten months putting these reforms into effect. This was during my last ten months

as Secretary of the Treasury. I had fought a long and hard battle for reorganization of the Internal Revenue system, and I wanted to see it well underway before I left office. There was much to be done and it was a busy ten months. New district offices had to be selected, and new men had to be picked to fill them, and to fill the state

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and division offices. On both counts, it must be acknowledged that I encountered heavy political pressure in spite of the reorganization plan. First, most Congressmen felt that their states should be selected as sites for the district offices, and they worked towards that end. Second, one of the shortcomings of the civil service, which attempts to pick and to promote men on the basis of competence, is that nearly all top civil service employees or applicants have friends in Congress who try to help them. But on the whole the work went well, and before the end of 1952 the last of the seventeen district offices, which Dunlap and I had ordered, were put into operation. Upon the opening of each district office Dunlap or I traveled to the scene to appear personally with the new officials and to make talks to the constituents. I carried with me a deep feeling that the reorganization

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was a great opportunity for me to restore Bureau morale which had been badly shattered as a result of the congressional investigation. At every opportunity I reiterated my confidence in the old employees who were remaining in the Bureau, and of my hopes for the new men who were being brought in.

On December 1, 1952, I attended the ceremony inaugurating the new district Internal Revenue office in Detroit, Michigan, the last of the seventeen district offices to be activated. And in a talk to the employees at that ceremony I outlined the history of Internal Revenue reorganization plans, and expressed great hopes for the benefits that would ensure from it. I said:

> The reorganization plan is the product of earnest study and diligent effort, not only by administrative experts of the Treasury Department and the Revenue Service itself, but also by individuals and groups representing the Congress, other Government agencies, business management firms and taxpayer organizations. In short, a

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> composite of the most capable consultants available. The goals of this action are a maximum of operating efficiency and economy, fast, convenient and accurate service to all persons transacting business with the Bureau, scrupulous protection of the Government's revenues, and the maintenance of unquestioned integrity among the employees of the Revenue Service. I have every confidence that these goals will be realized. It is my firm belief that the result of today's reorganization proceedings here, and those previously held through the nation, will give the American people a revenue service of maximum efficiency and operating economy, manned by employees of unquestioned integrity.

[905]
Twenty-third Oral History Interview with John W. Snyder, Washington, D.C., October 30, 1968.

By Jerry N. Hess, Harry S. Truman Library.

HESS: Secretary Snyder, we'll continue on with the statement that you were reading last week.

SNYDER: The Reorganization Plan Number One of 1952 had, as you have seen, been put into effect before I left the Treasury in January of 1953. It was the fruition of my hopes and efforts for the Bureau. The presidential campaign of 1952, in which the Republicans were victors, had as one of its features, charges of corruption and cries of scandal in the Truman administration. The campaign charges and cries insofar as the Treasury Department was concerned were based in great part on the investigation of the congressional committees, which had been concerned with situations that had existed in the Bureau of Internal Revenue a number of

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years earlier and which had been corrected by this time. The time element and the subsequent correction of these situations were almost completely ignored by those who made political capital out of the difficulties that had beset the Internal Revenue Service. The campaign kept alive old accusations and obscured the far-reaching reforms that I had effected in the Bureau before I left office.

In the light of this campaign it is interesting to note how few basic changes in the reorganized Bureau, which I had conducted and advanced, were made by the succeeding Republican administration. The name of the Bureau was changed to the Internal Revenue Service, but that was simply a sign painter's job. It didn't basically change anything in the reorganization plan. Other than that, the major change was a reduction in the number of district offices from seventeen to nine on the

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premise that it would be more economical and more efficient. I did not disagree at all with this move. I had always regarded the reorganization plan as an effective guide in the hands of the Secretary and the Commissioner, and not as a finished program. The changes that were made by me were not considered final by any means, and if I had continued in office, undoubtedly I would have made further changes as they appeared advisable and expedient. But in addition to the few organizational changes effected by the Republicans, we must consider how the Internal Revenue Service fares under their administration. In 1955, two years after they took over the Treasury, the advisory group to the Joint Committee on Internal Revenue Taxation made a study of the service and reported on its findings. This was a Republican dominated subcommittee, I might point out, Mr. Hess. The report sought to assess

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the effect of the reorganization plan, and in so doing, it furnished interesting comparisons between the performance of the Internal Revenue system under my direction and under my successor. In general, the report found that morale in the service had grown considerably lower, and that enforcement activities were at a very low ebb, and that revenue was suffering through a lack of vigorous enforcement. I point out that this was two years after the new administration had come in. Such conclusions, of course, reflect some objective factors which may be beyond the control of the responsible officials, but they do serve to inform the public that Internal Revenue

problems are not the sole affliction of a single political party. Indeed, such problems have a knack of being decidedly bipartisan, as we have seen through the stories in history of the problems of

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administration in Government. It seems a safe conjecture that any man, from any political party, who took control of the Internal Revenue system at the time and under the circumstances that I did, would have faced the same problems that I faced. It also seems manifest that I met those problems, and I say this maybe a little immodestly, but I think I met them realistically, energetically, and as ably as I could when they came to my attention. My problems, such as they were, can be clearly traced to a system that I inherited, a system which deprived me of effective control over many branches of a bureau for which I was responsible. It was an antiquated system of political appointments that had been prolonged into a period in which it had been ineffectual. Nor should it be forgotten that the eventual elimination of such a system, founded so firmly on patronage, must be accounted a major

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accomplishment for any administrator at any time.

When I became Secretary of the Treasury I found the Bureau of Internal Revenue in very poor health. Even a cursory examination revealed that it was suffering from administrative obsolescence. This ailment could be treated by a corrective dosage, and this I did, I think, successfully. By a second ailment, political poisoning, required more drastic treatment that could not be undertaken until there was general agreement that drastic steps were necessary to the survival of the patient.

The corruption charges that buffeted the Internal Revenue while I was Secretary of the Treasury, were painful to me, since politics dictated that I, as a member of the Truman administration, responsible for the Bureau, be the target of those who hoped for self-gain politically from

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these charges. But the charges did finally free me and the Truman administration to undertake the drastic treatment for the Internal Revenue system that we believed the situation required. I myself would be the first to deny that the administrative changes that I made, or the reorganization plan for that matter, completely cured the Bureau of Internal Revenue of its old ailments. But the record would indicate that despite the handicaps and in the midst of a painfully obnoxious situation, our accomplishments along that road were noteworthy.

In June of 1952, I received a letter which gave me great pleasure, not only because it gave informed support to my belief that the reorganization of the Bureau of Internal Revenue was a great step forward, but because it also gave expert testimony to the great difficulty involved in taking that step. As such, it summed up my

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hopes for the reorganized Bureau, and was witness to the progress that had already been made. The letter was from T. D. Morris, a senior partner in the firm of Cresap, McCormick & Paget,

which had been hired to perform management studies of the Bureau, and of the reorganization plan. It said in part:

> I will not attempt in this covering letter to comment on any of the details of the progress in the Bureau of Internal Revenue, other than to say that an excellent job is being done, and that the challenge which the reorganization poses to the personnel of the Treasury and the Bureau of Internal Revenue is second to none in the Federal Government, possibly surpassing in the details of its effectuation, the unification of the military services. I want to pass on to you personally our feeling that the results being obtained in the Bureau of Internal Revenue are in large measure attributable to the fine leadership which you and other capable Treasury personnel have given, and to the enlightened use which you have made of outside specialists both in and outside of Government. My firm is indeed proud to have shared in planning these improvements, and is convinced that under the continued leadership and interest which

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> has been displayed by you and other officials of the Treasury Department, a record will be made in which all personnel of the Treasury Department can take equal pride.

That letter was written just about the time that this group of specialists had completed their report, and had approved the plan, and made such suggestions as they thought necessary, and we were in the midst of pressing all these things to get them accomplished. Of course, the plan was not actually approved by Congress until about six months later, but we lost no time in going ahead with everything we could. And that is what he is reflecting in this letter.

Mr. Hess, I think that somewhat gives the story of the Internal Revenue part of the Treasury during my administration. If you have any questions, I would be very happy to try to address myself to them.

HESS: All right, what do you recall about the

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difficulty revolving around the case of Matthew Connelly, T. Lamar Caudle, Irving Sachs, and Harry Schwimmer?

SNYDER: Mr. Hess, those details only came to me in passing. Those are operative details down in the investigative section, which were not in themselves administrative or policy-making. Of course, most of these investigations, as you recall, came after I had left the Treasury, and therefore I was not in position to follow the day-to-day details that I would have done, had I been in a position where I could get accurate copies of testimony and procedures. But my impression was, and from the information that I received from good sources, that a tremendous effort, an undue amount of effort was made in prosecuting these cases, and that the investigators in the Justice Department, largely, had spent a tremendous amount of funds

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and energy and usage of valuable personnel of the Justice Department and the Treasury, in running down all these various avenues to come up with what their final end result was. I'm not defending in any way any misdemeanors, if there were any, on the part of the individuals, but I am pointing out, that it was so particularly political in its purport, and was shown up to be how shallow it was when we recall later how carefully they avoided even more gross misdemeanors in the Republican Party at a later time, for the very same accusations that they put against these people you have just mentioned. I have always felt, as I've said, that it was a tremendous effort of the mountain laboring and bringing forth a mouse, when compared with the excellent uses to which these same forces could have been used to improve the Justice Department and the Internal Revenue operations.

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I understand that at one time there were some forty Revenue investigators from the Treasury working on running down these various rumors and charges. Again, in closing that question, I don't pretend to try, and I don't want to leave the impression that I'm trying to justify any misconduct on the part of individuals in any administration.

HESS: Do you believe there was misconduct in this case?

SNYDER: Yes, probably there was. I think some pressures had been brought to bear that would have been better handled in a different way. As to the monetary awards that were given these people for what they did, I can't speak for some of them, but I think particularly in Mr. Connelly's, what they found in their final findings were, I think, a present of a suit of

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clothes and possibly an overcoat. That I think is pretty minor when it comes to the tremendous number of cases that were glibly passed by later by the Republicans when it concerned members of their own party. So, the only point that I'm making here is, the inequity of an incoming party's attempt to blacken the outgoing administration's reputation with matters which are against the greater good for administrative operations, would indicate that they spent a lot of time on something that wasn't very productive. I can't look back and see any great continuing good that was done from these investigations that they made, and the prosecutions that they conducted. Of course, if you want to be strait-laced about it, you can say that misdemeanors in Government are reprehensible and should not be countenanced and should be properly punished. I can't go against that,

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although I do feel like sometimes we must take a degree of judgment in deciding what is the best long-range view of the good that's going to be accomplished before we spent tremendous amounts of money for trivial matters which ought to be normally disciplinary actions on the part of the Government. Again, I want to be very cautious about this, I never at any time, tried to soften or to change the course of any investigation while I was in office. Does that answer your question, Mr. Hess?

HESS: Yes sir, but I have a couple of other questions on this matter. Here we have a case where

a man accepted, among other things, as I understand it, a suit and a topcoat. In the following administration there were some vicuna coats, and some oriental rugs. Why in one administration did the person that accepted it go to jail and the next administration, Mr. Sherman Adams, just

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departed from the White House?

SNYDER: That's the question that I raised regarding the bias that was shown there was so grossly political and costly that I couldn't measure the extent to which these prosecutions were actually persecutions.

HESS: One other point. I have heard that Herbert Brownell, Mr. Eisenhower's attorney general, set up a special unit in the Department of Justice to find charges that might embarrass Mr. Truman. Is that true?

SNYDER: Yes, there's no question about that. I don't recall the names of those, but there was one chap, I think, from California, who was one of the deputy attorney generals, I believe. There were three or four who were specifically charged with trying to find something that would cast reflection on the Truman administration.

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I think that can be easily established.

HESS: I have one other question on this general subject. In one of the cases involving the Bureau of Internal Revenue, a Chicago lawyer, named Abraham Teitelbaum, stated that two men by the name of Drank Nathan and Burt Naster, told him they could fix a tax case for him, and that the men in Washington who could arrange the fix were T. Lamar Caudle, the Assistant Attorney General in charge of the Tax Division; Charles Oliphant, General Counsel of the Bureau of Internal Revenue; and Jess Larson, Chief of the General Services Administration. What do you recall about that episode?

SNYDER: I frankly did not know a great deal about those charges. I was not informed. I doubt the accuracy of the accusation, but I can't speak with authority.

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HESS: The names of several of these gentlemen have been brought up previously in our interview, such as Charles Oliphant and T. Lamar Caudle, but Jess Larson's name has not been.

SNYDER: I do not know of any actual proof that Jess Larson ever violated propriety in his administration of his duties. I'm unaware of any misconduct on his part. I think that the accusations against Mr. Oliphant are grossly overstated. It may have been a matter of misjudgment on his part in accepting airplane rides, or dinner entertainments, or certain extensions of credit, but I think it was not an attempt at accepting remuneration for what he did, but as I say, a misjudged acceptance of friendship.

HESS: One other question on this. We had mentioned that George Schoeneman was connected

with the

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Bureau of Internal Revenue, and you mentioned last week about his resignation. Just what was your working relationship with Mr. Schoerieman at the time that he was in that position?

SNYDER: We were very close, but I put him in there and charged him with doing everything within his official power to reorganize the Internal Revenue operation, upgrade its efficiency, and to clear up the reports that we were receiving of misconduct. He attempted to do that with what vigor he had. Unhappily because of his long experience in Civil Service, it was difficult in the earlier days for him to face up to the fact that some of the people that he had worked with could possibly be guilty of some very wrongful acts and make some very wrongful decisions in office, and take some very erroneous steps. And when these truths began to dawn on him, it had a very, very detrimental effect on his own efficiency and his

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own vigor with which he could approach these problems, which were rather devastating. And it began to affect his health, and for that reason, upon his request to step out, I accepted his resignation and replaced him with Mr. Dunlap.

HESS: Mr. Secretary, what can you tell me about the activities of the committee headed by Congressman Robert W. Kean of New Jersey, shortly after the end of the Truman administration?

SNYDER: I think the best way to get an appraisal of what was done by the Kean committee is for me to hand you a memorandum that was prepared on the activities of that committee largely.

It was a reorganization of the old King committee that had wound up and turned in its final report in December of 1952, but when the Republican administration came in, they reactivated that

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subcommittee and pursued the investigations into the administration of the Internal Revenue laws. Robert W. Kean, a Republican representative from New Jersey, was made chairman of this House subcommittee. This study was made by a professor of economics and political science at Georgetown University, and he turned this report into me covering the operation of this committee, and the type of investigation and reporting that they did during some eleven months in 1953. This report was written and prepared in June of 1957, and I'm going to hand this to you, and make it a part of our procedures.

HESS: What is your opinion as to its accuracy and thoroughness?

SNYDER: I think that insofar as reporting accurately what was put in the report and the accuracy of the refuting statements, that they are accurate.

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The thoroughness of the report, this report, this memorandum, I think that there could possibly have been greater research into the operation, but I must always point out that this was an attempt to examine into a hostile committee and the reviewer here, the researcher, had difficulty in getting at certain records and so forth. As to the thoroughness of the Kean committee, I think that there is no doubt but what they were seeking only one end result, and it was not a thorough investigation in any sense. They never gave me an opportunity to testify, although I offered several times to submit testimony. I was never called at any time on any of these six cases, on which Kean himself stated that they had based their entire eleven month's investigation.

HESS: What can you tell me about the circumstances surrounding the background of the writing of this report?

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Did you talk to Colonel [Charles H.] Kraus while he was writing this report?

SNYDER: Yes, I talked to Mr. Kraus several times. I was indignant over the manner in which the Kean committee had operated, and he volunteered to make an investigation, which I was pleased to have done. I think I've mentioned to you several times in our interview, Georgetown has worked with me very closely in many areas, therefore we did have a very warm rapport with the various university departments, so it was pleasing to me when the professor of political science offered to do such an investigation, and I felt that such research would definitely be a third party investigation of the matter, and should be an unbiased report.

HESS: We can include the report as Appendix A to our oral history transcript.

[927]
Twenty-fourth Oral History Interview with John W. Snyder, Washington, D.C., January 8, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, this morning, let's discuss a few of the people who worked on the White House staff. Thinking back, could you tell me about your impression of a few of those people, how influential they were on the President's thinking, how effective they were in their individual jobs, any other questions of that nature that might help us evaluate those men in the context of their time? Let's take them one at a time. The first one would be: Clark Clifford. What do you recall about Clark Clifford during those days?

SNYDER: Mr. Hess, any of our discussions on subjects of this type will be purely restricted to my personal opportunity to observe. It will not be in the form of post-criticism, or anything of that character. Of course, we both recognize the fact

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that some fifteen years have rolled by and the memory does shorten as time goes on.

You asked regarding Mr. Clark Clifford. Mr. Clifford was an attorney out in St. Louis. I knew him there before I came to Washington. During World War II, he was made an officer in the

Navy, and served in the United States Navy. After Mr. Truman became President, he decided that he would like to have as his armed service aides men who were in the services, but who had not come up through the regular establishment, and had not been trained in the military and naval academies.

HESS: Do you know why that decision was made?

SNYDER: Mr. Truman somehow felt that he wanted to somewhat humanize -- he had the notion that the military establishment had used the aides on the President's staff for promoting their own service

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interests in the past, and that they were too lacking in breadth of understanding of the general attitude of the people of the Nation, and were too oriented to the armed service program. He later changed that and did have some regular service aides in later years. But initially that was his decision. So for his Naval Aide, he chose Jake Vardaman of St. Louis. Jake had been a friend of mine from World War I training camp days. He and I both got our commissions at Fort Logan H. Roots in Arkansas, and he served in World War I in different capacities. We were never associated during the war.

In later years after World War I, both of us went into the Reserve Corps, and we re-established our old friendship at Fort Riley, Kansas. It was at a camp there that we met Lieutenant Colonel Truman. Mr. Truman liked him, they became good friends, and later as time

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went on, Jake became vice president of the First National Bank of St. Louis, and continued his very warm friendship with Mr. Truman. Then when Mr. Truman was running for office, Mr. Vardaman took a very active part and later was constantly supporting Mr. Truman's positions in different matters, and particularly so when he became head of the Truman Committee. In World War II, Mr. Vardaman went back into the service, but this time in Naval Intelligence. He received a commission and served in the Navy. At the time Mr. Truman went into office, Commander Vardaman was in the Pacific. So upon being inducted into office, Mr. Truman inquired as to his whereabouts and ordered him back to Washington, as I recall it, and made him his Naval Aide. Of course, concurrently with that, he had made Harry Vaughan of St. Louis his Military Aide. That we'll treat in another discussion if you like. Mr. Vardaman then requested

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of President Truman the permission to bring from St. Louis an assistant whom he felt was very necessary in his operation, and upon the approval of Mr. Truman, he brought Clark Clifford up, who was at that time, I think, a lieutenant in the Navy. Clifford was a bright, young man, a source of new ideas, a very ambitious and energetic gentleman. In the early days, of course, while Vardaman was still aide, Mr. Clifford did whatever was necessary, but at the same time he seemed to be taking a more and more penetrating examination of the functions of the various staff members of the White House. Clifford was Assistant Naval Aide from Potsdam to about April 4, 1946, at which time he was made Naval Aide to the President and served in that capacity only about three months, because as I have mentioned to you, he was spending more and more

time in looking after the general staff operations than in the Naval Aide's work.

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HESS: Was he doing this more or less on his own initiative?

SNYDER: A great deal on his own, although Sam Rosenman had found that he was very useful and able in doing certain work in the legal counsel's job. When Mr. Rosenman resigned, Mr. Truman had thought for a while that he wouldn't have a general counsel or a special counsel to replace him, but after a few months, he changed his mind and decided that the White House did need a special counsel, and on July 1, 1946, Mr. Truman named Clark Clifford as Special Counsel to the President, and he served in that capacity until January 31, 1950. Mr. Clifford's work as Special Counsel covered a great deal of the preparation and research work with the assistance of quite a number of the staff and outside aides in preparing legislation, proposals for studies by the Government in the various legislation that the President would like

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to propose to Congress for enactment, and the preparation of the President's speeches in correlation with the various departments of the Government in the public speeches that the President might make. He took quite an active part in the preparation of speeches to Congress, and on his various appearances before the public.

HESS: Did you have occasion to work with Mr. Clifford very often?

SNYDER: Very rarely. Mr. Clifford took a very limited amount of interest in the financial side. His interests seemed to be largely in social problems and in general reorganization. It appeared to me from my observation that Mr. Clifford gradually began to take on the notion that he was pretty capable in the political phases, and he began to take more and more interest in the political planning and in shaping things up for the President -- political

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statements in his speeches and so forth. In the campaign of 1948, I was never very impressed personally with what Mr. Clifford had to do and say in connection with the campaign, the campaign speeches and the campaign decisions. I have been extremely interested to see some of his personal statements as to the part he took and to the revelation of his papers, which he produced some eight or ten years after leaving the White House. It might have been longer than that, I guess it must have been twelve or fifteen years after leaving the White House, that he finally deposited his papers in the Truman Library. I read with great interest how omnipotent he was in the Truman administration while serving in the last four years of his time at the White House, the period up to his resignation. While the fact of the matter is that Mr. Clifford in his statements to people

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in St. Louis, during the 1948 campaign, expressed a grave doubt that Mr. Truman could possibly be elected, as he didn't seem to have the capacity to grasp the important political issues that were current at the time of his campaign.

HESS: Did he make these statements during the campaign?

SNYDER: He made them to my knowledge the last few days of the campaign, and left the impression with quite a number of St. Louis people that he did not intend to continue on in the White House, that he felt that his work was not getting the attention that it rightly deserved, and that his talents could be better used in other fields. As a matter of fact, the last campaign speech that Mr. Truman made was to be delivered in St. Louis at Kiel Auditorium on Saturday night before the election. We were going out on the train, and Mr. Truman handed me a copy of a prepared

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speech. I read it and was considerably amazed at the lack of punch, the lack of Mr. Truman that was in the speech, but instead of commenting on it when I finished it I said, "Are you going to deliver this speech in St. Louis?"

He folded it up and tossed it aside and he said, "I am not." And he didn't. He got up and gave a speech practically off-the-cuff though he did refer from time to time to notes on dates and statistics. It was one of the best speeches, in my opinion, that he had given during the entire campaign.

HESS: Do you recall who wrote the speech that he discarded?

SNYDER: I understood that Mr. Clifford was largely the creator of that speech.

HESS: Do you think that he was hurt at this time that his speech was not used?

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SNYDER: I am told that he was very hurt. He never commented to me about it, but he was very hurt and made quite a number of comments around St. Louis over the weekend that demonstrated his feeling that his services were not being used to their full value.

HESS: In Irwin Ross' book *The Loneliest Campaign*, he refers to a memo that Mr. Clifford presented to the President in November of 1947, about a year before the election, outlining how he, Mr. Clifford, felt that the campaign should be conducted. Do you recall anything about that particular memo?

SNYDER: Well, I didn't hear much about it until years later. I don't recall having seen or heard anything of that, but that wouldn't mean, I must frankly say, that wouldn't mean that such a memo may not have been drafted in some form or another,

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whether in the full form as later revealed, I don't know. I don't think that there's any trace of it in the Truman Library, up until Clifford filed his papers there. You would know more about that than I would because you've been studying the records so closely. Frankly, of course, I was chiefly interested in operating the Treasury. I had never taken an active part in politics. I didn't pretend to be of a political mind. My interest in politics had always been when Mr. Truman was

involved, and I tried to be of help to him. Fortunately, in operating the Treasury, Mr. Truman didn't require any political activity on my part, and I was devoting my time very attentively to the financing and the monetary problems, which were great at the time.

HESS: Who seemed to be Mr. Clifford's principal

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assistants in the White House?

SNYDER: Well, he had to have several there that worked with him. I think that Charlie Murphy was one that was associated with him, and Mr. Elsey. They were both very capable people. There were several others who had special areas in which to work that I just don't remember this minute.

HESS: We may mention a few of those names.

SNYDER: Well, Dave Niles, for instance, had the minority groups, I believe, but just how much Clifford ever relied on him, I'm not aware. I think that Judge Richmond Keech was associated there a while in certain legal phases of the operation. Dave Stowe was an assistant, I think, in some areas.

HESS: A few of these men we may refer to later on.

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SNYDER: Steve Spingarn, I remember, was all around the place, but just what he did, I don't know.

HESS: I understand that he came from the Treasury Department.

SNYDER: He came later. He came in '49, but he went over to the White House as Special Assistant to the Special Counsel. Now, just what he did I'm not too sure.

HESS: And then he left and went from there to the Federal Trade Commission. Since he came from the Treasury Department, do you recall anything about Stephen Spingarn?

SNYDER: Well, he was considered a good workman. I understand he was put on special projects and things of that sort in the General Counsel's office. My recollection is that he was in the General Counsels office, and did quite a bit of

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work for Ed Foley, the Under Secretary of the Treasury.

HESS: Did you have very many occasions to come in contact with him, speak with him?

SNYDER: No.

HESS: Another question on Mr. Clifford, did he or did he not try to place himself or his views between the Cabinet members and the President?

SNYDER: Well, yes, he was very proficient in that area. He tried to make himself the contact point between the Cabinet and the President, and as a result quite a number of the Cabinet members had very little actual contact with the President. Those who the President particularly wanted to see were not affected, such as General Marshall and Dean Acheson and myself, and a few others. We usually went right straight

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to the President and had no problem. There were others who if they wanted to see the President -- I've been told this, this is hearsay on my part -- would call for an appointment, and frequently, Clifford would call back and ask if it was something he could help with. He would be happy to talk with them about it as the President was very busy, and if he could help line up whatever they wanted to talk about, it would accelerate matters. I have had several tell me that. I don't know whether the President would comment on this or not, one way or the other. He was very sensitive to being shielded from his Cabinet, he made a point of it that his door was always open to any member of the Cabinet, but largely unless they caught him right after a Cabinet meeting they may have had some degree of difficulty in speaking with him. The record, I think,

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will show, that the President's conferences, or private meetings with some members of his Cabinet, were limited.

HESS: Do you recall if any of the Cabinet members may have brought it to the President's attention that Mr. Clifford may have been preventing...

SNYDER: Not to my knowledge, no.

HESS: Do you know why he left in 1950? Why did he leave the White House and return to private business?

SNYDER: Well, as to that I really do not know. I only know that it was generally thought that it was an economic matter, that he decided he would go into the practice of law and try to build up some personal means which he had not done up until the time he went in the Navy. That's what I was told.

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HESS: He left in early 1950, and the next man to take that position was Charles Murphy. What do you recall about Mr. Murphy?

SNYDER: Mr. Murphy had been an Administrative Assistant to the President from back in December of 1946 up until February 1, 1950, President Truman named Charles S. Murphy to fill the position of Special Counsel, and he served from then until the President left office.

HESS: How would you compare or contrast the way in which Clark Clifford handled the job as

Special Counsel and the way Charles Murphy handled the job?

SNYDER: Well, they were entirely different. There was not a great deal of comparison to their procedural approach to the problem at all. Mr. Murphy, as I recall, was more -- he took the position of furnishing counsel and advice and research to

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the President on matters that would require action, whereas Mr. Clifford took the position of trying to guide things and to maneuver certain decisions into the policy of the President. I don't think, except occasions when specifically asked, that Mr. Murphy ever tried to initiate recommendations on policy. I think he gave the background, the legal positions, things of that sort, and if asked for his opinion or recommendation, he would then give it, but I don't recall that he was known to be aggressively driving to influence the President's opinion on matters or policies.

HESS: If you had to pick between the two, who would you think was the better man?

SNYDER: Well, of course, we're bridging a great gap between the time that Clifford was actually at the White House, and then all of the publicity

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that was given as to his capacities many years later at the time he was considered for the post of Secretary of Defense. There was a long gap when Mr. Clifford was practically out of any public notice, during which time he did build up a very influential and lucrative legal practice. He seemed to have been extremely clever and facile in eliciting some very fine retainers from large corporations, and he built up the reputation around town of having grown rather wealthy through his operation. He was not a trial lawyer. Apparently his entire operation was in making contacts and compromises, and making settlements with Government departments and agencies. From time to time before he was under consideration for the post of Secretary of Defense something would be said about Mr. Clifford being called in to a conference with President Johnson. Initially, I

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think he was around the Eisenhower administration for a while, and then that kind of drifted out, and then when Kennedy came in, he was out in front again. It was rather interesting there, he was the campaign manager for Senator Stuart Symington in the campaign of '60 when Kennedy was elected. At the convention in Los Angeles, Mr. Clifford went out to the convention as a campaign manager to try to get Mr. Symington nominated for President. Somehow or other, in the shift around, it suddenly became very definite that Mr. Kennedy was out in the lead, and then it developed that Mr. Kennedy had chosen Mr. Symington as his running mate. And then overnight that suddenly changed to Johnson, and it ends up that Mr. Clifford is in with the new administration and that Mr. Symington was left out on the periphery. However, Senator Symington has long been a great admirer

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of Mr. Clifford. For a while, Mr. Clifford was in evidence around the Kennedy administration.

My recollection is a little dim on just how much he actually did. In later years, of course, we have been told that he was extremely active in conferences and so forth. That part I did not know until I read about it at the time he went to be Secretary of Defense.

HESS: One more question relating to Mr. Clifford back during the Truman days. Do you recall if there was ever any discussion of Clark Clifford joining the Cabinet, perhaps as Attorney General?

SNYDER: Never, to my knowledge.

HESS: In any other position?

SNYDER: Not in a Cabinet status.

HESS: You didn't hear Mr. Truman say anything about this?

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SNYDER: I have never to this day heard him make such a statement. I never, to my knowledge, ever heard him mentioned by Mr. Truman as a potential Cabinet possibility.

HESS: Back on Mr. Murphy, Mr. Murphy was along on the campaign of 1948 and then he was also there in 1952. How effective was Charles Murphy as a political adviser?

SNYDER: My impression was that Mr. Murphy seemed to have a very close understanding of political issues, and their relative importance, and that his judgment proved dependable when sought in connection with certain phases of a political campaign or a political position.

HESS: All right. Moving on in our White House staff members, let's discuss Mr. Matthew Connelly. He held the title of Secretary to the President, and he was Appointments Secretary. What do you

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recall about Mr. Connelly and his duties?

SNYDER: Mr. Connelly first came into the Truman picture in the Truman Committee days, and he was brought down from New York, I believe. That's my recollection.

HESS: He had come from New York, but earlier than this, I believe, he had worked on a couple of other committees up on the Hill.

SNYDER: Had he? Well, now that I didn't know?

HESS: But you are correct that he did come from New York.

SNYDER: He came from New York and the first I saw of him was in connection with the work

he was doing, staff work, in the Truman Committee.

HESS: Do you recall what that was?

SNYDER: I do not. It escapes me.

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HESS: This is a long time ago, but another question on that, do you recall how effective he may have been as a staff member of the Truman Committee?

SNYDER: My recollection is, and I'm kind of straining my memory, was that he went on certain investigations...

HESS: He held the title of Chief Investigator.

SNYDER: He did? Well, you're refreshing my memory, but my recollection does bear out the fact that he was considered to be a very able technician on these investigations, and marshalled the facts in a very chronological and revealing manner, so as to make the preliminary work of the investigation help the actual investigation to run more smoothly and more effectively.

HESS: Then when Mr. Truman received the nomination and was elected Vice President, Mr. Connelly

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went with him at that time, do you recall?

SNYDER: Yes, because the Vice President, I recall now, kept his office up on the Hill. He never did establish an office other than the one that the Vice President had traditionally held up there. I do remember now. You see, at that time, during that short period between January and April, I was out in St. Louis with the First National Bank and was doing quite a bit of traveling on the West Coast, Mexico, various places for the bank; and I don't think that my records show that I was in Washington very much during that period, until Mr. Truman called me in Mexico and told me of President Roosevelt's death and asked me to come up and talk with him.

HESS: And then Mr. Connelly served as Appointments Secretary for the full term of the administration. How effective was he in that job, and just

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what were his duties?

SNYDER: Well, I thought he was very effective. He was a most polite and accommodating person. So far as I am concerned, I could never have asked for any more consideration. Frankly, very few of my appointments went through the records of the office there. I had a direct line to the White House, and frequently when matters would come up I would call and the President would pick up the phone and ask me to drop over, or he'd ask Connelly to call me. Connelly was always most gracious. Actually, as I think back, most of my conferences with Mr. Truman were

after hours over in the residential part of the White House. I don't recall any complaints or any dissatisfaction with any of the members of the Cabinet or any of the agency chiefs or anyone else with Mr. Connelly's conduct of affairs. In later years, some few remarks came up that

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Connelly made it difficult for some of them to get to see him, but I don't think Mr. Truman ever felt that, and from my own personal view, I don't think it ever happened. If it did, they were isolated cases. By and large, I would say that he conducted the affairs of the Secretary to the President very well.

HESS: After the administration, Mr. Connelly had some difficulty. What do you recall about that?

SNYDER: Very little, because I had gone out to Toledo. My contact with it was that there were several of us, former Cabinet members and other members of the Truman administration, that were harassed for several months with investigations, largely stemming from an effort to try to involve some of the Truman staff. Mr. Connelly's name came up quite a number of times in the inquiries, but the question that they usually asked were things that I was unaware of. Mostly they wanted to

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know if I had ever received any pressures from Mr. Connelly to take definitive positions on matters of appointments, taxes, and things of that sort, and frankly, I don't recall any. The best of my recollection at this time is that I never had any real pressure from Mr. Connelly on any matters for a decision.

HESS: Also I believe that in one of our previous interviews, we had discussed the Matthew Connelly and T. Lamar Caudle, and Irving Sachs matters. So we've already discussed that.

All right, the next Secretary to the President was William D. Hassett. What do you recall about Mr. Hassett?

SNYDER: Well, my recollections of Bill Hassett are all very pleasant and commendable. I had the greatest regard for Bill Hassett. He had a capacity for coming up with the right phrases,

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his expressions always seemed to be so apt and appropriate that he was invaluable to the President in his composition of letters to heads of state and people of importance, in sympathetic notes on deaths or bereavement of any character. He was quite a word-artist, and on top of that was a most likeable, lovable person.

HESS: The next man was Charles Ross.

SNYDER: Charles Ross came from out at St. Louis. He was formerly with the *Post Dispatch*. I had known him and of him for quite a long time. He was a highly respected newspaperman. Actually, I think prior to his coming to the White House, he at times had been somewhat critical

of the Democrats, and maybe at times of Mr. Truman. I have a vague, lingering memory of something like that, but he was from Missouri, he was an able man, and he was selected to take that position at the time that

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Steve Early finally resigned. Steve stayed on for a while. He had been a newspaper reporter all his life, and Mr. Roosevelt selected him early. He had not had, at any time, an opportunity to really consider the economics of his life. He had worked hard as he had said, and was very devoted to Mr. Roosevelt, and he felt that Mr. Truman deserved to have someone who was closer to him and more attuned to him, rather than for Mr. Truman to take over a man who had been so closely attached to his predecessor. He was offered a very attractive job with the Pullman Company, and although Mr. Truman and all of us urged him to stay on, we couldn't do it with too much pressure because we realized the sacrifice he'd have to make to do it. So he left and Charles Ross' name came up, among other's, and seemed to be more acceptable to the President, and everybody concerned, so he named him as

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press representative. I think he delivered a commendable performance of his duties in that capacity. He seemed to have rapport with the media, he got along, I thought, extremely well with the people that were assigned to the White House -- the photographers and newspapermen, TV, radio and all those various functions. His counsel was very good when the President called on him for his opinions and his recommendations. He became very devoted to Mr. Truman and was a great admirer as time passed. I think that Mr. Truman was fortunate to get Mr. Ross and that he was very happy with his performance of his duties during the entire time that he served with him.

HESS: He died in December of 1950 and shortly after that Joseph Short was appointed Press Secretary.

SNYDER: Joe Short was a lifelong newspaperman too, and had served as White House correspondent,

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was well-known to Mr. Truman, well-liked by Mr. Truman. He was a very capable newspaperman. Mr. Short served from December 8, 1950, to the time of his death in September, 1952. During that period, he did a splendid job of carrying on the work. I don't believe he ever quite measured up to Charlie Ross or Steve Early in his ability to counsel and advise, but so far as carrying out the relationship with the press and keeping it on a very high level, I think he did a very good job.

HESS: One man that we should probably have discussed at the beginning was Sam Rosenman. He was a holdover, of course, from the Roosevelt days, and was Special Counsel for Roosevelt. Just what do you recall about Mr. Rosenman?

SNYDER: Well, I had met Mr. Rosenman casually during the war days when I was running the Defense

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Plant Corporation, and had occasion to go over to the White House for conferences regarding certain projects, and had, of course, developed a very high regard for his capacity and for his personality. When Mr. Truman became President, one of the first people that I got closely acquainted with at the White House after I came to Washington, was Sam Rosenman. He was outstanding in his capacity and his unique ability to analyze a situation, come up with the gist of the problem, and give a succinct, legal interpretation of the involvements of the problem. He had been, of course, devoted to Mr. Roosevelt, had prepared voluminous records of the various activities of President Roosevelt and of his relationship with them. As a matter of fact, I suppose that some of the most accurate and dependable records of the Roosevelt activities were probably recorded in the Rosenman papers. He had been on the bench in New York prior to

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coming down to Washington, and he too felt that he ought to have an opportunity to establish some worldly goods in his life; so he pled, very properly for relief. He said that he thought Mr. Truman should have someone closer to him, and that it wasn't fair to Mr. Truman or to him to ask him to continue on and take a position that would be competitive with his former position with Mr. Roosevelt. Although Mr. Truman finally agreed with him on his resignation, he continued to be a very close confidant and counselor for Mr. Truman, and remains so to this day. I greatly admire Sam Rosenman, and have from the earliest of my acquaintance with him. He was a tower of strength to Mr. Truman on numerous occasions and, as I said, had the ability to get at the root of the question with greater facility and accuracy of anyone that I have known. I'll have to tell you a little story to show you his

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tremendous sense of humor along with his scholarly knowledge of the law and of the humanities.

In Mr. Roosevelt's campaign for his second term, he was invited to go to Pittsburgh to address a group there, and Mr. Roosevelt was highly pleased because this was a very, very distinguished group of people. When the staff got hold of it, they quickly said, "Oh, my gosh, he can't go back there." He had spoken before the same group in his first campaign, and what he promised them and told them he was going to do in his first term he had just completely changed. "He's just gotten clear away from those things. It won't do to go back there and face that same group again." They worried about it and didn't know what to do, until Sam had a meeting when everybody's hair was hanging low, and the tears were coming into their eyes, as to what to do, and he said, "Fellows, I have the answer.

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Let's just have the President declare that he didn't make the first speech." Well, that was always one of our prizes around the White House.

HESS: Just deny he ever said it.

SNYDER: It broke the tension.

HESS: Now a couple of questions about some of the men who held the position of

administrative assistant. The first would be Donald Dawson.

SNYDER: Mr. Dawson was never one of my favorite people, I must admit. I had had some experience, not actually with him, but experience with his type of operation over at the RFC. Frankly, to this minute, I don't know exactly how Mr. Dawson got over to the White House. He and his wife were reputed to be pushers and maneuverers over at the RFC in the personnel division, and they had built up a little empire in the at section

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that I had some difficultly with in the Defense Plant operation, and had to straighten out on numerous occasions; and it was somewhat to my amazement when I suddenly found him over in the White House. I think he was an operator.

HESS: Did you have any difficulties with him while he was at the White House?

SNYDER: I never had any personal difficulties with <u>any</u> of the White House staff, and that's why I preface all my remarks with the point that personally I had no combat, no real arguments with any of the White House staff, because as it was, I never had to depend on them too heavily for contacts with the President or for any action that I might want because I was seeking nothing except the opportunity to help Mr. Truman and to do that through the operation of the Treasury. I did not admire Mr. Dawson and always

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felt that some of his maneuvers were not to the best interest of the President.

HESS: What maneuvers did you have in mind?

SNYDER: Well, for instance, his attempt to control operations in the RFC from the White House and his efforts to persuade the President to put directors of the RFC and personnel in the RFC and to make loans in the RFC and to bring pressure on the RFC to make loans and so forth. I just didn't consider those to be in the best interest of the President.

HESS: Why do you think the President went along with that?

SNYDER: I don't understand it. I said that a while ago. I never argued with him, I never debated it with him, because he had selected him and I had my hands full with the Treasury.

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HESS: What about John R. Steelman?

SNYDER: I have always commended Mr. Steelman for having the foresight to have prepared himself for a position in labor negotiations by having been one of the two men, to my knowledge, up to that time, that is the forties, that had ever received a doctorate in labor relations, and his very foresight in pursuing his education to the point of getting a doctorate in that field has always been subject to my great commendation. As to his performance in the field of labor relations, I think he built his reputation on being a compromiser and a man whose

extreme patience wore out the negotiators and that finally in desperation they would come to an agreement. Steelman was always a very affable person. I have frankly yet to see any great demonstrations of capacity in Mr. Steelman, and that may be my loss and my lack of observation.

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HESS: He held the title "The Assistant to the President."

SNYDER: He devised that title himself, I understand. When I left the OWMR it was the intent to close that office as early as possible, because, as I think I've expressed before, I had a strong feeling that the President did not want an office of that type that close tot he White House. That title of "Assistant President" was very obnoxious to me, and I think it was to the President, both Truman and Roosevelt. President Roosevelt himself, although he laughed about it on occasion, was annoyed at other times with Jimmy Byrnes. I don't think he ever was concerned very much about Vinson, but there were certain times when he felt that Byrnes had maneuvered the use of the term into the press, and before the general public. When I left it was decided that we would dissolve the OWMR, and for the purpose

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of dissolving it, Mr. Truman named Mr. Steelman to take over. Several of Mr. Steelman's friends, and some of the agencies, liked the idea of having an entrée into the White House through that route; and all of a sudden it was decided to keep it on for a while, but that idea did not survive very long, and within less than a year after I left, it was dissolved and the records were stored. Then following the dissolution of OWMR, Mr. Steelman designed that title, there was no such title in existence, and he himself proposed it. I actually don't think Mr. Truman ever considered it as having any particular significance. He liked Steelman, and he probably still does. I haven't discussed Mr. Steelman with the President for a number of years, but he was a likeable chap, he was impressive to talk with because he spoke with great emphasis and at great length.

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Incidentally, he seems to have made a success after he got out of the Government. I understand he's the owner of several newspapers and is enjoying life.

HESS: So he's done rather well. How about Mr. Vaughan, General Harry H. Vaughan?

SNYDER: Well, General Vaughan is a very, very dear friend of mine. Our acquaintance goes back to the time that I met Mr. Truman at Fort Riley, Kansas, in 1928, I believe. Vaughan had served in the same Field Artillery Regiment with Captain Truman, and then he too accepted a Reserve commission after the war. So I met him at the first officers training camp that I attended with Mr. Truman. We had both been to one or two other camps, but that was the first time we got together. From that day to this, Vaughan has been one of my very, very good friends. All

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during the period of 1928 until World War II we had been constantly in touch, although he lived in St. Louis and Louisiana and various places. We always kept very close. Along about the time

of the 1940 campaign for the Senate, we found the records in Truman's office to be anything but what we had hoped them to be. The records of the contacts with Mr. Truman's constituents had not been well-kept, at least not in Mr. Truman's files, if they were in some auxiliary file we never had them at our disposal. So, along about that time Mr. Truman brought Vaughan into his Senate office. He was very active in the campaign of 1940 and remained with Mr. Truman as his secretary until World War II when he went into active service, and served in Australia. He was wounded and came back to the U.S. As soon as he was able to maneuver, Mr. Truman took him back into the Truman Committee

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work and into his office. When he was made Vice President, he took Vaughan along, I think, as his Military Aide, and then when he became President, he made him his presidential Military Aide and kept him the entire time he was President. Afterwards Vaughan became a Major General and kept that title until his retirement. Since his retirement he has lived over in Virginia. I see him frequently. He's a man with a considerable fine education. He has been badly mistreated in the press.

HESS: Why do you think that came about?

SNYDER: I think it stemmed initially from the needling of the military establishment who resented a non-professional military man being Military Aide to the President. Mr. Vaughan, or General Vaughan, had a very quick wit, a very quick tongue, and his quips frequently indicated a light side which

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didn't give the full weight to the capacity of the man, actually. He had good judgment about a great many things. He was a source of comfort to President Truman because he was even-tempered, he helped tide over many difficult problems. He always had an ability to see a bright side of things, and many times brought out angles that were extremely helpful in decisions, because we would be so engrossed in the gloomy side of things that to have the brighter side brought forth was very helpful. He carried out his duties as Aide, I think, very well, and I know that he was greatly loved by the President, and continues to be.

HESS: How many men who later served in the Truman administration were associated with the Reserves back in the twenties, do you recall?

SNYDER: Oh, probably a great many did, I don't know.

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HESS: Were there ever any times back then of a discussion of getting together and running someone for office?

SNYDER: Oh, you must have heard some of the stories of our evenings at some of the camps when we would all sit around -- McKim, Vaughan and sometimes Vardaman -- and we would get to joking more than with any serious thought to it. We were always going to run Mr. Truman for something, and we were all going to be on his personal staff, this, that, and the other. One

particular time, I remember, we were going to run him for Governor, and I was going to become treasurer of the state, and Vaughan was going to take over the National Guard, and Vardaman was going to be his political operator and McKim was going to be the commissioner of insurance or something like that, and we carried that on at great lengths and had a lot of fun out of it; and of course, at

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one time, it almost happened, but it never did develop. I don't know whether you heard those stories or not, but it was a lot of fun, not ever with any serious intent of its happening.

HESS: That's about enough for one day?

SNYDER: I think so, if you don't mind.

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Twenty-fifth Oral History Interview with John W. Snyder, Washington, D.C., January 15, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Secretary Snyder, in George Kennan's *Memoirs* pages 458 to 462, he speaks with considerable directness of the involvement of the Treasury Department, and yourself in particular, in the matters pertaining to the possible devaluation of the pound in 1949. After having reviewed those pages, what are your comments?

SNYDER: Mr. Hess, there's no question in my mind but what Mr. Kennan is a very capable career man, trained in the State Department of the United States. His performance of his duties with the State Department has made a very good record. The only problem that we find is that Mr. Kennan's education and training did not also include matters of finance. They were largely diplomatic and it appears that Mr. Kennan,

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like a great number of his confreres was somewhat of an Anglophile. He had the apparent notion that the resources of the United States were inexhaustible and that they should be employed to the greatest extent to relieving some of the economic and financial problems of Great Britain and particularly England. He takes up the matter in his book in regard to the talks that came up -- which were called financial, economic talks by everyone -- that those were matters of diplomatic settlement and arrangement, not on the basis of any sound structure for the future, but meeting the present situation in which Great Britain's government found itself. There's no question in my mind, and we made it clear continuously, from the time I went into the Treasury, up until the time I left, that we were most sympathetic, we had the warmest feelings towards Great Britain and the respect

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for the part they had played in World War II. We can go back even further, as I had that feeling in World War I, because I was a participant in that conflict; and without doubt, Great Britain took a very valued and effective part in World War I, and certainly repeated that tremendous showing of great courage and great tenacity in World War II. But we were now approaching a

time of trying to straighten out the problems that were brought on by World War II, and chiefly among them were some very intricate and difficult economic and financial problems. Actually, the conferences and discussions that Mr. Kennan approaches in his book, in the pages to which you refer, really started back in 1947. The problem probably started in 1946 when the United States made a loan of three and three quarters billions of dollars to the British. The loan was very controversial. We had many of our bankers,

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our Congressmen, and our businessmen who were not at all pleased with the manner in which the loan was set up. There were some, however, in our Government, who felt that it should have been much larger, and there were some, including me, who had doubts about the structure of the loan that was finally made. I had had some experience and certainly a great deal of research on the manner in which the settlements were made after World War I, and those countries with whom we made many of the settlements had been devastated by the war, and were left flat on their backs. To make loans to nations under such circumstances was not realistic, and many of those loans, none of which were paid, except Finland, actually caused a lack of concerted work in later years, and caused many hard feelings between countries, and finally most of them have been disposed of one way or another, without actual payment.

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HESS: On the subject of the 1946 loan, I have read that some people in the United States opposed that loan to Britain because the Labor government was in power in Britain and was asserting greater state control over the economy and narrowing the area of free enterprise. How did you feel about that matter?

SNYDER: That was definitely the thought of a great many of our businessmen, our bankers, and a great many of our Congressmen too. Of course, at the time, we must go back to the time now that we are discussing and place ourselves in a position in 1945 and '46. We must remember that the Labor government was as of then untried, and it had not had an opportunity to demonstrate its capacity for national leadership, much less world leadership. Of course, we must recall that Great Britain, the British Empire, was an international power as well as a national one when the Labor

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government took charge in the summer of 1945. There were those that had grave doubts that from the philosophy and the policies that they had announced in their campaigns and in their assumption of the government, that their views were workable, particularly their advocacy of nationalization of industry and finance.

HESS: What was your view in 1946?

SNYDER: My view in 1946 was that the loan probably was as much as we should have made them, but I felt, and very strongly, and the record shows that I felt that a good part of the loan should have been an outright grant with no repayment problem, but I also felt that there should have been a greater pre-planning of how the money was to be used, because it was later provided that it was from poor planning that their great troubles came. Because Hugh Dalton, who was the

Chancellor of the Exchequer of the Labor government at that

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time, used very poor judgment in pouring out the proceeds of the loan to the British colonial countries that had built up large pound debts that Great Britain owed to them, and in a moment of great largess he paid off two or three of them which exhausted to a great extent the entire loan, and built up no good will as it turned out with those countries; and so therefore, I think that the principal expenditures of the three and three quarter billion dollar loan was very unhappily squandered.

Then we came to 1947, at the time that we held a World Bank and Fund meeting in London. Hugh Dalton brought this matter up at the time and said it looked like they were going to have to have further financial assistance, even before they had yet spent the funds of the first loan. He began to see it was going to take a greater amount of funds, subsequently, to

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meet their, I would say, grandiose idea of paying off some of these debts that they had.

They began to again approach the idea that they wanted to fall back on the multilateral exchange rates that had been so prevalent prior to the war. So our first talks then actually started in 1947. The British muddled through until the spring of 1949. That year the World Bank meeting was to be held in the United States and there was no doubt but what a great deal of discussion would come up on the European financial and economic situation, and among these, chiefly, Great Britain's problem. Sir Stafford Cripps was Chancellor of the Exchequer at the time, and he began to make statements and word was leaked out that he planned to lay the whole cold matter of the British economic plight before parliament. We had made a study over here of the situation. The National Advisory Council of the United

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States Government made a very careful study on the international monetary and financial problems, and presented a report to President Truman in the summer of 1947 which he sent up to Congress. The contents of that study became known, and this accelerated Sir Stafford Cripps' intent to place the economic condition of Great Britain before Parliament. At that time, in order to lay plans and to agree on some policies for guidance in our discussions in the World Bank and Monetary Fund meetings, which were to be held in Washington in September, I planned a trip to Europe in July to talk to our own Treasury representatives and to see how things were moving in the various member countries in Europe, and to particularly talk with Maurice Petsche, who was the Minister of Finance of France at the time, and was to be the joint chairman of the meetings of the Bank and Fund in the United States

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in September. It was a preparatory program to try to have our meetings run more smoothly and more productively that caused this trip to be planned.

HESS: What were your findings from that trip?

SNYDER: Well, I want to go just a little bit further here. Again, Sir Stafford Cripps accelerated his program and by the time I arrived in Paris, which was my first stop, we were having frantic calls from London to please come there on our next stop and discuss these matters with Sir Stafford Cripps and Mr. [Ernest] Bevin, the Foreign Minister at that time, and with the Bank of England. I think before we get into any discussions back and forth I want to point out that the papers, both here and in Europe, took a great deal of space to thrash this all out before I ever got over there, and after I

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arrived. It had been my plan to go to Paris and London, Brussels, Stockholm, Geneva, Rome, Athens, Ankara, and Cairo, and get a pretty good view of conditions by talking with ECA representatives, our ambassadors, and with our Treasury representatives in those countries. The matter got into such a turmoil, I would say, because there were statements back and forth, most of them coming from some of our own United States representatives, who were pressing for these to be diplomatic discussions, rather than financial and economic. If you go through the newspaper clippings which I have laid out here for you, Mr. Hess, you will see that the papers did not take, generally speaking, anywhere near the attitude that Mr. Kennan took. As a matter of fact, some of our papers here were extremely complimentary of the manner in which the meetings were held, and were not nearly as critical of the incapacity of the Treasury

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to handle financial affairs, as was Mr. Kennan. Now, in order to get this picture somewhat organized I would like to read into the record a paper that I have prepared on this subject, if that's agreeable with you. And then we'll discuss any questions, if you'll just keep notes as we go along; if there are any questions that subsequently we want to go into, we will.

In the years from 1947 through 1949, Great Britain went through a series of crises in her economic life. These crises occupied much of my time and attention and were a major item of concern to the Western World. To some nations it appeared that the United States showed favoritism by conducting extensive, bilateral financial negotiations with the United Kingdom, while at the same time urging other European countries to settle their problems through the Organization for European Cooperation, which

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grew out of the earlier CEEC. France was in this position, but the United States explained its position by saying that relationships between the sterling and dollar areas were the concern of first importance to the governments which are the centers of the two currency systems. To understand the postwar financial situation of Britain, we must glance briefly back to the period before World War II. There we find that Britain was still a powerful creditor nation, with a huge empire to which it acted as banker and financial manager. The war put a critical strain on Britain's financial resources, leaving her with a rundown economy which needed American goods in order to rehabilitate itself. As we recall, England, particularly, was an entrepreneur nation. They had great skills, they had great banking facilities, great insurance facilities, and they had great industrial

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facilities, but they had no raw materials, and so they used to import raw materials, process them, and then market them throughout the world.

In the postwar period, Britain was a debtor to the United States, but its position at the head of an empire dictated that so long as possible, it remain a creditor to its dominions and colonies. This split financial personality had its effect on Britain's postwar situation as I mentioned just a moment ago. When the Anglo-American loan was closed in 1946, amounting to three billion, seven hundred and fifty million dollars, it had only been a matter of months since lend-lease had ended. Great Britain was a major beneficiary of lend-lease, but an American public and government, which had been willing to undertake these wartime grants was not willing to do the same immediately after the war to a nation which was not only a trade competitor but

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which still possessed an apparently rich empire. The United States properly insisted not only on offering aid only through a loan, but wrote into the loan agreement requirements that Britain assume the obligations of correcting multilateral exchange rates. One of our prime foreign economic objectives in setting up the Fund was to try to get a better exchange position between the trading nations, and this included convertability of currency and the lowering of trade restrictions. It was the United States' position that we should only help them through a loan. Personally, as I mentioned a while ago, I had a feeling that a considerable part of that initial loan should have been a grant. What happened in the succeeding months is an unhappy story in which there is no blameless hero or a completely evil villain. There is enough blame to go around for all of us. With the end of

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1946, Britain took steps to develop a system of sterling convertibility, that is, to allow holders of sterling to convert it to other currencies, primarily dollars, as required by the loan agreement. A deadline was fixed as of July 15, 1946 when convertibility would be inaugurated. Events up until that time had filled leaders of both governments with optimism. The dollar deficit in the last quarter of 1946 was one and a half billion dollars annual rate, which was not considered a very serious amount at the time, but with the elimination of discriminatory import controls, there was a sharp rise in the demand for dollar goods, and the dollar drain in the first quarter of 1947 grew to two billion, seven hundred millions of dollars. The rate increased to three billion, eight hundred million dollars in the second quarter of the year. To meet these growing deficits the British increased their drawings

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on the loan. The July 15th deadline on convertibility and trade restrictions brought the British dollar crisis to a head. In the weeks following, the drain on Britain's reserves to pay for dollar purchases reached alarming proportions. By August 16, 1947, only eight hundred fifty million dollars of the Anglo-American loan remained, and at the then current rate, that would have lasted only about another month. Thus, in a little more than a year and a half, a loan that had been intended to last five years, had been largely exhausted. It was clear that Britain was not in a position to carry out all the multilateral trade obligations it had reluctantly assumed in the loan agreement. But there was another side to the story. One of the major drains on the loan was the war-created, sterling balances held in commonwealth countries of the British Empire which the

government allowed

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to be converted into dollars. This was in conformity to Britain's position as head of a great empire, but it did not conform to the realities of her economic situation. It was my opinion that the loan agreement requirements referred only to future transactions and thus Britain could have frozen the war-created, sterling balanced held by her dominions and colonies without violating the loan agreement. In addition I felt that the London government had been dilatory in getting its affairs in order before putting into effect the multilateral provisions of the loan agreement. The principal figure in these British attitudes was Hugh Dalton, the Chancellor of the Exchequer of the Labor government. He, along with many others, had been misled by the events of 1946 into thinking that Britain could successfully withstand multilateralism. Events later proved this

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opinion to be wrong. In my dealing with Dalton I found him far more of a doctrinaire socialist and much less of a realist. These attitudes were reflected in the British government's actions and reactions during this period. On the American side, I also found ample grounds for criticism. The loan agreement negotiated by my predecessor [Fred M.] Vinson, had been too rigid in its details to be adapted easily to later situations. The American insistence on inclusion of multilateral obligations in the agreement was consistent, but it failed to take account of Britain's economic and political situation as the head of an empire. I was also of the opinion that the Americans had been wrong in insisting on the entire three and three quarter billion dollar amount be placed on a loan basis. I mentioned that previously. At least part of this, if not all, I thought, should have been a

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more realistic attitude and the one that would have shown the most profit in the long run. However, I did point out that it might have been impossible to have foreign grants of any magnitude approved by the Congress in 1946 just after we came out of the great expenditures of the war, and before we had a full understanding of the problem of reconstruction and rehabilitation.

In mid-August of 1947, the British, taking alarm at their grave situation, sent a delegation to Washington headed by Dalton's assistant, Sir Wilfred Eady, to discuss matters with the United States representatives. The result of these conferences was the suspension of the convertibility privileges and the halting of further withdrawals on the loan. On December 5, 1947, the two governments agreed after an exchange of letters between Dalton and me to resume withdrawals on the loan, and I expressed at that time an

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understanding that Britain's serious economic conditions would delay the restoration of full convertibility, which we all regretted very much. The Eady mission to Washington was only the first of a number of such conferences in which I was the leading United States representative. Such meetings were touch matters in the extreme, due largely to the fact that a segment of public opinion in the United States was opposed to any and all assistance to Britain and to the fact that a segment of the public opinion in Great Britain apparently thought their country was due

unlimited aid from America, but that it was a reflection on the British character to have to accept it. In the United States, a number of newspaper editorials declaimed against allowing the British to suspend the multilateral provisions of the loan, and one newspaper cartoon depicted me as acting as a

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waiter on Eady and his companions who were showing a sort of lethargy towards the whole problem. In Britain, where word was circulated via the press that I was a thorn in the side of Eady and his delegations, a popular image of mine at the time was an iron-bound, midwestern conservative, with traces of Anglophobia, and this sort of image was built up generally in the British press, at the time. In this respect, it is pleasant to note that at least one British public opinion organ, and it wasn't the only one in any degree, the influential *The Economist*, a short time later after these meetings, reversed its earlier stand and in effect apologized to me for the position it had taken. In its issue of September 13, 1947, *The Economist* said:

> Mr. Snyder has in fact been unjustly represented to the British public. For the first few days of Sir Wilfred Eady's negotiations in Washington last month, the press dispatches reported that he was meeting with difficulties at the hands of the Secretary of the Treasury.

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> This led *The Economist* in the issue of August 23 to take Mr. Snyder as representative of that section of American public opinion which still cannot see the degree of America's responsibility for what is falsely called 'the sterling crisis.' But within a day or two the earlier reports were reversed and it became apparent as our correspondents from Washington emphasized in the following issue that in fact the Secretary of the Treasury had been the most understanding and helpful of the American officials with whom the British delegation had to deal. The point is perhaps a small one: There are unfortunately all too many Americans, even if Mr. Snyder is not among them, who persist in regarding the world's economic crisis merely a contrast between wise virgins and foolish virgins. But since injustice was done to an individual it is right and proper that it should be corrected.

The position of the American public in regard to offering additional assistance to Britain was complicated by the fact that Britain's government was a Socialist-Labor one. To one group in the United States this meant that no help should be given unless and until the Labor government was deposed. To another group it meant that all possible assistance should be given to keep the Labor

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government from falling. I was not a member of either faction, and this, of course, made me a target from both sides. It was my duty and my personal preference to regard the Labor government as the representative of the British nation and not as the representative of socialism. As to the effectiveness of the Labor government, I at the time expressed no opinion. However, I did point out later that the ascendancy of the Labor Party after the war was not an instantaneous

phenomena and should not have been a surprising one. The war itself had delayed the rise of the Labor Party to power, a rise that had evidently been coming on in the late thirties. The Conservative Party with a generally poor record in the economic field between the two wars had allowed the British economy to become out-dated. In my opinion it was inevitable that the Labor Party should be allowed to get their

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feet wet in the government and be forced to mold their Socialist doctrines to fit reality. Without this opportunity there would have been a possibility that the Labor Party would have been indifferent to the conduct of public affairs. Since the Labor Party was, in general, representative of the British working man, this would have been a very serious development.

Marshall plan aid in 1948 and early 1949, contributed significantly to the recovery of the British economy, but it did not solve the country's basic difficulties in trade. Britain continued to need to import great amounts of goods from the United State, and its efforts to earn the dollars necessary to pay for these purchases by sales of its own products abroad were not wholly successful. The situation again became grave in the late spring of 1949 when it became evident that Great Britain's gold and dollar reserves were being depleted rapidly. On top of this, it

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was known that ECA aid would be reduced that year. The new dollar crisis in Britain, as it was popularly known, crystallized for the world an economic problem that had been evident to economists since the early postwar days. This was the world-wide problem of effective and realistic exchange rates between currencies. After the war, the purchasing power of the currencies of the countries hardest hit by the war declined substantially. A situation where countries attempted to maintain the purchasing power of their currencies through artificially high exchange rates was an unstable one for world trade, and the United States under my leadership had for some time directed the attention of the Bank and Fund members to the problem. And that was brought out more clearly in that report that we made for the President in the National Economic Council in 1947, which

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he sent up to the Congress later. We had seen that problem as early as 1948 when we advised Congress that some exchange alterations could be expected in the course of the European Recovery Program. However, the United States, while anxious to see realistic exchange rates adopted, insisted that the matter should be worked out between the various countries and the International Monetary Fund, and not on bilateral agreements between member countries of the Fund. In spite of this, it was generally recognized that the key to the exchange rate problem lay in the British pound-American dollar area, and thus it was that the actions of Great Britain and the United States were looked upon as, and in truth were, more able to bring about widespread adjustment in exchange rates than the Fund. That was the conclusion of a great many of the financial students at the time.

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In the postwar period, the British pound was in an unenviable position. Its official value was set at four dollars and three cents, but this was clearly far above its real value. Such an inflated

exchange rate was reflected in the prices set for exported British goods. They were not competitive, and for a country which desperately needed to sell more and more abroad, this was a deplorable situation. Once the sellers market, which prevailed in the first years after the war, had disappeared as a result of increased production world-wide, the situation became critical. Devaluation of the pound sterling was widely discussed in the months leading up to the summer of 1949. But insofar as the discussions were held they were strictly unofficial. The United States, and of course it was my position, retained a discrete silence on the matter. In making a tour of various treasury offices in Europe in 1949, I spent

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three days in confidential financial discussions with British officials. The talks were described accurately as exploratory aiming towards further conversations where concrete decisions might be made. In these exploratory conferences it was intimated quite broadly that I recommended devaluation, although I assure you that I did not discuss the matter directly in any fashion. I might say that the British apparently, beginning in early 1949, had been trying to get the United States to insist on devaluation but we had carefully avoided doing so, and published articles in the newspapers to the effect that president Truman advocated devaluation were not true, but were just rumors that had been published through planted stories.

The London meetings led to considerable technical and fact-finding discussions between representatives of Britain, Canada and the United

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States in Washington the following August, and were followed by ministerial discussions in September at the Bank-Fund meeting. At the beginning of the September meetings at which I participated, the British representatives announced that the pound would be devalued. They did this without any pressure from the United States. The new rate was fixed in the course of the discussions at two dollars and eighty cents, and the decision was later announced to the world. The devaluation of the pound sterling was one of the major economic reorganizations of the postwar period. The question must be, "What was my role and that of the United States Government in accomplishing this?" I can say to you that there can be no doubt that the British reached their own decision without dictation or outside interference. I was most careful in all these conferences never to

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urge devaluation upon the British, although I believed that it was a necessary step to economic stability in that country. However, there is little question as to my attitude. This was an attitude of waiting for the British to come forward with their own suggestions and plans rather than to offer plans to them to contribute to a decision by them. The British thus came to realize that it was up to them to take whatever steps they could to ease their position before appealing to the United States. Now this was the point where Mr. Kennan took his great exception. He felt, as his book clearly shows, that the United States should propose a plan to Great Britain, and say, "Here is the way to work it out, and we will help you do it." That would never have worked, and we know it wouldn't. Our Congress would not have accepted such a proposal. We would have had great opposition from Congress. This was a

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financial and monetary matter that had to be worked out, and not a diplomatic one, solely, as Mr. Kennan so frequently says in his book. Frankly, I think that the very foresight that some of us took in measuring the situation at that time and particularly as to the capacity of the Labor government to perform as world leaders and as domestic leaders, has certainly been more than confirmed by history in later years, because their whole aspect and performance and negotiations were such that have brought about the partial dissolution of the British Empire. It was most interesting in connection with this, that an article was written by one of the *New York Times* columnists at the time. Columnist Arthur Krock in his column of September 20, 1949, gave an illuminating account of the pressures that had been brought on me in these meetings, and of British reactions to

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me. His column, which shows the benefit of extensive contacts among high level Government officials, both in this country and in Great Britain, is quoted here in part:

> The British came to their hard and reluctant decision on their own and in submission to realities of their situation which no amount of 'Government planning' could remove. The United States, spoken for by Mr. Snyder, made no attempt to do more than give its view of these realities and only when that view was sought... In the nature of things the State Department attracts political and economic theorists who, impatient of the restraints implicit in a two-party system, in the executive-legislative partnership of the United States Government, and in the principle of an orderly budget evolve grandiose plans to dispose of every trouble that afflicts the solutions of the British issue that rose above such other considerations. And when it inevitably developed that the Treasury could not sensibly go along with them, the paperwads began to fly at Mr. Snyder's head.
>
> He was, in publications sympathetic to these plans and planners, 'tightlipped.' He was 'narrow.' He was 'timid.' He was urging devaluation on the British. If the whole business were not turned over to Mr. Acheson the United States would be

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> saddled with the heavy burden of interfering in the internal affairs of the United Kingdom with the consequent plunge of the non-Soviet world into bitter dollar-sterling warfare in which American free enterprise and British socialism would badly damage each other to the benefit of the Kremlin.
>
> None of these things happened. The British representatives went home purged of the suspicion or belief that the Administration's economic policy has as its <u>sine qua non</u> the downfall of political socialism in the United Kingdom. And they came here with the devaluation of sterling already decided, to reach in friendly conference a conclusion as to the point to which they could lower the international pound. Sir Stafford Cripps [head of the British delegation] in his radio talk yesterday [at the Press Club] spoke from the written and unwritten record of the Washington conferences when he called them the 'most frank and

comparative talks in which I have ever taken part.'

Our decisions were reached at the Washington conference, but devaluation overshadowed them all. Five months later devaluation had spread throughout the sterling area and into many other countries as well. Twenty-eight nations had lowered the exchange rates of their

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currencies, except Russia chose this occasion to push its exchange rate up, which was meaningless, of course. That this devaluation was needed and beneficial cannot be doubted. From 1949 until the middle of 1950 when the Korean war broke out, world trade showed promise of stabilizing itself and devaluation must get a share of the credit. Yet, devaluation in itself was not the complete answer, as I believed it was a first and necessary step and it had to be taken before other problems could be solved. But if it had not been followed up with other economic measures the end result would not have been so impressive. That my decision that devaluation was correct is proved by the improvement in world trade patterns, and by the improvements in the situations of individual countries that took place in the period following the meetings in September 1949.

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HESS: All right. Now, I have several questions about what we have covered. You stated that a group believed that all possible assistance should be given to the British to keep the Labor Party from falling. What group did you have in mind?

SNYDER: Well, we had quite a number of our diplomats in the State Department who felt that it was incumbent upon the United States to keep the Labor Party afloat. I had no more notion of that sort than is my belief that it is incumbent upon the Labor Party or the Tory Party of Great Britain to bolster the United States and keep it going, which of course has never been dreamed of in all history.

HESS: Why was that their view? Why did they think we should help the Labor Party in that way?

SNYDER: It was probably the seedlings of the great

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liberal movement that developed in this country later.

HESS: You mentioned that a segment of public opinion in the United States was against the assistance to Britain. Just where did that segment of public opinion seem to center? Was it in banking centers?

SNYDER: It broke out first in our industrial areas, then it got into the banks, the banks wavered back and forth; one time they were opposed, another time they felt like we should help out in financial adjustment when they began to find that it was going to weaken the currencies of other countries with which they were having financial dealings. In Congress there was some considerable opposition to our taking any position of this sort. People were beginning too to

awaken to the fact that we had

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great obligations of our own, and we had to start getting our own production in motion on a profitable basis, and that we had our own economy to support and our own tax burdens to meet. So the majority felt, frankly, the majority in the United States felt, that we should go very slow on too grandiose assistance to Great Britain at the time. It was strictly felt that Great Britain ought to step in and do more for herself.

HESS: You mentioned that Mr. Dalton was quite a doctrinaire socialist. Could we develop that just a little by an example, or two, perhaps?

SNYDER: Oh, by all of his statements. You'd have to go back and read his speeches, his statements before the Parliament, you'd have to read the proposals that he made to the Parliament for action by the government both in economic, monetary and political matters.

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HESS: Did you have very many dealings with him during that period of time?

SNYDER: Well, of course. At that time, I as the Secretary of the Treasury was having considerable contact with all of the member countries' ministers of finance. And as Great Britain had been one of our very closest allies during the World War II, it was very necessary that we have close and continuous conversations between the ministers of finance of the two countries.

HESS: Was he a difficult man to get along with?

SNYDER: Oh, he was impossible. I mean, he was very smiling, and open-armed, very openly congenial, and yet he would do some very unexpected and believable things when it came to our relations. And he would take steps that made it impossible at times to go along with him. He had no

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sense of balance or reality, as I put it awhile ago.

HESS: What was President Truman's view about the devaluation of the pound?

SNYDER: Mr. Truman did not express any views at any time. He kept completely removed from it, and I do not want at this time to put words into Mr. Truman's mouth. I do want to state though that certainly not up until the decision was made by the British did Mr. Truman ever make any statement as to his views, one way or the other.

HESS: On the subject of who should conduct the meetings, the Treasury Department or the State Department (we have mentioned that several times this morning), but I want to read one sentence from Kennan's book and get your view on that. He says:

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> For obscure reasons of domestic politics which to me remained unfathomable, it was decided that the talks should be conducted not by the Secretary of State but by the Secretary of the Treasury, Mr. John W. Snyder.

Did "reasons of domestic politics" enter in at all?

SNYDER: A very important reason was that President Truman insisted that those conferences be conducted by me with the assistance and cooperation of Secretary Acheson.

HESS: Did politics enter into that decision?

SNYDER: If you call Mr. Truman's decision political. He made the decision himself, and not after conferences or discussions or debate. He made the decision himself that I as Secretary of the Treasury -- you see, we forget the fact that I was the chairman of the National Economic Council, and quite properly, these things came under the

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purview of that Council's deliberation. I had no problem with Secretary Acheson regarding this matter. He was most cooperative, and if he ever took offense at the setup of the meetings, I was unaware of it. We did run into some real problems there initially; it was the British that were cold and aloof when the meeting started. The expressions that Mr. Kennan referred to as my outrage at the very thought of the State Department having a part in this is somewhat ridiculous compared with the actual public statements that were made, and at no time did I oppose a warm reception for the British. I did not want to leave any impression that we were just waiting for them to come over for us to offer to solve their problem. I felt that it was necessary for the future, for the future welfare of the relations between the two countries and the United States' position in world affairs,

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that the British should come up with a solution to their problem which they had carefully thought out and which they could decide that they could do, rather than for the United States to offer a solution without knowledge as to their capacity to do it, and certainly we shouldn't offer a solution that was all favorable to the British. If we had offered a solution that was too restrictive, we would have been at fault. If we had gone too far, our own people would have found fault with it. So it seemed to me only a very realistic position to take, and sympathetic at the time with the problems, because we gave full consideration at all times to the British view, as was demonstrated by Sir Stafford Cripps' statement at the Press Club, that he couldn't have had a better reception, and I've just quoted what he said that was one of the most constructive to the discussions on the subject

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that he had ever attended.

HESS: On the subject of the reception that the British delegation received, Kennan mentions a speech which the President gave in which he referred to the forthcoming arrival of the British statesmen, and that was a speech before the American Legion convention in Philadelphia in

August of 1949, he said that he suggested some wording for the speech, and then stated in his book:

> When this speech appeared in the papers, on August 30th, the general reception was highly favorable, but I later heard that it was the occasion of much anguish, and even phone calls of protest to the President, on the part of Secretary Snyder, to whom a friendly word of this sort appeared to harbor sinister dangers.

SNYDER: Well, this is ridiculous on the face of it. There was no such resentment on my part. The statement was kind and warm and hospitable. It didn't affect what I had just told you of my

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attitude one bit, and I had no opposition for the President to make a friendly gesture of that sort. I was delighted to have it, frankly.

HESS: Did you phone the President regarding that speech?

SNYDER: Not that I remember.

HESS: Just one question on Kennan's attitude at that time. Recalling back to 1949, you mentioned that Secretary Acheson was quite cooperative. What seemed to be Kennan's attitude at that time?

SNYDER: Mr. Kennan's attitude, as we found was true with a great many people, was one of extreme pro-British attitude, and they wanted to do everything for the British. Of course, their long years of training in the career diplomatic service had led them to believe that

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they were better informed and more capable in dealing with foreign matters than anyone else in our country, and I think that is indicated, more than any other place in his writings, on page 461 of his book, down toward the end of the page. He says that finally after great efforts on his part, that his recommendations were "followed with the greatest fidelity in all the practical aspects of the talks." Well, that in itself showed that the basic of why the talks were successful, because his recommendations were "followed with greatest fidelity in all the practical aspects of the talks." Well, actually any positions that were taken were followed because they were the proper steps to take, and whether it was exactly with the great fidelity of his recommendations in a matter that I have long-since forgotten, but we did conduct the meetings, I continued to chair the meetings, and

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we got along splendidly.

HESS: On that same page he mentions a position paper which he completed on September 2.

SNYDER: That's what he's talking about.

HESS: That's right.

SNYDER: That's what I was just referring to.

HESS: What do you recall about that position paper?

SNYDER: It was a good technical paper and was certainly given consideration. It wasn't ignored as he said. He wasn't sitting with us who were dealing with this matter, constantly; he didn't know whether we considered it or not. This was just a conclusion that it suited him to make.

HESS: Were there any other members of the Department of State, besides Acheson and Kennan, that were working on this matter at this time that comes

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to mind?

SNYDER: Oh, yes, quite a number. I don't remember exactly who they were, but it was quite a task force who were working on it as it was a very important matter. I remember that Ambassador [Averell] Harriman had a great deal to do with it; Lew [Lewis Williams] Douglas was our ambassador to the Court of St. James at that time, and I consulted him at great length about these matters; Ambassador Dave [David K.E.] Bruce was in Paris at the time, and subsequently went to the Court of St. James. I went into this matter at great length with him on this subject. Yes ,there were quite a number of people who were active. Bob [Robert A.] Lovett was consulted at times regarding this particular situation.

HESS: One final question on the subject: What is your

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evaluation of the results of the actions that were taken?

SNYDER: I said that in the statement. I think I made it pretty clear that because of the action taken that the subsequent reconversion, world-wide world trade, was significant.

HESS: Enough for one morning?

SNYDER: I think so.

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Twenty-sixth Oral History Interview with John W. Snyder, Washington, D.C., January 22, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, what do you recall about the convention in Philadelphia in 1948?

SNYDER: Mr. Hess, that, of course, was a most interesting and trying period. We had quite a

number of counter-movements going on in the convention, and the one that was given the greatest pressure, I believe, was conducted by Leslie Biffle, in trying to promote Alben Barkley for the Presidency. There were three or four other aspirants around trying to build up a head of steam but none of them seemed to get much of a hold, other than Mr. Biffle did for a while. It looked like he was gathering a number of the delegations that were led by the Congressmen or Senators. But it became clear that it was going to be a difficult thing to do. I kept in

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hourly contact with Mr. Truman during the important sessions that were going on, and I had three or four listening posts that were reporting to me, unofficially. I was not in any official capacity at all.

HESS: You were in Philadelphia at this time and the President was here in Washington, is that right?

SNYDER: The President was in Washington at the White House and I was up in Philadelphia, and attended all of the meetings and a great number of the committee meetings, purely as an observer. I was not a delegate nor did I have any official capacity at the convention. I believe my badge said, "Cabinet," and that was about as official as I got. There was a great deal of milling back and forth. We had a hard time getting a platform together. There were some that wanted to go more conservative.

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HESS: That's an interesting point, especially on the civil rights plank.

SNYDER: Mr. [Hubert H.] Humphrey was very active at that time, and as a matter of fact, I don't know whether this has ever come out or not, but he raised his voice a few times that Mr. Truman probably wasn't liberal enough for what the party really needed at that time. It never got out into the open very much, but in the earlier days Mr. Humphrey, as I understood it, was not too strong for Mr. Truman, thinking that he wasn't liberal enough.

HESS: Were you present at any of the meetings when he expressed those views?

SNYDER: No, I only heard it from, as I say, my listening posts. Mr. Humphrey was the leader in the loyalty oath proposal for the delegates. There was a great deal of concern that many of

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the delegates would vote a certain way in the convention and then go home and back another candidate. Mr. Wallace, as you know, also had been trying to build up a head of steam.

HESS: And J. Strom Thurmond in the South.

SNYDER: And Thurmond, yes. Thurmond actually ran, didn't he?

HESS: Yes.

SNYDER: They were trying very hard to build up a strong liberal platform and ticket. So Humphrey and a number of the liberals came up with this idea of loyalty oaths. Well, that was very offensive to the Southern delegations, and without a doubt caused us to lose some of the Southern States when the election finally came. It's a question, and I think it's still controversial as to what the South would have done if we hadn't had the loyalty oath; but to them,

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particularly, it was an affront that some of them were very, very irate about. Finally, it became evident that we'd get together on a platform, and that Mr. Truman would be the nominee. Mr. Truman and I had talked before I came up to Philadelphia, and in a number of our conversations the question of the proper timing for him to arrive at the convention was discussed. It was generally agreed, after much discussion back and forth, that he ought not to actually come to Philadelphia until after his nomination had been presented. That decision was made for a number of reasons. It involved more than just the notion of not trying to appear that Mr. Truman was too domineering. He didn't want to get into a controversial position with some of the liberals, particularly, and some of the ultra-conservatives, and he put in a position of making some unpopular decisions, because he was looking for unity in the

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party if he was, going to run, don't you see. So it was felt prudent for him to wait and finally he came up immediately after the nomination. The train was waiting to bring him up to accept the nomination. Barkley made one of the most magnificent keynote speeches that I think I've ever listened to. There have been three or four others: [Senator Robert] Kerr made a wonderful one -- it's hard to pick out the best, but Barkley's was especially good because I think I was so vitally and personally interested in having the keynote speech put some fire into the convention, and inject some purpose into it. I think it did a great deal towards unifying a convention that was pretty badly split up when we first got there.

HESS: How responsible was the keynote address in his ultimately obtaining the vice-presidential spot, in your opinion?

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SNYDER: Yes, it was very important. As a matter of fact, it had a great deal of influence on a number of the delegates who wanted him for the <u>first</u> spot, and it moved a number of them to say, "Well, why don't we put a man, a leader like that, in the <u>first</u> place." It went a long way, his going into second place with an understanding arrangement that he would be the selection of Mr. Truman, don't you see. If Mr. Truman got the first place, Mr. Barkley would be number two.

I hope, and I know you are, going to get to some people who were more officially connected with the convention. You may get some different versions on part of this that I'm telling you.

HESS: As I say, that's what oral history is -- viewpoint.

SNYDER: Well, no, there are facts too, you want to get at the facts if you can. I used to urge

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Mr. Truman in writing his *Memoirs*: "Be sure when you're telling facts that they are facts. If it's your impression, your opinion, you can say anything you want to because that's yours. But facts are facts and if you get them tangled up, you've lessened the weight of your history."

HESS: In your opinion, how successful was he?

SNYDER: Exceptionally so, because it prevented controversies, because people don't question about facts that are substantiated. There it is, and you can debate about that all you want to. And if he's telling his own opinion, then that's his view, and that's that, particularly in the MacArthur matter. He kept to the facts in that book on a number of controversial matters. Critics couldn't get underneath the truth of things. But he was pressured many times, as are all great people who write their story, and particularly who have stories ghostwritten for them, they are

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pressured to say things that would reflect more favorably on the subject, but it's a very dangerous road to travel. And we have had history contaminated in many, many instances by a prejudiced or slanted reporting of things by someone who actually should have known better.

HESS: I have a question on Leslie Biffle. Until this time, he had been quite close to President Truman, had he not?

SNYDER: Leslie Biffle had been very close to Mr. Truman from the time shortly after Mr. Truman came to Washington. He met Mr. Truman as Senator, and they became good friends. Mr. Truman and I took Mr. Biffle with us on a trip down to Arkansas, Biffle's home state, after he was President, and we had a delightful time. I may have mentioned it to you before. We visited Blytheville and had some entertainment there, and as long as we were in Arkansas,

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Leslie and I were riding in the car with the President. But when we got up to the Missouri line, we were unseated, and some Missouri potentates got in.

HESS: Why do you think Leslie Biffle was pushing Mr. Barkley so energetically at this time when he knew Mr. Truman wanted the nomination?

SNYDER: That I carefully avoided discussing with him. Leslie and I, you know, had known each other nearly all our lives. We were born just about twenty-five miles apart down in Arkansas, and I just avoided ever bringing the matter up with him, because frankly I didn't want to get into a controversial position with him. My understanding was that he had some doubts, as did quite a number, of Mr. Truman's ability to win the election. He thought that Mr. Barkley was a better speaker and a more convincing campaigner and more eloquent, and that he had a better

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chance, was less controversial. I think those were the chief reasons.

HESS: What was the nature of his relationship with President Truman after that point in time?

SNYDER: It remained friendly, but not quite as warm as it had been prior to that time.

HESS: Do you think that he was as influential in matters of senatorial-White House liaison during the second administration after his promotion of Senator Barkley?

SNYDER: I don't think that Mr. Truman called on him for quite as many things as he had prior to that, but I never saw any evidence of lack of support or lack of willingness in Mr. Biffle to carry out any mission that Mr. Truman or any of his staff asked him to undertake.

HESS: One point that we should cover, and you just

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mentioned it, is the fact that several members of the party thought that Mr. Truman would be an unsuccessful candidate, so before the convention, there was some talk about obtaining other candidates?

SNYDER: That is what I touched on a while ago. I said there were quite a number who made themselves available prior to the convention, but those things never did work out.

HESS: I understand that some people were trying to draft General Eisenhower, is that right?

SNYDER: Well, that has become quite controversial. I don't know whether they got to actually trying to draft him. I know that he was mentioned.

HESS: Who were the leaders in that movement, or a few of the people who thought along those lines?

SNYDER: George Allen, who wrote the book, *Presidents*

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Who Have Known Me, was one of them, Kenneth Royall and quite a number -- well, I won't say quite a number, but there were three or four that thought he would be a good candidate.

HESS: Jake [Jacob M.] Arvey of Chicago.

SNYDER: Jake Arvey was one. Jake had a notion that he could win pretty handily and he was right in that. If he had accepted it, as proved later, he was quite a vote-getter because of his hero atmosphere. Of course, Eisenhower had quite a number of things going for him when he was elected the first time, his being the great leader of our forces in the war, and principally, I think, was his statement that he'd get the boys home from Korea. That was the subject of a door-to-door canvas by the women. That got to the women, and without any question it was <u>their</u> vote that gave the great majority to Eisenhower when he did run later. He probably would have had that

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same hero cast had he been willing to run in 1948. At that time, though, he had apparently no desire to run. He was too close to the war, I guess, and he hadn't had quite the constant build-up

that he got later, because later when he did run in 1952, there was an organized campaign to persuade him, delegations went over to Paris to talk with him when he was the Supreme Commander over there, and then when he was the head of SHAEP (Supreme Command Allied Expeditionary Forces). And when he came back, you see, his sponsors arranged for him to come back to be President of Columbia University, that was purely part of an organized presentation to the country to get his name better known outside of military affairs. He had a terrific organization that developed his candidacy when he agreed to run in '52. The effort was not as well organized at all in '48. It was just a

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series of trial balloons that were used in '48.

HESS: In 1952, did you ever talk to any of the members of those delegations that went to Paris to talk to General Eisenhower about their views of what kind of a President they thought he would make after they returned?

SNYDER: Yes, I talked with quite a number of them. At that time, George Humphrey was a good friend of mine, Sidney Weinberg, General [Lucius] Clay.

HESS: What was their opinion of General Eisenhower at that time?

SNYDER: Well, they thought he would be a great public idol, and that he would be a vote-getter. That was their principal reason. They thought that if they could get him to run, that the businessmen could supply him with staff and cabinet and so forth, to run the Government for him.

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HESS: And use him more or less as a figurehead, is that correct?

SNYDER: Well, that's just a little strong. But they wanted to use him as an attraction to get the votes out, which certainly proved that they were correct in that, because he did not turn out to be a great political party leader in any sense; and although he won the '52 election by a nice majority, the party lost the Congress the very next election. So it shows that Eisenhower was really never cut out to be a politician, and never developed into one. His actions since his speeches and his statements -- have not been timed, or the contents of them have not been of a character to be a great influence on people in making decisions about voting.

HESS: One question back on the Humphrey civil rights plank. Which plank did President Truman favor?

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Did he favor the Humphrey plank or the plank that had been presented by the platform committee?

SNYDER: I don't remember.

HESS: What else comes to mind looking back on those days?

SNYDER: Well, back about General Eisenhower. I was always in a rather interesting position there. I have known General Eisenhower since World War I. I met him when I was on General G. Leroy Irwin's staff, and Eisenhower was down at Cahumont, [General John J.] Pershing's GHQ. We met in those days and we have stayed friends all through the years. So, while I was always very positively for Truman, and I don't think it ever became a question of whether I were for Truman or Eisenhower, it never developed into that, because I think that Mr. Truman would have

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been very pleased to have had Eisenhower run on the Democratic ticket, at one time. I just want to make it clear that it wasn't a matter of folks around Mr. Truman actually drawing up sides or anything of that sort, for one or the other, but it was Mr. Truman's marvelous loyalty to his party, that he always thought of the party first, before himself particularly. He was always stalwart. But when it came to the good of the party itself, he would never have hesitated if he had felt that someone could do a better job than he did. When he accepted the nomination, he firmly felt at that time that he was in better shape to go forward with the Democratic Party than anybody that had been brought up at that time. And I think it was proven that he was.

HESS: What else comes to mind when you look back on the days of the Philadelphia convention? Do

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you remember the pigeons?

SNYDER: Yes, I remember that debacle. That was Senator Guffey's sister's pigeons that created quite an uproar.

President Truman's acceptance speech was a very splendid talk, and a very inspiring one. It was probably given at the latest hour, I guess, of any acceptance speech. It was nearly 2 o'clock if I recall correctly, before he ever got around to delivering his speech.

HESS: Do you recall why it was given so late at night?

SNYDER: Well, first the nomination vote was not finished until late afternoon, and further, they had decided not to postpone it until the next day. He was notified and the train brought him right on up, and he decided to get it over with while the convention was at that high pitch, and it was,

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I think, the intelligent thing to do. We didn't want any cooling off. We had the convention hall full of people, and everybody was all stirred up; if you'd put it off until the next day, why, it was a question of just what the temper would be.

HESS: Did you notify the President when you thought the right moment for him to...

SNYDER: We discussed it back and forth. It was not a matter of me deciding or any one person deciding, it was a feeling out of the press, and everything. Bill Hillman was with me up there. He was roaming around feeling the press out, and bringing me back reactions and ideas. We had quite a number, I'm not going to name any more, who we were consulting as to the right timing, and then we discussed that with President Truman. He was consulting people here in Washington.

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It was an agreement rather than a decision of any one or two people.

HESS: When a certain portion of the Southern delegation walked out, how important did you think at that time that that was going to be towards the final results in November?

SNYDER: It concerned me, to be very frank, because I had personally felt for many years that the Democrats could rely on the South. The Democratic Party had done more for the South than the Republican Party certainly, and I just had a strong feeling about it and when that defection came it was a matter of real concern to me. Now, actually, I think it also was a matter of concern to Mr. Truman. I'm not going to put words in his mouth, but it has been said that quite a number around him were telling him not to worry about the South, they didn't

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have anywhere else to go. Well, I didn't agree with that one iota, because I was fearful that having once been aroused to that extent that they'd walk out of a convention, that we were in dire threat of losing their vote, certainly in some of the states we did lose.

HESS: Many of the Southern States in the recent election voted for the Republican candidate. Do you think that this swing from the Democrats to the Republicans could be dated from 1948?

SNYDER: I don't recall of any real showing prior to that time. Of course, there had been Republican Governors elected, and occasionally a Republican Senator from the South. Tennessee and Kentucky, from time to time, had wandered back and forth. They were the only two that I recall right now, up until '48, that had had Republican Senators or Governors. There may be others, but after

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that it was not so startling to have a Republican elected in the South.

HESS: On the subject of third parties, how important did you think that the candidacy of Henry Wallace and his Progressive Party was going to be that year, or how serious?

SNYDER: I was concerned about it, because while Mr. Wallace had not been extremely popular in the South, he had been in some of the larger industrial states. When you're running a race for the Presidency, you just don't want any more side issues than you have to have, and that did concern me a little. That was a problem to be faced as to just what his drawing power might be. He had made quite a demonstration at the Chicago convention, you'll remember, in '44, and the showing of strength there was rather potent. But you just didn't know how much he might be a

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[Eugene] McCarthy prodecessor, because they had the same concern there, of course. McCarthy, I think, lost to Mr. Humphrey a great many votes by his post-convention activities, and statements and lack of cooperation. I didn't know but what maybe Wallace would do some like thing, don't you see.

HESS: Anything come to mind after the President arrived at Philadelphia? Where did he go?

SNYDER: He went into a reception room at the Convention Hall and stayed there for some time until the convention was organized for his introduction. He did, I thought, a very thoughtful thing then. He sent some of his staff members out to bring in his top leaders and closest friends and through them he sent the word back to the floor of his appreciation of the nomination and so forth, and it was a good, harmony-building program

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that he followed there between the time he arrived in Philadelphia and the time that he actually went on the platform.

HESS: At the end of his acceptance speech, he announced that he was calling Congress back into special session, the so-called "Turnip Day" session.

SNYDER: Yes, he announced the very day. There had been a great deal of pressure, and he had intimated that it might be necessary to call Congress back on account of inflation and the problems of the day, but he had never set a time, or ever said actually that he was going to do it. He had saved it up as part of his acceptance speech, as part of his program of aggressiveness. He called that session for July 26th, and said, "Out in Missouri we call that 'Turnip Day.'" But the significance never was developed.

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HESS: It gave it a catchy title.

SNYDER: It gave it a catchy title, and it was called that by the press, you know, practically all the way through. The session did not accomplish a great deal, however, when it was finally called.

HESS: Do you recall whose idea it was originally to call Congress back -- where the idea first popped up?

SNYDER: Oh, that could have generated in a half a dozen places, There were a great many of the old New Dealers, and some of the newer Fair Dealers, the extreme liberals, that were very anxious to press for price controls and things of that character. Chester Bowles was the type that I'm thinking of. While he didn't have any

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great influence at that time, back in the days when he was with the OPA, you recall that he

presented himself to the public in his daily broadcasts as the man who was trying to save the housewife, save the children, and all that, with his price hold-down. Well, it was that sort of notion that this was a public appeal, that the President could make great political hay by calling a special session of Congress because it was a Republican Congress and that he could make a great deal of political strength out of showing them up, that they wouldn't do these things that were proposed, don't you see. I think that Mr. Truman's political sagacity prevailed there by his selecting it as one of his campaign programs, rather than to have called them prematurely. And, of course, even when he did call them, as everybody knows, the press and the opposition said it was premature to

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call the Congress and that the new administration should have tackled that when it came in. And of course, Mr. Truman played that very strongly in his do-nothing, 80th Congress references. And it was one of the strong points in his campaign, actually.

HESS: How important do you think the calling of that Congress was to his eventual victory in November?

SNYDER: Only as to give a basis for the attack on the 80th Congress and on their lack of support of the President, and because of the texture, complexion of their party affiliations. Except for that, I don't know if there was anything actually accomplished one way or the other, but it's possible their lack of action gave foundation for the liberals to work on.

HESS: Do you know if the calling of that special Congress was cleared with the heads of the Democratic Party before it was announced? Did they know that he was

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going to do this?

SNYDER: That has been controversial. I'm sure that Mr. Truman discussed it with certain Democratic leaders. He certainly did not talk with the congressional leaders in that it was a Republican Congress, and the actual leaders were Republicans. The Senate majority leader was Republican, the Speaker was Republican, so when you usually say the leaders of Congress, you encompass people like that.

HESS: How about the Democratic leadership?

SNYDER: I think he talked with one or two. I do not think it was a general discussion. That's my personal recollection.

HESS: Who do you think he talked to?

SNYDER: You see, at that time, Barkley was still a Senator, and was still minority leaders, so

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I'm sure he discussed the matters with Barkley and with Sam Rayburn, and undoubtedly one or

two others. And then he had quite a number of other advisers that he would talk with regarding the type of presentation that he would make. The great question that kept coming to the front then was whether or not to ask for price controls. There were those who were urging him to ask for price controls and even more that urged him not to re-invoke price controls unless he was going along with wage controls, too.

HESS: What was your view?

SNYDER: Well, my positive view was if you were going one way you had to go both ways, because unless you put the curb on trying to hold prices down without the wages, you were going to get pressures for wage increases, which would only put greater pressure on the price. You would get a disruption

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of the economy with a lagging of production of more consumer goods for the market. If you were going to restrain the price while wages were being pressed up, and cut down the profit margin to the manufacturer, he would not be too enthusiastic in trying to build up a greater flow of consumer goods to the market, which is in the long run the best way to hold down inflation, to get an ample supply for demand. At that time we were building up quite an increased volume of consumer goods manufacture.

HESS: Bernard Baruch in his book, *My Own Story: The Public Years*, states that he contributed money to a fund that you were raising to take the Missouri delegation to the convention that year. Is that correct?

SNYDER: Well, yes and no. The basic facts are true. I wasn't raising the money. There were two or

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three people who were trying to raise enough funds to bring a good delegation to Philadelphia, and Mr. Baruch did make a two thousand dollar contribution, which I turned over to John Nangle of St. Louis, who was quite active in trying to assemble a good representation from Missouri to take to the convention to support Mr. Truman. Dick Nacy, at Jefferson City was one of them, and in Kansas City, Jim Pendergast was trying to be helpful there. He was a nephew of Tom's, but Jim was quite a fine person, and he was a great support to Mr. Truman in all of his problems with the Kansas City group. There were several others who were trying to get up a good representation. I happened to mention that to Mr. Baruch, and he promptly contributed, I think it was two thousand dollars, and I turned that over to John Nangle to help defray the casts. I believe the money was to pay for getting some decorations and souvenirs and things for the

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delegates to bring, and not necessarily to bring them up here.

HESS: What do you recall about the falling out between Bernard Baruch and Mr. Truman that year?

SNYDER: Oh, the way the real problem came about, Mr. Truman was very, very disappointed and annoyed with Mr. Baruch for not taking the post as chairman of the finance committee. Of course, Mr. Baruch on his side had the record that he had never taken any position of that sort, that he had never asked for any title or position since Wilson's day, and he was very adamant about not wanting to do it. The same problem came up with Jesse Jones. We asked Jesse Jones to take the job of raising funds for the campaign, and he declined, and Mr. Truman became cool to him and to Mr. Baruch too. But, so far as Mr. Baruch was concerned,

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the schism was aided and abetted by staff members who kept pounding away that Baruch was a front-page seeker, and that he wanted to take credit for whatever he said or did, and wanted to be known as an adviser of the President's, and so forth. Personally, I found Mr. Baruch to be extremely helpful to me in the Treasury. And he went far beyond any expectancy by assistant me in preparing research items, actually getting important statisticians and economists to do studies for me in the Treasury, which either he got them to contribute, or he paid for. He never attempted to take any credit or anything of that sort in what he did for me. Folks around the White House, however, used to be greatly annoyed by his sitting on the bench over there, and being called "The park bench philosopher," and all that sort of thing. I think Mr. Roosevelt, toward the end -- used to

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get annoyed with him about pestering him with ideas that he didn't want to hear at the time. I think that Mr. Baruch had some very splendid, sound ideas about our economy, and could have been helpful because he had quite an entrée with the press, as you know. He always could get an audience with the press for testing ideas, and we could have had probably a better relationship. But Mr. Truman's real annoyance with Mr. Baruch was his refusal to take an active part in the fundraising.

HESS: You mentioned that there were some staff members who sort of placed themselves between Mr. Baruch and the President? Who did you have in mind?

SNYDER: I'll leave that out of the picture.

HESS: All right. Did Mr. Baruch come in to discuss financial matters with you from time to time?

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SNYDER: Just regularly, yes. Whenever I wanted to talk over anything with him, if I would call him, he would get on a plane or train and come right down here. Many times I would call and say, "Could I drop in and see you in New York," and he would say, "No, I'll come down there." That was true through my whole time at the Treasury Department. He and I remained warm friends up until his death. I was with him for his birthdays practically every year. I think the last two or three birthdays, he didn't have anyone except family, but I was in constant touch with him up until his death.

HESS: How would you rate his advice? Was it helpful to you?

SNYDER: Pretty sound, yes. He would talk things out with you. General Marshall thought very highly of him and consulted with him regularly. Bob

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Lovett, Jim Forrestal, there were quite a number of Mr. Truman's people who constantly sought counsel with him.

HESS: Just offhand, can you recall a particular problem or a particular incident that he may have come in to discuss?

SNYDER: There were dozens that I could talk about, but the steel strike was one that was outstanding.

HESS: The 1952 steel strike?

SNYDER: No, the earlier one, in the forties, as I recall. He brought in statisticians and economists and went back into the history of price and wage in the steel situation. It was being claimed that the steel people could give a large price wage raise, and hold prices where they were. I didn't think that was true, but I wanted a statistical

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background to support it. So we got up a report for President Truman, and it was largely financed or arranged by Mr. Baruch. Mr. Truman was impressed by it and helped come to a settlement of the steel strike. A compromise was made by giving a certain raise to the ingot price, at the same time that they made a concession on the raising of wages. And it brought to a close the steel strike.

HESS: In the 1948 campaign, it seemed that Mr. Truman attacked the 80th Congress far more than he spoke out against Mr. Dewey. Why was that plan followed?

SNYDER: I think it was sort of a strategical decision that Mr. Truman demonstrated there. He didn't want to build up his opponent, or refer to him any more than he actually had to, but if he could keep showing that the Congress, the Republican Congress fell down, he would get

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more Democratic Congressmen elected, and that in turn would have a strong influence on the general vote. Instead of the old idea that usually the popular candidate has the Congressmen riding in on his coattails, he felt that Mr. Dewey was not that strong a candidate, and it wouldn't be a matter of their riding in on his coattails, but <u>he</u> would have to be reliant upon many of the congressional leaders who were running for office for help in getting the vote. And his idea was to pound away on the general lack of progressiveness on the part of the whole Republican Party, their demonstrated ineffectiveness in meeting the problems of the day. "You do not want to have a Congress like this, and a Republican leader, to try to take over the affairs of the Nation and try to work out the problems that we've got." I think that was it.

HESS: Some historians like to point out that the things

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that Mr. Truman will be remembered for in history were actually passed by the 80th Congress in foreign affairs, the Greek-Turkish aid bill, and the Marshall plan.

SNYDER: That is correct, but that didn't keep him from using effectively the fact that they didn't do some of the economic things.

HESS: Did he seem to stress domestic matters?

SNYDER: Right, right, and that's what the liberals were after, it wasn't foreign affairs or international matters or things of that sort, it was this daily breadbasket and things of that sort.

HESS: In your opinion, are domestic matters in a campaign more important than foreign affairs -- in a period when there's no shooting war?

SNYDER: Yes, definitely, because that more obviously affects the voter. He can measure that with

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greater understanding, whereas foreign affairs seem remote and far removed from his everyday life. Now that is changing. Today we have such instant communication that we know practically what's going on in any part of the earth. But back in those days, up until '48 certainly, things were different. In World War I and World War II we sent our boys across the seas, and we had some contacts and so forth, but we didn't have the great flow of tourists that we have now to these foreign countries. We didn't have the United Nations, which we've just began to get acquainted with. But today we've got this hundred and twenty some odd countries with their representatives right there in New York talking constantly. They are in the papers every day. With these great numbers of U.N. debates we are getting more conscious of international affairs, but at the same time, except

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for something like this Vietnam problem, or something of that character, it's the domestic considerations that still get to the voter more strongly and create opinion and feeling more strongly than matters dealing with foreign affairs.

HESS: We mentioned that Mr. Baruch turned down the position as chairman of the finance committee, and later Louis Johnson accepted that position. What kind of a job did Louis Johnson do?

SNYDER: Louis Johnson did a splendid job, really. He helped pull the campaign through and seemed to be most effective in raising funds at critical moments for broadcasts and national hookups and things of that sort, and for the campaign trips. Mr. Johnson was politically ambitious, and had been most active in the American Legion, had been head of the American Legion, and had

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been one of the leaders in the Legion continuously since its organization. Therefore he had a world of contacts around the country. He had been an important lawyer here in town, he had been an important, active person in the Democratic Party, and he turned out to be a very effective fundraiser.

HESS: Joseph L. Blythe was treasurer of the Democratic National Committee. Is there anything that is not generally known about this part in the '48 campaign?

SNYDER: Not to my knowledge. You can get that from some of the people you've been talking with, and whose entire efforts were in the political field. They could give you more information on questions of that nature.

HESS: What was your evaluation of J. Howard McGrath as Chairman of the Democratic National Committee?

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SNYDER: Well, you know, there's a wonderful old saying that the proof of the pudding is in the eating thereof. His candidate was elected, so you must concede that at least he conducted a successful campaign. I don't recall too intimately some of the campaign maneuvers of J. Howard McGrath. I think he was an earnest, loyal politician. He had been successful up in his home state of Rhode Island. He had been, I thought, a right good Senator down there. His great trouble came in later years when he began to get into cross patterns after he got into the Justice Department. Those things stand out in my mind more than the political operations. As I recall it, he was not a very effective fundraiser. He had very good political judgment on a great number of things as I recall it, but those things can be better discussed with you by somebody who has been more active in the political side.

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HESS: Do you recall if any particular problems arose during the campaign from the allegations made by Elizabeth Bentley and Whittaker Chambers?

SNYDER: Well, they were extremely annoying and disconcerting, particularly to the State Department, and to a very mild extent, in the Treasury Department. In the Treasury Department we had pretty well eliminated all of those so-called pinks or sympathizers. We never had very many in there in the first place, and those that were there had been pretty well eliminated. The ones that Bentley and Whittaker Chambers brought out were largely State Department people. It was very annoying, I can tell you that, because it was so sketchy. It wasn't anything concrete. If you go back to the history of it, this Hiss thing, about the use of a typewriter or something, it wasn't any confession, he wasn't convicted for being subversive or anything of that

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sort; it was because they caught him on a perjury charge. That was what he was convicted for. He, of course, shouldn't have lied. And that was the great trouble with most of it. It wasn't a matter of what they actually did subservicely, because they never could prove that they did do

anything. And then of course all this stuff that Bentley and Chambers were talking about, these papers that they passed, and the great damage that these papers did, and yet they never proved any of that.

HESS: The "Pumpkin Papers."

SNYDER: Yes, those things were extremely annoying, because they just didn't help in the daily operation of your department. No one in the Treasury at the time I was there was ever indicted.

HESS: During the campaign, a proposal was made to

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send Chief Justice Vinson to Moscow. Do you know where that idea originated?

SNYDER: From Fred Vinson.

HESS: Tell me about that.

SNYDER: Well, Fred just had the notion. He was a great compromiser and a most amazing sort of person. He didn't apparently seek publicity, but he was able to marshal a tremendous amount of it. He never held press conferences. I don't know if he, to my knowledge, ever had a press conference. But he had great rapport with the press. When he was in Congress, of course, he was never chairman of the Ways and Means Committee, but he always talked about it as though he was, and the great things that the Ways and Means Committee did. Fred was (I ought to call him Mr. Chief Justice), very ambitious politically. He left the Congress and took a

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judgeship thinking that that would get him out in the public eye more. But it didn't. He left the judgeship then and went over to some of the price-wage settlement programs. That didn't seem to be right. Then he went over to the Federal Loan Agency, and that never seemed to quite give him the springboard that he wanted. Then he went to OWMR, and that was anything but a building of prestige. Even OWMR finally eliminated Jimmy Byrnes. I think he was elected Governor down in his own state later, but it took him out of the national picture, as far as Roosevelt was concerned. Then Truman brought him back as Secretary of State. But after Vinson had been in OWMR for awhile he was anxious to do something else, so he wanted to go over to the Treasury. We discussed it, Mr. Truman and I did, and others, and we felt that maybe he could be helpful to Mr. Truman with Congress, not that he

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had had any financial experience particularly, but that there was some very fine, capable people in the Treasury. It was felt that he could probably do a good job there. So he went to the Treasury for a few months, and then to the Supreme Court. Now, as I say, I'm telling you all this to show you that he was a very ambitious man; he was trying to step forward politically, constantly. I, personally, think that his success was in his ability as a negotiator and a compromiser in getting meeting of minds and bringing people together, a catalyst to bring people together, and that sort of thing. He was very anxious to go to Potsdam, but that was ruled out by Mr. Truman. Of course

Mr. [Henry] Morgenthau was very anxious to go to Potsdam. That's been garbled considerably, but that was a fact. Mr. Morgenthau was still Secretary of the Treasury, and his resignation was accepted during

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the Postdam meetings. Mr. Vinson's name was sent up to the Senate and he became Secretary of the Treasury while Mr. Truman was still in Potsdam. It was much later that the Moscow idea came up. My notion is that because of his capacity and accepted ability to negotiate and be a catalyst and to compromise, he just had a notion maybe that as a high judicial officer, representative of the great Supreme Court of the United States, and being its Chief Justice, that he could go over and accomplish something with Stalin. He never did go.

HESS: I understand that the President phoned Secretary of State Marshall, who was in Paris at that time, and Secretary Marshall requested that Vinson not be sent. Is that correct?

SNYDER: He didn't think it would be effective.

HESS: Did you ever talk to Mr. Vinson about this

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particular thing?

SNYDER: No.

HESS: Did you travel on the campaign trains any?

SNYDER: No.

HESS: Did you attend any of the major addresses?

SNYDER: Oh, yes, the principal one I remember was the last one at the Kiel Auditorium in St. Louis. That, of course, was his greatest in the opinion of many who have discussed it in later years, that he did a remarkable job there. And the interesting part, of course, was that it was principally off-the-cuff. The prepared speech was laid aside. I went out on the train with him, we got in the night before the speech, and the next day he worked on some ideas, assembled some notes, and then the interjection of off-the-cuff ideas along. It made his speech

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very effective, and as all who were associated with him knew, that when he really projected himself, his personality, is when he made the most friends. On his campaign trips, it was when he just talked, ad-libbed his speeches, is when he warmed the people up. But in this speech that night, he just projected himself. Fortunately it was carried by radio. Although it was supposed to have just been a state projection, a lot of the radio stations picked it up, or made quotes from it. It was most effective.

HESS: If you wouldn't mind, I would like for you for a few minutes to comment on Mr.

Truman's development in the field of speechmaking. I have been told that perhaps the period of greatest development for him came during the trip in June of 1948.

SNYDER: That was when he began to project himself.

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He would abandon his script many, many times, and on these wayside stops that he would make when there was no prepared speech, he got his personal charm across to the listeners. His press, the newsmen that were accompanying him on the train, picked up this new technique of his, and his showing himself to the people. Initially there were some of his counselors and advisers that advised him to go only to big centers and make his major addresses to large audiences. After the Omaha debacle, he changed over. That's when he started the whistlestop type of operation. Of course, it was not only that he was getting to the public with these whistlestops, it was what the press was picking up and passing out to the public. It was very effective.

HESS: What do you recall about the events of election night in 1948? Just where were you at that time?

SNYDER: I was in St. Louis to vote. Quite a number

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of us were gathered. Of course, we were in communication, and as I recall, there were two or three phones available where we would get in touch with various ones. Mr. Truman, early that night, went over to Excelsior Springs, and got a good night's sleep, so he said, but I know that the next morning he called me rather early and we were highly pleased. He particularly wanted me to plan to come back with him on the train.

HESS: Do you think he really slept through that night?

SNYDER: He said he had a good night's sleep. He had the greatest capacity however to go to sleep and lay his troubles and his problems aside. I've seen him many a time after lunch when we were on trips, just lie down and seem to instantly, go to sleep. And it recuperated him tremendously, so

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he might well have done it. He had a great saying which he had told me and which I tried to adopt. He said, "If I have done the best I can do within my capacity, within my ability, I can do no more. And to worry about it only further incapacitates me or the next days job. When I look myself in the face and say, 'I've done the best I can do,' then I can just relax." I think he actually could do that and whether he did it that particular night or not, we have only his testimony, because he didn't have anybody with him except the Secret Service people and they were not in the room wherever he was. I didn't see him the next day, he stayed at the Muehlebach, receiving a lot of people and had a reception or two, and then came out the following day on the train. I got on the train with him at noon in St. Louis and we went on to Washington.

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HESS: What was his attitude when you first saw him, pretty happy?

SNYDER: He was pleased. The weight of the responsibility -- see, he had had a whole day of visiting and handshaking and an opportunity to think a little about the four years ahead. He had been elected himself and the responsibility was weighing on him, and he was pretty sober, in a sense, when we were talking just to each other, or while the train was moving, but of course on the platform there at the station in St. Louis, he was very exuberant and thanked everybody. He spent a great deal of his time enroute appearing on the rear platform before the public in thanking people for their support during his past four years, and that he was going to need all the help that he could get in trying to accomplish the things that were necessary in the next four years.

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HESS: I have heard that James J. Maloney, who was Chief of the United States Secret Service, was with Dewey on election night in 1948. Do you recall anything about that?

SNYDER: Yes, that's true, it did happen. It isn't quite as heinous a crime as it may sound. The only problem was that he was the head of the Secret Service. It had always been the custom to put Secret Service men with the candidates right up until the decision was made. The only problem was, he was the head of the Secret Service and if he was going to be anywhere, he probably should have been with the President rather than with Dewey. So, his name was mud from that minute on, regardless of custom or anything else.

HESS: One final question, did you think Mr. Truman was going to win that election?

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SNYDER: You know, there has been so much talk back and forth. I was honestly convinced that Mr. Truman had a good chance to win and I got it because of his own attitude that he communicated. He was confident. I don't think there could be anyone who could tell you that ever the slightest doubt was evidenced by him that he wasn't going to win, and being with him as much as I was it must have been communicated to me, because I was in my own mind convinced that he was going to win. I knew it was a tough race; I knew there was a possibility that he might lose, but my own conviction was that he was going to win.

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Twenty-seventh Oral History Interview with John W. Snyder, Washington, D.C., February 4, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Secretary Snyder, in his book, *The Truman Presidency*, pages 196 and 197, Cabell Phillips states that in the fall of 1947, President Truman offered to step aside for General Eisenhower, if the General would accept the Democratic nomination for President, while he, Mr. Truman, would take the number two position on the ticket as Vice President. Do you believe the incident as related by Phillips is correct?

SNYDER: Mr. Hess, I never heard Mr. Truman even discuss taking a second place in the administration after he had become President. I do not believe that he ever entertained such a thought of serving as Vice President under another President, after he had once served as

President.

HESS: All right. Getting into our discussion of the

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morning on foreign aid, what do you recall about the background of the development of the Truman policy towards foreign aid, including the decision to aid Greece and Turkey and the formation of the Truman doctrine?

SNYDER: As Mr. Truman took over the duties of President, following the death of President Roosevelt, he was faced with a gigantic problem of what would be the role of the United States in reestablishing the world economy following the devastating destruction and disruption of World War II. And as he studied the problem, he found that the foreign aid programs of the United States, after the Second World War, would fall into probably three categories by their objectives. He found that they must do that in order to get a proper perspective and a proper approach to the affective aid that the United States could afford to offer in the form of foreign aid.

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There was a series of programs designed to relieve the hardship and the misery left by the war. These programs many of them initiated while the war was still in progress, aimed at preventing starvation and pestilence in countries that had been the scene of war operations. A number of them were carried out by occupation forces and were undertaken in accordance with international law obligations.

The second category of foreign aid programs had the objective of assisting recovery from the war, and of developing the economies of friendly nations to the point where they would be self-sufficient again.

The third category of programs marked a return to the defense foreign aid. Programs of the third category were designed to strengthen the military forces of friendly nations in order that they might successfully resist threatened

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aggression. There was an overlapping in time of these types of programs, particularly in the case of the latter two where the United States sought to strengthen its friends both economically and militarily at much the same time. The necessity for the United States to supply funds for foreign relief became apparent during the latter part of the Second World War with the first major rollback of the enemy forces. The invasion of North Africa gave the United States control of a large area with a sizable, civilian population, which was dependent on temporary, outside aid for the very necessities of life. Lend-lease which poured billions of dollars overseas for war purposes provided only a trickle of money for relief, and to fill this need there was established the civilian supplies program, which was known as GARIOA, that is, Government And Relief In Occupied Areas. GARIOA was a stopgap measure, however, but it

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provided for the civilian populations of formerly occupied areas for the six months that they ordinarily remained under military control. In the cases of Germany and Japan, GARIOA constituted almost the sole assistance from the United States, and it extended throughout the period of occupation of these two countries. Germany received U.S. grants of $3,428,732,.000, from 1946 to 1951, and of that amount, $2,079,000 came through GARIOA. In Japan, of the $2,105,996,000 of grants through 1951, all but $178,000 came from the civilian supplies programs. When the GARIOA program ended in the various parts of the world, that is, with the exception of Germany and Japan, the United Nations Relief and Rehabilitation Administration, known as UNRRA, moved in to take up the relief burdens. UNRRA was a multilateral relief program administered by the United Nations organization which made contributions totaling $3,663,000,000

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to liberated countries, which did not have enough money to buy relief items. This restriction eliminated Great Britain and some of the Western European countries from the UNRRA program. Of its total relief contributions, UNRRA derived 73 percent of its funds from the United States. Private relief agencies also contributed to relieving the suffering in Europe and Asia, and the United States made sizable sums of money available to organizations such as the International Childrens' Emergency Fund, and the International Refugees' Organization. My personal interest in relief programs antedated my entrance into the Treasury. In 1945, while Director of the Office of War Mobilization and Reconversion, I had at the President's request, traveled through Europe studying economic problems. The sight of a Europe nursing its war wounds with its basic industries disrupted, its transportation system

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obliterated, its agriculture producing only a fraction of its food needs, was a terrible and frightening sight to me. I later referred to this trip as the most heart-rending experience I had ever witnessed. I returned to America to urge that the United States' war surplus property abroad be used, when possible, for relief purposes, and I was instrumental in organizing emergency food shipments to Europe to help its people get through the winter of 1945 and '46. In March of 1946, I was among those who urged the appointment by President Truman of former President Herbert Hoover, who had won a great reputation in relief work after the First World War, and I recommended him as head of Mr. Truman's Famine Emergency Committee in 1946. UNRRA, civilian supplies, and other relief programs, were humanitarian measures which did much to alleviate the sufferings of the immediate postwar

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period. However, they did not, and because of their limited resources, could not answer the long-run problems of the war-stricken countries. These programs were largely successful in staving off starvation in the winter of 1945-46, but they did little to put the European and Asiatic economies back in running order so that a starvation situation would not recur. But this fact was scarcely realized until the winter of 1946-47, when really the big problem fell on Europe. Until then, it had seemed probably that the economies of the battlefield countries needed only time to get themselves into working order. European recovery did not come up to expectations in 1946, and this basic weakness was clearly demonstrated by the bitter winter of that year, the most bitter in Europe in nearly a century. Snow and ice storms and floods battered Western Europe that

winter with unprecedented ferocity,

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and the bitter weather lasted well into the spring. When the winter was over, one frightening fact stood out, the European economy had been operating on such a narrow margin that floods and storms could completely disrupt their progress. The severe winter also had destroyed that operating margin, and the situation had reverted to practically the same situation that prevailed immediately after the end of the war. Recovery affected in the year and a half of peace had completely been wiped out, and there apparently was little prospect of future efforts at recovery without further outside assistance. Weary and battered Europe lacked hope and direction. In addition, Russia's control of the countries in Eastern Europe had closed off a portion of the market and resources of Western Europe. This then was the foreign economic situation which confronted the Truman administration in the

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spring of 1947, as the early relief programs were grinding to a halt. The catastrophe was not limited to European countries, however, for those nations were the principal users of raw materials for Asia. Therefore, Asian countries suffered too from the economic breakdown in Europe. The political implications of this economic breakdown were staggering for the United States. Western Europe was wobbly, drained of all real strength, while the Soviet Union stood anxiously awaiting the proper moment to stretch its sphere of control all the way to the Atlantic. The decision made by the strategists in the Truman administration led by General George C. Marshall, who early in 1947 became Mr. Truman's Secretary of State, was that this could not be allowed to happen. Russian control of the economic resources and the technical skill of Western Europe would heavily tip the world balance of

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power to the Communists. The winter of 1946-47 made it clear that this disaster might occur unless the United States lent a hand to its allies and friends. The economic situation varied somewhat from one European country to another, so that there was, initially at least, a tendency to approach the problem of European recovery on a country-wide, rather than a continent-wide basis. In Great Britain the situation was serious but not yet acute. That country, which had borrowed $3,750,000,000 from the United States in 1946 improved its trade position somewhat in 1946. Although the winter of that year dampened some optimism about British recovery, Britain was not on the brink of collapse, and its internal political situation was of course somewhat stable. France and Italy were different matters. Both of these countries were in disastrous conditions.

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Economically, they were in ruins. Politically, both had large domestic Communist parties, which actively obstructed government programs and were in a position to create widespread civil disorders. Austria was on this critical list. Approximately half of the country was controlled by Russian troops and the other half by American troops. Germany, of course, was prostrate, dependent almost entirely on the aid from the occupying powers. Concerning the smaller European countries such as Belgium, the Netherlands, and Luxembourg, there was not so much concern at the time. They were stable politically, and had set up recovery programs of their own

which had done much to restore their economies. However, those smaller countries could have been greatly influenced by the course of events in the larger nations around them. Greece was actively fighting a civil war against Communist insurgence. The British maintained

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some forces there, but the economy was devastated. Political pressures by the Soviet Union against Turkey had been increasing since the war and was apparently headed in 1947 toward the catastrophic climax centered around control of the Bosporus Straits. With a feeble economy and an obsolete army, Turkey was in a poor position to defend itself. In February of 1947 an event occurred which made it certain that the latter two countries, Greece and Turkey, would be the subject of the first major effort of the Truman administration, directed towards welding together this country's economic power and its desire to contain communism. The result was the Truman doctrine, and the Greek-Turkish aid program.

In February of 1947, the British government handed to the State Department in Washington two brief notes. One of these notes concerned

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Greece and it recalled that in the previous summer that the then Secretary of State, James F. Byrnes, and the British Foreign Secretary, Ernest Bevin, had informally agreed that Britain would chiefly furnish military assistance to Greece while the United States would furnish economic aid. The note pointed out that Greece was then in desperate straits, and it suggested that the United States decide how much and what kind of economic assistance it could give to that country. The British Government, the note said, would be unable to give Greece further economic assistance after May 31st. The second note stated that Britain was unable to give further financial assistance to Turkey, but it recognized that Turkey needed to conduct both an economic development program and modernize its armed forces at the same time in order to defend itself. It was recognized that Turkey could not accomplish these things

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without outside aid, therefore, the question was raised as to how much assistance the United States could give. Putting aside the reference in the notes to previous informal agreements and the offers of Britain to give military aid if the United States could finance the economic programs, the substance of the two notes was very disturbing. Great Britain recognizing that its burdens in two countries that had been considered part of its area of interest were too great for it to maintain any longer, asked the United States to assume a great part of that burden. The British admission that she needed help in Greece and Turkey was not startling to informed officials, but the British notes setting a deadline for ending British economic assistance to Greece, and outlining the desperate situation in Turkey, gave the problem great, immediate requirement of attention. The British notes

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left President Truman with two alternatives: He could take up the burdens that Britain was being forced to throw down, or he could see the Communists almost certainly win their civil war in Greece, and perhaps see Russia obtain control of the Bosporus.

On March 12, 1947, Mr. Truman addressed a joint session of Congress, and called for a Greek-Turkish aid program of four hundred million dollars, and then he enunciated what has come to be known as the Truman doctrine:

> I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures.
>
> I believe that we must assist free peoples to work out their own destinies in their own way.
>
> I believe that our help should be primarily through economic and financial aid which is essential to economic

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> stability and orderly political processes.

In the Government deliberations and the preliminary work that led to the President's speech, I had the privilege of playing really a larger part personally than I did in my position as Secretary of the Treasury. The amount of financial aid offered to Greece and Turkey was not so great that it called for particularly special measures from the Treasury. The President and I, in our frequent conferences, discussed the Greek and Turkish problems prior to the President's address, and I was convinced that steps had to be taken and taken promptly. At a Cabinet meeting on March 7th, the President asked me to head a committee consisting of Secretary of Commerce Averell Harriman; Secretary of War Robert Patterson; Secretary of the Navy James

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Forrestal; Secretary of Agriculture Clinton Anderson; Secretary of Labor Lewis Schwellenbach; Under Secretary of State Dean Acheson; and OWMR Director John Steelman; which had the job of contacting leaders throughout the country, particularly industrial and financial leaders, and informing them of the necessity of the aid program and of the general foreign economic picture. This committee was also to study the best means of presenting the program to the American people, and on the following day it recommended that the gravity and importance of the program would be demonstrated if the President appeared before Congress to outline his plans. This Mr. Truman did four days later. Execution of the program outlined by the President was left in the State, War and Navy Departments. Congress approved a four hundred million dollar request for aid to Greece and Turkey on May 22,

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1947, and more funds were appropriated in later years. Military aid to the two countries was continued after 1948 under the Mutual Defense Assistance Program, and later the Mutual Security Program. Economic assistance to Greece and Turkey embarked the United States on a new course in foreign political and economic affairs, but it was only the beginning. It left unanswered the major question of what was to be done to help these nations of Europe whose positions were only slightly less critical than those of Greece and Turkey. Consideration of this question was the logical step, and the State Department took it before even the President

announced the Truman doctrine. The result, and one of the major foreign policy achievements of the Truman administration, was the Marshall plan. The genesis of the Marshall plan is familiar to most students of international affairs. Policy planners in the State Department, assured by

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the public and congressional reception of the Greek-Turkish aid program that they were not undertaking an impossible task, faced up to the problem of getting United States aid to Europe. The idea of broaching each country's problems separately was discarded in favor of the continent-wide approach, and the offer of large scale foreign aid of a substantial nature was given its first public tryout by Dean Acheson in a speech at Cleveland, Mississippi on May 8, 1947. The Under Secretary of State outlined what the United States was already doing in foreign aid. He said that America had already contributed nearly three billion dollars in foreign aid, had taken the lead in the International Bank and International Monetary Fund, and had subscribed a billion dollars to those organizations, had increased the lending capacity of the Export-Import Bank by about

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three billion dollars, loaned Great Britain three and three quarter billion dollars, was proposing to contribute half a billion dollars that year to the Philippines, a billion dollars to relief to occupied areas, and the President had recommended four hundred million dollars to Greece and Turkey, plus post-UNRRA relief of some three hundred fifty million dollars. All of this, Acheson says, was but piecemeal and temporary in its operation. It would suffice to close most of the eight billion dollar gap between what foreign countries would buy from us that year, and what they would sell to us. And he added:

> But what of next year and the year after that.

Quoting from his speech:

> The facts of international life also mean that the United States is going to have to undertake further emergency financing of foreign purchases if foreign countries

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> are to continue to buy in 1948 and 1949, and commodities which they need to sustain life and at the same time rebuild their economies...we know now that further financing, beyond existing authorizations, is going to be needed.

This speech of Acheson's, noteworthy as it was, contained no mention of specific plans that the Government might have had in mind, and it made no specific offers of new aid. Its impact on the public was thus somewhat lessened.

The next step was carried out by Secretary of State Marshall in his speech at Harvard University on June 5, 1947. The Secretary's speech was a justly famed one, but it would be worthwhile to look back from a point years later to see exactly what it was that he said. The core of it was, to quote from the speech:

> The truth of the matter is that Europe's requirements for the next three or four years of foreign food and other essential products -- principally from America -- are so much greater than her present ability to pay that she must have substantial

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> additional help or face economic, social, and political deterioration of a very grave character...
>
> It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace. Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos. Its purpose should be the revival of a working economy in the world so as to permit emergence of political and social conditions in which free institutions can exist. Such assistance, I am convinced, must not be on a piecemeal basis as various crises develop. Any assistance that this Government may render in the future should provide a cure rather than a mere palliative...
>
> It is already evident that, before the United States Government can proceed much further in its efforts to alleviate the situation and help start the European world on its way to recovery, there must be some agreement among the countries of Europe as to the requirements of the situation and the part those countries themselves will take in order to give proper effect to whatever action might be undertaken by this Government. It would be neither fitting nor efficacious for this Government to undertake to draw up unilaterally a program designed to place Europe on its feet economically. This is the business of the Europeans. The

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> initiative, I think, must come from Europe. The role of this country should consist of a friendly aid in the drafting of a European program and of later support of such a program so far as it may be practical for us to do so. The program should be a joint one, agreed to by a number, if not a1l, European nations.

These were the statements which formed the basis of the Marshall plan. Secretary Marshall did not spell out a new, broad-scale, foreign aid program in his speech, but he held out the prospect of assistance from this country if the European nations would first help themselves as much as possible. The genius of the Marshall plan was contained in the Secretary's short statement that: "The initiative, I think, must come from the Europeans." This simple sentence reaped a large profit, both politically and economically for the United States. Politically it pulled the rug from under much of the Communist propaganda, which maintained that the United States foreign aid was imperialism aimed at subjugating

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independent people who really wanted only to be left alone. Economically it assured the United States that this aid would go into planned enterprises of a productive nature, which the Europeans themselves considered to be of the greatest importance. In a sense, Secretary Marshall

was asking the Europeans to exercise debtor responsibility.

Also to be found in Marshall's speech, was an intimation that the Secretary of State was aware of and was forewarning the Europeans about the necessary limitations that would have to be imposed on any program of American foreign aid. "The role of this country," Marshall said, "should consist of friendly aid in the drafting of a European program and of later support of such a program so far as it may be practical for us to do so." This does not mean, however, that Secretary Marshall or anyone in the Truman

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Cabinet was certain of how much aid the European countries would need, or how much the United States could give. These limitations had to be settled later. When Marshall made his speech, a number of figures had been suggested, but none had been definitely accepted.

My close friend, William L. Clayton, Under Secretary of State for Economic Affairs, had returned from Europe in the spring of 1947, and he was convinced that Europe would need from six to seven billion dollars for each of the next three years. However, no decision was reached until, in line with Marshall's suggestion, the European countries themselves got together and decided how much they could do, and how much they would like for the United States to do. What Secretary Marshall's Harvard speech amounted to was a statement that the United States could undertake large scale economic aid to Europe,

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only if the European nations themselves first agreed on what was to be done, and contributed as much as they could. But the United States would promise to assist in working out such a plan and would, when the plan was completed, contribute as much as it considered practical to the accomplishment of the program. It may be seen that the speech of the Secretary of State was general in its language, and beyond suggesting that there was a limit to the amount that the United States could contribute, it did not set out such a limit. This method of launching the Marshall plan enabled the enthusiasm and energy of the Europeans to work freely, but it did create a situation which might have resulted in many misunderstandings and possibly much bitterness.

Following Acheson's speech at Cleveland, Mississippi, in which he predicted that foreign

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aid would come to five billion dollars a year, the question of how much the European Assistance Program would cost had been taken up by commentators and political and business leaders. Some of the guesses that resulted were rather high. It was not surprising that Henry Wallace recommended expenditures of ten billion dollars a year for five years, with half of the amount to go to Eastern Europe and Russia. But it may be surprising to find that Harold Stassen, who later became disarmament adviser to President Eisenhower in 1953, made a speech on May 21, 1947 in which he proposed that the United States set aside 10 percent of its production for each of the next ten years for a "production for peace" program. In return Stassen said that the United States should not look for a return in money, but partially in raw materials, guarantees of liberal trade policies, and in

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the accomplishment of other political and economic objectives. This was about as sound as most of Stassen's pronouncements throughout his lifetime, that is, in my opinion. Since national production then stood at $210,000,000,000 a year, and assuming that it did not greatly decline within ten years, Stassen's proposal would have meant an outlay of more than $200,000,000,000. However, if Stassen's program had been undertaken, and if the great expansion of national production that took place in the next decade had occurred, then Stassen's proposal would have meant a far greater expenditure for the United States.

This is just to give you an idea of some of the limits to which proposals were suggested, and how far afield some of them went.

HESS: Before we go further into this, Mr. Secretary, I'd like to ask you a question. You mentioned Will Clayton, and as you know, he has been

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credited by some historians as originating the idea of what came to be known as the Marshall plan. What is your opinion of that?

SNYDER: I am convinced that the report which Will Clayton submitted after his return from a survey of the economic and military conditions in Europe following V-E Day, that the statistics, the background of that report, formed the basis on which Mr. Acheson and Secretary Marshall later developed their proposals.

HESS: Would you go so far as to say that he was the father of the Marshall plan?

SNYDER: Well, the seed came from him, so I would think that credit should go to Will Clayton for producing the nucleus around which was built the later proposals for such a plan as the Marshall plan.

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HESS: All for one morning?

SNYDER: Yes.

[1113]
Twenty-eighth Oral History Interview with John W. Snyder, Washington, D.C., February 12, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: All right, sir, shall we continue on with where we were last week?

SNYDER: Last week we were discussing the Marshall plan, the background of its formation and some of the people who were responsible for its early inception. And we had also discussed some of the estimates of how much it would cost to operate the Marshall plan in dollars. In addition to those unofficial estimates, which we discussed last week, as to the great cost of the

Marshall plan, many of the more responsible people took a notion that Secretary Marshall's proposal was an outright offer that the United States would pick up the entire relief and recovery tab for Europe. Now, this, I thought, was deplorable, since it tended to negate the good

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effects of Marshall's statement that the Europeans should first get together to help themselves before approaching us for aid. As keeper of the national finances, I felt an obligation to counteract both this notion and the astronomical estimate of how much the foreign aid program would actually cost the United States. I found an opportunity to do so in a press conference that I held on June 26, 1947, where the questions was asked:

> Don't you understand Secretary Marshall's speech to mean that he is inviting other nations to come to us with an application for such relief as is necessary?

I promptly answered:

> By no means. My interpretation is that he is asking them to make a self-inventory, and see what they can do for themselves.

The question was then asked:

> And you don't think that there is any offer of United States assistance in Secretary Marshall's speech on the subject?

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I replied:

> No more than we have had evidence of all along.

This incomplete and ambiguous exchange served as the basis for bold, black headlines in newspapers proclaiming a rift between me and the Secretary of State over the Marshall plan. It seemed to reporters at the press conference that I was denying that Marshall had pledged the United States to assist European recovery. For me, I'll have to say that although I failed to make myself completely clear, my intention was to impress upon the reporters and newspaper readers that Marshall's speech implied more than an invitation for other nations to come to us with an application for such relief as was necessary.

Later that day, through the Treasury press relations office, I issued a statement clarifying my early remarks:

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> In my press conference this morning, in response to questions regarding the implications of Secretary Marshall's address at Harvard, I indicated that we had had evidence for some time that the United States' assistance might be required in the reconstruction of Europe. As Secretary Marshall indicated in his speech, before the United States can proceed much further in this effort to lend assistance

> to the situation in Europe and help the European world on its way to recovery, there must be some agreement among the countries of Europe as to their essential requirements, and the part that they will play in providing such assistance and forming an appropriate basis for whatever assistance might be requested of the United States Government. My statements today should nowise be interpreted as disagreeing in any respect with the comments made by Secretary Marshall at Harvard.

Nevertheless the press conference remarks served as a basis for considerable editorial comment in the succeeding days to the effect that, first, I was in favor of only a small amount of aid, and second, favored aid only for the immediate period ahead, and not for a period of years, and third, was opposed to all foreign aid. The truth of the matter was, I did not know, nor did

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anyone in the Government at that time know, exactly how much aid could be offered and how much would be needed. I was convinced that the United States' assistance would be necessary for successful recovery programs in Europe, but I did not then know what was possible or what was necessary. As confirmation of this, we may look to an event that occurred on the day following the above mentioned press conference. On June 27, 1947, a report of the National Advisory Council (of which I was chairman) to the Congress, was released. The report had obviously been prepared a number of days in advance of its release date, and thus may be taken as an official statement of my views on foreign aid at that time. The NAC reported to Congress that by the end of March, nearly three months earlier, almost all U.S. resources authorized for foreign financial assistance, other than

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subscriptions to the Fund and Bank had been committed, and it said:

> It has during the period of review become increasingly clear that such resources as remain available will not, by reason either of their amount or of the nature of developing needs abroad, prove adequate for the accomplishment of the purposes for which foreign financial assistance has been provided. The question of the extent to which this country will need to provide additional assistance to foreign countries can not be readily answered at this time. The agencies requested by the National Advisory Council are giving continued consideration to this matter.

In addition to some public misunderstanding of my attitude to foreign aid, there was also some misconstruction of the relationship of Secretary Marshall and me. Rumors and reports of disagreements were not infrequent, particularly after the press conference of June 26. However, Secretary Marshall and I had, for a number of years, been close friends, and we remained so. To me, General Marshall was a great soldier, an able

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statesman, and something of a personal hero to me. In his relations with me the General unbent to a degree that was really unusual, exhibiting a side of his personality that was almost sentimental when compared with the rigid military manner which the General always maintained

in public. Marshall did believe that large-scale assistance to Europe was necessary, and he believed that the need was urgent; but he was, as he freely admitted, lacking in a background of economics and finance, and he relied heavily in those fields, upon the advice of those he trusted, and I'm happy to say that I always felt that I was one of those. There was no basic disagreement between us on foreign aid or on anything else. I was in complete accord with the Secretary of State's view that further United States aid to Europe was necessary, and the two of us agreed that before the United States did move, it was necessary for Europe

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to get together and help themselves as much as possible. Beyond that, any differences that we had were differences of emphasis or of timing.

My feeling that the emphasis of the Marshall plan should be, first of all, on Europe's self-aid, and second, on U.S. aid, was not modified when I went to Europe that summer of 1947 to attend the annual meeting of the Board of Governors of the Fund and Bank. But what I saw on the trip did reassure me as to the willingness of the Europeans to work for their own recovery.

I had not been in Europe since the summer of 1945 at the time that I was Reconversion Director. That earlier trip had been a shocking one to me, disclosing as it did the desperate economic condition of Europe in the wake of the war. My 1947 trip during which I visited a number

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of countries and talked with government and business leaders, was most revealing. Although I had known from reports available to me of the extreme weakness of the European economy two years after the end of the war, and although I was aware of the bitter impact that the winter of 1946-47 had had on European recovery, it was another matter to see it and talk about it with responsible men on the scene.

Returning to New York, I told newsmen that, "The task confronting Western Europe today is complicated and difficult, but I feel that some progress has already been made." I further added, "It should be remembered that economic health is contagious. Western Europe, I believe, is really beginning to face up to its problems, and with continued courage, unity of effort, and hard work, the people of Western Europe can face the future with real confidence."

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Twenty-ninth Oral History Interview with John W. Snyder, Washington, D.C., February 20, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, this morning, let's continue on with our discussion of the foreign affairs matters.

SNYDER: Well, Mr. Hess, this report was an optimistic but not particularly revealing public report that I made at the time. In keeping with my own conception of my official function, I retained my personal report to be made to the President himself. However, the magazine *U.S. News and World Report*, in its issue of October 18, 1947, after stating that I was not talking outside of official circles, but that the ideas that I brought back from abroad can be easily

ascertained, as it was my view, as they interpreted, that financial help for Europe was most urgent. To some extent of course,. they added, that it appeared to be a change of view. In an article

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which they wrote:

> Before the trip, Snyder had endorsed the Marshall plan in general terms, but was looking skeptically at many details. As the man who must provide the money, he wanted to be sure that the money would be available. Within the administration, he was a deterrent, a counterbalance, for Secretary of State George C. Marshall's insistence on quick, large-scale action. What Mr. Snyder saw in Europe removed some previous doubts. Now his great influence is on the side of speedy aid, but there are still limits. In urging aid for Europe, Mr. Snyder is speaking only of the period immediately ahead. He says Europe has to be helped through the winter by advances that will provide coal and food. Beyond that he does not go for the present. He apparently feels that later aid should be tied to later developments.

As the article reported, I had returned from Europe convinced that assistance was needed to get the Europeans through the approaching winter. This type of assistance I certainly believed to be urgent, but I realized that it would perhaps take time, perhaps many months, to get the Marshall plan approved by Congress and in working order. However, the further optimism that I might have

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reflected about European recovery in the statement that I made immediately after I got back from Europe, I really used that as the basis of reporting what I saw on the trip. I, without doubt, gained firsthand knowledge of the manner in which the European countries had already gotten together to draw up a plan for their own economic recovery. Secretary Marshall's statement that the initiative should come first from Europe had been taken by the Europeans at its face value. I had seen evidence of their reaction to Marshall's speech. While in Europe, I had attended some of the meetings of the economists and government officials that later resulted in the so-called Paris report, a blueprint for recovery of Western Europe. This activity upon the part of the Europeans greatly heartened me towards the execution of the Marshall plan. Secretary Marshall's Harvard speech caused great interest in all the European capitals.

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Marshall had told the Europeans that it was <u>their</u> move, and the move was not long in coming. The leader and great force behind the first action was Great Britain's foreign secretary, Ernest Bevin. It was Bevin who did more than any other single European to make the Marshall plan a reality. Bevin was an unusual figure in Europe, and particularly British politics, a leader of the Labor Party in Britain. Bevin became foreign secretary after the war when his party upset the Conservative government of Winston Churchill. His background made him almost unique in the Labor government, a working man who had made his career in the trade union movement. He brought energy, force, and realism to the Foreign Office. He was not one of British Socialism's theorists, he was a man of direct, and formidable action. Of all the members of the Labor

government I had the closest relations

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with Bevin. The two of us had become friends who trusted and respected each other. In the wake of the Marshall speech, Bevin led the way to the organization of the Committee for European Economic Cooperation; it became known as the CEEC. He and the French foreign minister first invited the Soviet foreign minister to join them in considering whether a joint European plan for economic recovery might be devised. As a matter of fact, it was somewhat startling to recall that Russia and her satellites could have even thought of participating in the Marshall plan. The invitation was open to all European countries, and the State Department took a calculated risk in order to avoid charges that the Marshall plan was directed against the Soviet Union. The gamble paid off since Russia, afraid of loosening controls over her satellites, prevented them from participating in the Marshall plan.

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The Soviets declined to take part in such discussions, and early in July Britain and France proceeded to invite all European countries, with the exception of Spain, to send representatives to a conference which would draw up a European recovery program. All sixteen nations sent representatives to Paris where the CEEC was formed. On September 23, 1947, after about two months of furious work, the Paris report of the CEEC was transmitted to American officials. It presented a plan for European recovery based on estimates of production, needs and outside assistance required. This report, a remarkable achievement by sixteen nations, successfully fulfilled Secretary Marshal's dictum that the initiative should come from Europe. I had seen the CEEC at work, and had learned of some of the results of its efforts during my trip to Europe. I entirely agreed with the State Department in its

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statement:

> The report of the Committee of European Economic Cooperation represents in the light of European history a significant achievement. In the space of somewhat over two months representatives of the governments of sixteen countries of diverse histories and customs all suffering in some degree from the catastrophic results of World War II, from economic ills and political tensions, met together in a harmonious and cooperative atmosphere and produced a document of historic importance.

The conclusion of the CEEC was that if the program of European recovery was to be achieved, sizable assistance would be needed from the United States. Taking the report as a starting point, various U.S. Government agencies studied the program and the recommendations, and the estimates of assistance needed from the United States were scaled down. When the administration went to Congress for appropriations for the program in late 1947, it requested total assistance of between fifteen and seventeen billion, eight hundred million dollars, for four

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and one quarter years. It asked for six billion, eight hundred million dollars for the first fifteen

months of the program. The aid requested included estimates for Western Germany. Getting the Marshall plan through the Congress was a matter of several months. In the meantime, however, events in Europe and elsewhere did not stand still. To fill the need for immediate relief while it was considering the Marshall plan, the Congress in 1947 passed two foreign aid laws providing immediate funds to distressed countries. As noted above, the National Advisory Council had reminded the Congress in June that nearly all money then authorized for relief had been committed, and that the funds on hand or in immediate prospect were not sufficient to accomplish the purpose for which foreign aid had been provided.

When I returned from Europe, as I have

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just stated, convinced that the European people should get immediate interim aid for the coming winter, I made it clear that this aid was needed. The Congress first passed a post-UNRRA bill appropriating three hundred and fifty million dollars for that program. In my view, however, and in view of the NAC, this amount was still not enough, and the council then recommended to Congress a plan for interim aid to Austria, France, and Italy, the three Western European nations in the most dire need. On December 23, 1947, the Congress appropriated five hundred ninety-seven million dollars for the interim aid program, and on March 31st, 1948, an additional fifty-five million dollars was provided for the same purpose. Nearly all of the interim aid program funds were in the form of grants. Later, some twenty-one million dollars of unexpended funds from the program were incorporated into the European

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Recovery Program. Both the post-UNRRA and the interim aid programs met a crucial need in a crucial time. They enabled a number of countries which were in critical condition economically to subsist until the Marshall plan could get underway. The importance of the Export-Import Bank in the foreign aid plans and operations of the United States Government was recognized throughout the postwar period by the Truman administration. Shortly after the war ended the lending authority of the Bank was raised by Congress from seven hundred million dollars to three and a half billion dollars, and corresponding with this increase in authority was the rise in the Bank's outstanding credits from two hundred fourteen million dollars in 1945 to nearly two and a quarter billion dollars in 1948.

In the interim period before the Marshall plan got underway, Government leaders again turned

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to the Export-Import Bank for assistance. It was proposed within the Treasury that the Bank extend unsecured reconstruction loans to European countries to tide them over the interim period. However this could not be worked out, for as the Export-Import Bank itself pointed out, the Congress had directed it to cease using unsecured reconstruction loans. The Bank did look into the possibility of making secured loans to a number of European countries, but these did not make a significant contribution to foreign aid in the interim. The Export-Import Bank continued throughout the Marshall plan period to be the principal Government agency through which foreign loans were granted and administered. This was a result of a provision in the Marshall plan's legislation providing that the administrator of the Economic Cooperation Administration

to transfer funds to the Bank

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when he wanted to extend a loan. Congress again increased the Bank's lending authority in 1951 in the midst of the Korean war, this time to four and a half billion dollars, and directed the Bank to place importance on the development of sources of supply for strategic materials for the United States. Within the Cabinet, and within the entire executive branch of the Government, the organizational problems inherent in the launching and maintaining of large foreign aid programs became a matter of greatest interest and urgency in the summer of 1947. There were, of course, great problems, given the impact of such programs on the entire Nation and the fragmented responsibilities of our Cabinet system. President Truman on June 22 appointed three committees to study the relationship of foreign aid to various parts of our national economy. Several congressional committees also

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entered the field with surveys and studies of their own.

Later, Under Secretary of State Robert Lovett set up an informal, interdepartmental committee on foreign aid. The nature of the Lovett committee was discussed in a memorandum of September 11, from Frank Southard to me. Southard noted that Lovett had called the first meeting of his group which consisted of State, Treasury, War, Navy, Interior, and Agriculture. He proposed to use this as a steering committee and to refer various aspects of the Marshall plan to the NAC, the Krug and Harriman committees, and the food committee and others.

Recognizing the difficulties of coordinating such a program among the various agencies and departments, I believed that an informal committee would not be able to handle the job. My experience as Director of the Office of War Mobilization and

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Reconversion had convinced me of the necessity of having a permanent coordinator of such a program. However, my proposal that a Cabinet committee be set up by Executive order to handle the job was not accepted. Southard reported to me on this matter. In a memorandum he stated:

> We have heard nothing of your proposal for a Cabinet committee to be set up by Presidential order, but I have sensed among my key State Department people misgivings concerning the effectiveness of the informal procedure that is now beginning to function, and I do not believe that they would resist your proposal if it was pressed.

However, I did not press for my proposal, for as I recall later I began to doubt the efficiency of even the Cabinet committee because of their lack of central direction and control and concluded that they were not much of an improvement over the informal committee plan. In addition, the National Advisory Council, which I headed, came

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to be relied on more and more as the top agency of the executive branch on foreign financial

problems related to aid programs. There were a number of good reasons for this. The NAC was a permanent group. It had had experience in the field of coordinating Government agencies dealing with foreign economic matters, and it had its own staff. We will see later how the Council retained a strong hand in foreign aid even after the establishment by Congress of the Economic Cooperation Administration. In the days when the Truman administration was working out its proposals for the European Recovery Program, the NAC played a very vital role. To it was referred all of the financial problems connected with the program, and from it came many of the provisions of the legislation concerning financial matters. Frank Southard headed the NAC task force working on the Marshall plan.

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Among its more notable contributions to the European Recovery Program as it took shape was the provision for the establishment of counterpart funds which served the double purpose of reducing the threat of inflation in countries which received aid and provided funds for the carrying out for the many functions of the program. Counterpart funds will be discussed a little later as we get into the further operation of the European Recovery Program.

In one important aspect of the overall foreign aid picture, it was my privilege to play a leading part before Congress and before the people through speeches and presentations. Of course, this was frequently referred to as my fight to have the Congress provide foreign aid funds within a balanced budget. It is characteristic, as it was stated by the press at the time, that I should function in that fashion. I was expected to strongly advocate the programs of

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my administration, and, as many thought I would necessarily bring about considerable fiscal restraint. All the Government officials were victims of similar situations to some degree, but none, as I recall, was quite given the pressures that I received at the time; although I expected these pressures, my official responsibilities required me at all times to speak up strongly for the fiscal soundness of the plan. I felt that the alternate goads and restraints of this situation, with particular sensitivity in the months leading up to congressional approval of the Marshall plan, would be most helpful in steering the plan through Congress. While I definitely favored the Marshall plan, I also had to think of my program for a balanced budget, and I believed that foreign aid should be provided within a balanced budget and not through deficit financing which would weaken

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our own economic position. According to the press of the time, as I look back, much space was given to the issue in the newspapers from October 29th on. At that time, I was asked if I thought that Congress should act on the Marshall plan before considering any tax reductions. At the time I was quoted as saying, "Definitely, because I certainly want the Marshall plan to be within a sane, balanced budget." I also stated that I was quite sure that the National Advisory Council would confer as a group on Marshall plan appropriation requests, to judge their relationship to a balanced budget and the problems of the Treasury and the Federal Reserve System.

In January of the following year, when I appeared before the House Foreign Affairs Committee to discuss the European Recovery Program, I again reiterated my desire to see

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the program come within a balanced budget. One interesting result, without any question, in my opinion, was a change in the attitude of the Republicans towards the Marshall plan, due largely to the position that I was taking that it should be considered within a balanced budget, because at first the Republican segment of Congress was rather cool to this, and of course, as you recall, they were in control of the Congress at the time that this legislation was up there. But we developed some very strong advocates among the Republican leadership.

HESS: Who was the strongest?

SNYDER: I would have to go back and check my records there. I think that Senator Robert A. Taft was exceptionally helpful, Senator Robert Kerr, a Democrat, was very, very productive in this period. Senator Tom Connally's aid was material

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in the Senate, and Sam Rayburn was most effective in steering the program in the House. The most important hearings, in my opinion, our most effective hearings, were on the Senate side.

HESS: Was Senator [Arthur H.] Vandenberg helpful?

SNYDER: Vandenberg was very helpful, yes. Senator [Eugene Donald] Millikin of Colorado was, as I recall, very helpful. And to give fairness to all, I must say that real support was developed in the Senate.

In November of 1947 the President's Committee on Foreign Aid estimated a first-year cost of five and three quarters billions of dollars, and a total cost of twelve to seventeen billion dollars for the whole Marshall plan, as I mentioned awhile ago, covering the whole four and a half year period. The committee also advised the President that the United States' natural

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resources and productive capacity could safely support a program of these dimensions. In December of 1947, the Truman administration sent to Congress its recommended draft legislation for the Economic Cooperation Act of 1948. That gives us a guideline on when, and that was in December of 1947, before we got around to actually sending up a well-rounded program, with the title of "The Economic Cooperation Act of 1948." It was the time before the ECA program first went to Congress.

The funds requested for the first year were close to those recommended by the President's Committee on Foreign Aid, but the draft legislation represented not only the administration's recommendation for appropriations, it also included recommendations for an organization to administer the program. The bill submitted to Congress represented weeks of long, hard work, for all

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members of the Truman Cabinet, and it contained the proposals which President Truman and his

advisers believed would best insure the efficient and vigorous administration of the European Recovery Program.

First of all, it made participation in the program open to all European nations, and their colonies or dependencies that were willing to take certain specified steps to cooperate with their neighbors and with the United States. It provided for the setting up of a new agency of the Government, the Economic Cooperation Administration (the famous ECA), and that organization was to be headed by an administrator. It also called for a special representative of the ECA to be maintained abroad and for the ECA personnel to be employed overseas, as well as at home, in administering the program. The administrator of ECA was authorized to transfer goods and services as well as funds in the

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accomplishment of the program, and to make guarantees to U.S. citizens and businesses to facilitate private investments overseas. All loans were to be handled through the Export-Import Bank. When a loan had been approved ECA would transfer the funds to the Export-Import Bank for disbursement. It was felt that the Bank, because of its great experience with foreign loans, and because it was a permanent agency that could service loans in the future, it would be the best agency to handle these disbursements. The administrator was authorized to increase production of strategic materials for stockpiling purposes, and that it was regarded that countries receiving grants deposit equal amounts of their local currencies in specific deposits, such funds to be known as counterpart funds. The ECA was to terminate operations on June 30, 1952, unless the Act

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was extended by Congress. The draft legislation also dealt with the question of whether the funds expended under the program should be in the form of grants or loans. It stated that such determination was to be made by the administrator in consultation with the National Advisory Council. This was a subject that was to be of great concern throughout the ECA operations.

When I appeared before the House Foreign Affairs Committee on January 14, 1948, to discuss the financing of the European Recovery Program, I was pressed very strongly on just what the function of the National Advisory Council was to be.

I stated in my appearance:

> This is a program for the economic recovery of Europe. It is not merely a relief program.

Moving on to the subject of loans versus grants, I stated my own and the administration's views on the matter. It was my deep concern about

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the results of the loans of the First World War that led me to be so aware of the dangers that lay in making loans to these devastated countries. It was apparent that Congress, as well as most Americans, wanted to make as much of the aid money available through loans as possible. It was

natural that no one wanted to give away anything unless it was absolutely necessary, but to me it seemed necessary that the Congress and the people understand that it was to our benefit to see to it that the recovery program be not too strictly tied down to loans. In my presentation, I have stated:

> This assistance should be provided as a combination of grants-in-aid and in loans. The criteria for selecting one or the other form should be the capacity of the participating countries to earn in the years to come the dollars which would be needed to pay interest and principal. We must keep in mind that these countries have already incurred an obligation for large annual payments of interest and amortization arising from the dollar loans extended to

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> them over a period of years by the United States Government or the United States private capital market. We should take care not to insist that these countries contract additional dollar debts, which would absorb so much of their dollar earnings as to operate to the disadvantage of future trade and private investment. If the entire aid for European countries were to be made on a loan basis, it would be practically impossible for them to meet the additional charges from their earnings of dollars, even after trade and investments return to normal. The proportion of total aid which can be prudently provided on a loan basis, will depend on the estimate of the borrowing countries' capacity to repay in dollars and also on the degree of flexibility which can be introduced into the terms of repayment. We propose that when the administrator for Economic Cooperation decides after consulting the National Advisory Council that it is desirable to extend aid on a credit basis, he will allocate the funds to the Export-Import Bank. Incidentally, this is one example of the manner in which the National Advisory Council would perform its customary role of coordinating the United States' foreign financial policy.

In advocating the great flexibility in the manner of whether aid should go as loans or as grants, and in warning of the dangers of tying the Europeans down to the repayment of principal and

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interest, I was only repeating the lessons that I had learned from our experience with war debts after World War I. As I have said, I was echoing the warnings of an earlier Secretary of the Treasury, who had recognized the dangers inherent in World War I war debts, but was unable to substantially alter the situation. In a speech on March 24, 1926, Secretary Andrew Mellon said:

> Some of the debt settlements we have negotiated have been criticized because it is claimed that our failure to collect the last cent imposes an avoidable burden upon our taxpayers. This criticism is without perspective and does not take conditions in their true relative importance. I should rather have solvent customers in the future which permit me to run a profitable business than insist upon terms of debt settlement which will again force my customers into bankruptcy. A businessman would prefer making one hundred dollars in his business than being repayed five

> dollars of a debt. The farmer or the laboring man would rather have a market for our surplus in Europe than save a dollar of Federal taxes.

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More than two decades separated these positions, but it seemed that both of us were trying to drive home the same point, that the United States, as an exporting nation, had an interest in maintaining the ability of its customers to continue to buy.

In my appearance before the Congress, I went on to make these points: One, the NAC was studying the problems of what to do about the assets of the Marshall plan countries located in the United States. Two, since it would not be possible or desirable to obtain all the goods needed in the programs from the United States, the NAC believed that the ECA administrator should be authorized to procure supplies outside the country. These were what we call off-shore procurement. And three, that the European countries negotiating agreements with the United States should clear

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their agreements through the National Advisory Council.

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Thirtieth Oral History Interview with John W. Snyder, Washington, D.C., February 26, 1969. By Jerry N. Hess, Harry S. Truman Library.

SNYDER: In my appearance before Congress I tried to make these points: First, that the NAC was studying the problem of what to do about the assets of the Marshall plan countries located in the United States; two, since it would not be possible or desirable to obtain all the goods needed in the program from the United States, the NAC believed that the ECA administrator should be authorized to procure supplies outside of this country (that was what we called the off-shore procurement). Three: European countries negotiating agreements with the United States had as a prerequisite to coming into the Marshall plan, a requirement to carry out measures to insure monetary and financial stability; four: counterpart funds should be drawn on only for constructive, stabilizing purposes; five: some

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adjustment of currency exchange rates should be expected in the course of the program; and six and finally: stabilization loans to European countries might be feasible within a year or two. In closing my remarks to Congress, I said:

> The National Advisory Council has carefully reviewed the procedures which have been used by the inter-departmental committees of experts in arriving at the figures which we have now settled on. The procedures involved a critical examination of European needs, and of availability in the United States, and in other major supplying areas, and careful estimates of European dollar income and resources. The National Advisory Council believes that this approach is sound, and has concluded that the recommended amount is needed to achieve the objectives of the program. It would serve no good purpose to ask the European countries to put their own financial houses in order if we ourselves adopted

> methods which might accentuate inflation in the United States, or upset our own economic stability. It is my firm opinion that we should finance the European Recovery program within a balanced budget. I am confident that so long as we pursue a sound fiscal policy, we shall be able to cover the

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> costs of the European Recovery Program out of current revenue.

Following this statement, which I read, quite a number of questions came up from the Congressmen. I recall one exchange particularly that I thought was of considerable interest because it revealed, I think rather well, my attitude towards the conduct of foreign policy, and it also illustrated the friendly attitude of Congress towards me. The committee chairman, Charles A. Eaton of New Jersey asked if I would want to accept the responsibility for administering the European Recovery Program. My answer to this most friendly question was, and I quote from the record

> We could get off into some petty, difficult areas if we started out with two different Cabinet members operating in the foreign policy field.

I went on to say that:

> If there were two Cabinet members in this

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> field, they might reach a time when they would not agree on certain matters. We must have one foreign policy with the financial aspect and the political aspect working hand in hand.

On April 3, 1948, Congress approved the Economic Cooperation Act, and five billion three hundred million dollars was authorized for the first year. Of this amount, one billion was set aside for loans. This proved to be too much for loans, and the funds so earmarked were largely unused in that year. In later appropriations, the amount for loans was decreased until in 1949 the ECA was given the authority to decide whether its funds should go for loans or grants. By passing the ECA bill and appropriating money to operate the program, Congress put into motion one of the most noteworthy Government acts of this age. It was to Winston Churchill, "the most unsordid act in history," and thirdly, many people, both in America and Europe, agreed with him.

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The Marshall plan and the European Recovery Program, as it became officially, was unusual and even unique in many aspects. For our purposes, it must suffice to name but a few. The predominance of grants over loans, that is between the fiscal years 1948 and 1952, grants totaled nine billion one hundred and twenty-eight million dollars, while credits utilized in this same period in the form of loans amounted only to one billion one hundred thirty-two million dollars. This predominance of grants over loans is fully justified by the world situation, and it marked a decisive return to this type of foreign aid after a period immediately following the war when loans were heavily relied on. Another innovation was the use of funds from the ECA for off-

shore purchases. The program also gave both direct and indirect support to the inter-European monetary and economic cooperation. One major characteristic of the Marshall plan was the use of counterpart

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funds for a number of extremely worthwhile economic developments for projects. Finally, the program put an emphasis on both technical assistance and private investment as major components of our foreign economic policy. By the end of 1951 when the European Recovery Program was absorbed by the Mutual Security Program the Marshall plan appropriations totaled ten billion seven hundred and seventy-one million six hundred and sixty-five thousand nine hundred forty-seven dollars, while expenditures amounted to nine billion four hundred and fourteen million thirty-eight thousand seven hundred and eighteen dollars. This was far below the twelve to seventeen billion dollar cost that had been estimated by the President's Committee on Foreign Aid for the full-length program. However, there are two good reasons why this was so. First, economic recovery in many fields exceeded the

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estimation, and U.S. assistance was therefore reduced, but in addition the European Recovery Program was absorbed by the Mutual Security Administration before it had run its entire course. There were several months still left to go on its original four and a quarter year plan. Although many of the many Marshall plan programs were carried to completion by the Mutual Security Program, it cannot be denied that the latter program marked a cutting off of the recovery program to a considerable degree. Nevertheless, during its lifetime the Marshall plan had been a powerful tool of United States foreign policy, and a potent weapon for world stability.

The administrator of ECA had been Paul G. Hoffman, former president of the Studebaker Corporation, and Averell Harriman was picked for the post of overseas representative for ECA,

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with headquarters in Paris. I, fortunately, had very good relations with both of these gentlemen. The National Advisory Council continued to be the major, official link between me and the foreign aid programs. But my personal contact with Hoffman and Harriman added greatly to my effectiveness and helpfulness and inevitably to my participation in foreign aid matters. However, my activities in direct foreign aid programs were only one facet of my responsibility in the international economic field. Trade and monetary problems occupied much of my time during the Marshall plan period. Most of these problems were related to the Fund and Bank, but some of them had a relevance to the United States outside both these institutions, largely because of earlier commitments, or because of the unusual position of the subject nation in regard to world economy. Such was the case with Great Britain, a country whose affairs have

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always been of great significance to the United States and who, because of her trading position, had had much the same relationship with many other nations of the world, as had the United States.

I think, Mr. Hess, this pretty well rounds out the ECA program and points out its genuine success

by the fact that we were able to turn the economies of most of the European countries around and start them on a genuine recovery program, and with much less expenditures than were estimated initially, and in much shorter time. If there are any questions that you'd like to ask, I'd be happy to try to talk with you about them.

HESS: I've been taking notes as we have gone along, and I have several questions. One of them pertains to Mr. Hoover. Did you talk to Mr. Hoover before he agreed to accept the leadership of the food program after the war?

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SNYDER: As to exact timing, Mr. Hess, I talked with him after it was decided, by Mr. Truman, to invite him to handle the food program in Europe following World War II. As to whether it was just before he accepted, or during the period he was considering it, he very quickly accepted it. I had quite a number of talks with him subsequently.

HESS: Did he seem to want to take on that task again?

SNYDER: He was delighted with the opportunity to take over the task because he felt it was something in which he had had experience, he knew the people, he knew their ways. Back after World War I, he had been very successful in the food program then and he evidenced real pleasure and desire to take over the job.

HESS: Was this the first request that Mr. Truman had made of Mr. Hoover after Mr. Truman became President?

[1161]
SNYDER: Yes.

HESS: Do you think that he appreciated the fact that a Democratic President was asking his advice and wanted him to help out in this period of time?

SNYDER: In later years, Mr. Hoover said a number of times to me that Mr. Truman's invitation to him to undertake this job was a great stimulant in his life and without doubt added ten years more to his life, because it gave him an opportunity to do something constructive, whereas he had been somewhat pushed in the background in the years following his Presidency.

HESS: As you know, Mr. Hoover was quite often regarded as being quite a sobersides. You told me a story one time about Mr. Hoover and Sam Rayburn. Would you relate that for the record?

SNYDER: Yes, I always enjoy telling that story.

[1162]
At a Gridiron Club dinner one night, this incident occurred. It had been the custom of the Gridiron Club to invite the incumbent President to make a few remarks and then, if possible, to have the out-President, or leader of the out-party make a few remarks.

HESS: The leader of the "loyal opposition."

SNYDER: Yes, the leader of the "loyal opposition." On this occasion, Mr. Truman made a short talk and they called on President Hoover to respond, and he made one of the cleverest, wittiest, short speeches that just delighted everyone there, and greatly surprised many, because it had not been generally thought that he had much of a sense of humor. After the dinner, we retired to the Presidential Room at the Statler and I was talking with President Hoover when Speaker Rayburn came up and said, "Mr. President, I want to

[1163]
congratulate you on one of the most delightful, clever speeches that I've ever listened to. It was so witty. You turned such very delightful phrases; and to tell you the truth, I just didn't realize that you had such a sense of humor."

To which, President Hoover replied, "Why, Mr. Speaker, I always had it, but the damned Democrats wouldn't let it come out."

HESS: That's very good.

Well, moving on, I understand that at the end of the war there was some effort to try to get Great Britain to ship some of the unused supplies that we had shipped to them on to needy countries on the Continent, so that they could get them there in a shorter period of time, and that we would resupply Great Britain at a later date? Is that correct?

[1164]
SNYDER: There was some talk around at different quarters. However we must remember that Great Britain herself was in a pretty tight situation at that time, as their food supplies and all other supplies were at a very low ebb, and they were on pretty strict rations. Those of us who went over to England shortly after V-E Day, recall the plainness of the diet, so I don't think any great pressure was put on them to do that. Not to my knowledge.

HESS: Were they a little reluctant? Do you recall that they were somewhat reluctant about shipping some things over?

SNYDER: Well, as I say, I don't know if very much pressure was put on them, but I just say that it seemed to be a rather inappropriate effort to try to strip food away from them when they were so short in supply themselves.

[1165]
HESS: And you mentioned the committee that was set up under your leadership to communicate with the people throughout the country regarding the aid for Greece and Turkey. What were the views of the business leaders regarding such aid?

SNYDER: After they had been told of the dire facts concerning this proposed aid, almost 100 percent were very much for it, and agreed to write letters and agreed to talk in favor of it. There probably were a few opposed, as there always are. It's difficult to get unanimity in matters of this

sort, but we were highly pleased with the quick acceptance of the problem by the businessmen, and their willingness to lend their assistance to backing up public opinion and supporting the aid program.

HESS: Did you personally speak to any of the business

[1166]
leaders?

SNYDER: Oh, I must have spoken to twenty-five or thirty leaders of groups and organizations.

HESS: Do you recall who?

SNYDER: Not exactly. I'd have to go back to the records, if I have them, but I recall my pleasure at the quick response that so many gave to backing it up, and the assurances of backing it up.

HESS: What other groups were approached at this time?

SNYDER: Well, as I recall, we tried to reach the leadership of all groups, farming groups, labor groups, business groups, the church committees, the international religious leadership, of course we talked to a great many. We talked to Congressmen. We tried to reach as many different groups and leaders of those groups as we could reach.

[1167]
HESS: What were the attitudes of some of the leaders of the other groups, take labor, for instance. What was the attitude of the labor leaders at this time?

SNYDER: I don't recall exactly what response we did get. I just don't recall.

HESS: Concerning Secretary Marshall's speech at Harvard in June of 1947, the very famous Marshall plan speech, were leaders of some of the European governments notified ahead of time of the importance, and perhaps even of the content of the Secretary's speech?

SNYDER: Not officially, but it is my understanding that probably it was suggested to [Ernest] Bevin to watch for the speech and give an opinion on what he thought of it. I don't recall any other statement that was made around that time that indicated other leaders. Someone might have

[1168]
called them and flagged the fact that such a speech was to be made.

HESS: Do you recall who mentioned that, at that time, that Bevin was notified?

SNYDER: Well, I wouldn't want to discuss that.

HESS: All right. Why was Bevin singled out as the one foreign leader to notify in this manner?

SNYDER: That I wouldn't know. Probably because he was a quick reactor, and might have an appreciation of this type of help and take advantage of it quicker in a fashion that would lead the other nations to follow. That's just a conjecture on my part.

HESS: And you spoke as being portrayed in the press as being quite conservative and wanting to operate the foreign aid program within a balanced budget.

[1169]
Why do you think you were singled out in that manner?

SNYDER: Well, probably, as I just said a moment ago, I had made statements before Congress, and public statements, that I hoped we could work out this program within a balanced budget, and so for that very reason, some of the liberal press and some of the liberal people in politics tried to attach a label of reluctance and extreme conservatism on me at the time, probably because I had come from the banking field, and it was so easy to label a banker as being obstructionist and opposed to these more general, liberal ideas of one nation helping another. Of course, I have for years been trying to determine just what the difference was between a liberal and a conservative and it has been pretty difficult to do, because frankly at times, I have thought I was very liberal in some of my views, and generally

[1170]
speaking, maybe because of my training and my personal inclination, I have been somewhat conservative. So one day at a press conference, jokingly, I said, "Well, now you can label me as a liberal conservative," and everybody had a big laugh. There was a double serving there, but frankly that is as near as I can come to labeling my views as liberal or conservative.

HESS: We discussed this a couple of times, but what would be a thumbnail description of a liberal, and what would be a thumbnail description of a conservative?

SNYDER: Well, you and I agreed that we were going to make a careful study of that and come up with a definition other than the one that we could read in the dictionary. Of course, Webster says that a liberal is one favoring reform or progress; and a conservative is one tending to preserve

[1171]
established institutions and so forth, as opposed to change, sort of a moderate or a prudent operator. Well, frankly, from those two definitions, I think you can see, Mr. Hess, from your knowledge of my attitudes while I was in Government, that I have a measure of both of those. I certainly have favored a great many reforms, and I certainly did favor progress. I demonstrated that in the Defense Plant Corporation, the Federal Loan Administration, and the OWMR, and while I was Secretary of the Treasury; but at the same time, I think you find evidence at an attempt to be prudent along with it. You can see that I have had great difficulty in working out a label for myself that would be acceptable generally to the press at that time, and to the general political area.

HESS: You mentioned that quite often bankers are thought of as "obstructionists." Do you think

[1172]
that that view of the banking industry is justified?

SNYDER: No, and yes. There have been some bankers who were always strongly opposed to changes, particularly at the time of FDR. The banking fraternity did not approve of many of his so-called New Deal projects because they were radical changes from what had been accepted as our general policy for many years. It was a rather interesting experience for me to observe at the time how the bankers had just about lost all of their initiative, all of their drive during the depression, and had just run out of ideas. When Mr. Roosevelt took over and closed all the banks temporarily, he actually strengthened them through reorganization, improvement in their capital structure and in their cash positions. He saved many of the banks from permanent closing and really put the banking business back on its feet again. We

[1173]
have had no major bank trouble since the weaker banks were weeded out in '33 and the FDIC was set up. We've had no major banking troubles, runs on banks and/or material crises of that type. And yet, at the time, of course, the bankers were just hovering around looking to the Federal Government to help them out and saying, "Save us." It wasn't very long after they got back on their feet and began to operate smoothly again that we began to find that there were many, many signs of opposition on the part of the banking fraternity to some of the so-called progressive ideas that were being advanced by the administration of Mr. Roosevelt, and later by Mr. Truman.

I might add, though, that my experience has been very, very pleasant in the recollection of the wonderful support that we have received from bankers on so many occasions for important matters toward legislation, important projects,

[1174]
particularly this recovery program. We received vital assistance from banking thinking, from the bankers of both Europe and of the United States, and the operation of the World Bank and the Monetary Fund has received tremendous attention from the banking world.

HESS: As an opinion, would you think that most bankers were Republicans or were Democrats?

SNYDER: My rough guess is that it is heavily weighted with Republicans.

HESS: Why do you think that the Republican Party, or the philosophy of the Republican Party, would appeal to bankers more than the Democratic Party?

SNYDER: Again trying to get back to that definition, I think because the banker tends to be more conservative and the Republican Party has long carried the label of conservatism.

[1175]
HESS: You're a Democrat and you were president of one of the largest banks in the United

States in St. Louis. Why are you a Democrat?

SNYDER: Well, I've always been a Democrat. I like many of the Democratic aims and objectives. I was brought up a Democrat. Of course, my private business association has been largely with Republicans. The officers in the banks that I've been associated with have been largely Republicans.

HESS: How about Mr. [Walter] Smith?

SNYDER: He was a very strong Republican. Mr. Frank Watts was a Republican and [Richard] Hawes was a Republican. And generally speaking, the top bankers lean towards the Republicans. There are some Democrats, of course, but you asked for percentages. I guess the larger percentage are Republicans. But let me repeat, I personally received tremendous help and cooperation from the

[1176]
banks in all of my public activities.

HESS: Could we discuss for a few moments the views of the various Cabinet members on the subject of foreign aid and the Marshall plan, and just the gentlemen who were in those particular Cabinet posts, say in '47 and '48, in the years in question, and tell me a little bit about your views about what should be done in the field of foreign aid at that time?

SNYDER: This will be as a conjecture, looking back so far. But, of course, according to protocol, let's start with the State Department: Secretary Marshall, who proposed the Marshall plan, was naturally very strongly in favor of it and attempted to lend every possible aid to its formation and operation. His Under Secretary at that time, Dean Acheson, was very, very strongly in favor of it, and worked assiduously towards its formation and operation; and as I

[1177]
think I've told you, he was, along with Will Clayton -- probably they were the two instigators of the Marshall plan initially.

HESS: I have one question about Mr. Acheson. As you may recall, he made a very important speech in Cleveland, Mississippi prior to the speech that Secretary Marshall did.

SNYDER: That's right, and it was practically unnoticed.

HESS: I have read in some history books that Mr. Truman was supposed to have made that particular appearance in Cleveland, Mississippi at that time, and then that was called off. Is that correct?

SNYDER: That's correct I think.

HESS: Why was Mr. Truman's appearance canceled?

[1178]
SNYDER: I've forgotten. Something probably came up, you know. That happens frequently. Well, I won't say frequently, but it does happen.

HESS: Moving on to the Secretary of the Treasury, we know already about your views. Let us move on to the Defense Department.

SNYDER: By the time ECA was being promoted, the Defense Department had been formed, and had combined the Army and the Navy, and the new department, the Air Force, and was under the direction of Secretary James Forrestal. Forrestal was in favor of the program; he had so many other problems at the time, and he didn't probably take so much active participation in the operation of ECA, but he did indirectly, because he was forming up the military assistance program, in which he was very effective. So I think in fairness to Forrestal, we must say that he did take a very active and aggressive part in the

[1179]
program, because the military program was vitally essential in this whole recovery program.

Tom Clark was in the Justice Department. Of course, he was kept very busy in working out the legal phases of what we could do and couldn't do, and in our legislation that was sent up to Congress that had to be worked out under the Constitution, and he was cooperative and very helpful in that fashion.

I think at the time the legislation was introduced, [Robert F.] Hannegan was Postmaster General, and my recollection is that Mr. Truman used him quite a bit in getting political backing for the ECA in its formative days before the legislation was set up. This was during the time that we were trying to get the businessman, and labor and all the others to take a favorable attitude. Hannegan was working in the political field.

[1180]
HESS: Was he effective in such actions as this in the political field?

SNYDER: Well, it's hard to measure because he resigned shortly before the legislation actually went into effect, and following him, Mr. Donaldson took very little other than acquiescence in the program. It's hard to say, though, just what measure any of them from the Post Office Department may have had, because they had programs in operation trying to work out the mail situation, so there was the work that was done in that field; but as a standout, Mr. Donaldson did not appear too many times in other operations.

HESS: Was he a vigorous Cabinet member?

SNYDER: No, Donaldson had come up through the ranks from being a postal employee in Kansas City, and through the years he had built himself up to

[1181]
where he was one of the top civil servants in the Post Office Department. He had grown rather

organizationally minded, but was not an aggressive, driving force.

Over in the Interior Department, Krug did not take too active a part, although he did on a number of questions that came up in regard to raw materials, critical materials, the distribution of oil and problems from things of that sort, why, he did offer cooperation.

Clint [Clinton P.] Anderson initially worked very, very aggressively in Agriculture, in the food side of it, and in reorganization of international food committees, and international food organizations, he was very cooperative.

Averell Harriman, Secretary of Commerce in the early days of the planning of the ECA, was extremely helpful. He had had vast experience in the diplomatic field. He had been ambassador

[1182]
to England, and of course had previously been Ambassador to Russia, which gave him a diplomatic air and knowledge. He was extremely helpful in the organization and planning of it, and its passage through Congress, and later became U.S. representative to the ECA as an ambassador stationed in Paris, after it was passed. He resigned his position as Secretary of Commerce in April of 1948 and took the job as Ambassador.

HESS: Why was he chosen for the post of the overseas representative?

SNYDER: As being a well-fitted man diplomatically, and through experience, and availability. He was one of our good men, and we felt he should do that job.

HESS: As you know, Paul Hoffman was selected to be the head of ECA.

SNYDER: That was international. He was the head

[1183]
of it, but Harriman was to represent the United States. Hoffman was to be representing all people, all nations.

[Lewis] Schwellenbach in the Labor Department initially took an interest in it. He was not well during the periods of the formation of it, and died in the spring of 1948, just about the time that the ECA was going into operation.

Maurice Tobin in the Labor Department took a very cooperative and active part in working with the labor organizations in Europe and their relationships with our labor organization. That about covers it, I think, unless you have some questions.

HESS: No, that's about all on the Cabinet.

Do you recall if President Miguel Alemán of Mexico may have had any influence on Mr. Truman's thinking regarding aid to foreign countries?

[1184]
SNYDER: I'm not too sure about how much specific influence President Alemán had on Mr. Truman on this particular subject. He was a very aggressive, forward-looking head of state. As a matter of fact, the real economic growth, I think, of Mexico began under his administration. He took office in 1946, and Mexico has been on the upgrade ever since. They began to build a middle class, which is probably the only Latin American country that does have one. He saw the effect that a middle class would have, and he took the United States as his pattern. He and Mr. Truman were very good friends and exchanged ideas, and Mr. Truman did discuss the plan of the ECA with him. I recall his talking with me about it, and he considered it one of the great plans of the postwar period, and he was constantly intimating that it would be a very fine thing if we had a Latin American program similar to it. I think that you'll find

[1185]
that he actually supported it very strongly in his conversations. Whether it had any effect on Mr. Truman I don't know. I think Mr. Truman had already worked up his plan. He may have discussed it with him.

HESS: One of the reasons I ask that was because Mr. Truman was, as you know, in Mexico during March of '47, and then President Alemán was in the United States in May of that same year. Do you recall if there was ever any official thinking in the high levels of Government as to having something like a Marshall plan for Latin America?

SNYDER: Oh, yes, that was discussed at great length, and various substitutes of organizations were formulated, but nothing of the intensity or of the size of the ECA ever developed.

HESS: Do you recall why that didn't develop at that time?

[1186]
SNYDER: Well, it was largely getting agreement, think, among Latin American leaders.

HESS: Who would probably have been the leader of the Latin American leaders, in your opinion, at that time? Would that have been President Alemán, or was there any person that you could look to and say, "This man was the one."

SNYDER: I don't think so. I don't think there was any one, single, Latin American leader who stood out as a [Simón] Bolívar.

HESS: Just through the strength of his own personality, there just wasn't one.

I mentioned Mr. Paul Hoffman a few moments ago, but why was he selected for that particular post?

SNYDER: Well, Mr. Hoffman had made quite a reputation as head of the U.S. Chamber of Commerce. He was

[1187]

a tremendous speaker, very vocal. He gave the impression of firmness and drive, and had made quite a reputation in the industrial world. He had been a Studebaker dealer, I think, out in San Francisco, and was sent from there to be the head of the Studebaker organization; and as head of the Studebaker organization he became president of the U.S. Chamber of Commerce and it gave him quite a forum to appear before the public and demonstrate a type of leadership that was thought to be what was needed here in his personality, and in his ability to talk with people, to compromise, to organize. I think probably that was it.

HESS: How would you evaluate his effectiveness as head of ECA?

SNYDER: Well, at the time he did a very good job. We can always look back and make suggestions

[1188]
or criticisms, or recommendations, but at the time that he took it over I think he did do a very good job in getting it started.

HESS: Was he a Republican?

SNYDER: Yes.

HESS: I have heard that one of the requirements that Senator [Arthur H.] Vandenberg made of President Truman for his support in these matters was that the head of the ECA would be a Republican. Is that true?

SNYDER: I don't know whether it ever got that pointed. There was quite a bit of talk that a so-called avid, liberal Democrat should not be put at the head of it, but that it should be headed by a conservative businessman. That was talk. I think that it was the matter of trying to select a man who had a reputation and a name and was

[1189]
fairly well-known that really swayed the choice. I know that they decided that they did not want to put a political leader in charge of it, for the reason that it was a business operation, largely, and they wanted a man who could call on business leaders. You see, another very strong factor in the selection of Mr. Hoffman was the fact that he could put his finger on so many leaders who were used to organizing companies, industries, big merchandising operations, because we were going to have to put men who could take hold of a situation, size up local conditions as the heads of these various communities in the ECA, and Mr. Hoffman had the contact and the ability to draw that type of men into this program. This was another factor in his favor.

HESS: Do you recall who else was under consideration during this time?

[1190]
SNYDER: No, I don't.

HESS: Concerning the Marshall plan, before it was instituted, what members of the foreign

governments were thought to be the best to work with and through in setting up such a plan?

SNYDER: Well, I think that the ones that we looked to, more than any others, were the British, Belgian, and French.

HESS: Any particular reasons for selecting those nations?

SNYDER: I didn't say they were selected. I said that they were the most effective because of experience in finance, and their knowledge. You see, there was a great deal of financial operation involved in this, of the international type, and there were exchange problems involved; and so, you see, Italy had been an enemy, and

[1191]
therefore we didn't have quite the accord there, although they had some very fine Italian leaders, and we later used them a great deal. Of course, the Greeks, the Turks, had good men, but for the financial community and for the ones who could take hold, the real leadership we looked to, I think, was largely Great Britain, Belgium, France; and later we did use some of the other countries' leaders. But you asked the question of which countries did we look to principally.

HESS: How great was the risk at that time, that the Communist nations, the nations of the Communist bloc, would also join in the Marshall plan and drain great amounts of aid to their countries, and to the Communist bloc.

SNYDER: Well, I don't think there was any great concern about that. They were invited to take part. They were invited into the World Bank.

[1192]
But it required certain actions on their part to reveal what their monetary plans were, and what their economic plans were, and they weren't going to do that, so we had no real concern that that would ever happen, that they would join and draw off great amounts of aid. We had already had an example of that in our program of assistance to them prior to the end of the war, you know.

HESS: Just as a matter of pure conjecture, but wouldn't it have been possible for them to submit a false set of economic plans?

SNYDER: I don't think that their imagination had reached that point at that time.

HESS: They didn't have as much imagination as I do, is that right?

The next subject that I have concerns point 4, do you want to cover that today or

[1193]
wait until next week?

SNYDER: I'd rather wait until next week.

[1194]
Thirty-first Oral History Interview with John W. Snyder, Washington, D.C., March 5, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Secretary Snyder, what do you recall about the background of what came to be known as point 4?

SNYDER: We've mentioned that one of the salient features of the Marshall plan was the incorporation into the program of technical assistance. This type of aid later came to occupy a special place in the Truman administration's plans, and has played a vital part in American foreign policy. In his inaugural address in January of 1949, President Truman spoke out for a bold, new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped countries. This was the fourth point the President enumerated in discussing United States international policy, and thus it became the

[1195]
point 4 program. The proposal created great expectations and was widely hailed around the world. Although the program was implemented by Congress in 1950, the funds made available for it, and the funds expended were disappointing in comparison with the hopes that had been raised following the President's speech. The Congress authorized thirty-five million dollars for the program in 1950, and nearly thirty million was actually appropriated for it; but of this sum, expenditures under the program that year amounted to only fourteen million dollars. Full details of the recommendations of President Truman for the point 4 program appear on pages 114 and 115 of the *Public Papers of the Presidents, Harry S. Truman, 1949*.

One of the reasons for the disappointment of the point 4 program was a misunderstanding of the nature of the program. To the President, it

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had seemed vital that countries which desired to carry out economic development projects be given the benefit of our technical know-how, but he did not propose in his inaugural speech that the United States bear the entire financial burden of such development projects. I realized this distinction and made efforts to clarify it at the time. While I thought that technical assistance should be on a grant basis, I was opposed to having the United States undertake wholesale grants to finance development projects in underdeveloped countries at that time. I very pointedly drew a line between reconstruction involved aid of a type which the countries would be able to repay only by depriving themselves of much of their ability to become self-sustaining <u>again</u>. Development projects, on the other hand, would or should create the means to help pay for themselves in the future.

[1197]
I felt that not only could underdeveloped countries undertake their development projects on a loan basis, but it was to their benefit to do so in most cases. This point was emphasized in a memorandum which I had my staff prepare and completed on July 14, 1949. I quote from that staff report:

> It is clear that effective utilization of American know-how in the backward areas will require the assistance of American capital. To the greatest extent possible it is agreed that this financing should come through the normal flow of private investment. However, it must be recognized that many of the requirements of backward areas, such as those involving transportation, communication, and agricultural development, are of such a nature as to require public financing. Adequate facilities and funds for financing this aspect of the point 4 program are already available through such agencies as the International Bank and the Export-Import Bank.

To me it seemed with some exceptions, that it was both unnecessary and unwise for the United States to embark on a program of making grants for development projects to these undeveloped areas. In spite of all this, the point 4 program,

[1198]
however, did perform some very valuable services in many parts of the world. Through offering grants of technical assistance it made United States' aid possible to many areas that could not handle, or did not need recovery assistance, and which rejected or denied military aid. In addition, the program had a salutary effect on the problem of getting private investments flowing into backward areas. The Congress passed legislation liberalizing income tax provisions on income earned abroad, and treaties were negotiated with some nations in an attempt to assure U.S. investors that they would not be discriminated against or treated unreasonably.

I think, Mr. Hess, that pretty well gives you the background for the point 4 program. Do you have any questions?

HESS: One question, do you know where the idea came

[1199]
from originally to have such a program?

SNYDER: Well, it developed in the preparation of the President's speech as defining what our foreign policy was to be, and it happened to be number 4 in the various items enumerated, and it was spelled out rather clearly, I thought, although it was misinterpreted later. And so, therefore, that is how it developed.

HESS: Did you ever hear the name of a gentleman by the name of Benjamin Hardy mentioned in this context?

SNYDER: No.

HESS: All right. What were some of the misunderstandings that arose? You touched on that awhile ago.

SNYDER: Well, all of a sudden there were pressures put on the United States to furnish <u>all</u> of

the

[1200]
funds necessary for this on a grant basis, and all sorts of projects were envisioned with the United States footing the bill. Pressures of this type came from countries all over Latin America particularly, and some in Africa and a few in Asia, but the large part of it came from Latin America where they came up with some rather grandiose projects, and they wanted the United States to pay the bill for the entire program.

HESS: What were a couple of those grandiose projects, do you recall offhand at this time?

SNYDER: I don't recall.

HESS: You say that you were more in favor of these funds being used for the development of these countries, is that correct?

SNYDER: No, I tried to point out that there are two phases: One is the reconstruction aid which

[1201]
I did favor, largely in grants, because most of those countries that were eligible had been involved in the war and had been devastated, just couldn't get back on their feet by being loaded with a debt to pay for the damage that was done to their country by the war devastation. But the point 4 program was to help countries who were not necessarily destroyed or damaged by the war, but were economically undeveloped; and it was those countries, which through development loans you could help to raise their standard of living and help them put in productive plants to manufacture things that would give them employment, or to put in railroads or highways that would help them bring their products to market or take manufactured products back out into the interior. The facilities created by loans would create trade, would create employment, would create an ability to repay loans that were advanced for the purpose of this development.

[1202]
And that is on the development side of it, don't you see, to take a country that had not been affected particularly by the war, but to give them a lift to improve their standards of living, and to improve their living conditions and to improve their economic conditions, by using those funds for private projects that would enable them to pay it back as they developed.

HESS: Do you recall if there were those in the administration who thought that the emphasis should be placed in other areas, who you may have had some disagreements with?

SNYDER: Yes. If you will let me go into that a little.

The subject of foreign aid to the Far East was a controversial matter throughout and after the Truman administration. One of the consistent cries of a group in Congress, and from many other

[1203]

sources, was a Marshall plan for Asia, for a program which would link together the economic recovery and development of these countries. Such a plan might have been politically attractive, but I had grave doubts about its economic value. I pointed out the fact that in Asia a Marshall plan would be almost entirely devoted to development, rather than to reconstruction, since the economies of those countries, with the exception of Japan, was still relatively primitive. Furthermore, I doubted that the Asian countries, with their lack of an industrial background, would be able to successfully absorb any large-scale economic aid from this country at that time. There were, also, such considerations as the lack of established financial or even government systems in some of those countries, and the likelihood that such a program, if it was successful at all, would be prohibitive in cost to the United

[1204]
States. Nevertheless, individual Asian countries did receive economic aid from the United States. Japan, which was under military occupation, received its aid through the civilian supplies program run by the armed forces. The United States continued to furnish relatively large amounts as aid to the Philippines. In that, I took a direct interest in the dealings with that young democracy, and did quite a bit of work to help put its economy on a sound footing. I sent a number of task forces over to try to help them work out a tax system, to work out a better accounting system at the time.

HESS: Who did you work with at that time?

SNYDER: Well, it was usually through President Elpidio Quirino, the President and the minister of finance, Pio Pedrosa, largely. (Carlos P.] Romulo was very active at the time, and I received

[1205]
assistance from him. He has somewhat become estranged in recent years, and is not as strong a friend of the United States as he used to be.

HESS: Why do you think that has developed?

SNYDER: I don't know. I really would like to know. I haven't seen him in a number of years. It just may be the general trend over there. Unhappily, in recent years, the Philippines possibly ranks second today to South Vietnam in corruption. It's become very unstable.

HESS: Has it become any worse than it was, or is that just an Asian way of life?

SNYDER: It's an Asian way of life. It's just something that we have never become accustomed to, although we have been aware of it. It's true in Latin America, it's true in practically all of the African, Asian, and Latin American countries. There is sort of an understanding that everyone accepts

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that those in charge, "To the victor belongs the spoils," and whoever is in charge, whoever is in control, has the inalienable right to pocket benefits from the job.

HESS: The Andrew Jackson philosophy.

SNYDER: I'm sure that Andrew Jackson didn't advocate such a program.

HESS: Did you think that the corruption in the Philippines was as rampant at the time that you were dealing with them as it seems to be now?

SNYDER: In a certain fashion it was, although there were a lot of very fine patriots, leaders, who were trying to get the Philippines on their feet, to try to develop a good, strong government, and there are great statesmen and heroes that I would not want to cast a shadow on. But we had these

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tremendous amounts of surplus goods, and surplus property and equipment that were stolen out from under our eyes -- and blatantly. They would take jeeps particularly. They appeared on the streets as taxicabs. They would decorate them and drive them right around town, and we knew the only place they could have gotten them was to have stolen them from the store parks, where we had our military equipment in storage.

HESS: I have read that probably the cause for the anti-American feeling in the Philippines is their close proximity to Asia and their understanding that they must get along with the people that are closest to them. What do you think about that?

SNYDER: Well, that's a strong element. The same is true from most all small countries in the world. They keep a sharp eye out for who is going to be on top, and they want to be on that side with

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whoever is going to be on top. They are very acutely sensitive to a change in administration or a change in leadership, and they are constantly jockeying in Asia as between Russia and the United States. Cambodia is one example as between Communist China and the United States, or Russia and the United States. They are just jockeying to see who is going to come out on top. And the one whom they believe is going to come out on top is the one on whose side they will swing to. It's one of the problems that unhappily are aware of it, but we just keep thinking that we are going to be able to come out of this and win them over to our way of doing. This was our real problem with the Chinese. When General Marshall went over on his inspection tour in an effort to try to work out something with the Generalissimo, he quickly found that much of the aid and assistance that we were shipping over

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turned up within forty-eight hours in the hands of the Communists. And the Generalissimo's own generals were doublecrossing him. They were two-timing him. They were bowing and scraping and swearing allegiance, but they were taking the material that was turned over to them and selling it, or trading it for some quid pro quo to the Communist forces.

But to get back, the United States gave and is continuing to give to the Republic of Korea, a

great deal of assistance. The Treasury Department took a continuing interest in financial discussions and agreements with China. I'm speaking now of Nationalist China. As early as August 30, 1946, in a letter to the then Secretary of State James F. Byrnes, I turned down a proposal by the Chinese that the United States advance one hundred million ounces of silver to China for introduction as coins in their currency.

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I pointed out that one result of the proposal might be a hoarding of coins, but that in any event, the coins would further push down the value of China's already hopelessly inflated paper currency. In this letter I pointed out that China's currency problems were a result, not a cause, of her economic difficulties, which were due to the war with Japan, the civil war with the Communists, and the deficit spending as a result of both of these circumstances.

Present throughout the Truman administration, in varying degrees of emphasis, was the military aspect of American foreign aid. And if you would like for me to touch on that in a moment, I will do so.

Political developments largely determined the role of armaments in the foreign aid programs. In 1950, when the world seemed threatened with the outbreak of war, and war actually did begin in Korea, rearmament became supreme, and

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overshadowed the recovery and development aspects of foreign aid. We have discussed the military assistance to Greece and Turkey, but even earlier the Truman administration had furnished such aid to the nationalist government of China, which was attempting to put down a civil war. In the period of the Marshall plan, military assistance was offered under the Mutual Defense Assistance Program. It was this program that led in 1949 to the formation of the North Atlantic Treaty Organization. Total funds appropriated for the Mutual Defense Program amounted to about eight and three tenths billion dollars, and of this total, countries that were or became members of NATO received seven billion seven hundred million dollars. Military aid was by its nature a subject of prime concern to the Defense Department and the State Department. But even here such assistance had to be

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fitted into overall budget and financial plans, and the Treasury Department had an overriding interest in those matters. In NATO the importance of the position of the Secretary of the Treasury in the foreign military programs was recognized when he was made a member of the NATO council by President Truman. It placed me in a position where I could take part in discussions of projected actions of NATO before they became obligations, which the United States would be expected to meet.

It so happened that NATO countries acquired a great many misleading notions of what the United States would and could do to assist them in building up their military strengths, and by being associated with the NATO organization I was able to straighten that out on many occasions.

In September, 1951, the NATO council met

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in Ottawa, Canada and one of the general points up for consideration at this meeting, as it was at all NATO meetings, was how much money the United States would make available to the NATO countries so that they might rearm without upsetting their own economy. Before leaving Washington for Ottawa, I learned that some members of the State Department staff had let it be known that the United States was prepared to back them financially in this military build-up, to a greater extent than the Treasury had thought appropriate in discussing the matter on the budget. Later I found out it was sort of "Oh, don't worry, we'll pick up the tab for whatever it is you can't handle." After conferring with the President and making certain that I had his support, I went to Ottawa, and on the first day of the conference, addressed the delegates. At that time I reminded

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them that the United States was then in the midst of the Korean war, that our foreign obligations were already heavy, that our resources were naturally limited, and as a result the United States was not likely to assume large foreign military aid burdens. This speech seemed to have the desired effect, because while it jarred the delegates from their false hopes, it did get the State Department staff members to face realities as to our capabilities.

Amusingly, Secretary of State Dean Acheson frequently referred to the Ottawa meeting in a sort of a good-humored way by saying that at the time, when talking with the President, he would remark, "Well, it's always good to have the Secretary of the Treasury along to watch the financial side and not let us spend ourselves into poverty." Acheson and I, happily, always maintained very good relations. Whatever differences that did develop, we were able to work

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out by sitting down and talking the problems over. And we were together on many conferences after that in Europe and always seemed able to team up and work together.

HESS: One question on that. Did you feel during the Truman administration that there were times when Mr. Acheson came up with schemes that were a little too grandiose, that may have been a little too expensive, that you had to cut back on just a little bit?

SNYDER: Probably. He was inclined to try to get the job done, you know, and in that way he would press for the fullest assistance that he could give. But he was never arbitrary about it.

HESS: Without worrying too much about the cost.

SNYDER: Well, as he said, it was good to have me around, because I kept my eye on that.

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HESS: He liked to have you along to do that.

SNYDER: Well, at least he said it was good.

With the enactment of the Mutual Security Act of 1951, Mr. Hess, the foreign aid program of the United States entered its third postwar phase, the phase of the supremacy of the military type of assistance. This was a necessary change, necessary in the light of world political conditions, but it was not taken without some reluctance since it meant relegating economic recovery and development to a slightly lower position. However, the formal change, which came in 1951, had been foreshadowed by the development in the previous year when the Korean war necessarily required the United States to put far greater emphasis on military preparedness at home, as well as abroad. The Mutual Security Act of 1951 lumped nearly all of the foreign aid programs of the United States under one Mutual

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Security Agency administrator, the MSA administrator, and marked the beginning of, in the words of the act, "A program of military, economic and technical assistance to friendly countries to strengthen the mutual security and individual collective defense of the free world, to develop their resources in the interest of their security and independence and to facilitate the effective participation of these countries in the United Nations system for collective security."

In 1951 Congress appropriated a total of seven billion three hundred million dollars for the Mutual Security Program. Of this amount more than five billion, seven hundred and fifty million dollars was for military assistance. The following years saw appropriations of just over six billion dollars for MSA, of which nearly four and a quarter billion went for military aid and the balance for economic, technical

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and relief assistance. It might be remarked that five years later the foreign aid programs of the United States were still in this military phase. In 1957, the fifth year of President Eisenhower's administration, it was estimated that nine-tenths of our foreign aid went for military purposes.

Now, I might point out that the Mutual Security program represented a reshaping of American foreign aid to fit a changed political situation. It appeared in 1950 and 1951 that the cold war, which had occupied the attention of the world for a number of years, might well become a hot one. Unquestionably, this change of emphasis from economic recovery and development to military strengthening, had the effect of cutting off such programs as the Marshall plan before they had completely reached their goals. Yet, European recovery was so well on its way by

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1950, and the beneficial results of the Marshall plan were abundantly in evidence by that time.

From the end of the Second World War, through 1952, the United States provided a net total of thirty-eight billion dollars in grants and loans to other nations. This is a peace time, foreign aid program without precedent or parallel. The American taxpayer bore this heavy burden to achieve humanitarian, political and economic objectives. The effect of this foreign aid outlay, which has been largely continued in the administrations which succeeded President Truman's, will be felt for many years to come, and the full story of its impact on the world will be a long time in the writing. But it is possible to say now what the results might well have been without American foreign aid. From the humanitarian point of view, millions of people would have suffered for

crimes that were not their

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own. Politically, the Soviet Union might well reign today over parts of Western Europe, and over those Asian nations which have remained free. Economically, a period of prolonged material distress in most of the world would inevitably have had repercussions here in the United States.

Discussing this subject, I recall pointing out that we would undoubtedly have been in an untenable position with Europe in chaos. I think the loss of European export markets could have well depressed our own economy, but that, of course, was a secondary matter. Primarily aid to Europe was necessary in a political sense to keep Western Europe from falling completely to the Communists.

It was the most selfish thing that we could do for our country and for the world. But at the same time, it was a pretty unselfish thing

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too. We really, though, wanted to help the world in order to help ourselves. We've got to bear that in mind. Even though it was a marvelous act upon our part, it was a strain on our taxpayers. But we have to be realists and realize that what we were actually doing was to protect ourselves.

That the Truman administration, faced with the political and economic situation that prevailed following the war, made a humane and essentially correct decision in the granting of foreign aid, of course, is very clear. It is perhaps significant that in 1957, when two special committees made reports to President Eisenhower, they emphasized this very point. The Fairless Committee (Fairless was the former president of U.S. Steel Corporation -- Benjamin Fairless), headed by Ben Fairless, stated that foreign aid must be looked upon as a continuing

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cost of the United States international position for an unknown number of years to come. The International Development Advisory Board, addressing itself to another aspect of the foreign aid picture, recommended an expansion of the existing programs to include a major new program of assistance to underdeveloped countries. Thus, we can pretty clearly see that contrary to the opinions of many, foreign aid was not an aberration of the Truman administration. It was something that was well planned, well organized, and well thought through. But it was definitely a program designed to meet in the best possible way a dangerous situation in our international affairs.

Do you think that pretty well sizes up that?

HESS: That's pretty good, and that's a good appraisal too of the foreign affairs situation.

I have a few notes that I was making as we

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went along. You mentioned Latin America, and there has been some criticism of the Truman administration for not giving enough attention to Latin America. What is your reaction to that? Would you agree with that or not?

SNYDER: Well, yes and no. I agree with it because it's true. We had such a tremendous burden before us, coming out of World War II. The United States had, somewhat unwillingly actually, become the number one world power, and many new responsibilities and new burdens, new problems were thrust upon us that required some time to work out and think about, to adjust ourselves to. While it is true that we had always given a great deal of assistance and attention and had bought a great deal of imports from Latin America, we had somewhat taken it for granted that they were going to be our friends, and if anything happened to them we would get around to help

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them but we were trying to get what seemed to be the bigger problem solved first. And of course, with these billions pouring out of this country towards Europe and Northern Africa, Asia, the Latin American diplomats here in Washington observed these instances, and they observed these tremendous grants and loans that they were being made and they began to feel, "Now, what about us who have <u>always</u> been friends, and who have <u>always</u> gone along with the United States. Why haven't <u>we</u> a program like the Marshall plan? Why hasn't something been developed to help us get on our feet, not for reconstruction, but for development?" And that, unhappily, has been true of all the administrations since Mr. Truman. There has not been a workable, genuine assistance plan developed yet for Latin America.

HESS: Did you discuss this with Mr. Truman, or the

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possibility of having such a program?

SNYDER: Yes, many times, and he was very sympathetic to the discussion, but it was a question of our ability to do it, it was our limitation at the time in what we could do. Mr. Truman, in spite of all the reputation that some people tried to give him was a pretty sound man. He wasn't the "give away, spend, spend, spend Harry" that they claimed he was. Of course, in reflection now, he looks pretty modest in his taxing and in his spending. At that time, the opposition did try to build up a case against him. He was a pretty sound administrator.

HESS: Mr. Truman, as you know, took a trip to Mexico, and then he was also in Brazil. Were those trips taken with the thought in mind, perhaps to a degree, of seeing what the conditions were?

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SNYDER: That and a goodwill objective. I think whenever our President goes to a foreign country, it has an important effect on him, because it always gives him an opportunity to see conditions firsthand. That, of course, is not always true, because there's a great deal of dressing up with what he actually gets to see. But he gets to talk with people, he does get some contact, and he establishes a rapport that is helpful in his international dealings. I don't know whether

either of those trips actually led to any greater assistance, but it certainly increased his appreciation of the advisability of the desire to work out something. Of course, subsequently, they attempted to work out a sort of a type of Marshall plan, but it never succeeded very well. OAS has been working awfully hard to try to work out some mutual credit and so forth.

And so far the real leadership, the dedicated

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leadership in the Latin American countries, has not developed except in a few rare cases. Mexico is an outstanding example of where it has worked well, beginning with [Miguel] Alemán. I think that Mexico has stabilized their economy, they have built up a middle class which is the strength of the economy of any nation. They have built up a higher standard of living in Mexico. The government is stable. As a matter of fact, I think it is probably the only viable country in all Latin America right now. Venezuela should be very strong, they have great resources. Peru should be one of the outstanding countries, but they just seem to always get themselves in economic and political troubles. Chile is another one. They have a good president, but he has a difficult time controlling his parliament down there. One of the great promising countries is Argentina right now. If they could continue for another four or five years the fine government

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they've had for the last three, I see great hopes for the Argentine coming back into a very strong economic situation.

HESS: You mentioned that there were some of the Latin American diplomats here in town who were pointing out the imbalance between the aid that we were giving to Europe, and the aid that they were receiving or were not receiving. Do you recall which of the diplomats felt that way?

SNYDER: The Brazilian ambassador, the Mexican ambassador, the ambassador from Nicaragua...

HESS: He's the dean, is that right, the dean of the ambassadors.

SNYDER: Yes. Of course, he took the lead in saying -- even the Peruvian ambassador. They were all tuning in with the times. The Mexican ambassador was quite a frequent caller at the State Department, and the White House, pleading for his

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little people.

HESS: Did he come in to see you?

SNYDER: Oh, frequently.

HESS: Who was he?

SNYDER: [Dr. Don] Antonio de los Monteros.

HESS: What was the main crux of his argument when he would come in, "We need your help too?"

SNYDER: Well, "We need the United States' help," and because I was Secretary of the Treasury -- you see, Aleman had invited me to be his guest at his inauguration, and so I had early established myself as a friend to Mexico, same way with Brazil, same way with Peru, and a great many other countries. I had very fine relationships with the Latin American countries and I am happy to say, as long as I was in the Treasury

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and in the World Bank and in the Monetary Fund, that I could always count on 100 percent cooperation and support from the Latin American bloc.

HESS: To what would you attribute that?

SNYDER: Because I paid attention to them, and treated them as peers. Every year at the World Bank and Fund meetings, I always gave a luncheon to which no one but the Latin Americans were invited, and for the United States, which was the largest financially and the strongest of the countries at that time, to have pointed out that recognition to them, they were very proud of it. My successors haven't done it so much since, which I think is unfortunate, because they loved that recognition. I would visit their countries, I would go down to see them. I would go to their embassies. I worked on it because I felt it was extremely important.

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HESS: But it was just one of those things, we couldn't do everything.

SNYDER: That's right.

HESS: Earlier today we mentioned China and the difficulties that were going on in China, and the civil war. Now, General Marshall was sent to China at this time.

SNYDER: That's right.

HESS: It was about '46.

SNYDER: Very shortly after Mr. Truman became President he asked General Marshall to go over and act as liaison with the Generalissimo, and see if he could make any rhyme or reason out of the chaotic conditions that were existing there, and to make a report to the President. We were getting all sorts of pressures from different blocs to send unlimited aid and to do all sorts of things. To

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send agricultural aid, and great industrial aid, and all sorts of things of that sort -- pour the money in there. So Mr. Truman asked the General to go over and study the situation and advise him on what his findings would be.

HESS: Did you ever speak to the General after his return?

SNYDER: Oh, many times, many times.

HESS: What did he tell you in private were his findings?

SNYDER: No more than what has been made public. He found that there was absolutely uncontrolled corruption among the generals of the Generalissimo, and that the loyal, dedicated ones were in the minority, that the big military leaders that controlled the most people were the less faithful, they were squandering what we sent over there. It was like pouring sand in a rathole,

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the more you poured, the more disappeared, and so the Generalissimo had no actual control over his organization, and it was just futile. General Marshall was castigated severely for having muffed that, but actually he did the only thing he could do. Just report the truth, and let Mr. Truman take whatever position was necessary. We had many groups go over. One of them was the man who later became head of the Marshall plan, he went over there and came back with a very pleading story about the -- Paul Hoffman I'm talking about -- about that all they needed was just a world of agricultural experts and plenty of money to go in and organize the agrarian reform and that sort of thing, and of course there were just no facts about it at all. He put up a plaintive plea that he had talked to knowledgeable people in China, but the truth of the matter was that there was no one there that could take hold and do anything of that sort, And then the

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Generalissimo made the decision to pick up those that he could trust, those that were faithful, those that were dedicated, and move over on Formosa, and set up a Nationalist government there, in the hope of someday going back.

HESS: Do you think he'll ever get back?

SNYDER: He won't, in his time. Whether China will ever -- I'm not going to attempt in our talks to go back and take up the Chinese problem, but our relationship with China from the very beginning left a lot to be desired. We sent missionaries over and we did a lot of training, but our relationship was one in which we built up individual friends but not national friends. China was just too big a project for us to undertake the type of assistance that the leaders were demanding for their friendship. So, we had had, you might say, islands of influence in

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in China, but it's a rare person that ever fully understood and could evaluate the oriental mind. We have had people -- these missionaries would go over there and spend their lives, and felt that they understood them thoroughly, and their heads were cut off, or their wives violated. Of course, there are many Chinese who are just wonderful, grand people, but we forget the fact, we mistreated the Chinese as persons. We treated them as coolies. We treated them as the scum of the earth. Whenever the immigrants came over to this country, we forgot completely the great

culture that had been in China long before the Western World ever had any. And that those great sages, those men of tremendous knowledge were there all the time, but the country lacked the type of leadership that the Western World had, and they were overpopulated, and they just missed the opportunity even with their

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great culture, and with their, great early civilization, they just missed the boat on economic development. But at the same time, that mental feeling was there, and disdain, really, for the upstart Caucasian, that we never fathomed. We were so full of ourselves and blustered around and got the notion that we were the greatest of the greats, and they never thought so, and never did, and still don't.

HESS: Was one of the reasons for the Marshall mission to get the Nationalist government and the Communist government together in a united front type government?

SNYDER: Well, there was a hope to see if a sort of a composition for a unified government could come about, but certainly not to the point of succumbing to Communist rule. And when it was clearly developed that the Communists were not thinking of any such thing -- you see, we kept getting lost

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in this "People for Action," "People for Democracy," "The People's Government" -- it wasn't the people's government at all, it was the Marxist idea that was back of all this. We had great hoards of people in this country that were just swept along, that we ought to go over there and try to work out something for those dear people, the "People's Democratic Government." The Chinese Communist leaders' ideas of democracy and our accepted ideas of democracy were quite different.

HESS: Who were some of the notables in that movement? Henry Wallace?

SNYDER: Henry was one of them, and Bowles. There were all sorts of folks -- we were just going to straighten out the whole world. We were going to handle it single-handedly. All Asia, all Africa, all Latin America. We were just going to do a remarkable job of taking over the problems

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of the world and straightening them out.

HESS: As you have mentioned, that was at the time when the phrase, "agrarian reformers" was used by many people instead of "Communists."

SNYDER: That's right, and the "people's Government." Those two things, "agrarian reformers," and "the people's Government."

HESS: They just weren't recognized for what they were, is that right?

SNYDER: That's right.

HESS: One other subject, bringing us up to today, we have mentioned today about spending for military reasons. I'd like to ask your views on a current subject, just what are your views on the spending as it seems to be going today, and what I have reference to is the thick and thin

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anti-ballistic missile system. It looks like the Pentagon wants billions and billions of dollars spent for this, which it seems to me would cut us down a great deal in what we can do in other areas, is that right, or how would you see that?

SNYDER: We've got a very delicate balance there. And bear in mind, for me to attempt to discuss that without having all the briefing and background information that is highly classified would be rather presumptuous. From my impressions, I would feel that this massive anti-ballistic program is a futile one, and would be disastrous. It would just be spending tremendous amounts of money and going into deficit financing for something that would do us no good in the long run. Our greatest problem now is that this anti-ballistic thing, but my impression is -- and I may live to rue the day I make this statement

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to you, but it is my belief that the Russians are no longer interested in the moon exploration or interplanetary exploration. They have been using that for a cover up to get their platforms, space platforms, into orbit and from that position put them in an orbit that would cover the United States, and be under constant control there for dropping missiles and so forth onto specific points, which no anti-ballistic missile program could ever meet or face. And all this great expense to stop something coming from Europe or coming from the ocean is utterly ridiculous, because they are going to be right on top of us, and that is what, in my opinion, they are trying to develop.

HESS: Do you think that's what they've had in mind all along?

SNYDER: I really do, and it's covered up by all this great business, this race for the moon, and so

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forth. They were gaining the information they wanted from these trials and these developments and these missile projects and the Sputniks and all those. They were picking up the information for this orbiting platform program.

HESS: This is purely conjecture and neither you or I know, but do you think that the United States may have also been orbiting platforms of the same type?

SNYDER: Neither the Russians or the United States has actually orbited one yet.

HESS: At least that we know of.

SNYDER: At least that we know of. No, we would know it. There's no question about that. I don't want to attempt to say something that I don't know about, but we would certainly be stupid and neglectful if we hadn't been giving it a lot of consideration as we went along.

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HESS: All right, I think that's about everything on foreign aid. Did you think what we have already covered pretty well gives your appraisal of foreign aid?

SNYDER: I think so, unless you can think of something else.

HESS: I thought so as I was listening to it. I scratched it off from my pad here.

SNYDER: All right, where do we go from here?

HESS: Do we have a little more time this morning?

SNYDER: No.

HESS: All right, we'll shut it off.

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Thirty-second Oral History Interview with John W. Snyder, Washington, D.C., March 12, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, Mr. Truman took no part in the 1946 campaign and very little in the one in 1950. Can you tell me why the decision was made to hold down his participation in those two campaigns? Let's start with 1946.

SNYDER: At that time Robert Hannegan was the chairman of the Democratic National Committee. He had been under Mr. Roosevelt. Mr. Roosevelt had given him that position, prior to his 1944 campaign. To answer your question, Mr. Hess, I can only give you my impression. It was for a combination of reasons. Basically, Mr. Truman felt that Mr. Roosevelt had been the one that was elected President, and that his policies and his plans were paramount in all decisions that were made, because he was the choice of the

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people and they elected him on those plans and on those policies. So, when the campaign for 1946 began to get underway -- Bob Hannegan had been chairman of the Democratic National Party and he had steered the Roosevelt campaign to a resounding success -- Mr. Truman felt that he should be guided by the counsel and advice of Mr. Hannegan in the off-year election. It seemed to me that Mr. Hannegan decided, and those around him probably contributed to it, that it was Roosevelt's name that was magic with the voters, and what they ought to be playing on was the continuation of the Roosevelt era, and that Mr. Truman was pinch hitting for Mr. Roosevelt in his absence, and that the entire remainder of the term would be focused on the statements and on the policies and on the campaign promises of Franklin Delano Roosevelt. The campaign began to shape up that way and Roosevelt was quoted in nearly every speech that was

made. They kept

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pointing to the great leader who carried us through the recovery from the depression; who helped build up a great new view of civil rights, and had inaugurated civil rights programs, and had started many of the social reforms; and that he was the one that brought in the Social Security, and the FDIC to guarantee their deposits, and protection of the little man. It got to the point that Hannegan was insisting on playing records at political gatherings of the voice of Roosevelt, and his speeches, or excerpts from them, would be played. I have heard Hannegan say at times, "Mr. President you don't need to bother about this, we'll take care of this particular place," a place where Mr. Truman might think he could have been helpful. "You have so much to do." He kept pressing that Mr. Truman had so much to do that they would put this across. Mr. Truman actually began to take less interest than probably he

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normally would have. He would have contributed to the idea that this was a continuation of the Roosevelt policies and so forth, because he stayed with that as long as he was filling out Mr. Roosevelt's term. It became evident, in my opinion, along in October, that this was not taking well with the public. Traveling around I found that there was a slippage that was beginning to show up.

HESS: Where did you go?

SNYDER: I could get you my list of places, but I don't recall. The Secretary of the Treasury travels an awful lot making speeches and things. I happened to have the list right here and I would say I visited almost all part of the country.

That did not make too much of an impression on Mr. Truman because he didn't change his program any, and he didn't press to take a more

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active part because he said that Hannegan was the chairman, and it was his job, and that the Congressmen and Senators who were up for election -- as a matter of fact there began to be some little dissension among them.

HESS: In what way?

SNYDER: Particularly that they felt that there ought to be a greater drive from the President.

To answer the question that you asked initially, I think that about covers my recollections and impressions unless you have some questions.

HESS: I have a couple. In your opinion did Mr. Truman feel that he was being shunted into the background?

SNYDER: I don't know that he exactly felt that way. He realized that possibly the emphasis

was on Mr. Roosevelt, and he contributed to that idea somewhat because he was trying to carry out the

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policies of Mr. Roosevelt. So I don't know if he actually felt that he was being shunted aside, but the end result was that.

HESS: What was Mr. Truman's view of Robert Hannegan after the defeat of 1946?

SNYDER: Well, Hannegan didn't stay much longer after that.

HESS: What brought about his departure?

SNYDER: His health. At least that was the statement.

HESS: He had high blood pressure.

SNYDER: He had high blood pressure and had a very serious operation performed on his spine that was to have corrected it.

HESS: Was that about this time that he had the operation?

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SNYDER: Right around that period. I could find out for you, because he and Senator Symington had the same operation within a relatively short time. If it is important to know just when the operation was, why, it's easy to find. You have the date of his resignation there, don't you?

HESS: Not with me, no, I don't.

SNYDER: I do have and I will have to look it up for you, but I think that it was along in the first part of '47 when he had the operation, maybe in '46. He was not as fortunate as Mr. Symington. Maybe Mr. Symington took better care of himself and followed the doctor's instructions more carefully. He was a real success, whereas Mr. Hannegan's began to cause him considerable trouble. He attributed it both to his health and his desire to make a little money, because he had been in politics all his life, he said, and had never

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had a chance to build up an estate for his family for the care of the children, education and so forth. So, it was a combination of the two. I think he publicly used the one about getting out in private life. Privately I think that we all understood that it was largely because of his health. You may find in the public record that his reason was...

HESS: To build up an estate for his family.

SNYDER: Yes.

HESS: Why I brought it up about the date of his operation, I was wondering about the weight of the percentages behind the reason of his retirement, the health as opposed to the other.

SNYDER: Do you want to stop that a minute and I'll call Symington's secretary.

HESS: You mentioned Mr. Hannegan's successful handling

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of the 1944 campaign as being among the reasons that the President placed some reliance in what he had to say in 1946. As I understand it we have covered this quite adequately on tape, I believe, about Mr. Hannegan's promotion of Mr. Truman for the vice-presidential spot in 1944.

SNYDER: Right, we discussed that.

HESS: Do you think that that was part of the reason...

SNYDER: He felt that Hannegan had the experience and the contacts, and so forth, because of his experience in the national campaign of ‘44.

HESS: All right, one hypothetical question. Mr. Hannegan's handling of the 1946 campaign did not seem to be too successful. Do you think that it would have prevented the loss of the Congress. to the Republicans if it had been

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handled differently, if Mr. Truman had gone out and waged a vigorous campaign?

SNYDER: Mr. Hess, of course that is highly speculative. In the light of the success that Mr. Truman had two years later, I have always been inclined to think that if he had had a better exposure to the public in the 1946 campaign, the Nation and he would have greatly benefited by it. It took some time. I think that that would have given him a better opportunity to get the feel of national campaigning because if you recall Mr. Truman was given a very limited part of the campaigning in the 1944 campaign and really was not given free rein to develop his ideas about the national campaign techniques that he had to learn four years later when he was running for President. It was not until he threw aside many of the cut and dried beliefs and started out on his own on his whistlestop program that he really began to get

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results from his campaigning. He might have learned that in the 1946 campaign if he had really had the motivation and the opportunity to put on an aggressive campaign. To try to say whether you could have changed the trend at the time, would be hard to say. I have always felt like he should have.

HESS: Another hypothetical question. In 1946 did Mr. Hannegan approach the President with the idea, "We will use Roosevelt's voice on tape, and we will slant this from the Roosevelt angle. We will read excerpts from Roosevelt speeches." Was that cleared with Mr. Truman? Do you know?

SNYDER: I don't know whether it was ever cleared with him, but he was told that it was going to happen and he didn't object to it.

HESS: Now my hypothetical question: Do you think

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that after being told that this is the way that the campaign was going to be structured, as almost a Roosevelt campaign, that if he wanted to come out and campaign that it would have been throwing himself into competition, more or less, with the late President?

SNYDER: He would have been developing a controversial situation at that time, yes. There is no question but what the national committee had geared itself to the belief that Roosevelt was the great leader, the great name, the same way probably that the Republicans relied on Lincoln for so long, don't you see. Lincoln was the magic word. Remember, four times Mr. Roosevelt had been elected, and to this group that had been around him pretty closely, they just felt that his word was magic in the land, which it had been, of course.

HESS: Do you recall what some of the other major

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Democratic politicians thought about this, at this time? Take Jake Arvey for instance.

SNYDER: No, Mr. Hess, I have told you a number of times I did not take an active part in politics, therefore, I did not attend many, practically none of the workshops, discussions, the planning, and meetings of that sort. It would only be when I was with Mr. Truman at the time the matter would come up. I do recall being at the White House one time, we were over in the State Dining Room, when they played one of the records of Mr. Roosevelt's voice.

HESS: Was this during the campaign?

SNYDER: It was right at the beginning of the campaign. I recall that one or two of us felt like it was calling for the voice from the grave.

HESS: Was the President present?

[1256]
SNYDER: Yes, he was there. There was quite a number gathered there. I forgot the function, but we had gone over to the State Dining Room and this record was played at that time. I remember the deep impression that it made on me personally.

HESS: Do you recall the President's reaction?

SNYDER: It's hard to say. I think it was tongue in cheek. He would be the best source on that as to how he really felt about it.

HESS: Does that pretty well cover events in 1946?

SNYDER: Unless you have something else.

HESS: One other question. Mr. Truman took very little part in the 1950 campaign also, which was an off-year election. Do you recall why his participation was held down?

SNYDER: At that time he had so many real problems

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on his hands with the Korean war and with our economy and fighting inflation and things of that sort that he really didn't have the time to devote to it. It would have been very effective if he could have, I think, but the reason was an entirely different reason than the '46 campaign. This time it was because of the tremendous weight of the load of the Presidency. Of course, Presidents normally have not taken a very active part in the off-year elections. I believe that you will find that the case if you check back.

HESS: There is one question on 1946, of course that is when the 80th Congress came in, and many historians say that that is when Mr. Truman was really allowed to go off the defensive and go on the offensive. Some even go so far as to say that he would not have won in 1948 if he hadn't had the 80th Congress to run against. What's

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your view on that?

SNYDER: It was very effective anyway and he used it well and at the moment, why -- we are always looking for stalking-horses, you know, in both non-political and political campaigns. It was a good media and it struck the people as a good point because there were so many things that the Congress didn't act on that the President had recommended in his legislative programs. It happened that more people wanted the things that he recommended than didn't want them, and so he hit a responsive note there.

HESS: Mr. Snyder, I think that that fairly well covers everything that we want to put down on 1946 and 1950, other than the date of the operation, and when Senator Symington's secretary returns your call we can put that information in at that point.

[1259]
One other question for this morning, on the general subject of civil rights, there are those that say that Mr. Truman was a man of principle seeking to gain as much for the Negro as the political processes would allow. Others say that he was a political opportunist compelled by pressures to move far beyond what he actually wanted to attain. What do you think is the proper view of Mr. Truman's attitude?

SNYDER: I think the first view is the proper one. Mr. Truman foresaw that this racial problem had to be met foursquare; that the people of this Nation should be all treated equally when it came to the civil processes of the country; that the right to vote ought to be freely offered; the

right of jobs; and the right of education. He felt that very sincerely and positively. I think I can tell you a story that might be very effective in highlighting just how sincere he was and how

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he conveyed his sincerity to a great many people.

I was at a luncheon at the Riding Club in Atlanta, Georgia with a group of Southern bankers. They began to give me quite a going over as to some of the things that Mr. Truman had said regarding civil rights and some of the programs that he was sponsoring up on the Hill in the way of legislation that had been proposed, but was still unpassed from the Roosevelt administration. A great number of those bills and legislative programs that went up shortly after Mr. Truman became President. This was in, oh, probably, 1948 when this occasion happened. They were just finding a great deal of fault with what Mr. Truman was saying and doing -- it was upsetting the South, and giving them additional problems for them in taxes and things of that sort. I said, "Now just wait a minute, gentlemen, you're finding great fault with Mr. Truman and chiding me for

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my association with him without really facing the facts of the matter. It hasn't been over three or four years ago when I was right here with you and you were praising Mr. Roosevelt." That was during the lifetime of Mr. Roosevelt. "And you were all praising the great work that he had done in the war and in constituting reconstruction of the country after the depression and a great many things. You were all very high in your praises of him. You must remember that he was the one that started this civil rights program with all his other social legislation." One of them said, "Yes, but the trouble is, this fellow means it."

I always thought that that was the clearest exposition of the interpretation of most people as to his sincerity in what he was doing.

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HESS: One question along these same lines. There are some historians that point out the fact that even though Mr. Truman made liberal statements and statements in approval of civil rights matters, that perhaps his actions did not match those statements. Some historians pointed out that there were very few high-level appointments of colored people during the Truman administration. What are your views on that?

SNYDER: I don't think that it was because of Mr. Truman's personal convictions that caused that. I think that it was largely because of the pressures that were put on him for appointments, and recommendations, and this idea was rather new at that time. Mr. Roosevelt had not appointed a great many of the Negro race to jobs. It was a new concept, or a new approach to an old concept, and I don't think that it was intentionally -- maybe he

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wasn't aggressive enough in doing it and, of course, his successor, Eisenhower, didn't appoint a great many and it was not until Kennedy's time that they began to really step out and appoint quite a number. I think there were some judges, but you'd have to go back to your records to find

out just how many presidential appointments of Negroes were made. I don't think that there was any feeling on Mr. Truman's part. It was a matter of finding competents for the job that was the principal thing.

HESS: What was the concept back at that time, how were they trying to implement civil rights matters? Was it in trying to get public housing for people, was it in the trying to get a minimum wage law, or was it in trying to improve welfare matters? Just what was the thinking?

SNYDER: All of those things were a part and parcel of the program. Social Security and education

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were beginning to be pressed pretty strongly because it was felt that they had to see that these people had an education that would permit them to qualify for better jobs and better opportunities. Housing was a very important part of all this. I think that the grassroots of urban renewal was started then, trying to clean up some of the slum areas. How far that had penetrated the South, I just don't recall. I know that New York jumped on it very promptly and started some big projects up there. Job placement, the Full Employment Act, all of those things were used for the purpose of indiscriminately giving everybody an opportunity. The problem, of course, developed slowly in the South. It was quite a transition and it couldn't have just happened over night. It took long years and is still going on. We are blaming the South a great deal but the truth of the matter is, the migrants, the Negroes who have moved north in great quantities

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to some of the large Negro settlements in the cities, are having as bad or worse experience than they are having in the South. Their opportunities in the South, actually, are about as good as they are in the North. The South is taking the brunt of a great deal of this civil rights opprobrium that rightly belongs in any place with large collections. We forget in our emotionalism what brought on the South's situation in the first place. Southern people didn't go over to Africa and bring the slaves over here, they were sold to them by Yankee traders and by the Caribbean operators who went over and exploited these people, and the Southerners put them to work when they arrived here. Climate and labor shortage on the plantations accounts largely for the slave sales in the South. The North used immigrants under near-slavery conditions in the steel mills, coal mines and railroad

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building long after the Civil War. There are isolated cases of cruelty, and I say isolated because as a general thing, a Negro slave was a pretty fine piece of property. You don't ordinarily beat your horses up, it is a rare case, but even some people do beat up their horses. But they didn't do that as a general thing. It was a cruel thing, of course, to sell people on the auction block, and buying them that way, but they actually probably live better than they would have in Africa or than many of the people in the Northern slums at that time. But unhappily, the Negro race has not developed uniformly with other races in education. There seems to be a block.

HESS: What do you think brings this about?

SNYDER: It's inherent in their generic background, I guess. Consider the present problem of trying

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to educate the black man over in Africa, that brings out the fact that there is a limit to the numbers who can assimilate an education beyond the primary grades. To say suddenly that it was all entirely the South's fault is pressing it a little too far. We're having the trouble right here in Washington with the educating of the Negroes. You saw that article the other day, and maybe heard on radio, where a survey was made and that the Negro jobholders who answered the telephone were having trouble making themselves understood, that they had a sort of a secondary language of their own. That's right here in the capital city, after all the years that they have been here. So it isn't purely the South's fault. We have got to quit that and make it a uniform national approach to this problem and not constantly be saying that it was a Southern fault. This "Old Tom" business I think has been used for propaganda purposes by the promoters

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who are not strong for the real opportunity for the Negro to advance, but for personal opportunity of the speaker in keeping himself as the leader and in stirring up emotion.

HESS: Would you go so far as to say that the Negro seems to be basically and inherently somewhat inferior?

SNYDER: The problem in Africa where educational programs are being undertaken for the native, the Bantu, the native black man, and the problems there are just terrific. They just don't seem to be able to assimilate. Of course, we have the same problem, maybe, with our Indians here. However, there are quite a number of Indians who have been able to overcome that gap and proceed to higher education. I think that we must recognize the fact that you cannot take an average group, just march out a hundred Caucasians

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and a hundred blacks and expect them to move right along in the same degree of assimilating education. I think that is where the great problem is going to come, in trying to force integration into high schools and things of that sort, you're going to slow down the educational processes in my opinion. It's perfectly proper to have the opportunity there for those who can take the higher education and the steps of the more involved educational subjects. Let's give them every opportunity to go right on through college to master's and doctor's degrees. But I do not think that because of trying to keep all the classes in the same stage of development that you are going to be able, certainly within the next few decades, to insist that you mix the school so that there is an equal or proportionate number of black and white in the classrooms as you hear some advocates propose. That's a

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personal opinion from long years of observation. We should give the black student every opportunity to progress as far as he can go in educational matters. Some have demonstrated that they have been able to go on to higher education. The great majority of them reach a limit of assimilation of education by the time that they reach the high school grades.

HESS: What can the Negro of today do to help improve his own situation?

SNYDER: Be willing to work for his living and be willing to try to help himself and help his fellow black man. We have a great dearth of sincere willingness on the part of the black man who has made a success, who has been able to get a higher education, to get out and work for the betterment of his race. Most of the leaders are emotional, radical talking type of blacks

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that are in the lead of these things. To get a good man who is willing to devote and to contribute -- there are many wealthy Negroes, but you don't find a great many of them that are willing to contribute in large sums to schools, to black schools, and to black hospitals and black developments, to scholarships; and I think they should. When they made a success they ought to try to help, and the individual himself ought to be willing to work for what he is after instead of having it handed to him by some Federal fiat.

HESS: Back on the Truman administration, were there any measures that you could have taken or you could take, or possibly did take, in the Treasury Department to further civil rights matters during your period?

SNYDER: We gave every opportunity for the black man to take jobs that he was qualified for in

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in the Treasury. The question didn't come up in the Treasury except in one place, and that was equally with white and black, was in the training for some of the higher jobs in the Bureau of Printing and Engraving. We had some little problem there, but it was simply because the applicants, the ones that did apply, just were not able to acquire the qualification for that kind of work. Generally speaking, the Treasury was a large employer of the black man in Washington and in other parts of the country. Certainly, I never heard of any blame against the Treasury for discrimination in employment.

HESS: Did you have any of the leaders of the civil rights organization come in to see you?

SNYDER: No, never.

HESS: Do you think that they were somewhat laggard in not pressing this?

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SNYDER: Pressing what?

HESS: Could they have gotten more jobs from the Treasury Department if they came in and asked for them?

SNYDER: I doubt it. At least I accepted the fact that their not coming indicated that they were satisfied that we were giving them a pretty fair chance.

HESS: One other question on this, and as you know the FEPC, the Fair Employment Practices Commission, was not fully established during the Truman years. They tried several times and it was not established. Do you recall anything about the FEPC and the efforts to establish that during the Truman administration?

SNYDER I remember the first discussion that came up. I think, largely, that it was maybe too radical

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a change, some of the things that they were proposing, that they wanted to accomplish overnight, without building up a gradual approach to that program. We had great resistance from industrial employers on EEPC, because some of the proponents wanted to force any industrialist to hire them, regardless of whether they were fitted or qualified for the job or not. Maybe its poor reception could have been on account of those who were the vocal sponsors and that a better sponsorship should have been sought for that new concept.

HESS: One question on race relations in general. Approximately what were the percentage of the colored people in Jonesboro when you were growing up? Do you recall?

SNYDER: It would be hard to say. I would say 10 percent maybe.

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HESS: Did they have segregated schools there at that time?

SNYDER: Yes.

HESS: Did you have any relationships with colored people?

SNYDER: Oh, I've always gotten along just splendidly. I've been real close friends with Negroes all my life. When I got into the banking business down in Forrest City at least half of our Negro depositors would come to me for counsel and advice. I remember one instance when Scott Bond, who was a landowner, in St. Francis County, came to me and said that Judge Rolfe had suggested that he talk with me to see if I could help him in some of his legal problems. It appeared that Scott had overbought. He had tried to extend himself too rapidly and then when he had

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the set-back in the price of cotton -- he was entirely a cotton farmer, he had not attempted any diversification at that time, nor had anyone else. A little alfalfa was beginning to be planted during World War I and afterwards, but real diversification on the farm was not started. So, he was caught with this problem, and through sitting down and working with him we were able to let some of the lesser desirable pieces of property, small farms of forty, fifty, sixty, eighty acres, that he had added, to drop those out of his program and we reshaped his affairs to where when he died Scott Bond left an estate of some five or six hundred thousand dollars.

That's one example of the type of help that I have always tried to extend to Negroes. We had

another family there, the Williams family, who were able to assimilate higher education. One became a doctor, one became a pharmacist and one became an insurance man. I carried

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their accounts, helped them, advised them, extended loans to them, and they became great successes and good leaders of the colored people in our community.

After I got into Government in St. Louis I had many, many Negro leaders who would come to me to consult about things. I would go out and talk with their groups there. After I got into Government, I always had a great number of colored people who came to me for counsel, who are still writing me notes, and at Christmas I get little messages from them. I don't know whether this fits with what you asked, but even though I was born in the South, I've always taken a great interest in the development of the Negro.

HESS: Was there anyone in the Treasury Department in a management position, in an executive position, that was colored?

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SNYDER: I don't think so.

HESS: We haven't put down on our tape yet our information about Mr. Hannegan's operation.

SNYDER: The operation for the high blood pressure problem, that Hannegan and Symington were afflicted with, was in the summer of 1947. He did not turn out quite so well and that, coupled with his desire to get out and try to make a little money to leave for the education of his children, caused him to resign. The situation at that time, we were beginning to do quite a bit of reorganization in the Bureau of Internal Revenue and some problems were developing that Mr. Hannegan did not want to get involved with. I would say that he probably didn't want to become involved after having had these people come to him for sponsorship.

You see, he had been Commissioner of Internal Revenue before he was made Chairman of the National

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Democratic Party. He was brought from St. Louis and given that job. He came up here under [Guy T.] Helvering, and succeeded Helvering as Commissioner of Internal Revenue. Unfortunately, he had used it for political purposes, in my opinion. He put a great many politicians in jobs that they shouldn't have been in.

HESS: Then his retirement was in December of that year 1947. Do you recall offhand how long he lived after that?

SNYDER: A year or so, I don't know exactly.

HESS: What was his personal relationship with President Truman? Did it somewhat diminish after 1946?

SNYDER: I think it did.

HESS: Did you ever hear President Truman say anything about Mr. Hannegan?

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SNYDER: Mr. Truman never said anything about people other than, "Oh, he's a great fellow," or something like that.

HESS: Whether he thought so or not?

SNYDER: Many times, whether he thought so or not, yes. Mr. Truman was not a vindictive sort of person in spite of all the advertising he got for saying things off-the-cuff. He was very, very careful. He didn't pretend, of course. If he definitely didn't like you, you knew that you weren't one of his best friends. But, he was not one inclined to be vindictive about his feelings towards people, he just let them alone. Mr. Hannegan did become less and less influential around Washington.

HESS: All for one morning?

SNYDER: I think that's sufficient.

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Thirty-third Oral History Interview with John W. Snyder, Washington, D.C., March 26, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, the President's Temporary Commission on Employee Loyalty was established by Executive Order 9806 of November 25, 1946. What do you recall about that commission?

SNYDER: The man in the Treasury who was named to that commission was Edward H. Foley, Jr. who at the time was Assistant Secretary of the Treasury. The other members of that group which were representatives of their various agencies were: A. Devitt Vanech, Special Assistant to the Attorney General at the Justice Department, he was named chairman. Subsequently, I think that Mr. Foley acted as chairman from time to time but Mr. Vanech was the nominal chairman of the committee. And John E. Peurifoy of the Department of State; Ken [Kenneth C.] Royall, Department of War;

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John Sullivan, John L. Sullivan, Under Secretary of the Navy; and Harry B. Mitchell, the president of the Civil Service Commission. Now, the purpose was to make a study of all the procedures that were being followed by the various agencies, then come to a uniform plan that would be a proper program for looking into the loyalty of prospective employees, and also review the files of the employees in the various agencies. The commission was supposed to adopt a uniform set of guidelines on what should be checked and what shouldn't be, and to see that all the various departments, particularly those with security exposures, were, giving the right

attention to their employees which they already had, as well as the new ones. And I delegated that work entirely to Mr. Foley. And I think that they did a very good job. The hue and cry certainly diminished a great deal after that, except in political areas where sometime later the

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Republicans went back and tried to stir up a lot of problems in some of those investigations that they conducted mostly after 1952.

HESS: I've heard some criticism of the commission in that instead of trying to concentrate on finding serious security violations, communists in high places, in other words, that it sort of degenerated into searching for homosexuals and people of that nature in lower positions.

SNYDER: Unhappily, I think that there is some substance to that criticism. The actions of the commission were somewhat motivated by the pressures of the time. And I think that was wherein they fell into the trap, except for trying to be so flexible as to run here and there instead of setting up a program and going straight through on it. Fortunately, in the Treasury, we did not have many great problems in the field of loyalty. The few we had were that many too many but, generally

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speaking, we were fortunate in having a higher record of loyalty, a better record of employees not questionable in their loyalty, either as to security or morals.

HESS: What would be your evaluation of the overall effectiveness of the commission?

SNYDER: I think that it served its purpose.

HESS: All right, fine. That's about everything on that isn't it?

SNYDER: I don't have anything pertinent to add.

HESS: Okay, fine.

SNYDER: There is no need in going in and rehashing all the publicity and all the arguments that came up at the time because those pretty soon gave way to other matters. I think by and large it pretty well straightened out, although, as you know later some of the Republicans put in many hours

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trying to dig up and rehash old stories.

HESS: Who were those who gave the most trouble along those lines. Do you recall? During the days of Joe McCarthy?

SNYDER: Well, during the McCarthy days and later. I suppose that the most of it was stirred up by the McCarthy investigation. Later, as I say, guidelines were set up to help the personnel units

of the various departments, which I think were a help, and in dealing with the new employees particularly.

HESS: During the McCarthy era, did you ever have any Congressmen who came down to the Treasury Department and wanted to go through personnel records?

SNYDER: I don't recall personally. Mr. Foley may have had some such approaches but they were never

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serious enough for him to bring them up to me that I recall.

HESS: Our next subject for the morning deals with the writing of the State of the Union messages, shall we move right on into that?

SNYDER: Yes, if you like.

HESS: Did you help in the writing of any of the State of the Union messages?

SNYDER: It was President Truman's policy as he was preparing any of his messages to Congress, or any public statement for that matter, to consult with the department heads or agency heads whose activities were going to be treated in his speech. Perhaps some action was going to be taken or some new legislation was to be requested. If it affected any department or agency he normally called in the head of those units to discuss at least their phase of it. In the State of the Union

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message, of course, that somewhat is a blanket speech that covers all activities of the Government in the past and plans for the future. I was always present at the preparation for the general review, and was always consulted as to any matters that affected the Treasury operation or that the Treasury Department was to be called on to take any particular action or position. As a matter of fact, the President would give us a list of things, of taxes or any new legislation having to do with the administration of any of the various agencies, for instance the Internal Revenue or the Customs. Those matters were presented to me, our staff would get to work and we would prepare insertions in the speech for the President. And those were presented to him and they may have been edited or expanded or contracted as they saw fit and then passed back, and if they were within keeping of the ideas and the workability of the Treasury, they went into the

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speech. Then after all the various agencies and departments had gone through the same procedure, then the draft of the speech itself would be read before a certain group, largely White House staff people. The Attorney General and I were usually invited in for that, or, if it vitally affected any agency, the head was called in, and we would go over it paragraph by paragraph and whatever discussion was brought out, it was duly weighed by the President. Sometimes some rather lively discussions came up.

HESS: Do you recall any of those offhand?

SNYDER: Well, frankly, I don't. If it's of particular importance, we could go back and look through some of the old drafts of speeches and see if there were any points that were controversial.

My greatest problem was largely generated by the economic advisors. They would come up

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with various projections and proposals and notions that didn't jibe with the economic facts or some of the views, and it was largely in that area where I experienced the few controversial interludes that arose.

HESS: Who were the principal economic advisors that you used to have these slight disagreements with?

SNYDER: Well, it was largely with one man.

HESS: Who was that?

SNYDER: Keyserling, Leon Keyserling. Leon was quite a person. He came down to Washington as a clerk for Senator [Robert F.] Wagner in the housing job and by some strange process he became reported to be a great economist. Unless he did it by night school work, or correspondence course, I could never find where he actually prepared himself to

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be a professional economist. But he certainly has become widely reputed as a liberal economist.

HESS: What seemed and seems to be the main philosophy of his school of economics?

SNYDER: Well, it was largely, I think oriented towards the labor situation. More liberal legislation affecting the labor unions, and more pressure put on higher wages without properly weighing the price structure, things of that character. Housing -- he was always for low-priced housing regardless of the economics involved.

HESS: When he would submit a suggestion to the President and to the White House staff that ran counter to your views, what would be your next step? How would you try to counter his actions?

SNYDER: Well, it was just a matter of trying to talk with him or some of his people about it and give

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our views, and if we were persuasive enough, sometimes they dropped them. If we were not, then the matter had to go to the President himself, and to his staff. Normally, I say normally, and

I think that this is true, my staff and his staff were able to iron out a great many of the matters without making them become a presidential controversy. But, if we weren't able to, then it fell on me to go to the President, or discuss my views in an open meeting of the staff.

HESS: Do you recall an example of something that may have been taken to the President for a high-level settlement?

SNYDER: Oh, I think it was probably the language regarding pressures to be put on price structures and more liberal attitudes toward labor. I always had a strong feeling that if you're going to get a balance there you had to give a consideration to both sides. The laborer should be willing

[1292]
to work for his wage and produce the greatest amount of productivity for the wage that he earns, and I thought that it was incumbent upon the manufacturer to price his product at a proper level, but I always felt that he had a right to make a profit on what he did. That's where some of the controversy came from. The figures that were produced by the Economic Council, at times, didn't jibe with the figures that were available to me. I had accountants, usually one of the large public accounting firms, make a projection for me on the necessary profit of corporations. The Economic Council had the notion that a wage raise with no assurance of increased productivity always could be absorbed without a price raise, that seemed to be their regular refrain almost anytime that we came up with the matter.

HESS: On all matters, not just prices and wages,

[1293]
but whose view do you think that the President was more closely attuned to, yours or Mr. Keyserling?

SNYDER: Well, I wouldn't want to comment on that. We got along all right.

HESS: Fine.

SNYDER: And, when the decision was made, that was the decision, and we went along with it whether it was pro or con for the Treasury. Once it was made then it became administration policy and the Treasury supported it.

HESS: Did you or did you not feel that there were certain White House staff members who might have been a little more receptive to Leon Keyserling...

SNYDER: Oh, why, sure there were, yes.

HESS: Who would you think would try to write in some of his ideas into the President's speeches?

[1294]

SNYDER: I think that, without doubt, Clifford leaned in that direction, because he had somewhat labeled himself a liberal. You know, it's very difficult to measure what a man means by saying that he has liberal views and he is for liberal ideas and so forth. Mr. Clifford, in running his law office in later years, was not too liberal with his fees and I have never found that at any time, to my knowledge, did he ever make special concessions, or take as clients, any of the group of people that he was so concerned about as a liberal in the Government. Somehow he confined his clientele to the very rich who could pay extremely favorable fees.

HESS: Why do you think he tried to take upon himself the label of a liberal during his White House days?

[1295]
SNYDER: He thought it was popular, I'm sure, he felt that it was politically popular.

HESS: Do you think he would place political expediency above principle, more or less?

SNYDER: Oh, now, let's don't...

HESS: Okay, all on that subject?

SNYDER: I think so.

HESS: Mr. Snyder, one thing that will be of interest to historians would be your recollections of Mr. Truman's reactions to the Korean invasion. And on that subject, how long was it after he received the news, that you saw him?

SNYDER: President Truman and I were out in Missouri at that time and on Sunday morning he called me and told me that he had some very disturbing news that there had been an invasion from the

[1296]
north in Korea, and asked me to be ready to go back to Washington with him that afternoon, that he would come by St. Louis and pick me up in his plane. My records show that at 1:30 p.m. on June 25th that Mr. Truman had the plane land in St. Louis and picked me up and we flew non-stop on to Washington arriving here at 4:20 p.m. In the interim he had communicated with Secretary Acheson and Secretary Johnson and told them to get together the appropriate people to discuss this communiqué that they had received and to explore what steps should be taken.

When we arrived at the airport, Secretary Acheson and Secretary Johnson were there awaiting us.

HESS: One question. When you got on the plane in St. Louis, what seemed to be his reaction? What seemed to be his mood at that time?

SNYDER: The President was tremendously disturbed

[1297]
because he immediately said, "Of course, we don't know the depth of this. We've had this communiqué that they moved in with force along the border." This would be the first breach of an area of understanding between the Communists and the free world as to encroachment on the independent nations. The U.N. had been formed and was in operation and many members of the smaller nations were really looking to the stronger nations to protect them from encroachment, and this would, to him, probably be the first test of just how strong the free world should stand against any further infiltration of the independent countries that had associated themselves with us in the United Nations. We, of course, had gone through the attempted expansion of Communist influence into Turkey and Greece right after the war, and had effectively held that back. But that was just a general expansion of the Soviet Union in trying

[1298]
to extend its lines as far into the west as it could following World War II. Of course, we had set up NATO, and we had set up several other organizations as protective forces to back up the U.N. in giving aid to countries that were threatened with invasion, encroachment, or take over, and this was the first time that an actual invasion had taken place. The line dividing Korea into North and South Korea had been set up by agreement. Governments had been established and had been in operation. The South Korean government had become a Republic that was relying a great deal on the United States for assistance, and we had quite a number of troops in there under MacArthur's jurisdiction.

So, it was a matter of real concern to him and he was very anxious to get to Washington and find the extent to which this invasion had taken place and in what force. My recollection is that he was deeply concerned about it.

[1299]
HESS: Where did you land, Andrews Air Force Base?

SNYDER: No, we landed at National.

HESS: Who met the plane?

SNYDER: Well, there were several but the principal ones, I remember, were Secretary Acheson and Secretary Johnson. We conferred briefly, and then Mr. Truman discussed with them the question about where should they meet, and he said, "Well, I think I should go directly to the Blair House, and then you folks bring all the proper people there and bring such documents as you have that will help us not only know the situation, the latest communiqués, but also what other documents would help us in arriving at a decision or what steps to take."

They advised of those they had already asked to be there -- who they had already alerted -- and there was some adjustment in the people that

[1300
were coming. Mr. Truman and I proceeded to the Blair House and Secretary Acheson and Johnson, as I recall, came on later in their own cars.

When we arrived at the Blair House some of the people had already arrived and others came in and we went out on the patio to have our discussion. It was in the summertime and there was a patio on the north side of the Blair House -- the rear of the Blair House -- and we went out there to have this discussion. My recollection is that we started right in with the reading of the documents that some of them had brought. Secretary Johnson brought the Defense Department's communiqués, and Secretary Acheson brought the messages he had received from our ambassador in Seoul.

HESS: Who do you recall as being in attendance at the meeting?

SNYDER: Well, to my best recollection, Mr. Acheson

[1301]
brought with him his Under Secretary James Webb, and Secretary Johnson, as I recall, had Secretary [Thomas] Finletter, and probably [Frank] Pace. He probably had Pace there, because of the fact that Finletter and Pace had troops in South Korea -- Army and Air Force personnel, and also Secretary of Navy Francis Matthews. And then Bradley was there and had with him, as I recall, General [J. Lawton] Collins. Others present were: Air Force Chief, General Hoyt Vandenburg; Chief of Naval Operations, Forrest Sherman; Under Secretary of State Dean Rusk; Assistant Under Secretary of State, John Hickerson; Ambassador at Large, Philip Jessup. Admiral [William D.] Leahy was present because there was a question regarding what was to be done with the naval forces, how they were to be deployed. Those were the ones that I recall specifically being present.

[1302]
HESS: Were there any of the people that were there that were opposed to the final action that was taken?

SNYDER: None that I recall. There was a great deal of discussion back and forth as to what the effect was going to be and what should be done, and, of course, Dean Acheson said that by all means we should bring the U.N. in on this. Whatever action that we took should be done under the direction of the U.N. Number one, the decision was, something must be done, some action -- some positive action -- must be taken and taken quickly. Then the decision was made to put the whole operation under the U.N. Secretary Acheson and the President got in touch with Warren Austin, our Ambassador at the U.N. at that time, and one of the first things that took place the next day was the U.N.'s action condemning the invasion.

The matter was brought before the Security

[1303]
Council of the U.N. They called on all the invading troops to return north of the 38th parallel immediately, and member countries of the U.N. were called on to give every assistance possible, including troops, to the protection of the sanctity of the South Korean area. It was pointed out very positively that the peace of the world was threatened by a strong power impressing its will on an independent, reluctant member nation of the U.N. As I recall, the statement of the U.N.

was to the effect that the Communists had defied the order of the Security Council to preserve international peace and security, and that they had violated the commitments under that order.

Of course, there was great confusion, at the time, as to just where the support and the equipment and the training that was behind this North Korean force had come from. Of course, it subsequently developed that the airplanes,

[1304]
and many of the tanks, and many of the instructors for the various arms, particularly the air force, were Russian. Supplies, however, were being very liberally moved in by the Chinese, so they were actually getting assistance from both sides of the Communist world at that time. The more advanced, technical assistance came from the Russians. .And Russia was a member of the U.N., China wasn't. China hadn't developed to a point where they could supply the type of equipment, and we quickly learned that the airplanes were Russian manufactured.

HESS: Were any of the congressional leaders consulted about the position that was taken?

SNYDER: My recollection is that the phones were busy about this matter. Of course, the time was so short that...

HESS: There were no congressional leaders at Blair

[1305]
House on Sunday evening. Is that correct?

SNYDER: No. No, there was not, because this was a matter of deciding what should be done, what we could do, and then what our position was as a member of the U.N.

Well, of course, that came up later, Dean Acheson advanced it early because he evidently had been giving it some very serious thought. I considered it a very, very inspired thought right at the beginning, the minute he mentioned it, because it was broadening this thing out and kept it from being just an action by the United States, although we did bear the brunt of the protection of South Korea. But for history it was a United Nations action and they had taken the position, although, as you know, we got very little real assistance other than the initial Security Council action.

HESS: There have been those that have said that the

[1306]
United States should not become involved in a land war in Asia.

SNYDER: I believe that, and still do. I just think that it's like quicksand. And with their vast areas, the unlimited number of people, the general attitude of the Asiatic mind toward death -- they could sacrifice a million people and no harm's done to them if they can win -- and even if they don't win, they've only accomplished what in the old days famine used to do and reduce the population to a more manageable proportion. That is so clear. Never, never has there been any

successful invasion of any part of Asia, except economically and by trade.

HESS: Do you recall...

SNYDER: They can absorb so much, and time means nothing to them.

HESS: Do you recall if somebody mentioned that on

[1307]
Sunday night during the discussion?

SNYDER: Yes, that was very positively brought out that we do not want to get involved in a conflict with China, and that at least on the face of it it should be kept in the confines of a dispute between these two countries, North and South Korea. That's why we didn't want to go beyond a certain point, the Yalu River.

HESS: Was the possibility of Chinese intervention discussed at this meeting?

SNYDER: I don't think that it came up at this particular meeting. Because we were still feeling our way out -- we just weren't too darn sure. But a warning went up that we did not want to get involved with a principal nation, don't you see -- it would just be devastating, financially, economically, and manpower wise because you could

[1308]
see how the Chinese could lose millions of their citizens, and it would mean very little to them. You can see in the case of this little Vietnamese war: We call it little and it is little when you think of world battles, but there is no way of getting a toehold there, you never know when you've won. There are little pockets of resistance. And that would have been true throughout Asia. You never would have known when you had actually conquered anything because the government would fragment and then it would all come back and be Chinese again. And that is a part of our greatest difficulty in trying to probe the Oriental mind. They just don't think like we do. Their standards are different from ours. Their morality is different, their principles are different, and then you add to that the Communist theory of the end justifies the means, and you see pretty clearly how impossible the situation is getting involved with an Asiatic country.

[1309]
HESS: That pretty well cover the meeting on Sunday night?

SNYDER: I think so, as I recall, unless you've got some questions.

HESS: That's all on that. Now, as you know, in September of that year General [George C.] Marshall replaced Louis Johnson as Secretary of Defense. When was the decision made to replace Louis Johnson, do you recall?

SNYDER: I think along in August, it began to be discussed.

HESS: I have heard, I don't know if it's true or not, that it was even discussed prior to the Korean invasion. Is that incorrect?

SNYDER: I don't want to say positively because I don't remember right this minute. Louis Johnson

[1310]
was a very aggressive person and he began to tread on the toes of quite a number of people in the State Department, the Commerce Department, and several of the others, and unfortunately, because of the very driving person that he was he was creating an atmosphere in the Cabinet and in the administration that President Truman did not want to develop. It began to appear in the early summer and late spring of 1950 that there were areas of argument and controversy and encroachment of jurisdiction. But it was probably augmented by the Korean situation, as I recall.

HESS: What do you recall about the President's reactions when the Chinese Communists crossed the Yalu River in late November that year?

SNYDER: Well, it was pretty shocking because it was then clearly evident that the Chinese were pouring great strength behind it, and any move that we made to go beyond the Yalu River then

[1311]
appeared to be a threat of invading the soil of a great power. There was a great deal of controversy about bombing beyond the Yalu River. That is a matter that I will have to leave to the military experts. In my visits with General MacArthur in November of 1949, the General felt that given the proper forces that they could hold the situation. There had been some rumblings and so forth, this wasn't just overnight, although General MacArthur had not given any imminent danger signals. The real problem came from airplanes flying way back inside the Chinese borders beyond North Korea. And so that only came to light after they actually started their invasion, don't you see.

HESS: Is it true that in their meeting at Wake Island on October 15, 1950 that General MacArthur told President Truman that in his best opinion the Chinese Communists would not invade?

[1312]
SNYDER: That is my understanding, I was not there, but I was told that when they came back.

HESS: By whom? President Truman?

SNYDER: I'm pretty sure it was.

HESS: What do you recall about the events that surrounded the...

SNYDER: You see, when they got back I talked with quite a number of them, particularly General [Harry H.] Vaughan who was along, but I was given to understand that MacArthur had

assured Mr. Truman that there was not any real danger of the Chinese invading as a Chinese army. They thought that there might be some danger of the so-called volunteer Chinese units becoming involved in fighting.

HESS Tell me just a little bit more about the trip that you took to see the General. Who sent you

[1313]
and just exactly what was the mission?

SNYDER: Well, that will take some time, it really should be the subject of one of our interviews.

HESS: All right.

SNYDER: Actually, the official mission was to inspect Coast Guard installations. My trip was really three-fold. It was based, however, on the visit to General MacArthur to review and check up on the assistance that the Treasury had rendered to General MacArthur in setting up tax reforms, monetary assistance, schools reforms and I think that could well be a topic for discussion.

HESS: What time was that trip? Do you recall offhand?

SNYDER: If you can cut it off just a minute I can tell you.

HESS: All right.

[1314]
SNYDER: In answer to inquiry about when that trip was made, I left Washington on November 11, 1949, and was visiting in Tokyo from November 15 through the 21st. I was there about a week. I was the houseguest of General MacArthur during that period. So we'll take that matter up then unless you have a closing question that you want to ask.

HESS: Well, just one question. You said that it was a three-fold mission?

SNYDER: One of the missions was to check with the Coast Guard and our commitment for weather observation (Loran) that the Coast Guard was charged with in operating those outposts for inter-ocean travel. We had these weather stations all over Alaska, Japan, and in the Philippines, Wake Island, places of that sort. And I took with me the Commander of the Coast Guard Admiral [Merlin] O'Neill and a staff of his

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officers. One of our objectives was to check all of those operations of the Coast Guard in those areas. Another was to consult with the Philippine government about a surplus property problem that had developed in the south seas there which was operating out of Manila, and the other was to spend time with General MacArthur reviewing these various operations that the Treasury had sent a taskforce over to help him accomplish. So that was the three-fold purpose of the trip. But

I repeat: The official mission was to check Coast Guard installations.

HESS: Fine. Let's discuss that the next time and then move on into the events surrounding the dismissal of General MacArthur and make that our next interview. Will that be all right?

SNYDER: Yes.

[1316]
Thirty-fourth Oral History Interview with John W. Snyder, Washington, D.C., April 2, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, this morning let's discuss Mr. Truman in his relaxed moments. Did you accompany the President on any of his trips to Shangri-La or to Key West or aboard the *Williamsburg*?

SNYDER: It was my privilege, Mr. Hess, to go with him on many of those trips. Frequently he would have someone call out to the house and invite Mrs. Snyder, Drucie and I to come down on Sunday and go down the river for a day's trip. Sometimes it would be only his family and my family and one or two others, sometimes it would be a little larger. Never any very large parties. Usually he had his aides along, his Naval Aide and his Military Aide, and his Air Force Aide later. In the earlier days Sam Rosenman used to be along. And he would sometimes invite various members of the staff. The Vinsons were invited

[1317]
frequently. The President enjoyed talking with him -- talking about Congress and things of that sort. Barkley used to go in later years. These were usually rather small parties. Sometimes he would give a good sized dinner on the *Williamsburg*. Shangri-La was somewhat the same. He never carried large crowds up there, it was usually just limited to family and aides and one or two others.

Key West was a little different. Whenever I went down to Key West it was largely business, and I would usually go only for one or two days, and might stay over night. But Mr. Truman was down there to relax and at the same time if I wanted to relax I would go to wherever I wanted to. There is always business going on. The President never get away from business, and the daily pouch comes in with documents to sign and decisions to be made and memorandums to send back. Usually when we went to Shangri-La it was for a weekend,

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and not too much took place there in the way of business. And on the day trips for the *Williamsburg*, it was an exceptional case when there was any business.

But on one very delightful trip that we took, we went from here up to the Quonset Point, Rhode Island naval installation and for a brief visit to the Naval War College at Newport, Rhode Island. From Quonset Point the President's party sailed to Bermuda, and had a most delightful visit there for several days. I left the *Williamsburg* at Quonset Point and rejoined it in Bermuda after a trip back to Washington. On the trip business was carried on in the morning when the pouch would

be flown in and the President would spend several -- maybe even two or three hours on his work there, and he would call in various ones when needed. We had several conferences on urgent matters on that particular trip.

[1319]
Now there were *Williamsburg* trips when he would call certain people to take a trip to discuss particular matters and there would be a whole afternoon devoted to discussion of problems. I remember one in particular -- I think we mentioned it before -- Sam Rosenman and I went with him down the Potomac on the *Mayflower*, just before he left for Potsdam. It was strictly business that day because we were discussing what things were likely to come up and the approach to them -- angles that he should weigh. He afterwards said that that was an extremely useful program that we went through at that time because it sharpened his thinking as to what might come up. And we had the advantage of having Steve Early and Sam Rosenman along on that trip, and their experiences with Mr. Roosevelt were extremely useful.

So I again repeat that the President never gets away from business, but sometimes on those

[1320]
little pleasure trips for the day, or just for the weekend, there was a minimum of business and he loved to talk about history. He loved to reminisce about some of our experiences at the summer camps that he and I used to attend. We used to talk about World War I -- we were not together at that time, but we would compare experiences on what happened.

HESS: Do you recall what experiences seemed to stand out in his mind about his experiences in World War I?

SNYDER: Well, yes, the thing that stood out was his becoming battery commander and being actually in charge of a very important segment of the offense. The field artillery was a very vital part of our drive -- especially the barrages that were laid down in front of our troops when they moved forward.

[1321]
HESS: Is this when he became commander of Battery D?

SNYDER: That's right.

HESS: I have read that the Irishmen in that battery had caused their former commanders a good many headaches.

SNYDER: That is true. It was very difficult for that battery to retain a commanding officer. And when Mr. Truman, who has always been a very mild mannered man and very soft spoken, really took hold and laid the law down after the first week or two in which they were playing all sorts of tricks on him to test him out. He set some rules that he enforced to the letter. And they suddenly woke up to the fact that they were not going to carry on with him as they had with some of the previous commanders.

HESS: Do you ever recall him saying what kind of tricks they were playing on him or what they were

[1322]
doing to test him out?

SNYDER: Well, it was largely pretending to be alert and then sloughing off, you know, or things of that sort and snap to attention and then just kind of loll around, don't you see. Just irritation, things to annoy him, such as being late for formation, you know, giving all sorts of excuses why it was. There was nothing that was punishable by court martial particularly.

HESS: Just irritating?

SNYDER: Just thoroughly irritating -- it would get under your skin as a battery commander.

HESS: Recall anything else he may have said about the First World War?

SNYDER: He apparently was given some very interesting assignments when the battery was put into action and then, of course, his battery, as you

[1323]
have learned, is probably the largest battery that the world has ever known. I think that the last count was about thirty-six hundred members that belong to that battery. And you know...

HESS: Or, at least claimed to be members.

SNYDER: The latter is of course true -- at least claimed, because actually, as you know, a battery at that time had somewhere around two hundred people -- around one hundred eighty-five to two hundred and twenty-five at various times. And when you stop to think of the turnover that in the short time that they were -- I think that that battery was only in France less than a year -- and what a terrific turnover that would have been to have that many people. But, we have always enjoyed talking about it and he thoroughly enjoyed his military experience and he greatly liked and was very lenient towards those who were in his battery or connected in any way. They

[1324]
used to have a joke when he was Presiding Judge in Jackson County. As you know, his judgeship was not judicial, it was largely administrative and took care of the County's affairs and eleemosynary institutions and...

HESS: Roads...

SNYDER: ...roads and things of that character, and the courthouse operation. They used to have a standing joke saying "Well, this guy will get whatever he's going to ask for, he was in Battery D."

HESS: At the times that they would go to Key West, which were vacations of a longer duration,

approximately what percentage of the day would you think was spent on business matters and what percent was spent on relaxation?

SNYDER: That would vary from day to day. If something

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urgent or special came up, of course...

HESS: And the business at hand.

SNYDER: Yes. If something would come up that was of importance, then they would spend the whole day working on it. Otherwise, as routine, I would say an hour or two in the morning. After the pouch came in the President studied over things and if it required some discussion and research he would call in the right ones to discuss it. Or he would sign the necessary papers and get those bundled up and by noon they were pretty cleaned up. In the afternoon everyone would go fishing or swimming and relax a little.

HESS: Did you ever go fishing and swimming down there?

SNYDER: No. No, I did in Bermuda but not in Key West. When I would go down to Key West it was

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usually because I had some matters of real importance to talk over with the President and get his clearance on or get his reactions to them as to whether he agreed with certain programs, or I'd furnish him details on a program that he would ask me to bring up. And then we would work pretty steadily. In the late afternoons and evenings we would relax. The staff that went down with him had a lot of fun. There was a sprinkling of people that would drop in to say hello. Usually the visitors would stay over in Key West, but when I was going to stay overnight I was quartered there in the compound.

HESS: And you accompany the President on any other of the trips that he took? A few of the trips that I remember -- remember the Liberty Bells that France gave the United States for each state and...

[1327]
SNYDER: Well now, I'11 have to correct you on that. France did not give those. Those were purchased by the Savings Bond program and a number of the copper and brass companies paid for them. The Ford Motor Company furnished the vehicles to carry them to their final destinations, and all those bells, if you ever look at one of them, they all have my name on the plaque displayed with them. It was under my jurisdiction that those bells were cast in the likeness and in the alloy of the original Liberty Bell and they were cast at Annecy in France. It was the only company that we could find that could do that exact bell. But those bells were not given by France at all. They were paid for by a number of the copper and brass companies and the structural support was supplied by the American Bridge Building Company, a subsidiary of the U.S. Steel, and the Ford Motor Company furnished us with trucks

[1328]
to distribute them throughout the United States. We had ceremonies in each state and had their bell go around over the state. Now, the one that is for Missouri is in Jefferson City, but there is another one on the grounds of the Truman Library; that was a special one that was presented to President Truman by the little city of Annecy. These bells were actually cast in Annecy-le Vieux -- that's the old town, and it's within a mile and a half, two miles of the city itself, and I was there at the time that the bells were ready for delivery, and at a ceremony the Mayor of Annecy presented me with a little replica and also announced that the village was giving one to President Truman as a personal gift.

HESS: Do you recall anything about the trip that you made with the President out to Independence at the date that that was dedicated?

SNYDER: Yes, I recall we flew out there, and attended

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several ceremonies in connection with the presentation. The Mayor of Independence, [Robert P., Jr.] Weatherford was present, and we had with us the Mayor of Annecy, Georges Volland. He came over for the presentation and I think that the services were in one of the churches. We had a program there and then later went out on the grounds of the Memorial Building.

HESS: That's right. As I have it in my note here on November 6 of the 1950 volume, it has: "The President spoke from a stand in front of the Memorial Building in Independence, Missouri."

SNYDER: That's correct.

HESS: And the bell was there for quite some time.

SNYDER: It stood there until the ground at the Library was prepared. That's correct. Yes, I'm glad that we got that all clarified.

[1330]
HESS: As how many bells there were and...

SNYDER: Yes, there were fifty-three in all that were purchased for the Savings Bond Program. This was the fifty-fourth one. This wasn't one of the fifty-three, because fifty-three of them were purchased by the people who put up the money for them. We had special arrangements cleared for them to buy these bells for us and make a donation to the liberty program that we called the "Liberty Drive."

HESS: That for the fifty-three, but the fifty-fourth bell to Mr. Truman was really a gift from the people of France.

SNYDER: From the people of Annecy, France.

HESS: The little town.

SNYDER: From the village itself -- the town itself, yes.

[1331]
HESS: All right. Mr. Snyder, so much for the dedication of the bell in Independence on November 6, 1950, and of course this was shortly after the attempt on President Truman's life on November the 1st of that year. What do you recall about that?

SNYDER: I was at the Treasury office and Mr. Truman was at the Blair House. We were preparing to go out to Arlington Cemetery to dedicate a statue to Sir John Dill, who had been extremely cooperative and helpful to us in World War II. I received a message that there had been an attempt on the President's life. The Secret Service, of course as you know, operates under the Treasury. When I received the message, I immediately got in touch with the President and it was decided that we would move right on out to Arlington to the ceremony. Now, for your information, when Mr. Truman and his family came

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and went from Blair House by car, they usually used the back door. It was rare that he would ever dismount from a car or enter a car in front or on the Pennsylvania side of the Blair House. Whether this was confusion or misinformation, the exact plan of the assassins was never too clear as to whether they were intending to try to blast their way into the Blair House, or whether they were waiting for him to emerge and then attempt the assassination. There was a most unusual situation that could have been tragic, when during some of the firing, Mr. Truman came to a second story window and looked out -- raised it and looked out. The Secret Service immediately called to him to get back inside and to get under cover. Later we went right on. He went out the back door, and I joined him at the statue site in Arlington Cemetery.

HESS: What seemed to be his attitude when you spoke

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to him on the phone shortly after the attempt?

SNYDER: His attitude was "Well, some fool down here tried to take a shot at me." He said, "We mustn't let that interfere with our ceremony and proceed right on to it." Of course, the Secret Service was busy with the aftermath of the shooting. But he went out the back door and was gone without the people in front knowing of his departure. It took some time to straighten up matters. There were two people killed and three badly wounded, right there on the steps. So it took some time to get ambulances in, but that was carried on as though nothing happened inside the house. The president went out the back door and proceeded on over to Arlington.

When we arrived there, the crowd, of course, had largely assembled about the time that the attempt was made and it was very noticeable as the whispered word spread after President Truman

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showed up. The President never said a great deal about it one way or the other, at the time. The next day at a press conference, Thursday the 2nd, the press was very eager to get something right from the President himself. One of the reporters went into a long story about how some of the press had missed the attempt that was made on President Roosevelt, and how he had kindly given them a personal report of it later. Mr. Truman cut it right off and told them if they wanted the story to read it in a reliable paper, and then they would have it. And as I recall, he never made any public statement regarding the attempt. It was a closed matter to him. Naturally, it was a shock to the family more so than to him, as he considered it to be one of the natural hazards of being President. We have had quite a number of Presidents who have had attempts made on their lives, and four actually have been assassinated And he didn't pass it off lightly but he did not

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discuss it a great deal.

HESS: Since that time, of course, one of our Presidents has been shot down by an assassin, President Kennedy. Is there really anything that the Secret Service can do to afford a greater degree of protection to the President?

SNYDER: I doubt it. There's a human element there, Mr. Hess, that enters into it that you just can't -- take the Kennedy assassination. The only thing of course, Mr. Truman was not exposed to the assassins as was Mr. Kennedy. Mr. Kennedy had insisted on riding in the open car. That, of course, they finally decided just would not happen. But Mr. Roosevelt was shot in a closed car that had the windows down. But I don't think it was an open car as I recall it, I just -- it's still not too clear. Mayor [Anton Joseph] Cermak was a very good friend of mine. They shot from his side. So even with all the phalanx of protection

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that you put around them you can't figure out the person who is going to try to shoot somebody, and in the manner in which he is going to do it. With the President and the exposure that he has in crowds and during speeches, travel, it's a fantastic job to try to supply adequate protection. And strangely enough most Presidents resent all this attention that's given them and they feel like they are caged animals. They just don't stop to think that it's only for them and the country that the attempt is made to protect them to the extent that it is.

HESS: I've read that Mr. Truman liked to see if he could slip off from his Secret Service protection sometimes. Is that true?

SNYDER: I think that Mr. Truman was really very considerate of the Secret Service and truly appreciated the problem, but if he could just get little jokes on them, he did it more for

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variety than any real attempt to try -- he liked to tell that he did such things, but actually Mr. Truman was very considerate of the Secret Service. Of course, they had a change of pace there that caused them to feel his alertness a little more, because they had had the years with Mr.

Roosevelt who was somewhat limited in his mobility. With Mr. Truman, who was very active and quite a walker, they had a change in pace that took them some months to get accustomed to. And he did love those walks. He sometimes nearly walked them out of breath on those sprints that he would take every morning. At first, they weren't accustomed to that but they soon got used to it and I think that the record will show that Mr. Truman did respect their responsibilities and worked with them quite well.

HESS: We mentioned the trip to Independence. Do you recall any other trips that you took with the

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President? .Anything come to mind?

SNYDER: Well, I went to three conventions with him. I was with him when he was nominated Vice President. I was at the Philadelphia convention with him and came back on the train with him in 1949. 1 flew out to the 1952 convention in Chicago with him in the presidential plane, stayed with him while there and came back with him. He and I would go back to Missouri together and he would drop me off in St. Louis frequently. I did not go on campaign trips with him. The only speech that I actually attended -- campaign speech, other than at a convention or here -- was in St. Louis.

HESS: Kiel Auditorium.

SNYDER: Yes. But we made quite a number of trips for special occasions and things of that sort.

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HESS: Think that's pretty good for one morning?

SNYDER: All right, thank you very much.

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Thirty-fifth Oral History Interview with John W. Snyder, Washington, D.C., April 9, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, at the conclusion of our interview on March 26th we were discussing the trip that you took to the Far East in November of 1949, and you mentioned that it was a three-fold mission. Just what do you recall about that trip?

SNYDER: Well, that was one of the most interesting trips that I made during the days of my occupancy of the office of Secretary of the Treasury. This trip was actually, as I mentioned to you the other day, a three-fold trip. Officially it was called an inspection trip covering the Pacific installations of the Coast Guard. Included in my objectives, however, in addition to checking the Coast Guard installations, which included some thirteen loran stations which had been established during the war. Now a loran station,

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it's spelled L-O-R-A-N, and that is long range aids to navigation. These stations were set up during the war in order to assure constant travel without weather interference. So that you could locate yourself at any time whether the sun was out, whether you were in the clouds, if you were completely cloud bound, you were able by triangulation with these loran stations to locate yourself promptly. And we had these stations all over the Northern Atlantic, and over the Pacific from Alaska down as far south as the Wake-Guam group. By an act of Congress the Coast Guard took over that responsibility. They were operated by the Navy during the war but they were turned over to the Coast Guard for operation. And this was our first opportunity after we had shaken the procedures down pretty carefully to go over that Pacific route to check up on the performance and the morale of these outposts. Rear Admiral O'Neill was to

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be promoted to command the Coast Guard the following month, and so we thought it was a very appropriate time for the two of us to check on the general Coast Guard stations and to check on these loran stations. In addition to the loran stations, of course, we had some large Coast Guard installations in Alaska, in Japan, in Manila and Honolulu, over and above the loran stations. Rear Admiral Merlin O'Neill was one of our outstanding Coast Guard offices during my time in service.

The second item that we had in mind on this trip was a visit with General MacArthur in Tokyo and go over with him the work that had been done by a task force of twelve top Treasury technicians that I had sent over at his request and loaned to him to make a study of the tax situation to plan a tax program for the Japanese, to set up a revenue collecting operation, to set up a new accounting system for the new Japanese government. This

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work had been well underway and was approaching the close of the operation. And so I felt that it was a very appropriate time to go over with General MacArthur the work that they had done, see that he was thoroughly satisfied, had no criticisms or complaints that couldn't be adjusted before they finished their job, if he did have any.

And the third objective that I had was to study the political situation in Alaska, in Japan, in the Philippines, and in Honolulu. In Alaska and Honolulu the requirement that I had placed on myself was to feel around and check and learn as much as I could about the real urge for statehood. That was beginning to be a very strong subject about that time.

HESS: What were your findings?

SNYDER: Well, we'll, get into them as we, go around the trip. Another objective that I might mention,

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which we will pick up a little later, was we had a real problem in the Philippines on the war damage settlements and adjustments that were being made, and that was part of the Treasury's duties to sort of supervise and look after that operation. We left here on November 12th, and in our party, in addition to myself, was Rear Admiral Merlin O'Neill, U.S. Coast Guard; Captain

Stanley C. Linho1m, U.S. Coast Guard; Captain Roy L. Raney, U.S. Coast Guard; William J. Bray, who was my assistant, and nine members of the U.S. Coast Guard, including three operation officers who were thoroughly familiar with all the stations and the loran operations. And in addition to that we had with us nine Treasury employees who were going over to help check the situation in Japan and in Manila, because we had a matter of great importance that we had to look into when we reached Manila.

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We left Washington on November 12th at 10 p.m. We flew to Seattle, landed at Sand Point, refueled at that point and spent the night. We left there early the next morning on Sunday, November the 13th, at about 8 a.m. We flew first to Annett Island in Alaska and we arrived there about 11 a.m. and went over to Ketchikan for a conference with Mayor Talbot of Ketchikan. We were met by the Coast Guard officers of that station and at 11:30 we made an inspection of the Coast Guard installations including the loran stations that we had in Alaska. At 12:30 we were given a luncheon by Mayor J. A. Talbot. The Mayor gave us a very warm welcome. That was the first time they ever had a Cabinet officer in Ketchikan, and they gave quite a warm welcome to me, and replied with a short talk on our trip and what our objectives were, particularly in Alaska, and so forth. At 1:30 we took a little quick

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circle around Ketchikan in a small plane, and at 2 o'clock we departed for Juneau. We arrived at Juneau at 3:30 p.m. and were met by a Coast Guard reception committee and proceeded to the Hotel Baranof and I was assigned to suite 307. By the way, we were joined at that point by Governor Ernest Gruening. At 4 p.m. we had an open house party at the Community Building, a new building which had been constructed by the citizens of Juneau, and was turned over to the Coast Guard for occupation. And so they took the occasion of my arrival there to have this open house party and the inspection of new quarters that the Coast Guard would move into shortly. Following that inspection we took a tour of the city and at 7 o'clock we went to the Governor's mansion for dinner, black tie official dinner at which the Governor had invited quite a number of the important people in public life in Alaska. They'd

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flown in from Fairbanks and from Anchorage, and from Ketchikan. And in addition to that he invited all the top Coast Guard officers, and General [Nathan F.] Twining from over at the Air Force installation in Anchorage. The Governor gave me a tremendous opportunity to touch on one of the phases of my trip, and that was on statehood for Alaska, and we stayed rather late that evening going into all the various arguments, most of them were pro, some were con. Governor Gruening was very enthusiastic, so I'm sure that he had not intended to bring any opposition in to talk about it. But the ones that did bring up the question of whether or not it was the proper thing to do were worried about the ability of Alaska, its responsibilities under statehood and the requirements to raise revenues and to be self-governing. Alaska has had a rather varied experience, as you know, from gold mining to fishing to fur and tourism. And

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so they had some good arguments pro and con, but the Governor kept pressing the fact that under statehood that they could expand, get industry in, get an agricultural program going. You know

the interesting part is that we think of Alaska being way up in the cold North, but the year around average temperature of Juneau is higher than it is here in Washington. It's because of the Japanese ocean current that goes around that way. I learned, much to my interest, that over in the area around Anchorage they have tremendous truck gardening operations there and even in the short growing season that they have they produce some of the finest vegetables, full of all of the minerals and vitamins and everything that you need. That was extremely interesting, and they had great plans for developing that product and not only supplying food for the territory, but also that they might export some products to Canada and the United States. Their mining

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had tapered down to where it was not one of the top resources although it still produces a considerable amount of the gold that we get in the United States.

The next morning we had breakfast early at 8 o'clock in the Gold Room of the Baranof Hotel. It was a custom of mine all during the time that I was in the employ of the Government, either as the head of the Defense Plant Corporation during the war, or later in the Federal Loan Administrator's job or as OWMR, whenever I went into any city, I tried to get assembled as many of the Treasury people as I could -- or whatever operation I was in. Whether it be Defense Plant people or Federal Loan Administration or whatever I was operating, I always tried to get as many of my people in from the surrounding territory to give me an opportunity to have some real communication with them, learn how they were getting along, get a feel of their attitude towards

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their job, and also to learn some of the problems or some of the strong points of the community. So I followed that on this trip and at 8 o'clock we had an all Treasury personnel breakfast. At 9:30 I conferred with the Alaskan bankers. And here again I got a cross-section of views. Some of the bankers were not so enthused initially for statehood. However, the consensus was that statehood was necessary. What the bankers were concerned about was how they were going to get sufficient funds to make loans and, under a state operation, whether there would be any curtailment of their operations, and I assured them that from my banking experience, that I doubted that they would have any real problem if they had proper loans. If you're looking far subsidies and things of that sort that's one thing, but if you're looking for proper financial backing, you'll always find

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that through the aid of the Federal Reserve Bank or through the corresponding large banks, and you'll have sufficient funds to make proper loans. Following the talk we took a visit to one of the gold mines, and saw the operation. They had one entry there that they were still operating under the same old procedures that they had used way back in the gold rush days. They had one shaft that was modernized. It gave us a pretty good view of the wide differences of present day against the old days.

HESS: I understand that some of the gold mines in Alaska are not operated now because it just isn't profitable at $35 an ounce. Is that correct?

SNYDER: That is correct. The rich part has been mined out. There's gold there, as we have

discovered out in the west, but you have to bring in those big dredging machines and the amount of

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overburden that you have to process to come up with a small amount is pretty large to net gold returned. I think that we mine less than seventy-five million dollars in gold a year in all our various operations in the U. S., even with these new machine operations in the west.

Following the trip to the mine, we had luncheon again in the Gold Room and this was under the auspices of the Lion's Club, the Chamber of Commerce, and other civic groups of Juneau. On this occasion they had asked me to make a talk to them about economic conditions and they, I think, largely wanted an opportunity to ask me a lot of questions after the talk. And again I got the opportunity with a cross-section of businessmen, small as well as large. The night before I had had the big ones, and at lunch with this group, I had a chance to get to be one of the smaller men. By and large though they all had, great hopes that statehood was going to bring them something

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that was to their great advantage.

Following the luncheon with this group, I went to visit the Coast Guard installations around the area. We returned for a reception that had been prepared for us at the Community Office Building. And this was sponsored by the Coast Guard office under Commander Storis, and this threw the Community Building open for the general public to come in again. During the afternoon they had moved quite a bit of the office things in there and they had the semblance of getting established. And then following the reception at 7 o'clock we had a banquet in the Gold Room at the hotel and this was sponsored by the community business clubs. On that occasion the dedication ceremonies of the Community Building were carried off and the lease to the building was presented to the Coast Guard and I made a speech of acceptance of the building, and was followed by Admiral O'Neill who gave a

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talk on the future plans for the Coast Guard for that area. This was extremely interesting, because it demonstrated to us the great reliance that the people of Alaska put in the Coast Guard, and actually they're a protective group and we had to be very cautious about that because we didn't want to give the notion that the Coast Guard was a military unit, or defense unit, and had many other things for which they were responsible. And the one spokesman, the Mayor of Juneau, was complaining about the lack of defense preparation. You must recall that this was in 1949 and only about eight months before the Korean thing broke out. They were discussing about strange ships coming by and that they didn't know what was going on. So I asked them to make a full report of that and that we'd turn it over to the proper people when we came back to the states. One of the chief topics was statehood

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and by the time I left Alaska, I want to tell you that I became pretty well imbued with the idea that it would be a good thing if the citizens would really get behind it the way they all seemed to

because, as you can see, I really saw quite a cross-section of the people while I was there.

After the dinner we had a rather interesting experience. We went down and boarded a Coast Guard cutter and went back into the glacial area and by moonlight, saw this magnificent glacier, and then to give us a real thrill the ship fired a number of rounds into the face of the glacier and caused a cascade of ice. And then we sent a boat over to pick up some of the glacier, brought it back and cracked it up and put it in our hi-balls. And it just didn't melt, it was so pressed, you know, and all the air had been crushed out of it. It was deep blue ice. If you dropped it into your drink

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you had ice for the evening. It was rather interesting. And while the boat was going over to get the ice another boat took several of us ashore for a few minutes and we cast there and caught some sea salmon. It was a real thrill for us, and a thrill that one of our members will never forget. He was standing there fishing and looking up and there was a big Kodiak bear standing up in front of him. Well, he had violated what they had cautioned us against, "Don't you ever get away from one of the guides." And number two was, "Don't yell." He had violated both of those. He'd dropped his pole and yelled. He had roamed off from the guide, but no casualties, we had a very interesting trip.

We got back about 12:30 that night and went to the hotel and at 8:30 the next morning we left for the airport. During our enthusiastic

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visit and talk Governor Gruening talked himself into an invitation and to go along with me because we were coming back though Honolulu and he wanted to talk statehood there and see how they were progressing. So, as a result of it, we picked up two guests there: Mayor Talbot from Ketchikan and Governor Gruening of Juneau joined us for a part of the trip. They both wanted to stop in Honolulu, so we left them there working with some of their friends.

So, we got away from Juneau about 9:10 and headed initially for Adak Island. But we were slowed by the weather and we had some very severe icing that slowed us considerably – passed over Adak about 2 o'clock and as we couldn't land there we proceeded on west. Finally I received a message from the pilot -- the weather had closed in on us and "We are going to land at the first safe landing place that we can

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find. We can't tell you right now exactly where we will set down." But as it turned out, we got into Shemya where they had a right good airport; where we were able to refuel and went on to Attu, where one of our loran stations was located. We refueled there, inspected the Coast Guard installations and then had dinner. There was some further weather holdup but we finally got away about 12 o'clock that night.

Between Adak and Attu we crossed the International Date Line and lost a day. All this that I am telling you about was going on on the fifteenth of November. We left Juneau on the morning of the fifteenth and so we lost the sixteenth when we crossed the International Date Line. And at

7:25 a.m. on November 17th we landed in Tokyo. We were met at the airport by General MacArthur and his party. He gave me a very nice welcome and greetings to all of

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our crew. He made a statement to his aides and commanders that were with him that he wanted every possible courtesy shown us and to furnish us with all the information that we asked for. The airport is over in Yokohama, so we drove from Yokohama into Tokyo and proceeded to the residence of General MacArthur where I was a houseguest during my visit.

Now, I'm going to ask you at this point to forego any discussion of my visit in Japan and proceed in Manila. We'll come back, possibly, on our next interview and pick up Japan. I have not been able to locate some of the notes that I want to have to enable me to give you a fuller story of our visit to Tokyo which I considered very, very important.

HESS: That will be just fine.

SNYDER: Well, we got away from Tokyo at 7 o'clock

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on the morning of April 20th and arrived in Manila after flying over Okinawa and Formosa. We arrived in Manila at 1:40 p.m. on November the 20th. We went immediately to a hotel where we met with a number of officials including the aid to our Ambassador -- his military aide -- and checked on some of our programs in order to get them lined up quickly, as we were a little late in arriving. We got our programs all settled as it was decided that we should put as much business into our short stay as we possibly could. My first plan was that I would stay at the naval station at Sangley Point, but enroute that decision was changed. Ambassador [Myron M.] Cowen was in the United States but he had flown especially back and arrived the morning that we got there, and so it was determined that Admiral O'Neill and I should stay at the Embassy residence. The problem was that there had been

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some little unrest and one or two demonstrations. The Ambassador felt that it would be much better if we were with him in the security of the residence instead of working back and forth from Sangley Point. To get the trip off to a good start and so we could talk intelligently, we were immediately taken on a tour of the city to get a quick view of the damage that had been done, what rehabilitation was in progress, how the city was functioning under the reconstruction and rehabilitation phase. We must recall that Manila had been under occupation, which left a great many problems for solution, including weeding out the infiltrators who had elected to stay. There was a real question of security of the island that they were concerned about, although this was four years after the war was over. They were still having trouble in the hills. There were sorties in the outposts,

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pillaging operations and so forth. So we took this trip around and I had pointed out to me the highlights of the city. Manila's a rather large city. And there had been, in certain sections, some very severe damage in the early days when the Japanese were trying to take the city. Of course,

after the Japanese got in there was very little damage done, but there had been very little reconstruction done during their occupancy.

HESS: Were they having any trouble with the Huks [Hukbalahaps] ?

SNYDER: Yes, they were the people from up in the hills, I mentioned them. Yes they were the ones that they were really concerned about. Then we went out to Sangley Point and had a buffet dinner with Rear Admiral Francis P. Old, who was in command of the naval operations in Manila.

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HESS: O-L-D-S?

SNYDER: O-L-D. Francis P. Old, Commander, U.S. naval forces in the Philippines. He briefed me that night pretty thoroughly on the general defensive situation and was extremely interested in what the attitude in the United States was regarding any constant rumors that there was trouble in Korea. We had troops in Korea as we know. And we had a task force that was operating out of his base there in Okinawa that were patrolling the waters along the coast of China. And...

HESS: Did they think that the trouble was going to come in Korea?

SNYDER: Well, they didn't know. They just heard rumors. I had already passed through Japan and had had some thorough briefing. That is why I'm very anxious to get my Japan notes to

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get them accurately into the record here. I had been somewhat reassured in Japan that they did not think that the Chinese would ever take an active part with the North Koreans.

HESS: Who reassured you?

SNYDER: Well, some of the...

HESS: General MacArthur?

SNYDER: Some of his people. I'll get my notes and then I can...

HESS: All right.

SNYDER: Then I can quote...

HESS: But did they think that there was going to be trouble from the North Koreans?

SNYDER: Well, they didn't know. They felt like -- well I'm getting back into Japan again.

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HESS: We'll cover this later.

SNYDER: I had that in mind to tell you about what I heard at the briefing. We then went back to the Embassy and spent the night. After an early breakfast the Ambassador began to bring people in to discuss various matters with me. Among them were two officers of the Philippine War Damage Commission, John A. O'Donnell, and Francisco A. Delgado. They had a most interesting story to tell. Those two men and the Ambassador gave me quite a briefing on the economic situation in the Philippines and I learned what I was very anxious to learn, the attitudes of the Ambassador and of our various representatives -- U.S. representatives. They felt strongly that we had to give real aid to the Philippines, but at the same time they felt that we should do so with great caution and very careful supervision of the expenditures of the aid.

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The war damage people had done a splendid job of assessing the possible damage from war activity and they too wanted to be fair to the Filipinos but at the same time there had developed quite a few attempts to overstate claims and a lot of non-deserving claims had entered into the picture about which they were really concerned. There had been a tremendous amount of looting and pilferage. In a sense it was amusing and yet it was rather tragic at that. The streets were just filled with jeeps. These jeeps had little canopies, four posts and a little canopy over them and were used as the taxi cabs -- the jitney busses. They were brightly painted with all sorts of psychedelic hues, and each one of them had a girl's name on it -- the name of the jeep. And everybody knew from the Ambassador down, that they had been stolen from different depots and that nothing

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was done about it. A large amount of arms had also been stolen which they thought was where the Huks got their ammunition and their arms, from pilferage out of some of these inadequately guarded arsenals.

HESS: One question on the Philippine war damage claims. Just where did most of the claims originate or from what occurrence did most of the claims originate?

SNYDER: Bombing.

HESS: Was this when we bombed the Philippines?

SNYDER: We didn't do much of the bombing. The bombing -- you mean when we...

HESS: When we went back in and retook the Philippines from the Japanese. There was some shelling.

SNYDER: We did some shelling. Our action was

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largely though bombing of Japanese crafts in the harbor.

HESS: And military installations.

SNYDER: And military installations.

HESS: Just how did most of the claims originate?

SNYDER: Well, the claims came from bombing, from explosions, from sabotage. There was a great deal of sabotage when it looked like the city was going to fall, the Japanese were pretty rough about sabotage before they actually pulled out. So, I'd say it came from both shelling in taking the city and from the bombing -- shelling and bombing by the Japanese -- and then some of the shelling when we retook it and then the deterioration and damage that was done during occupation. A very careful analysis had to be made of each claim, to

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see whether it was genuine and met to the rules that were set up for the claims for war damage.

HESS: Did you ever hear the story that there were certain businesses, certain installations in which General MacArthur had a financial interest that were supposed to be exempted from shelling when the United States was retaking the Philippines?

SNYDER: Oh, there were always a lot of rumors going on. I...

HESS: Is there any truth to that one?

SNYDER: I have no proof that that really happened.

Then during the morning we discussed aid, and war damage. They said that we should by all means increase the funds available for these claims, but keep a tight rein on the expenditures. And then some of the banking group came in. After the war, with the installation of the

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independent government, the whole banking system was changed in the Philippines and they set up a central bank which was government operated, something like our Federal Reserve Bank, and then they had the Philippine National Bank which was actually government owned and operated. But it had about sixty-three branches throughout the islands and was really the big commercial bank. The Central Bank was a bankers' bank. The Philippine National Bank was the commercial bank and then there were about eleven other private banks. Some six of those were branches of foreign banks. There were three European banks, two American banks, and one South American bank from Argentina. And there were three or four other local banks, a total of about eleven other than the Philippine National Bank.

That day was the twenty-first. I had had a visit that morning, then a lunch was given

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for me by Secretary of Finance Pedrosa and the Cabinet officers. That only lasted until about 4 o'clock, and I got to quite a story of the problems they were having with the United States that..

HESS: What seemed to be their major problem?

SNYDER: Just trying to feel their way around. The independence produced growing pains, and they thought we were keeping rather tight reins, and they wanted more independence, immediate independence, in finance and in many of the questions that were coming up regarding American ownership of large companies, and they were feeling that they should have greater elbow room. There was a peculiar thing that developed during my visit. I may read an excerpt here in a minute that was a little unnerving at the time, which showed an attitude on the part of a great many of the Filipinos that the

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United States had actually been detrimental to them in their economy and their industrial growth during the time that we were running the country.

HESS: Why did they think so?

SNYDER: I'll get into that in just a few minutes. So after we sat there and talked with Secretary Pedrosa and one or two others that were present, Secretary of Commerce Carnelio Balmacido and also the Governor of the Central Bank Miguel Guarderno, I told them what we had done in Japan and what the Treasury had done, how we had sent this cadre of experts to work on the tax -- set up a new tax system for them, legislation for revenue and a revenue collecting department. They were very intrigued with it and before I left I agreed to see if I couldn't get Harold Moss, who was in charge of the

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group in Tokyo to come down to Manila and spend a few days talking with them after they finished the Tokyo job. And he subsequently did. They were highly pleased with the help that he gave. He took a man down with him and stayed three or four days going over plans for them.

When we first arrived at the hotel we went to a small luncheon, after which I made a statement for the press. Then I made another final press statement before I left the city. At 5 p.m. on the twenty-first I had a conference with the President. The President's name was Elpidio Quirino. That was where I ran into some rather interesting problems. In my visit with the President, as I just mentioned, I ran into some rather interesting reactions, some of which I had been prepared to hear, by Ambassador Cowen. The President was rather

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cock-sure of himself and was feeling his weight of office and while friendly towards Americans in his statements, he was extremely critical and questioned many of the attitudes of the Americans. And the President said that the Philippines had a program of total economic mobilization and he gave numerous examples of the progress they were making in reference to the production of rice and opening up new rice paddies through irrigation and the construction of new government buildings. Many of the government buildings had been pretty badly damaged. They had a plan for new road systems and for new schools. From this economic mobilization, as the President seemed to enjoy calling it, you got the impression that all they were trying to do

was to dress the wounds of the war and patch up here and there and that there really had not been a well-rounded out economic program formulated. His

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refrain was that more aid was needed from the United States to make a success of any program that they might undertake. The Governor kind of waved his hand and said, "Oh, we'll have to have sixty million next year, a hundred million the year after that, who knows it may be two hundred and fifty million by 1952." He said that import and credit controls that had been set up were only temporary and that what they really needed was more production. They needed some factories, they needed some operations there for employment and then, strangely enough, after saying that the import and credit controls were only temporary and so forth, he came back and said rather pointedly that he may find it necessary to impose very strict exchange controls and import controls from items from the United States and that it might be necessary for him to do that immediately. And it might even

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be such a drain on the Philippine dollar, that it might have to be done in the next few months. I thought that was rather an affront. It looked sort of like he was trying to blackmail me. I'd been the first non-military U.S. official visitor to the island and the first monetary, fiscal, financial minister and it struck me that he was trying to exert a little pressure on the situation. And in addition to that he was trying to inject some trading points. You see we had planned and had already drawn up a treaty of friendship, of commerce and navigation, and they were stalling on signing that treaty, and getting it operating. We also had agreed on a conference on taxation. I had already touched on that, so I was able to tell him that I had agreed with his Secretary of Finance Pedrosa that I would try to send technical advice down to him through

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Mr. Moss. At this he kind of shrugged, he said, "Well, of course, we'll listen to your advice, but we have experts here." And with that Pedrosa, who was present, kind of looked up and cast his eyes up to the ceiling. He was a very, very able man and had a rough time trying to get things on a sound basis.

HESS: Pedrosa was, is that right?

SNYDER: Pedrosa. But I gather that the program of economic mobilization had only made very slight progress and certainly the idea of self-support had not entered very strongly. Their main idea was to call on the United States for all the aid that would be possible for them to get from us.

HESS: Why were they just a little lax -- just a little weak -- in the idea of self-support?

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SNYDER: Well, it was a new thing to them. You see, they had only been made a republic a short time before we turned the reins over to them. And they wanted...

HESS: July 4, 1946, is that correct?

SNYDER: Yes. So you see only three years had gone by and they were just learning responsibilities of politics in a way, and they wanted to be popular with their own people. And they kept bringing up the point that we must remember that the Philippines was an undeveloped country and the United States was a highly developed, industrialized country which caused me to feel like that he was again bringing in a little blackmail. His conversation bothered me a great deal, for it did look like he was putting a real effort back of the effect that his statements were making. I wasn't too sure by

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the time I left, whether we were going to have a signing of the treaty of friendship or not. It appeared to me that as long as Quirino was going to be in office that there might be some problem about any self-supporting effort being made. I was rather shocked to see the attitude of the President in implying that his people felt the United States had not prepared the Filipinos for independence in the proper manner, that they had shown great growth and development under Spanish control, and that they were really a progressive growing nation until the United States took over domination; that actually they had stood still or had regressed in growth and development during the United States occupation, and that therefore, it was incumbent upon the United States, and it was a duty of the United States, now that we had cut them loose, to come through and help them in a very material way since the U.S. had let

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the Japanese invade them and cause great damage to them economically; that that was all the fault of the United States and that therefore they were going to look to the United States very positively for material help.

HESS: How did that attitude of his set with you?

SNYDER: Well, it didn't set too well with me <u>at all</u>, because I had my own ideas, and I pointed out that from the figures that they gave us some 80 percent of the exports consisted of three commodity categories, coconut products, sugar and hemp, of which 65 percent were in coconut products, and heavy reliance upon imports of manufactured goods, raw materials and food continued with no effort to overcome by domestic development. "If you want something, order it from abroad," seemed to be the policy. The official dollar balance had

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declined from four hundred million in January, and here it was near the middle of November and they only had about two hundred and fifty million left. And from their conversation, it looked like they were looking for still further dollar reserve decline.

There was another important fault in the program as they had presented it to me. Their private investment initiative was extremely weak and local capital would insist on very powerful inducements in high interest rates. It was to be diverted from its custom of financing realty and foreign trade and begin engaging in a myriad of unproductive lending activities. They were productive of high interest rates, but not productive to the economy of the country. On the other hand the government's approach to investment, with some exceptions, was either to make loans

of a businesslike character to

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private borrowers or to build and own new investment projects owned by the government. Neither approach promises that private capital would undertake any far-reaching investment jobs and the government just wasn't going to because it didn't have the money. So to afford some encouragement and protection to local industry, they were going to have to set up a well-designed financial policy in the country which would have the wholehearted and sympathetic support of the government, because, as I said, the Central Bank was government controlled and the Philippine and the Philippine National Bank with its sixty-three branches was government controlled. They were going to have to take that stand and show that loans could be made and dress the loans up in a fashion that would attract local investment participation. There had been quite a flight of capital by the richer

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Filipinos prior to the Japanese invasion and there had been very little of it brought back. Most of it was in Europe and some in America. So accordingly, I stated their:

> Governmental financial policy in respect to measures for achieving the goal of self-support needs to undergo definitely a two-fold change. First the amount of funds made available for the purpose should become the most important single item in the government's fiscal operation. And second, the governmental outlays, and in fact all relevant governmental policies, should be more positively designed to attract the flow of private capital back into the country and into productive enterprise.

I left the conference on that note. And there was a great deal of handshaking and friendliness and so forth, but I could see that they had not obtained the reaction from me that they had hoped to get, "Just tell us what you want and we'll get it for you."

HESS: At the time that you were in the Philippines

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was there any talk of expropriating American industry there?

SNYDER: No, no, not at that time, because it was very small. Then following that conference we went to dinner at the Embassy. Ambassador Cowen gave a very nice dinner. He was just back from the United States so he seemed rather anxious to get people away because he wanted to do some more talking. But we had a pleasant time. The President came and I would say it was largely social.

The next morning at 8 o'clock we got an early start. At breakfast you could see that Mrs. Cowen was extremely kind in permitting the Admiral and me to have breakfast without disturbing the household and get on our way because we were picked up at 8 a.m. and went on our inspection trip of the Coast Guard installations which took up most of the morning. And at 1 o'clock

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the Central Bank and the commercial bank officers gave a luncheon for me. It was largely a discussion of fiscal matters. They wanted to know how we managed our debts and how we went about getting tax legislation and all that sort of thing. That took up most of the afternoon. We didn't get started until one and by the time lunch was over in a rather Latin atmosphere, it was 2:30, and then we got into a conversation that lasted until nearly 5 o'clock. Then Secretary Pedrosa gave a cocktail party, and that was largely social too. He said, "They are working you to death, I want you to relax."

I said, "Well, you ought to get some of these things solved, and then I wouldn't have to work so hard."

Well, anyway we had a pleasant time there and his wife was extremely cordial and they had

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invited in a number of our U.S. people from the Navy and from the Army. We had a very delightful cocktail party and then from there were went to dinner at the President's. The President gave a state dinner that night which was very formal and large and long and drawn out. And so I say that, too, was largely a formal, social evening.

The next morning, we really got an early start because we were going over to Hong Kong. We got up and left the house at 7 a.m. We arrived in Hong Kong about ten, and immediately took a little tour around the city. We went up on the rock and it was very fascinating -- did a little shopping and then at 12:30 Sir Alexander Granthan, Governor of Hong Kong, gave a luncheon for me. He had the American Consul General Earl Rankin at the luncheon, and so they had an opportunity of telling me

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about Hong Kong, the history of it, how the British had been able to come in there and establish a trading point and had maintained a relationship with the Chinese through the year and were able to continue it under the Communists because, as he smilingly said, "This is of greater value to the Chinese really than it is to anyone else, because it gives them a listening post and it gives them a good chance to feed their products out into the world. They move them here and then repack them and ship them out as Hong Kong products and British products. And this is just the open door for the Chinese." And he went on to tell me about the confidence the British government had in the longevity of their relationship in keeping control of Hong Kong and Kowloon. As you know, Kowloon on the mainland is a part of the concession to the British and it runs about fifteen miles

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north and south and two or three in depth east and west. He told me then and as I made a recent trip over there about five years ago, I could see that it was still the case, that there's a tremendous amount of investment that has been pouring into that area. They were building huge apartment houses, office buildings over on the mainland. Factories were coming in there, assembly plants for automobiles and all sorts of electrical plants. And there seemed to be no question in their minds but what they would be able to continue. I learned from him later and confirmed it on my

last trip that they operate on a cycle of about five years, and the money that is coming in there is flight money largely that might get absorbed in taxes if it stayed at home, and it's risk money actually and they just think that if they get there and get a few years' run on it they will

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get their money back; and if it goes on longer it's all to the good. Of course they are relying pretty heavily on the history of the operation of Hong Kong and it's been stuck right there so long in Communist hands as it was in Chinese. The Chinese used to threaten to take it over pretty regularly but they never did. And they have a lethargic attitude towards any thought that there might be a takeover now. And they about convinced me that they really believe it or people wouldn't keep pouring outside money in there for all this construction work that is going on. They have some very fine hotels in -- over on the rock -- on the island as well as the very, very nice ones that are just being completed over on the mainland. I was delighted with that little visit I had and about 4:35 we started back for Manila and arrived there about 8:55.

Oh, I might tell you about the inspection

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trip that I told you that we made on the morning of the twenty-second. We left Manila International Airport and flew over to Subic Bay and from there up to Clark Field, which was our large air base there, and from Clark Field over to Naulo Point, that is a Coast Guard station and loran station. Then we went on up further to Santa Cruz where we have another Coast Guard station. Then we came on down the island and came in and landed and went into Corregidor and examined that whole layout there. And from there we came back into Sangley Point and back into the airport. That was the Coast Guard inspection trip that I mentioned, I thought that this would kind of highlight it a little.

We had the press assembled there when we got back from Hong Kong, and I made this statement as I was leaving which, with your

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agreement, I will just read into the record. It somewhat sums up the trip.

> In leaving the Philippines this evening, I am taking with me the warm impression of an extremely cordial and hospitable people. I've been deeply impressed by the fortitude and determination with which the people of this country face the tremendous problems involved in rebuilding and developing their nation.
>
> During my brief visit I've had the opportunity of talking with your President and members of his Cabinet as well as many other people both in and out of the government. And through these talks, and my sightseeing trips by car, as well as by air, I have learned at first hand something of the highly commendable progress already made in the rehabilitation of your war devastated country. Although much has already been accomplished much still remains to be done, and the concerted effort of all of your people will be required in this tremendous endeavor.

In my trip to Hong Kong today, I flew over a large part of central and northern Luzon. I was greatly impressed by what I saw from the air of the rich, natural resources with which your country has been so abundantly blessed and I hope that the fullest possible use may be made of your fertile lands to the end that your country may soon again assume

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and take self-sufficiency in the production of its necessary food stuffs. From what I have seen and heard, it appears quite clear that the Philippines possesses the resources from which it can develop a strong and sound economy. In this connection I have been pleased to learn that brave plans are in the making for the agricultural and industrial development of your country. I hope that those plans will be aggressively carried forward by those in charge.

While the official objective of my trip has been to inspect, with Admiral O'Neill, the Coast Guard installations of the United States in the Pacific, I have taken advantage of my presence here in your country to become more intimately acquainted with your present economic problems and to learn something of your government plans to meet these problems.

I was particularly interested in the plans which are now being developed to formulate and implement a balance of payment program and plans to create a favorable atmosphere for both domestic and foreign investments. I am certain that with the demonstration of maximum self-help and the prompt completion and the implementation of the plans presently under consideration by your government, your nation's opportunity for advancement is most encouraging. In this connection, may I again express the earnest hope that the efforts of all of your people will be directed towards this desired end.

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The deep interest of the United States in your security, your growth, and your prosperity has been of a long duration. It's been of such a long duration as to require no further comment by me at this time. I do want to assure you, however, that my government will most certainly continue to hold a vital interest in the welfare and further growth of this country. It must be remembered, however, that the people of the United States have had long and heavy demands on their resources during and since World War II and that future aid must be measured in terms of its productive effort in bringing about economic stability and peace wherever such aid is supplied.

Ambassador Cowen is, as you already know, warmly sympathetic to the people of your nation and to your problems. He has meticulously informed himself on the problems and possibilities of your country, and has conveyed his impression to me. Fortunately, he has just returned from the United States, and is, therefore, currently aware of the thinking and the policies of our government on Philippine

affairs. I know that he will continue to earnestly endeavor to counsel and make personal efforts to assist in the cooperation of our two nations.

Again, I want to thank all of you for being cordial to me and giving me so much information in the few hours that I have had the privilege of being with you.

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Immediately following the press conference we left Manila at 9 p.m. on the night of November 23rd. On the morning of November 24th at 4:45 we arrived at Guam. Even though it was early in the morning we were met by Governor Carlton Skinner who was appointed by the Secretary of Interior as the Governor for that area. We had a short nap and showered and had breakfast with the Governor and then we went on an inspection trip of the Coast Guard installations in Guam. There are some very important ones there and they were sort of keyed to our Pacific operations.

To show you the flexibility of this system, when they had a very bad storm come through there, the typhoon had blown out one of the legs of the loran station about ten days before that, but by the time we got there they had that reinstalled and in the meantime had

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set up a temporary buoy operation to help them continue operation while they were repairing the damage, which proved the versatility and the adaptability of the people that we had there. That was one thing that I want to mention just as we come to a close a little later about the fine work and how pleased I was with the caliber of the people that we had representing us in the Coast Guard around the Pacific.

We left Guam at 10:20 and I picked up another passenger there, Governor Skinner, who asked to come back to the states with me as he had just been summoned back by a committee of Congress. So I picked up another passenger there and brought him along with us. We arrived at Wake at 9:45 and I was met there by Mr. T. D. Musson of the CAA who was in charge of operations. We made a hasty inspection of

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the Coast Guard installations there and then had dinner and talked with quite a number of the people who were on the island. And I must say that it is a fascinating experience to come in to Wake at night when there is just a little dot of light in that great big ocean. It was quite a thrill to be able to navigate right in on the spot, which gave us a great feeling of confidence toward the operational qualities of loran.

We departed Wake at 10:30 and we picked that day back up again because while we had spent the twenty-fourth in Guam and Wake, we now woke up the next morning on the twenty-fourth in Honolulu and I will tell you that that was one time that I had three Thanksgiving dinners. That was a real Thanksgiving. On the twenty-fourth we had Thanksgiving dinner in Guam, we had another in Wake and then Governor

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Ingram Stainback was prepared and had one ready for us when we got into Honolulu. That was

one time that I had three Thanksgiving dinners.

Governor Ingram M. Stainback met us at the airport and arranged to have me as his houseguest at Washington Place, which was the Governor's mansion. Ed Pauley owns a lovely island, Coconut Island, on the north side of Oahu, so he had arrangements all made there for me to come out and spend the night. So we, after visiting with the Governor, and talking with quite a number of people he brought in to discuss statehood, we went over to the island. The people the Governor had in were very enthusiastic, they were puzzled too about the tax problem and the income problem and how to get organized for statehood but I think that they were even more enthusiastic probably than they were in Alaska.

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We got back the next morning and made our inspection trip of the Honolulu installations and went to a couple of other islands by air and saw the loran stations and the other Coast Guard installations. That morning we had luncheon and I made a speech at the Chamber of Commerce and was pummeled with many questions regarding statehood. At the luncheon all the speeches were regarding statehood.

HESS: What seemed to be their idea on statehood?

SNYDER: They were very enthused, more so than in Alaska. That afternoon after lunch we made a tour of Pearl Harbor and it was extremely impressive what we saw of the ships that had been damaged. You know, of course, they made the *Arizona* into a national memorial. I was told that some twelve hundred of the crew were still buried with the ship. Several of the other

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battleships, or their masts are still standing out of the water, but most of them have been salvaged.

On this trip around the harbor I was a guest of Admiral E. Gringrich, the Chief of Staff of the U.S. Pacific Fleet at Pearl Harbor. We finished our tour and had dinner with Governor Stainback. We left the next morning at 9:55 a.m., arriving in San Francisco on the twenty-sixth of November at 9:50 a.m.

HESS: Fine.

SNYDER: That is about the story except for Japan.

HESS: That's right.

SNYDER: And we'll pick that up...

HESS: We'll get that next time.

SNYDER: Yes.

[1400]
HESS: Fine, thank you very much.

SNYDER: That took longer than I thought it would, but I hope that's been of some value and of some interest.

HESS: Very good.

[1401]
Thirty-sixth Oral History Interview with John W. Snyder, Washington, D.C., April 16, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, this morning let's discuss the Japan phase of the trip that you took in November of 1949.

SNYDER: Right. On November 17th at 7:25 a.m. we arrived in Tokyo at Haneda airfield and we were met at the airport by General MacArthur, Mr. Joseph M. Dodge, G. H. Q. Chief Almond and party. Mr. Joseph M. Dodge was the financial advisor to SCAP. We then proceeded to the residence of General MacArthur where I was a guest during my visit to Japan. Before discussing my visit to Japan I want to again emphasize that I was most careful to state in advance that the official purpose of the trip was to inspect the United States Coast Guard installations in the Pacific. I had been invited to visit Japan some

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months previously by General MacArthur so I took advantage of the proximity to accept this invitation. It was fortunate that I did use these precautions for the papers began to speculate that the purpose of my trip was to bring about the devaluation of the yen. And they played it up very strongly and referred back to my trip to London just previous to the discussions that came up later in the United States which resulted in the devaluation of the pound. It created quite a flurry, but fortunately, due to the careful planning and the press releases which emphasized that the purpose of my trip was inspection of Coast Guard installations, General MacArthur, State Department, and Treasury were able to pin it right down to its true purpose. That thorough planning showed that the Japan part of the trip came about because of this previous invitation of

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General MacArthur and because we were in the vicinity. For our record in looking backward, I have told you that it was really, off the record, a three purpose trip and it actually was that, but for the public consumption, and because of the manner in which the press always tries to make a great to-do out of it, we were very cautious to try to indicate that the official purpose of the trip was the Coast Guard installation inspection.

Upon arriving, I stated to the press again the official purpose of my trip. In answer to questions

regarding my discussion on Japanese monetary problems I stated that I would talk on any subject that General MacArthur wished to discuss. So I just passed the ball right back to General MacArthur, put him in control of the situation, and that brought it to a close finally, but the papers were loaded with speculation

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that the real reason for the trip was to discuss the devaluation of the yen.

At 9 o'clock, after getting settled in my quarters, Admiral O'Neill and the Coast Guard officials accompanied me to an inspection of the Yokohama and Tokyo Coast Guard installations. At 11 o'clock I made an official call on General MacArthur at G.H.Q. This was very brief, he extended me a warm welcome and outlined the things that he had in mind, a thorough briefing on the situation in Japan and in the Far East including Korea.

HESS: What were his views on Korea?

SNYDER: Well at that time he didn't express any, he just said he was going to give me a briefing during my trip.

HESS: Which came later.

SNYDER: Which came later. Following my official call, I went into conference with Mr. Joseph M.

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Dodge, who was the financial advisor to SCAP. He was the man that I had arranged to go over to help General MacArthur try to straighten out his economic situation, and to back him up I sent a cadre of twelve Treasury experts, specialists, over to work on the taxes, and new monetary phases of the reorganization of the Japanese government. Mr. Dodge warmly thanked me for the splendid work that the Treasury people had done and expressed general pleasure at the warm cooperation that he had been receiving from General MacArthur. Because one of the key points of the whole offer of help by sending Mr. Dodge to the area with the Treasury people was that General MacArthur would cooperate sympathetically and give them an opportunity to show results. General MacArthur initially had had a great number of his staff officers try to undertake these economic,

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monetary and educational operations and had not had great success. So it was upon his request to me to send help that the arrangements were made. It was thoroughly understood, in fact we received a letter from the General stating that Mr. Dodge would have full cooperation and assistance and all the directives that he needed to accomplish what he was undertaking to do. We even went so far as to have it specifically understood that Mr. Dodge could report directly to Washington on his programs and that he had direct contact with General MacArthur and didn't have to do it through channels, as had been the case with quite a number of other projects over there. I was delighted to hear both from General MacArthur and from Joe Dodge that they had functioned very, very splendidly together.

Following my conference with Dodge,

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General Almond, who was chief of staff of the troops, had a luncheon for me and I had an opportunity to meet quite a number of the top military and naval people. I might say right here that I learned from them that the Communist press had been extremely active trying to stir up trouble in every fashion possible between the American troops and the Japanese people and the Korean people. Okinawa, of course, was quite an area of conflict. The *Akahata* was the newspaper that was the leading Communist paper. We had a very interesting and searching talk during the luncheon and I was advised that the following day we would have a full dress briefing of the situation. Following the luncheon we made a brief tour of the city. At that time the reconstruction job had not gotten under full swing. There were a great many badly burnt out areas. But they

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showed me their plans which involved putting up better houses. They weren't to be as flimsy as the original ones were. They had better sanitation arrangements, had better lighting arrangements, and they told me at the time that it was the plan to try to make them attractive for the student and for the family. The Japanese are very strong on family life. In this connection I want to jump forward some years and say that when I was back in Japan in 1955 that Mr. Mikata, one of the officers of the power company in Tokyo, very proudly told me that as of that date every family unit had at least one electric drop light installed and that 69 percent of the homes had radios in them, which shows you the tremendous step forward that had come in the reorganization, rehabilitation, of the Japanese economy.

At 5 o'clock that afternoon Prime Minister Yoshida came to pay an official call on me, and

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during his visit we discussed the new constitution. This was quite an undertaking for the Japanese to get away entirely from the old military dominated operation and come up with a new constitution patterned somewhat on that of the United States. The State Department, Justice Department and the Treasury Department contributed a great deal in helping them draft this new constitution, and I was pleased that Prime Minister Yoshida seemed to be enthusiastic about it, though he was puzzled a great deal how some parts would work. He was particularly interested in the voting provision and was not too sure how to handle it just the way it was set up. But by and large he was very enthused. We also discussed the farmland reform which was quite a departure from the old landed gentry arrangement with tremendous privately owned

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rice paddies and the other lands. They raised some sugar. The farms had been operated by the

peons -- slaves practically who were very low paid employees -- and under the land reform these rice paddies would be divided up into smaller sections and allotted to the individuals. It was more a case of family than the individual ownership. However, this entailed also a marketing problem that was not sufficiently provided for in the plan. They soon learned that it was not enough to just give a man some farmland to operate. There had to be some planning on what he was to plant, the type of seed he was to use, so as to assure the marketability of his agricultural product and then, of course, he had to have some guidance in what to do about selling it; Where to sell it, when to sell it, and how it was to be

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prepared for the market. And so that was one of the large, you might say, correlated operations of the land reform. It went further than that in the distribution of the land. They had also discussed certain cooperative operations similar to the ones that we have here to help the farmer to be able to buy his tools for his farming, and help to get the loans for the original purchase of seed and for improvements on his rice paddy. And to improve his irrigation systems and so there were those cooperatives too that were involved. By the time we got through discussing it it had proven to be a most fascinating undertaking. Our Agricultural Department was extremely cooperative and helpful with them in setting up some of these operations.

And then we got off into banking which was rather brief because he said, "My friend

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Ikeda will discuss all these things with you but we are most grateful to you for the great assistance that the Treasury Department, under your direction, has given us in this reorganization."

Following the call of the Prime Minister, he remained while some of his Cabinet came in. Minister of Finance Ikeda, who later became Prime Minister and resigned just before he died in 1955. He was Prime Minister when I visited there in '55. I was at dinner at his house when he was taken to the hospital for a throat ailment from which he never recovered. He was a very dear friend of mine. He visited me three times here in the United States, and he always -- to everyone not just me, but to everyone -- always gave me credit for explaining to him Mr. Truman's philosophy in politics and stating that it was on those principles that he won the election as

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Prime Minister. The Cabinet members who were there at that time were Minister of Finance, Ikeda; the Trade and Industry Minister, Inagaki; and the Economic Stabilization Board Director, General Aoki. They came in accompanied by Mr. Joseph M. Dodge. Our conference covered all phases of the Japanese economic problems and their plan for meeting them and lasted for some hours. Each left saying that he would like to feel free to come back again if there was an opportunity during my visit and follow up on some of the things that we had discussed. They in particular wanted to check back on some of the things that I said to them and some of the things that Mr. Dodge brought out and to re-discuss some phases of it. They were extremely pleased with what we had done in connection with setting up their credit system, their monetary system. We set up an entirely new

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currency system for them, specie and new paper currency. We also set up a tax system for them, and also a collecting system for getting the income from the taxes and a budgetary system. We went into great lengths with setting up a budgetary system. Mr. Dodge at that time was very open in saying that he was more than pleased with the thorough cooperation that he had received from these ministers.

HESS: Did you find them apt pupils?

SNYDER: Very, very. Ikeda particularly had been diligently studying. He was very United States oriented, and he was from a very top family of Japanese who had, by great skill, steered clear of the war guilt or any operation of that sort. His family had been bankers and landowners, very wealthy as had all of those who were there. But they had been able to establish

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a disassociation from the warlords and it made it very effective and helpful that such able leaders stepped in to undertake to set up a government that was so drastically different from the warlord government.

Following this meeting we had a rather late dinner which Joe Dodge had set up for us to meet some of the leading businessmen and other government officials of Japan, and quite a number of his staff and my staff were present. It turned out to be a sort of discussional dinner because a great number of matters were brought up that were mutually interesting to those present.

The following morning at 8:30 we had breakfast with Mr. Moss, my representative from the Treasury, and his staff. We spent some hour and forty-five minutes during breakfast discussing business. We had to combine our eating with our work because we were there such a short

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time. And so most of our breakfasts, lunches and dinners were really working occasions. There was one dinner and one luncheon, however, that was purely social and both of those were given by General MacArthur. But at this particular breakfast I had an opportunity to get a direct verbal report from Mr. Moss and different members of his cadre. I inquired into the various acceptances by the Japanese as well as by General MacArthur's staff and General MacArthur. It appeared that they had worked well together, all parties, and that by the early spring of 1956 they would be finished with their program.

Following this at 10 o'clock we went to G.H.Q. for a series of briefings. They had it well set up, with progress maps and charts of the area. General Almond conducted the briefing and called on various staff officers for the different phases of it. They brought out

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that they did not feel that they had sufficient troops in Korea, that while they didn't think that there would be any threat from the North, they did think that they were pretty thinly deployed. Their troops were very poorly supplied.

HESS: Why did they think that they needed more troops if they didn't think that they were threatened?

SNYDER: Because they had to build up the South Korean ROK troops there, train them and equip them so that they could meet the threat if it ever came. But that was their problem right then.

HESS: They didn't think that there was enough men there for training purposes?

SNYDER: That's right and for demonstration purposes

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and that sort of thing. They had quite a number of things to say about their problems of the assignment of patrols of the Navy. And of course, there were naval people there too. And the Navy thought that they were too thinly deployed, that they didn't have sufficient numbers of vessels to do the patrolling that they were charged with, covering all of the Japan and China seas that they were trying to police. But generally speaking the report was that they felt that they had had great success in pacifying Japan, that the readjustment within four years of the Japanese had been remarkable, that there was a tremendous interest in getting to work and having a job. And in education, they were all fascinated apparently with the new education programs. You see, we put in a completely new set of school books with a different emphasis on history. The warlords' omnipotence was toned

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down terrifically, there was sufficient history of their accomplishments, and so forth, to keep the pride of the people up, but the militaristic side of it was toned down materially in the new text books and frankly, the texture of the texts of the new educational system was somewhat westernized while it maintained the culture of the Japanese. It did bring in new ideas, new commercial ideas, new municipal ideas. In their civics for instance, the system brought about better organization of communities and things of that character.

HESS: Who worked up these textbooks?

SNYDER: Oh, it was the job of various organizations -- it's a list a mile long. Every department here in the United States sent assistance.

HESS: Does that come under the U.S. Office of Education or something like that?

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SNYDER: I don't think that we had an organization by that name at that time. Remember that that was before H.E.W. was set up. And so we used the American Educational Association. We had many committees of all sorts for different phases of public life and called on Governors, professors, conferences on all phases of our life here to send over assistance. All of this, of course, was under General MacArthur's direction. He maintained a very proper decorum with the Emperor and everything was at arms length, with no great cordiality or warmness. It was strictly at arms length and the general public understood that MacArthur was running things and while

he was very decorous with the Emperor and later brought his son, the Prince, more and more into things, but he understood the mind of the Japanese sufficiently and the Emperor seemed to reciprocate the understanding

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that he was finished and that he was there by sufferance. He normally, under their code, would have been beheaded. It was, I think, very well handled. It sounds very dictatorial as though at times we were setting up something that far exceeded the dictation of the Emperor, but it worked out in good shape and the Japanese people, as I say, liked it very much and they were very adaptable and flexible, and moved right into the new things as is demonstrated by their economic and cultural growth since the war.

Following this briefing conference, at 11 o'clock Mr. Dodge and I had another session. We brought in the people who wanted to come back again because he felt that it was very important that we give them a chance to check with their staffs and then to come back and get another round at us after our official meeting the

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night before, the courtesy call which went much deeper than normal for a courtesy call. But he felt that they should have another round so he brought them back in at 11 and we had another hour's discussion with the Cabinet members. They brought some of their staff along and Dodge had some of his staff present at that time and we also had two of General MacArthur's staff with us on that occasion. I was very cautious to see that in every contact that I made, that I had present a representative of General MacArthur, because I wanted him to be well aware of everything that took place while I was in Japan. I was rewarded by his attitude and his comments after I left of the splendid way that everything worked while I was there.

From there we went to lunch at General MacArthur's and this was a very formal state affair. The General had almost the same

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discipline in his home that he had with the Emperor. Everyone was assembled and waited. All of a sudden the butler came to the door and announced in deep tones "The General," and with that everybody came to attention and the General walked in and bowed very courteously and we all went back to our cocktails and conversations. He spent most of his time talking with me, and barely spoke to the rest of his guests. He outlined to me that while it was largely supposed to be a very social affair he did want to take advantage of our sitting together to tell me of a few more things that he wanted us to discuss while I was there. Mrs. MacArthur was a delightful person. She was extremely pleasant and made my visit most delightful. You could hardly lay a handkerchief down before it was whisked off to be laundered. And she made everything very

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pleasant. As a matter of fact she put me in touch with a delightful Japanese shopkeeper in Kyoto, who I will tell you about a little later. While we are on that subject though, every evening that I was there, after the social events and conferences were over, General MacArthur came up to my quarters and visited me for an hour and one time for nearly two hours. He brought me up to date

on everything that happened from the time he went to Manila on up to the present. His review was well organized. And to say that he came up to confer would be, I think, a mild distortion. It was a monologue. The General walked the floor, he rarely sat down, he walked the floor and made gestures as thought he was delivering a lecture or a speech or addressing a classroom, and he constantly had that cob pipe in his hand, lighting it over and over when he paused. He would

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light it and he'd go through all of the gestures. But I want to tell you, Mr. Hess, they were the most interesting sessions that I have had because the man was a brilliant man and there was no question as to his evaluation of his own merit and worth, and he lost no time in telling me that he thought that he had been badly mistreated by President Roosevelt. That he...

HESS: In what way?

SNYDER: That he was not given a greater part in the European affair. That he was not given sufficient troops and that he was not given sufficient support and that he should have been put in a -- of course, he did command the entire Pacific but, "My training, my background, my reputation, my record indicated that I was the most logical man," and he said that he was continually pushed into the background by President Roosevelt, and

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General Marshall later.

HESS: In my readings of history I found that the Pacific theatre at first was to be more or less a holding operation until we could finish with the European war and then move the forces from Europe to the Pacific. Did he disagree with that philosophy? Or...

SNYDER: He disagreed with it from the very beginning. Although it's difficult to follow, because as I understand it, nearly everything that was done was done on his recommendation. I learned that from Eisenhower who as a man went over as his Chief of Staff while he was Governor of the Philippines and he just didn't get along with MacArthur in spite of all of that you have heard...

HESS: General Eisenhower did not?

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SNYDER: He did not, and in fact, he asked to be brought back to the States. Although I read in the paper the other day at the time of Ike's death that MacArthur fired him and sent him home. That is not Eisenhower's story. He asked to be relieved, and said that they were incompatible and that he wanted to get back to the States. As I go along here if you have any questions please bring them up, because I am just looking at my notes and revealing the story as it comes to mind.

HESS: I'll do that.

SNYDER: Then after the luncheon which lasted some two hours, we went to a reviewing stand and at 3:30 p.m. reviewed the troops. We were accompanied by -- oh, by the way, at the

luncheon were four House members of Congress who were over there on an inspection tour at the time,

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Representative [Otto E.] Passman, [Edward H., Jr.] Kruse, [W. F.] Norrell and Miller. They were over there on a check up on performance and budgetary matters for the appropriations subcommittee. They wanted to see if things were shaping up the way that Congress thought that the reorganization of Japan should be. They accompanied us to the reviewing stand and stood with us as we reviewed several of the crack units of the Eighth Army and of the G.H.Q. troops themselves. These were led by Major General Hobart R. Gay who was commanding officer of the First Cavalry Division. The review took place on the Imperial Plaza which was a part of the Imperial Palace grounds. It was most impressive. There couldn't have been a more perfect precision performance than that put on by the troops that passed in review. They also had a drill team that did an interlude there and it was really inspiring to me with my military

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background in World War I. Why, I enjoyed it tremendously.

Following this we had a press conference -- this was mixed, it was Japanese as well as foreign -- and they were pressing a great deal as to whether or not I had found it necessary to recommend any revaluation of the yen, and whether or not I felt that the taxes proposed were going to be necessary. The Japanese were going to have to learn to pay income taxes, which was something that they had never had before. Their tax revenues had been largely manufacturers taxes and excise taxes of that sort rather than income taxes. And they were very greatly puzzled about how that was going to work. Were they going to work out a budget that was passed on by the parliament or was it going to be a dictatorial budget that was similar to the old warlords budget and was it going to be

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carefully balanced? Was a great allowance going to be made for military and how much rearming was going to be permitted under the budget? All of these things were questions that they knew better than I did because they were on the ground and had been holding conferences with the various officials that had come over there on these subjects and with General MacArthur's staff. So I had to parry them along and in answer tell them something about setting up the new tax arrangements with the budget procedures and it was by and large a very polite, pleasant affair. And they were interested in loran. It was under the Coast Guard supervision and it had been for some time. Loran had been under, I think I told you last time, under naval control until after the war and then it was put under Coast Guard for maintenance and supervision. They were rather interested in

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the working of it, and how by triangulation and cross section we were able to fly planes right across the ocean without any lights or guidance or radio conversations. Loran is the name of the long range aids to navigation service.

HESS: One question on the Japanese press. How would you compare the Japanese reporters

with American reporters? Intellectual ability for instance.

SNYDER: Remember that was just four years after the war, and the press conferences held for the Japanese were not what you are accustomed to. Usually they were handed a prepared statement, and at that time were not given an opportunity to ask any questions. A prepared statement was made available for them and they could come and get the statement. MacArthur carried that on for

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a while after he got there, but with this flood of American officials, Congressmen, military, business, church, I think MacArthur decided, "Well, I'll expose these visitors to the press and let them answer questions. I would discipline the visitor as well as the press." So this conference was a polite one. The questions of some of the Japanese reporters who were present were very sharp and very well thought through. They were generally, at that time, rather shy. The double questions that you got came from the European and the United States reporters.

Following the press conference we had dinner with Minister Sebald. We had not set up an ambassadorship at that time. General MacArthur's nephew and his wife, Barkley's daughter, had arrived to be Ambassador and they were extremely nice and we enjoyed visiting

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with them very much. But Sebald was the one in charge. He gave a dinner and there I met the people of the State Department, and our trade organization. The Labor Department had quite a committee over there trying to organize their labor to set up unions and that sort of thing. It was a very, very interesting, informative dinner.

The following morning at 7:55 we left by air and flew to Osaka and set down for just a short check of one of our Coast Guard stations there, then on to Hiroshima. We overflew Hiroshima, circled several times and had pointed out the effects of the atomic bomb. And it was very shocking to think that one explosion caused the damage that we saw. It wasn't the shelling; you see I had been pretty hardened to cities being shelled out with my trip to Europe following the war and flew over the 14

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bombed out cities. I was somewhat prepared for destruction, but to know that this damage was caused by one missile alone was overpowering. It wasn't the shelling, it wasn't the bombing, it was just one bomb that did all this...

HESS: The damage had not been repaired?

SNYDER: Oh, no. No, they had done very little reparation at that time because you see it took a long time to decontaminate the area and they were very cautious about that, they didn't want to have any of the radioactive after effects. I think the decontamination was just about over. So there had not been a great deal of rebuilding of Hiroshima at the time that I was there.

HESS: Okay, I've got a question. Do you think that bomb should have been dropped?

SNYDER: I did at the time and I still do. Because

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there is no telling how much longer the war would have gone on. It would have been a fight to the last ditch on Japan itself. The warlords were determined to sell out at a very great price, and it would have caused great slaughter. There would have been great cost, and it would have drawn out much longer. We would have been considerably delayed in getting back to being a peace-loving people. Of course, your question perhaps should have gone back much further and said, "Should President Roosevelt ever have given the green light for the work on the atomic bomb?" That was actually out of our hands because the Germans were well on the road to having a bomb. They had their heavy water plant up in Norway and they had a lot of things that were already moving right along. They already had those "whizz-bangs" that were the initial

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weapons which we knew nothing about when they first went off except rumor.

HESS: That's the V-2 rockets?

SNYDER: Yes. So it was by force of circumstances and events that Mr. Roosevelt had to step right in and say "Let us beat them to it." And of course we spent quite a bit of our time bombing out German installations. In 1964 when Lyn and Betsy Horton, my granddaughters, were with me over in Scandinavia we went down to the spot where the heavy water plant was located in Norway and saw where they dropped the bombs and destroyed the plant during the European hostilities. We did some very effective spelling out and locating some of their works and destroying them, which delayed their operation considerably. And Von Braun has since told us that three or four times they were just

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to come to some conclusions when the bombing would upset some part of the operation. Even though we had large plants in Oak Ridge, one in the northwest, and in Chicago, all part of the Manhattan project, you know, extending into many research laboratories, we had them pretty well diffused around the country so that no place was ever quite vulnerable enough to close us down entirely, although in the earlier stages we were rather vulnerable had they been able to reach them at first.

We flew over Hiroshima, as I said, and on to Kyoto. Kyoto is a religious center. It was absolutely untouched by the war. There were a great many temples of ancient origin and they had annual treks to Kyoto when the various religious units caused the town to be on almost continual religious ceremony. It was one of the important silk centers, and one of the important

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educational centers. Mrs. MacArthur had given me an introduction to a silk dealer and it was there that I bought the material for my daughter, Drucie's wedding dress. She was married in January of 1950 and this was in late November 1949 so I brought the silk home from Kyoto from

which her wedding gown was made. I shall always remember Kyoto with great affection.

We had lunch at one of the most delightful, colorful, interesting temples that was prepared for us by what would be your mayor and we enjoyed that. All of the Japanese guests and all the service people were in native costume and it was one of the really delightful Japanese occasions that we were invited to attend. It was in such peaceful, delightful surroundings.

After lunch we went shopping and also took quite a tour around through temples and the flower

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gardens. There were beautiful flower gardens. The Japanese gardens are just color explosions, delightful.

At 4:40 or sixteen forty hours we departed Kyoto, flew back to Haneda airport and went immediately to a reception which had been prepared by the foreign newsmen. It was a cocktail party. Nothing formal but just mill around and I again was pressed with questions about the economy and what we were going to do and what steps would be taken. It gave me an opportunity again to back up General MacArthur, Joe Dodge and the Prime Minister Yoshita and his Cabinet. Nothing very specific came up and from there we went to dinner at 8 o'clock at General MacArthur's, which was kind of a farewell dinner and summation of the trip. The next morning at 6 o'clock General MacArthur, Joe Dodge, General Almond again assembled and

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drove me out to Yokohama to the airport -- Haneda airport is located there -- and gave me a royal send off. And we took off at 8 o'clock, 8 a.m. for Iwo Jima. We flew over to Iwo Jima, set down for just a minute, inspected a Coast Guard installation and were on our way to Manila. We departed Iwo Jima at 10 o'clock, arrived at Manila at 4:05 and our next previous discussion takes up from there.

HESS: I have a couple of questions. At the time that you were speaking to General MacArthur did he have anything to say about Mr. Truman or about how he thought Mr. Truman was handling the Government?

SNYDER: His remarks were complimentary in a fashion and he sent his warm regards to Mr. Truman. As you know we had not entered the Korean war at that time. The Korean war didn't come until

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June, some months later, and so there had not been many real controversial problems come up with General MacArthur. The only question that had come up was when he got mired down in the reorganization of the economy and some pressures had to be put on him to bring in better equipped people to do these reorganization jobs. But that never developed into anything very difficult. It was not until after hostilities started that the problems began to come up with General MacArthur, because he felt that he should be the overlord there and that whatever was done in the military was strictly his business and that the Pentagon had nothing to do with it and would be advised about what had happened as they went along. That is on policy making and things of

that sort.

HESS: Did he think that he was receiving adequate

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support from Mr. Truman's administration?

SNYDER: No, they didn't. I told you that they felt that they were not getting sufficient supplies or men. But they weren't making an issue of it. At the time they were just registering a statement.

HESS: And then you were helping them with your fact finding groups that were...

SNYDER: Oh, no question about that.

HESS: Well, you have mentioned that they did not think that North Korea would invade into South Korea.

SNYDER: No. They didn't think that the Chinese would ever supply them with the attack forces to come through, don't you see. They weren't concerned about the North Koreans coming through alone, but if any attack that came from the North

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Koreans would have to be heavily supported and supplied by the Chinese and they didn't think that the Chinese would do it at that time.

HESS: Anything else this morning?

SNYDER: No, I think that we'll call it a day.

HESS: All right, thank you very much.

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Thirty-seventh Oral History Interview with John W. Snyder, Washington, D.C., April 30, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, I'd like to ask a few questions concerning your conversations with General MacArthur in November of 1949. As you know, the Chinese Communists had just taken control of the mainland. Did the General think that we should lend support, military support, if the Communists invaded Formosa?

SNYDER: Well, we have to go back and put things in order. As you will recall, it was in August of 1949 that the Soviets, the Russians, first exploded their atomic bomb, and it caused quite -- while it was somewhat expected that they were moving along in atomic work, it caused quite a flurry. Then following that in October, just a few months later, October 1st, I believe it was, Mao Tse-tung declared that he had conquered

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the mainland of China, and that he had set up a Communist government governing Chinese Asia.

There were quite a number of us, at that time, who had some very interesting reactions as to the march of events. There were a great number of us who felt that the pressures on the Chinese, with the knowledge that the Russians now had an atomic weapon, that they had to force their development situation quickly in the establishment of a Communist government in China. Of course, that pressed the Generalissimo's group to retreat, and they chose to set up a government on the island of Formosa. The Nationalist Chinese government established headquarters in Taiwan. There were several who had a strong belief then that the Russians were actually more concerned about the Chinese Communists than they were about the Capitalist West. Their large concern about the West was

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that the knowledge of how things were going in the Western World would be disturbing to their people, in submitting to their type of dictatorship, as they had planned to build Russia up under a very tight band of dictatorship and shut out the Western World while doing it. They were more disturbed about what the Western World would do socially and economically than they were about any threat of attack or anything of that sort.

On the other hand, the great mass of people, the hundreds of millions of people who lived in China with no place to go, were a direct threat to the vast open plains of Asiatic Russia as an outlet for occupation. By occupation I mean to find space for not their troops but their people. That threat was very, very pronounced and open. There had been the invasion of Genghis Khan which brought Chinese rule to many of the states of Russia for nearly

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a thousand years, during which the Russian princes paid tribute to the Chinese rulers. So those things were all in the background of the thinking of a great many people at that time. So when the Generalissimo established his government and we were having the problems of getting Japan settled and the further problem of the attitude of the Soviets toward Korea, I must remind you of what happened there when the Japanese peace came. Korea was occupied by the Japanese up until the surrender, and so at the time of the surrender of Japan, it was determined, regarding the surrender of the Japanese troops in Korea, that those Japanese troops that were north of the 38th parallel, surrender to the Russians, and those south of that line to the allies. This line was chosen purely for convenience as it divided the country pretty well half in two, with no regard for the

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economic situation, the geographic situation, the amount of arable land -- none of that was really given any consideration. It was just a convenient line agreed upon. That was the agreement, and the surrender proceeded on that basis.

But shortly thereafter, it was agreed that the U.N. would send missions into Korea and set up a plebiscite and vote on the type of governments that Korea as a whole would want to set up as a government. The south, south of the 38th parallel, immediately went right along with the mission. They set up elections, and they elected a President who set up the Republic of Korea,

and started functioning. North of the 38th parallel the Soviets said, "No, you're not coming anywhere near here. We don't want the mission, we're not going to have you coming over here, we're not even going to let you send any inspectors. You have no business up here.

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This is ours."

Well, from that time on, that's what it was. And though we knew nothing officially about what was going on, we began to hear rumors of cannibalization of industry, and that they were tearing down the plants in North Korea, as well as in Manchuria, and that they were taking all this equipment back to Russia; that they were turning those countries into agrarian countries again. The Japanese had done quite a bit of industrialization all up and down the west coast, particularly, on Formosa. Some of the industrialization there was well organized. The Nationalist Chinese took over those industries and kept on running them after they moved in on Formosa. There was evidence that there was a great deal of industrialization that had been established by the Japanese in Manchuria and in Korea. These rumors kept coming, and then, of course, we

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began to hear rumors that the Russians were training, organizing troops in North Korea, and that they were setting up a military machine there. Well, all of these facts were before us at the time, and it was the feeling that the United States, at that time, should take the attitude of neutrality towards Formosa, that we were not making any statements that would agitate or infuriate either the Chinese Communists to lend additional aid and force to the North Koreans. The Soviets had somewhat moved out of Korea and the Mao Tse-tung group had begun to be the motivating influence. They took over where the Russians left off, although both the Russians and the Communist Chinese worked with the Koreans in the matter of military supply and in training of their troops and aviators, and so forth. The Chinese, largely, as it was developed later, were furnishing

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the foodstuffs and cloth and things of that sort, while the Russians furnished the hardware for the equipping of the North Korean army.

So, dropping back to your question. (I set a background to answer your question.) It was felt that the United States should take a position of neutrality and state that they had no intention of furnishing any aid in an invasion from Formosa or by subversive attack. That was the posture that we adopted for public exposure at the time, despite background thinking that was current, among some at least, that we had to bear in mind that we might have to be of some aid to the Formosans.

HESS: Do you think, sir, that we would have provided aid for Formosa after President Truman's pronouncement in his press conference of January 5th, 1950, that we would <u>not</u> provide such aid?

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SNYDER: I've tried to tell you just what was in the back of his mind at the time he made that

statement in January. Remember the invasion of South Korea had not yet taken place. It was five months away before they actually invaded. So, he was taking a position of neutrality at that time. I am personally convinced that had there been any movement towards Formosa at the time of the invasion of South Korea or shortly thereafter, there's no question but what we would have had to take a very firm position. We did later as you know when it came to those two islands, Quemoy and Matsu. We did take a position then. Mr. Truman, in the announcement right at the time of the U.N. action against North Korea, made the statement that the Seventh Fleet would patrol the coast of China, to interrupt any movement either way, if the Nationalist Chinese tried to go back onto the

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coast, the mainland, or if the Communist Chinese tried to attack. The fleet was alerted to discourage any such movements on either side.

HESS: Perhaps it was too soon after the invasion, but at the time you were speaking to General MacArthur in November, did he say anything about supporting Chiang Kai-shek in a reinvasion of the mainland?

SNYDER: No. We discussed it but we had no notion that we should do such a thing. At least he didn't reveal it to me.

HESS: At the time of your trip, did you have any added information that General MacArthur may not have had about President Truman's thinking concerning not defending Formosa?

SNYDER: No, I am quite sure, thinking back to our

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discussions, that General MacArthur was fully advised of the general situation.

HESS: That covers that subject pretty well. What do you recall about the events surrounding the dismissal of General MacArthur in April, 1951?

SNYDER: General MacArthur had a way of causing quite a bit of uneasiness over in the Pentagon, and in the White House, with his attitude of feeling that he was an autonomous entity set up in Japan who should have full authority to make decisions regarding any activities, any policies, any general plans relating to that area. He felt that he was on the ground closer to the situation, and that he was the one who should make those decisions; and they shouldn't be coming from thousands of miles around the world

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from the Pentagon or the White House, and that he ought to make the decisions and let them know what his policies were, rather than to await policymaking here that was passed on to him. Regardless of whether he was consulted or not in the decisions, he thought that there was a time lag and an information deficiency that would badly hamper his work in re-establishing reconstruction in Japan in setting up a sound situation there in the new Japanese government. So, he began to do things, and take some steps. He had to be questioned by General Marshall and his

staff repeatedly and that resulted in some friction. I must call to your attention that shortly after the fall of Japan, Mr. Truman, through General Marshall, sent a very, very cordial invitation to General MacArthur to come

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back to the States on a visit to receive the plaudits of a grateful nation. They went so far as to suggest plans for a tour of the country, for a speech before the joint session of Congress, for a national holiday for his arrival, and quite a number of attractive and interesting matters of recognition of what his place had been in World War II. He replied, and in declining stated that conditions were so serious in the Far East, and particularly in Japan, that he felt that he should not leave, that he should be present physically, and not off on a months or two month's, or six month's leave of absence, as was suggested.

So he said, "No," he felt he should stay there. Well, that was accepted. Some years later, the invitation was re-extended, and again he did not see fit to come. It was then that Mr. Truman suggested that they meet at a midway

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point and discuss things in general. And as it was the custom, in times of war, that the constitutional head of our armed forces should consult with the military, it was agreed that they would meet midway.

HESS: On Wake Island.

SNYDER: On Wake, and that was agreed upon. That was a most gracious attitude on the part of the President that he would take the risk involved to fly to Wake Island, rather than that the military commander should fly in for consultations which, as you know, in recent years, they have been doing constantly. Mr. Truman said, "No, we'll just do that. I'll meet you halfway." And they met on Wake, and had a very satisfactory conference, as was reported when he came back. Mr. Truman told me that things had gone very well, and that he had had the

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assurance of full cooperation from General MacArthur, and that MacArthur would communicate with him promptly on any matters that ought to be discussed. Actually, I did not press for any details, because my interest was largely that they got along all right. When they said they did, I didn't press for any greater details. It actually came out much later that apparently General MacArthur's general attitude, and so forth, wasn't as cordial as it had been reported, and that although he made some very firm commitments, there was intimation that he maybe wasn't going to be as cooperative as had been reported. But that didn't come out until after he was recalled.

Then a very short time after that -- too soon after that -- things began to develop where General MacArthur would take stands, make

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statements regarding matters in Korea that had not been cleared with the Pentagon, and had not been authorized by the Pentagon. One thing led to another until finally General Marshall and his

group of advisers, the chiefs of staff, drew up a policy plan for our future action and future plans for the Korean operation, and sent it over to General MacArthur for his study and comments and suggestions. He did not act on that paper, but shortly thereafter it leaked out that he had written a letter to a Congressman who was going to read it at the American Legion Convention in Chicago in which he stated that his plans for the future were somewhat along the lines that General Marshall had sent him, but that they were his plans, they were not the United States' plans, and added a number of things which he stated that he was going to do that were not included in

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the plans, the draft plan that was sent to him by General Marshall. Well, President Truman advised him through General Marshall that this letter was not to be read before the convention. However, as you know, it made no difference whether it was read or not read, it was leaked out. That, of course, let the cat out of the bag, and led to the recall of General MacArthur.

HESS: Were most of the leading military men in favor of that action?

SNYDER: Here?

HESS: Yes.

SNYDER: Yes. I know of no objection that was made known at the time.

HESS: Anthony Leviero writing in the *New York Times* on April 21, 1951, disclosed the context of

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several documents that were under a top secret classification until that time. He got a Pulitzer prize for that article. Do you know where he got his information?

SNYDER: I do not.

HESS: All right. Do you think that the MacArthur matter was handled in the correct manner?

SNYDER: I think it was. It was an unfortunate situation, an information denouement, but the commander in chief of the Nation cannot condone insubordination. And that's exactly the situation that was faced. That, I think, is generally accepted, as being a situation that cannot be countenanced.

HESS: Do you or don't you think that a number of the General's actions were politically motivated?

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SNYDER: Oh, there's no question about that. General MacArthur had in his heart that he was to return a national hero and that at the earliest possible time he was going to allow his name under draft possibly, to be submitted to a Republican convention, and that he would be unanimously chosen and would win without any problems. It may well be that that was why he was awaiting

an appropriate time when he thought he could come for that purpose. MacArthur had built up a very strong feeling of antipathy toward President Roosevelt. He accused President Roosevelt of all sorts of abusive treatment that he had received claiming that Roosevelt isolated him over in the Philippines, because he wanted to get him out of the way in case we were involved in Europe. However, he never felt that he wanted to oppose Roosevelt. So, for that reason, he stayed away. Then

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after the victory and the United States came out on top, in spite of all the stories that are told of MacArthur's failure to requisition the necessary troops and equipment before the war before the Japanese invasion of the Philippines, many stories, you know, came out, that he had not properly kept us informed of the situation, and had not asked for the proper supplies and equipment, and material. He was, of course, somewhat subdued for a while, until after he came back, and he came out as a great, victorious hero. He was unquestionably awaiting the time when he thought it proper to come back and receive the plaudits on his terms, and not as an invitation from the then President.

HESS: Do you have anything else to add on the MacArthur matter?

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SNYDER: I don't think so, unless you have a question.

HESS: I believe this is all. Is this all for one morning?

SNYDER: I think so.

[1465]
Thirty-eighth Oral History Interview with John W. Snyder, Washington, D.C., May 7, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, what do you recall about the problems involving debt management in 1951?

SNYDER: Well, Mr. Hess, the so-called "problems," frankly, should have never developed, other than just the natural problems of handling any difficult problem such as the debt of the United States. What created a situation that caused the President to issue the memorandum, which he did on February 26, 1951, grew out of a long series of occurrences. During the war, Mr. Marriner Eccles was chairman of the Federal Reserve Board of Governors. He had cooperated very splendidly with the Government to help hold the cost of the debt down. He had supported the Treasury in maintaining low interest rates, as a matter of fact, maybe a little too low.

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And when the war was over and we began to try to work out the gradual improvement of the general fiscal situation, the Federal Reserve was under pressure largely from the New York Federal Reserve Bank. It had always liked to feel that its officers up there were really the dictators of the monetary policy, credit policy, in the United States, and they began to press for

higher interest rates. The Treasury cooperated with them, and they with the Treasury, and we began to raise the bill rate. It went from a low of, I think around 5/8ths up to about 1-1/2 percent on the ninety day bills, which were issued. Practically every Monday morning, there is an issue of the bills that came out. It's a rolling debt to meet the urgent needs of the Government, and it has become sort of established as part of the Government financing. We also began to let some of the

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longer term notes and bonds begin to take on a little higher rate. And we were doing that in an orderly fashion, and going along very splendidly, until the Korean invasion took place, and we went to the defense of South Korea. At that time, the Fed, the New York Fed, particularly, of the Federal Reserve Bank began to press very hard to let the interest rates push right on up. I was concerned about that for I had seen a lesser incident than the invasion of South Korea cause two world wars; in both World War I and World War II the initial spark was much less than this invasion of South Korea. And I did not think that it was wise, nor did many others think it was wise, for us to start into an unknown situation of that sort knowing not how much it was going to demand in financing on a runaway interest rate basis. So I frankly spent a great deal of time with

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Mr. Tom [Thomas B.] McCabe, who had become chairman of the board of the Fed replacing Mr. Eccles, although Mr. Eccles stayed on the board until his term of office ran out as a Governor. The pressure was so great that I finally made an arrangement with Mr. McCabe, and I did this in the presence of Senator [Burnet R.] Maybank, chairman of the Senate Finance Committee. He agreed that we would hold the rate at its present level for a particular financing that we were bringing up at that time. Much to my amazement one morning Mr. McCabe and the president of the New York Bank, came into my office in the Treasury, and stated that they had not bothered to tell me about it, but they were announcing that day that the rate was going up. Well, this was a body blow, this was a real shock to me for I definitely had a very clear understanding with Mr. McCabe that

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this would not happen. It appears clear now that Mr. Allan Sproul, who was the president of the New York Bank, had put the pressure on Mr. McCabe. The New York bankers, and others, had put the pressure on him to show his independence from the administration, and to act as head of the Federal Reserve Bank. McCabe hemmed and hawed and said that he didn't remember making this statement and so forth, or making any agreement. Senator Maybank was positive that he did, the same as I was. Well, anyway, that really set fire to the problem, because they went through with what they said they were going to do, and I announced that we were going to issue the new bonds at the rate agreed on. They had been supporting the Government bond issues to see that they did not drop below par.

HESS: Did you try to argue them out of making that

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announcement?

SNYDER: Oh, very, very strenuously, but they said they had already done it so as not to embarrass me, because they knew that I would object to it, and the very fact that they knew I'd object to it made pretty clear that there had been some discussion and understanding with Mr. McCabe and me. Well, the problem developed by their not supporting the issue that we came out with that day at the old rate. That caused a great to-do. But in the meantime, I'll have to drop back a little: I gave a press conference in New York for a group of financial writers, in which I stated that because of the military action in Korea -- in support of South Korea -- that I felt that it was a fair rate that was being offered at this time under such circumstances, and that I was appealing to the bankers of the country to support that rate.

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The interesting part was, following that conference, the price of U.S. bonds went up showing that it was accepted there as a situation that could be lived with. Then followed this procedure that I just told you about, the visits from the two gentlemen from the Federal Reserve Bank. Following that, of course, the bonds fell a little, and did not carry the market reaction that we had hoped they would. We had a pretty tough time and the bonds dropped for several days, and finally we had another session with McCabe; and at that time I was having very serious trouble with my eyes and had planned to go for an operation. Mr. McCabe assured Senator Maybank and me that the Fed would ride along until I got back from the operation, which would be a couple or three weeks maybe.

The day after I went into the hospital, the Fed just cut loose, and the market went

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all over the place. I sat up, they got me out of bed, I'd had the operation, I sat up with a group of my people. Mr. [Charles E.] Wilson came out, who was at that time the head of the Defense Committee, but Mr. [William McChesney, Jr.] Martin, Ed [Edward H.] Foley, who was Under Secretary, and John Graham, Assistant Secretary, Ed [Edward F.] Bartelt, all came out to the hospital, and we worked out a program of agreement that I would be willing to go along with the Fed. They went back and there was some squabbling about it, and Wilson came out the next day. At that time I told him that I had worked up this agreement, that I had been working with the staff of the Fed, and that it was a fair understanding between us, but if the Treasury was to even go along with that, why, I felt that Mr. McCabe had lost his effectiveness in

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the Federal Reserve position, as he apparently was not able to make decisions.

He went back and went to see McCabe and McCabe agreed to resign. We had another meeting then, and about that time, we came to this understanding. Mr. Truman had them over to the White House because I was in the hospital at the time, and he got nowhere with them. So that's when we had to come to this definite understanding that created the so-called Treasury-Federal Reserve Accord.

It was very mysteriously announced in the papers, and they tried to make a great mystery out of it. I don't think we ever published exactly what we had agreed on, but it was just that we were working together and cooperating. That brought on this memorandum which you have here. As

you know, the memorandum requesting the study of the problem of debt

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management and credit control was addressed to the Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve System, the Director of Defense Mobilization, and the Chairman of the Council of Economic Advises. That pointed out practically what I have just told you here. We were very cooperative in helping the President put this memorandum together. It set out the Treasury's position very clearly. Following that, Mr. McCabe did resign and Mr. Truman appointed Bill Martin, who was Assistant Secretary of the Treasury, and had helped in working out this Accord. Ed Foley, Under Secretary of the Treasury, did a yeoman job and to Ed Bartelt is due a great deal of the credit, and of course, some of the staff over at the Fed were very cooperative in helping get it worked out. The Treasury and the Fed had really worked

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together splendidly for many, many years. When you stop to think about it, the Federal Reserve Bank system is fiscal agent for the Treasury. They handle all of our fiscal matters. They are our paying agent; they are our distributing agent for currency and for specie and we just have to function with the Federal Reserve Bank, one of the twelve Federal Reserve Banks, began to feel that they ought to get back and resume the official position of dominance that Mr. [Benjamin] Strong, I think he was the first president of the New York Federal Reserve Bank, had exerted for many years. Of course with the war coming on, that had somewhat been dampened by the war conditions and the action of Chairman Eccles.

But following this affair we worked out a working formula which we called the Treasury-

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Federal Reserve Accord and it stayed in effect until after I left the Treasury.

HESS: Did that work fairly effectively?

SNYDER: It did. It worked very well until after Mr. Truman's administration was out of office, and when the new administration came in and made the abortive attempt for a peace settlement with the North Koreans, which as you know has not been settled yet, the Treasury Department then just threw the gate open. Mr. Randy [W. Randolph] Burgess, who was Under Secretary of the Treasury in charge of the financial matters, fiscal matters, credit matters, just said that "We'll let the Government securities go where they will." Of course, immediately the price of the securities dropped and the rate went up until it just threw the whole monetary system out of gear, and then they had to turn

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around and reverse and come back up again, which I think demonstrated very clearly that our system of gradually increasing these rates, the rates of the securities, was the proper way of handling it, and that we certainly should not have gone into a wild interest-raising program in the face of our entering into this military action. I think that as we look back we'll find that the Treasury's position could have probably been a little more flexible had it not been for the pressure put on by the Fed.

HESS: Were they pressured by the New York bankers in turn?

SNYDER: I'm sure so, I'm sure so.

HESS: And their desire for higher interest rates.

SNYDER: That was the whole thing for the Fed in

[1478]
New York to get back where the New York bankers could work with them and get the control of finance back in New York, don't you see.

HESS: And you didn't have so much trouble with the other Federal Reserve Banks, was that right, the other eleven?

SNYDER: Well, our only problem was, of course, was with the head here. If he permitted the banks to do this -- the control was here in the Board. They could have told any one of the banks, "No. That is not our policy," but the New York bank -- Mr. Sproul -- brought pressure on Mr. McCabe, who we learned later had great political ambition. This was in '51, and Mr. Truman had somewhat announced that he was not going to run again. He may not have officially announced it, but it was generally understood

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that he didn't intend to run. I think that's true. Now, maybe if he had not let it be known, but anyway, the Republicans began to believe that they could win, and Mr. McCabe had somewhat got the notion, whether these were promises, or dangling carrots, got the notion that he could be Secretary of the Treasury, and so he began to get very political in his attitude. And of course, later he was one of the very, very large contributors to the Republican Party, although he was not appointed to anything after they got into office. Another gentleman, who was very ambitious and hopeful that he was going to be made Secretary of the Treasury, was Mr. Winthrop Aldrich of the Chase Bank. And he was disappointed also.

I think that just about covers it. Now, this is to be sealed. I don't want this released

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until all parties mentioned here are dead.

HESS: All right, fine. We will do that. We will mark that on the copy.

SNYDER: Have you any questions?

HESS: Not on this particular matter, if that pretty well covers it.

SNYDER: I think maybe I ought to just incorporate this in our talk here, while it's in the *Public Papers of the Presidents*, the 1951 Volume, February 26th:

> What we do about private credit expansion and about the Government securities market is, of course, only a part of the problem that confronts us. A successful program for achieving production growth and economic stability in these critical times must be based upon much broader considerations.

That was one of the problems that we had getting across. This interest rate was not going to control the situation or control inflation, and

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certainly has been proven time and time again that increased interest rates have not done the job, although they were pressuring that that was the most vital thing that could be done. I don't believe so, and I think that time proved that that was really the case. There were so many other things. One more quote I want to give you, and this is a quote from the *Public Papers*:

> We must make a unified, consistent, and comprehensive attack upon our economic problems all along the line. Our program must include, in proper proportion, production expansion policy, debt management and monetary policy, and a wide range of direct and indirect controls over materials, prices, and wages. All of these policies are necessary; each of them must be used in harmony with the rest; none must be used in ways that nullify others.

That merely brings out, Mr. Hess, that if you suddenly tighten up on the interest rates and run up the interest rates, you're going to cut back on the capacity of industry to expand, to increase production, you're going to make the

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financing of their daily needs, their seasonal borrowings and everything more difficult, they are going to press prices up, without any question. All of those things <u>have</u> to be taken into consideration. Mr. Truman, upon my strong recommendation, agreed when the Korean conflict started, we went right to Congress and put in a tax bill to help meet the unknown cost of the Korean involvement. This was not done in World War II. It was some year and a half after we actually got into the war that Mr. Roosevelt finally began to give some tax consideration to the situation.

HESS: What caused that delay?

SNYDER: He just had a notion, which was quite true, that increased taxes were unpopular, and he was trying to bring the Nation along to give a 100 percent support to the involvement of the

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United States in the World War, and so he held back the increase in taxes, I think much too long. And we did not do that in Korea. We went right in. We would have come out of Korea in much worse shape financially if we had not taken those immediate steps to tighten up, and Mr. Truman also cut back on a great number of our domestic plans and so forth, until we could see where we were going in the military picture. That of course, has not been done in this present Vietnam

arrangement. Government spending has been higher than ever known in history at the same time we're involved in this war, and without question has had a material part in our present inflationary state.

HESS: Were there any prominent members of the administration who were opposed to raising taxes so

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shortly after the Korean involvement?

SNYDER: Not any very strong opposition. Naturally, you were not going to get unanimity. I think the economic advisers felt that we shouldn't be doing that with the boys going off to war, and this was not a problem which they ought to bring up, but generally we had no problem, and Congress went right along with it. That was the important part.

HESS: On the problem of raising the interest rates, I'd like to bring us up to the present time, and as you know the prime interest rate has just been raised. Do you think it is more effective in fighting inflation in the present day than it was in the Truman administration?

SNYDER: I don't think so. I think there are so

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many other things that you have to do along with it. It is a tool. Don't misunderstand me, it is a tool, and a good one, used in proper order. I think that in a situation like this, you've got to cut back deficit financing to the greatest extent possible. You've got to quit pouring money into the stream through deficit financing and doing a lot of the domestic things here that would cause the debt to continually rise. Deficit financing pours a lot of cash into the spending stream, which only forces competition in the way of price for the available goods that are on the market. And when the industry is working and producing the things for the military effort, it's going to cut back on its production capacity, and therefore makes a competitive cost which will force prices up. Again, in this situation here, in spite of the war effort and all that,

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labor has pressed for the highest gains it's ever had. There's got to be moderation all the way across the board. It's not just the interest rates that are going to dampen that pressure for the inflationary spiral, it's all these other matters that have to be brought under control.

HESS: Just as a matter of supposition, but if things weren't brought under control, just where could it lead?

SNYDER: Well, it could lead to the point where the Government would find itself unable to finance its securities, and in that case you have seen what it has done, it would wreck your monetary system as it's done in Europe. All I have to do is just point to what did happen in Germany and France and England. You can knock the bottom out of your whole monetary program.

[1487]
HESS: That subject is pretty well covered.

SNYDER: Unless you've got some other questions.

HESS: That's about it. Do you want to move into congressional liaison this morning?

SNYDER: We can. Let's see what you have that you want to inquire about. I might call your attention before we end, that just a few weeks later, February 26th was the date of that memorandum that we're talking about, and on March 3rd, which was just seven days later, Mr. Truman made a statement:

> Statement by the President in Response to a Joint Announcement by the Treasury Department and the Federal Reserve System.

Now, it was in that joint announcement that the accord was set out. I thought that we'd tie that together. And with the presidential

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recognition of that, that seemed to bring the thing to a workable level that we were able to maintain at least until Mr. Truman's administration went out of office.

HESS: All right. How was congressional liaison conducted during the Truman administration?

SNYDER: Mr. Truman had on his staff several men who were charged with working back and forth with the chairmen of the committees, and with others, congressional leaders, keeping them appraised of what the administration had in mind in requesting legislation, and would build platforms of understanding, maybe weeks and months in advance of a measure that was to go up, or would currently go up and discuss with the leaders current requests for legislation. It was a continuous working arrangement with Mr.

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Truman. His Cabinet members were particularly effective in going up on the Hill and talking with the Congressmen about legislation affecting their particular department.

HESS: Did he spend a good bit of time up there?

SNYDER: I spent a great deal of time, because I found that by getting the Congressmen fully aware (I'm speaking of both Representatives and Senators when I say Congressmen), to getting them to fully understand what we asked for in our legislation. I'm certain that that was one of the most effective steps that we took in connection with the tax bills. All the way through in the reorganization of the Treasury, we had innumerable bills that had to be passed to enable the Treasury to reorganize its various departments, such as

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Customs, Internal Revenue, and any number of other departments, the Bureau of Printing and

Engraving, and the Coast Guard. We had to completely reorganize the Coast Guard from 385,000 personnel down to about 75,000. We had all the equipment that we had to dispose of; we had the installations, military installations, we had to cut back; we had the vessels that we had to realign. So it took congressional action to approve all of these various steps. And of course, the Internal Revenue we completely reorganized the Internal Revenue from top to bottom, removed the clause in the original setting up of the Internal Revenue in which all of the collectors were appointed by the President with the consent and approval of Congress; that was a revolutionary reorganization, but that all had to be done with very close liaison

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with the Congress. That's certainly true of a tremendous amount of liaison with Congress, it had to be conducted with the unification of the armed services, setting up the Defense Department, and putting into it the Army, Navy, and Air Force. So it was, I think, when you look back at the record, that Mr. Truman conducted very effective liaison, either through his own staff or through the Cabinet members and the different agency heads.

HESS: Which of your subordinates did you find particularly effective in the Treasury Department?

SNYDER: Well, it would always depend on what the subject was, but generally speaking, Ernie [Ernest R.J Feidler was very effective. Ed Foley, I found that he was very, very able, and, of course, in the different units of the

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Treasury, why, the head of that particular unit was always very able and helpful. Of course, we used our attorneys a great deal to explain the legal side of what we were trying to do. I think that about covers it. [While they were there the Under Secretaries O. Max Gardner and Lee Wiggins were most effective.]

HESS: All right. Concerning the White House staff, in 1949, Joseph Feeney and Charles Maylon were brought in and given the definite title of Legislative Assistants. Up until this time no one had held that specific title. Who on the staff was responsible for those actions before the time those gentlemen joined?

SNYDER: Oh, somebody was doing it without the particularly specific title, but Mr. Roosevelt had quite a number of people around him that he was using up on the Hill all the time. Mr. Truman did from the very beginning because he had been

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a Senator, and he knew the importance of informing the Congress about what he was planning to do in order to get them to go along with him. I found that in the Treasury that it was so vitally important to get the leaders like Bob [Robert S.] Kerr of Oklahoma, Tom Connally, Bob [Robert A.] Taft, [Eugene D.] Millikin in the Senate; and of course Sam Rayburn; Congressman [Robert L.] Doughton, and ever so many others, to get them informed on what we were doing and why we were doing it. And once they did they went along. Senator [Harry Flood] Byrd who was initially opposed to anything, I got wonderful cooperation out of him by spending time with him

explaining what the objectives were and what the effects might be.

HESS: He was very economy-minded, is that correct?

[1494]
SNYDER: Well...

HESS: At least the public image.

SNYDER: That was the image he tried to build.

HESS: Was it a valid image?

SNYDER: It was not a valid image?

SNYDER: It was not a valid image in my opinion because when anything happened to cut back the cost of operating the Federal Government in Virginia he was always opposed to it, and very promptly. He had more public money spent in Virginia, I think, than most any other state except Texas.

HESS: Since Mr. Truman served for a good long time as a Senator, was he or was he not particularly effective in cultivating the contacts and

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friendships that he had made during the time that he was Senator?

SNYDER: Of course he was, there's no question about that. You can't measure just how effective that he might be, but it's a peculiar thing that once you move from the Hill up to the White House a schism seems to come there, and they're not nearly as cooperative as you think they might be. Mr. Truman was without question one of the most popular Senators that we ever had in the Senate. I think that you'll find that that's generally conceded, that he was very popular. He was one of the best Senators to get opposing parties to get together and work out things. He resolved many arguments between the Senators and he was very effective in bringing about compromise and patching up disputes and misunderstandings. When he was made Vice

[1496]
President and was presiding over the Senate, he just got along beautifully with them, and his work was very effective for the short time he was there. He was able to put across several of the administration bills by his leadership and ability to maneuver among his friends. But once he got up to the White House, that's been the history, I think, of all Senators -- has there ever been a Congressman elected President, I don't think so -- but many Senators have, and they have immediately found that they have a different situation to deal with.

HESS: President Johnson found the same thing.

SNYDER: That's right eventually. President Kennedy did. Of course, President Kennedy had

not risen to the leadership in the Senate that either Mr. Truman or Mr. Johnson had. As a matter of

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fact, Mr. Nixon never had a position of real leadership in my opinion in the Senate, so what his relationship is going to be in regard to getting cooperation from his old working friends in the Senate or in the Congress will remain to be seen in the future. But with Johnson and with Truman, they had developed into real leadership in the Senate and it stands out more vividly as to the reversal of that comradery, although I must say that both of them, without question, continued to have many close friends. Mr. Truman used to go up, oh, at least once a month and have lunch up on the Hill with Sam Rayburn and the House people, or over with the Senate. Les Biffle had a dining room there where he invited Senators in to visit with over lunch. Those were very effective trips.

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HESS: How influential was Les Biffle?

SNYDER: Well, I think that up until after the 1948 convention, up until then he had been extremely effective. I think his effectiveness tapered off after that, although he was always able to do a great many very valuable things in bringing Senate agreement and understanding and steering bills on the calendar and things of that sort.

HESS: What seemed to be the basis of his success?

SNYDER: A thorough knowledge of procedures, and a close study of the individuals in the Senate.

HESS: You know, when the subject of employees of the Senate is mentioned, and their importance in White House congressional liaison and their uses by Mr. Truman, Les Biffle is the one that is usually mentioned. Were there others up there that Mr. Truman may have worked through?

[1499]
SNYDER: Oh, there's no question about that. But Biffle stood out.

HESS: Who were some of the others?

SNYDER: I don't recall, because I only paid particular attention to my own operation. Mr. (Colin] Stamm over in the Ways and Means Committee was one that my department worked with. He was very influential.

That's one that just stands out. There were others that were the heads of the staffs of the various committees. I was trying to think of the man's name who was the head of the staff for the

committee that we got the accounting reorganization through. He was extremely able and helpful. Yes, there were a great many.

HESS: Was Matthew Connelly instrumental in White

[1500]
House-congressional liaison?

SNYDER: Probably. He would make calls. I don't know how effective he was. There's no question but that with his position, and being Secretary to the President, Appointments Secretary, that he had some influence with certain people and could accomplish certain arrangements. But as to taking a difficult problem and trying to work it out, I don't think that was really in his scope.

HESS: Many historians point out that Mr. Truman was not altogether too successful with his congressional programs. Many of the things he wanted passed were not passed, some of the things he did not want to be passed, were passed. How would you evaluate the success or failure of Mr. Truman's overall congressional program?

[1501]
SNYDER: Well, Mr. Truman faced a genuine barrier to start with. He came in following a very aggressive President who had gone through the depression, had developed tremendous leverage with Congress because of his legislation to try to relieve the depression, to improve working conditions, to improve so many things, and he had built up a great momentum and leverage with the Congress; and because he too had been very successful at the polls, which adds to your leadership in an elective body. Mr. Truman came in, though, after the war, right at the time the war was tapering off; during the first few months of his Presidency World War II came to an end. Then there was a great undoing that came along. So many of those cutbacks and the cutting down of military activity and cutting down of orders and cancellation and realignment and taking advantage of all the

[1502]
things that we had learned during the war and trying to get the country back into peacetime production, peacetime economy. He was faced with a tremendous, controversial difficulty. In time of war or in time of great crisis or distress, it's simpler to get a legislative body to go along with you. But when you start undoing it, you start taking off controls, you start trying to get labor back in peacetime productivity as opposed to the military crash programs. You begin to shut down plants. He had a great many more controversial problems to get through the Congress that didn't have the verve and the esprit that so many things that Mr. Roosevelt had, it somehow put him in sort of a bad light. Then too, Mr. Truman had a compulsion that he should carry on the programs that Mr. Roosevelt had run on in the 1944 campaign, and he felt he should try to carry those forward when

[1503]
he became President. He ran into the difficulty of his advisers, his political advisers, or his group that were pressuring to get so many of these various programs in motion, they came up with ten

point programs, and that sort of thing, and set out, one, two, three, and numbered each one of these items with the idea that, "Here is your bundle that you're going up there to try to get." So that every time one of those programs got knocked off, the whole Truman program failed according to the papers' version, don't you see, and that gave a greater cast of failure to many of his legislative programs than he actually deserved. I think that there was a tax bill or two that passed over his veto, but on the other hand, he had many that were passed with his recommendation. And when you think of what he accomplished in getting

[1504]
those reorganization programs through, and so many things that Mr. Truman was able to do, his Marshall plan, his interim aid program, when you go back and measure all those big things that Mr. Truman did, I think that your appraisal of his legislative accomplishment is going to rise considerably.

HESS: All right. Shall we shut it off?

SNYDER: I think so.

[1505]
Thirty-ninth Oral History Interview with John W. Snyder, Washington, D.C., May 21, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Secretary, in an earlier interview, when discussing the events of 1952, you said that President Truman had said that Eisenhower would make a good standard-bearer for the Democrats that year. Do you recall when he made that statement, and just what he may have said?

SNYDER: I don't recall the exact date. We were sitting around talking one time as we frequently did. Back in the twenties and thirties when we would get together, we would talk about who would make a good President or Senator or Governor. Both President Truman and I had been good friends of General Eisenhower. He just mentioned, I recall on one occasion, that he thought maybe he would make good presidential material. Later on, some

[1506]
further discussion was given to the matter, and I think there was an overture of some sort. I don't recall any specific detail of Mr. Truman making an approach to Eisenhower, but I do recall that George Allen was very enthusiastic over such a possibility. Somewhat later Ken Royall began to take an interest in it, but at this particular time it was just a matter of exploration and not with any idea of any specific approach.

HESS: Do you recall what George Allen and Kenneth Royall may have said at that time?

SNYDER: I don't know if they were present when it first came up, but later Allen had decided that it would be fruitful to talk to Eisenhower, but nothing ever came of it.

HESS: Moving on into 1952, as we are, what do you

[1507]
recall about the convention and the campaign of 1952?

SNYDER: Well, the convention, I recall going out there with President Truman. He invited me to fly out with him. That was my first novel experience of seeing us take off from the ground in the airplane on a television set in the airplane. We had a television set rigged up in the plane, and the ground cameras were working as we took off and we sat in the plane and watched ourselves take off. It was a rather interesting experience. We flew over to Chicago and immediately tried to get in touch with Stevenson. We were having dinner at the Saddle and Sirloin Club, I believe, at the stockyards, and Mr. Stevenson was backing and filling; apparently he was most desirous of being drafted. He

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didn't want to appear to be a candidate, he wanted to be drafted. Mr. Truman very pointedly told him that that was one job that you had to show a real genuine interest in, that people weren't around just passing the Presidency out, generally speaking. There had been cases of maybe a draft when Roosevelt in later terms had been practically offered the nomination on a silver platter, but generally speaking, the prospect had to show some real interest in the position.

HESS: Why do you think Mr. Stevenson had that attitude?

SNYDER: Well, I just think it was Adlai. He was an unusual person, very delightful. I was very fond of him, but he had some unusual notions, and that was one of them, that he would consider that to be the desirable situation.

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Well, anyway, finally, I think after some backing and filling, Mr. Stevenson finally said that he would like to have it and made some gesture in that direction. On the next day at the convention, of course, he was nominated, and we flew on back to Washington following that. In the meantime, we had had conferences. The President had received quite a number of prominent Democrats in his suite, and had talked with them. There was a rather unpleasant situation that developed. The President was not given, I think, the consideration that he should have had in the seating at the convention, and in the facilities and arrangements. They gave him only two or three seats, I think, maybe four seats. It wasn't even sufficient for his own family and the party he brought with him. But we managed to find spots around. The convention didn't have the verve that I

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would have liked to have seen, and certainly that we really needed, because there wasn't the spontaneous response from the convention that occasions of that sort should bring out to put real life into a coming campaign. In the visiting delegations, there wasn't a great deal of unanimity. They all seemed to be somewhat resigned that Stevenson should be the candidate, but they didn't like his reluctance to come out and say that he wanted it. That's about the chief impressions that I have, unless you have some questions.

HESS: I have a few. What do you recall about Vice President Barkley's efforts to obtain the nomination?

SNYDER: I don't think that they were very pronounced. There was some talk around. He made a splendid talk, but there was no real drive for Barkley

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at the '52 convention that there had been in Philadelphia in '48.

HESS: What do you recall about the possibilities of some of the other people receiving the nomination in that year, such as Averell Harriman?

SNYDER: Well, Averell had been a very loyal Democrat, and had performed magnificently during the war, and had been extremely helpful to Mr. Truman all during his administration, but there wasn't any real effort made to nominate any particular candidate. There were quite a number of trial balloons sent up, but there was no real organization behind any other candidate.

HESS: One of the trial balloons came rather early, and was for Fred Vinson. Do you think that he

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stood much of a chance?

SNYDER: No.

HESS: After Mr. Stevenson received the nomination, he did not move his principal headquarters to either Washington or New York, but instead kept it in Springfield, Illinois. Why did he make that decision in your opinion?

SNYDER: Well, again, Mr. Stevenson overlooked the fact that he had to run on the party's record; that he couldn't disassociate himself from the Democratic Party. He made several unfortunate remarks, one of which out on the West Coast, he referred to the "mess in Washington" which was very devastating because of the manner in which it was used by the opposition constantly. They almost adopted it as a byword of the campaign.

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And it was to not be identified with the outgoing administration that he established his campaign and kept it away. It was a very unfortunate thing for him, and certainly for the party that he did so. I don't think he could have won under any circumstances, however, because they had to head up the opposition, this great national hero who was running on a number of emotional items that it would have been very difficult to overcome by any sort of campaign.

HESS: Do you think that the Democrats had anyone that year that could have defeated General Eisenhower?

SNYDER: I doubt it. That's what I was just saying. He was running on several emotional

issues; he led us to victory in war; he had pledged to get the boys out of Korea; his stature as a

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hero was very high, the women took up a very active campaign on the Korean issue, and I don't think that any Democrat could have won that year.

HESS: The time that he said that he would go to Korea, do you see that as a major point in his victory?

SNYDER: Yes, the Republican National Committee took that up and played it to the hilt, and there was a door-to-door campaign by the women telling the mothers that Eisenhower had pledged to go to Korea and get the facts and bring that matter to a close. There's no question but that that had a very, very important bearing on the results. Remember Eisenhower won the election as an individual, not as a Republican Party leader.

HESS: As you recall, President Truman had a very vigorous campaign that year. Did you feel that

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Governor Stevenson wanted President Truman to campaign in this manner?

SNYDER: I doubt it. It's my personal recollection that Mr. Stevenson did not welcome any strong activity, vigorous activity, on the part of the administration.

HESS: Did you go with the President on any of his campaigns that year?

SNYDER: No.

HESS: He spoke at Kiel Auditorium for his final speech.

SNYDER: I was not with him on that occasion.

HESS: Do you recall anything else dealing with Governor Stevenson?

SNYDER: Governor Stevenson in his speeches

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was magnificent. They were splendid talks, beautiful phrases, and language, but he frankly talked over the heads of his principal audience; you sat and enjoyed the speech, but when he was through, when the speech was over, the average listener had difficulty in recapturing just what it was that he had said. It was very beautifully said, beautifully phrased, and you relaxed and enjoyed listening to him; he had nice delivery, but this remained true. After he went to the U.N. he became very beloved. He made, I think, a great representative, but he didn't seem to be able to carry his points too well. As a matter of fact, a sidelight on that, I was in London the morning he died. My two granddaughters and I had been on a tour through Scandinavia, and we were on the way home. We went over and paid our respects

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at the Embassy, and it was very touching, very impressive, the huge crowd that stood there in front of the Embassy -- of course, it rotated, they came and went, but the crowd remained large from the time it was announced that he died until the cortege went to the airport to bring the body home. There was a deep sense of loss expressed by the British people, which was most touching and impressive to me.

HESS: Governor Stevenson again received the nomination in 1956. Let's discuss that for just a moment. Now the President supported Mr. Harriman in 1956.

SNYDER: That's true.

HESS: Did you think that the President had very much of a chance of getting someone other than

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Governor Stevenson in that year?

SNYDER: I don't think so. We just had not built up a driving organization in the Democratic Party. The party was sort of drifting, Eisenhower had had such a tremendous press and reception during his first four years. It would have been a very difficult task to have defeated him for a second term.

HESS: Were there any others besides Governor Stevenson and Mr. Harriman who were seriously considered for the Democratic nominee that year?

SNYDER: I don't recall.

HESS: Moving on from that subject, let's discuss the transition from the Truman administration to the Eisenhower administration. We have mentioned this in times past, but we probably have not

[1519]
covered it as well as what we would like to. What else comes to your mind when you look back on the days of the transition?

SNYDER: As you say, we have touched on this subject previously, there were several of us who talked with the President about the idea that we should, in the different departments, make every effort to make the transition as smoothly as possible in the interest of the good of the country. The President agreed with us, and I proceeded to take a very strong part in the transition in preparing the successors to the Treasury with every possible aid so as not to disrupt the financial, monetary and fiscal side of the Government's operation, because the Treasury is the heartbeat of the Government. None of the other departments can function, and the plans and the policies of the administration would be damaged, if the financing

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wasn't properly and adequately handled. So I set up a suite of offices in the Treasury for Mr. Humphrey, Randy Burgess, and "Chappy" [H. Chapman] Rose, and several others whom Humphrey brought with him. We gave him an opportunity to interview all the different department officials, the civil service people who would remain there and were actually the staff members. They were somewhat difficult to satisfy. They took the attitude -- initially Mr. Humphrey didn't, but he gradually grew into that attitude that they knew what they were going to do, and that this was helpful, but they could have done just as well without all this assistance. Their staff people didn't think so. They thought it was of tremendous value to them. We did do quite a number of things -- we were trying to show them that we were not antagonistic and that the Treasury was for the public welfare.

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One thing that we did in the Treasury with the President's approval: We had quite a little surplus then, and there was some talk that we ought to reduce the debt by five million dollars, but knowing the financing that was coming up and the rollover in some of the financing and some of the requirements for additional funds, the President agreed with me that we would not do that, and we left them with a cash surplus that could be used. That, of course, was very poorly appreciated openly. It was deeply appreciated internally, frankly because they knew darn well that it helped them tide over that situation. But publicly, you never heard any acknowledgement, any recognition of that service. Perhaps the State Department almost matched the Treasury's efforts to try to inform the incoming administration on the problems,

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but I think the Treasury Department's efforts, particularly in the tax field, in the bond financing, in the maturities that were coming up, and in the savings bond area, clearly indicated that we tried our best to carry out the President's wishes for a smooth transition. I have heard a great deal about this recent transition that took place. I think that that was very nicely done. Joe Fowler followed the same general policy that I did and tried to give the incoming administration every opportunity to make a good transition.

HESS: In Mr. Truman's *Memoirs*, Volume II, starting on page 513, he discusses a conference that was held on November 18th between the incoming and the outgoing administrations. What can you tell me about that conference?

SNYDER: Well, President Truman was very anxious because of the times and the problems and of the change in complexion of administrations, to do everything possible to smooth the changeover, and he would take every step that he could take to make it smoother. So he made an overture to the President-elect and the first step was somewhat cooly turned down because President-elect Eisenhower had been somewhat swayed by his colleagues that the best thing to do was to wash his hands of anything dealing with the Truman administration, and not to get committed to doing anything that would be of assistance to the Truman administration in the last days. The new administration would have to be responsible for whatever steps that they took and the day they were taking over was on January 20, on inauguration day. However, Mr. Truman persisted, and <u>again</u>

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invited the President-elect to come in for a conference and let his principal Cabinet officers give a briefing to him and his personal staff. This was finally set up for November 18th at 2 o'clock at the White House. It was a pretty standoffish affair. General Eisenhower was particularly glum. I don't think that he smiled the whole time that we were in session. He seemed to be on the defensive for some reason, he was very cautious about any statement that he made. He seemed to be particularly anxious that anything that was said should be recorded and that memos should be prepared on it. As a matter of fact, I remember him saying one time, "Am I supposed to be taking notes?" Of course, many of the Cabinet members had papers outlining the important problems faced by their departments.

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President Truman had quite a little talk with President-elect Eisenhower before they went into the general conference. Later he said that it was somewhat of a wasted effort because he wasn't too sure that President-elect Eisenhower paid a great deal of attention to what was said. After we did gather, Mr. Truman briefed those present on what he and President-elect Eisenhower had said before they came in. I think I was the first one who was called on to present the Treasury's position to the President-elect. As I recall, this was about a two-page memorandum, in which I had called to the attention of the new administration the problems which were foremost in the Treasury, that needed their very prompt attention, such as some refinancing that was due to come up. The Treasury every Monday morning has quite a refinancing in bills and in notes, which is just routine. It comes up

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every week of the world as these bills that are outstanding, the ninety day and one hundred and twenty day bills, and three hundred and sixty date notes, roll over; they are either refinanced if they don't have sufficient money to pay any of it off, if you have sufficient cash and want to reduce the outstanding bills, you can do so at that time. If you need just exactly that amount of money, then they just roll over. Or if you need some additional funds at that time, the amount is raised. So there is always a negotiable question about just which way you're going to handle the financing. There was also a question about the savings bonds program, which we felt should be called to their attention, because certain work was being prepared for a savings bond program.

There were a number of other matters.

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We had just come out of the Internal Revenue reorganization, and the final steps had been taken in establishing the new districts in December, or were to be in December (this meeting was held in November), and we wanted to explain to them that the organization in form was completely finished. However, there were many follow-through matters that had to be considered, that were vital that the new administration take hold of and move right along on. There were ever so many matters that in an organization the size of the Treasury and the many vital functions that they are performing for the Government, it's pretty clear that every day something comes up of great importance. So we tried to highlight the most important ones that might cause some ripple, or might need some executive action, maybe from the president, so that they would at least have these pointed

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out to them; and this would give them plenty of time to study the matters in the period of time before they took office, which in the Treasury they did. All together I say there wasn't a great deal of recognition openly of the help that we'd given them.

HESS: Did President-elect Eisenhower, during the meeting, ask any questions that would have given you an idea that he was really looking for help and advice in making a smooth transition?

SNYDER: No, I don't recall any questions that he asked, except, "Am I supposed to be taking notes?".

HESS: What was the attitude of his staff members that were there at that time?

SNYDER: Somewhat aloof. There was not any real

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warmth, or cordiality. It was just, "Well, this is something that you seem to want to do and we're going to get it over with and finished." Initially Humphrey was cordial, but after getting into office it didn't take him long to begin to be very, I would say, withdrawn from anything that had been in the Treasury prior to his arrival.

HESS: Do you think that attitude had its basis in political action?

SNYDER: Oh, I'm sure it did. As I have discussed before there were some investigations and hearings that came up. He and I had been friends for many years, and I called him up and asked him if I could have access to the files in the Department. All the records were there in the Treasury, and I was being asked questions in some

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of the hearings that required background information, and he gave me carte blanche, he said, "Just come over and get anything you want." And that went along for several weeks. Then all of a sudden, I think it was because of a storm of protest that went up in Brownell's office or someplace, that we were preparing our case at the Treasury Department. I don't know where they thought we would prepare it, because we couldn't make up those things. We were only quoting right from the records of the Treasury, we couldn't alter them in any way. But that seemed to be considered quite a breach on the part of Humphrey to party loyalty. So, anyway, he advised our people that they could no longer have access to the Treasury records. And, of course, we reported that to the committee that was making the investigation, that whatever

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we said would have to be from memory, and that it would necessarily have to be very restricted because we didn't have free access to get the facts from the Treasury records. "Of course," I said, "you have that access, so whenever something comes up of that nature, I'll just have to ask you to go to the Treasury and get it." Well, pretty soon the inquiry drifted off because apparently they were endeavoring to get at something that didn't exist. Mr. Brownell's campaign was to get at

something to bring embarrassment to President Truman. I don't think there was any question about that. All the questions that they asked Ed Foley and me indicated that they were trying to find some irregularity that would be embarrassing to Mr. Truman.

HESS: One final question on the transition: What

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is your evaluation of the success of the transition from the Truman administration to the Eisenhower administration?

SNYDER: Oh, I think it went exceptionally smooth.

HESS: One question about this time: Have you ever heard of the statement that the President may have made at a meeting at Blair House on January 19, 1953, the evening before the inauguration of General Eisenhower, stating that what he would be remembered for would not be for the Marshall plan or point 4, but would be for the reorganization of the White House office in such a manner that no future President could make a mistake. Did you ever hear that?

SNYDER: I did not. That's news to me. Where did you get that?

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HESS: This is just a question that has come up, and I always like to state it as a statement that the President may have made, because I have found no one that can say, "I was there and I heard it." So I always put the word "may" in there. Maybe he did not make the statement.

SNYDER: I never heard such a statement. That's the first time I've ever heard that.

HESS: Do you recall a meeting at the Blair House, or at the White House, the night before the inauguration?

SNYDER: It would have been at the White House.

HESS: It should have been at the White House because that had been open and they had been moved back to the White House for a long time.

What did the President do the night before inauguration?

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SNYDER: I just don't remember.

HESS: For the remainder of this morning's session let's discuss the trip you took to Russia, which I understand was after the Truman administration, is that right?

SNYDER: It was. As a matter of fact, it was not until 1961. I have made some notes about that trip and would be very happy to read them into the record if you think that would be worthwhile.

HESS: Fine, let's do that.

SNYDER: Any Western traveler who goes to the USSR for a first visit enters a world utterly strange to him. He finds himself in a country about which he's formed some very definite opinions, from press reports, from stories told by other people, and from bits and pieces of information

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picked up here and there. I spent some months reading and talking about the Soviet Union before I made the trip, so naturally I had established in my mind certain ideas about the country. My first real job, therefore, upon arriving in Moscow, was to begin revising my views as I came in contact with the realities.

First off, I was surprised by the appearance of the people. They appeared friendly, though reserved, well fed, though their diets, as I learned, were not as varied or as unrestricted as those to which most of us are accustomed. They chatted freely as they walked along the streets with frequent smiles on their faces, particularly the young people. Their clothing was of good material, though of a courser material, poor tailoring and more somber in appearance than we here are accustomed to seeing. I was unprepared for the great crowd

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on the streets, the eager shoppers at the kiosk and in the shops, and at the large number of sightseers from other parts of the USSR and the bloc countries that were constantly in motion on the streets.

I was also somewhat unprepared for the unrestricted freedom of action that I personally experienced in all parts of the country which I visited. I traveled a little over forty-seven hundred miles in the European Soviet Union, by air, by train, car and boat. I visited ten cities, seven factories, two state farms, one collective farm, drove into the country from different cities several times, frequently without guides, but with friends who knew the country and the language. I visited several homes; I attended a wedding, and I spent a morning in an elementary school. I took long walks in the daytime and at night,

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unattended. And I must frankly say that at no time did I feel any personal restraint or restriction. I would add, as an item of interest, not one time was my luggage opened for inspection on my whole trip, that is, to my knowledge. Also, I took nearly 500 pictures without any objection or question by any officials. Of course, I did not try to photograph any of the defense installations or Sputnik launching pads. I soon found that the Russians, unlike Americans, liked to boast a great deal about what they have done and what has happened and the great discoveries they have made. I was exceptionally fortunate in being able to run across a number of newspaper people, and a number of schoolteachers, and some attorneys who were over on different projects that gave me an opportunity to get

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their views; and many times, as I've said, to visit with them and to have them take me out on

certain trips without any Russian personnel or guide with me. However, I was assigned an Intourist guide the day I arrived in Moscow and that young lady was with me the whole month and a half that I was in Russia -- she was constantly in the background.

HESS: Is that the normal procedure?

SNYDER: Yes, that's absolutely normal. Whenever we would get into certain cities, she might turn me over to another guide who was particularly familiar with that city, and she would go about her way many times, but she was present, and I saw her in the morning and we would line up the day's program, and things of that sort. She was ever present, and she escorted me to the

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airport when I left coming back. That was an overall picture, but there were a number of times that evidently by the time we had been there that long, she was glad to get a little relief herself.

It is difficult to envision a people who can design and launch Sputnik, and at the same time have the most primitive conception of plumbing, a people who build absolutely beautiful parks, and at the same time have badly surfaced roads and streets, a people who can build monumental buildings, such as their five great skyscrapers, which they have, but are not able to install reliable elevators in any of them. We find the ultimate in scientific research, and at the same time smelly, objectionable soap. We find people seeking the freedom of outer space, yet recognized no freedom on the

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earthly sphere on which they live. We find them giving emphasis to education, and yet constantly emitting distorted and restricted information to their people about the outside world. We find elaborate health resorts; at the same time, extremely poor construction in housing for the people. These are impressions, of course, after a comparatively short visit of a casual tourist, but they certainly did impress me tremendously, the great contrasts that were visible to me.

But suppose we take a broader look now at this remarkable country that was such a revelation to me when I arrived there. As you know, the Soviet Socialist Republics cover an area of about eight million, six hundred thousand square miles, as compared with three million, six hundred seventy-five thousand square miles in the United States. Of this total, approximately

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two million square miles lie in Europe, and six million, six hundred thousand square miles in Asia. The latest census gives the population as approximately -- now these figures that I have in this memo will have to be updated if it's of any importance, but we must remember that this was back in '61, about eight years ago, so if we want them brought up to date, why, it's a simple matter.

HESS: Figures as of that time.

SNYDER: Yes.

HESS: It might be best to leave them as they were at that time.

SNYDER: That's what I say, we're going to leave them just like they were then.

HESS: And make it plain that that's what they were

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at the time of your visit.

SNYDER: Right. The latest census gave the population of approximately two hundred and twenty million persons, of which 48 percent live in the cities, and 52 percent in the rural districts, and approximately 45 percent are male, and 55 percent were female. That compares with our one hundred and eighty million at the time. As you probably know, the USSR is described in the Soviet constitution as a "Socialist state of workers and peasants." Basic political authority, according to official theory, is vested in a system of Soviets, that is to say, councils of deputies of the working people, but in practice, however, the USSR is ruled by a self-perpetuating authoritarian government in which the Communist Party of the Soviet Union exercises unlimited

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controls over the basic policy and activities of all administrative agencies by means of its exclusive power of selection and removal of executive, legislative and judicial officials.

I think it might be well at this point to review the educational system that had been involved in the USSR since the revolution. The Soviet Union maintains an extensive system of educational institutions. A recent check of the number of students attending school totaled thirty-six million four hundred and forty-two thousand students, which compares with forty-four million five hundred thousand in the United States as of that year. This number, however, shows a decrease in the USSR of some two million less than the number attending prior to World War II. That may have been caused largely by the great losses that they had in World War II, and the lower birthrate

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during the war. A breakdown of this total figure shows thirty-two million in attendance in elementary and secondary schools, and a million nine hundred thousand in universities and special schools. There is no tuition charged for admission in any of these different types of schools. As a student approaches the end of his grammar school studies, his scholastic capabilities are carefully measured and if it does not appear that he or she can attain outstanding accomplishments in the scholastic field, their interests are directed towards vocational work which would train them for skilled workers' positions in factories or farms or in the business world by the time they would have finished what is normally our high school courses. Last year, it was estimated that in the Soviet higher educational establishments, 32 percent of the

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graduates received engineering or scientific degrees, 40 percent higher education, which fitted them for teachers' positions largely, 10 percent in agricultural degrees, 9 percent in medical training, and the balance of approximately 9 percent in various other pursuits. The Russians have

become prodigious readers. That impressed me tremendously. On the streets, you saw these little book kiosks, in every store there were book shelves, and the libraries are very extensive. I had a letter of introduction to the director of the Leningrad Library. They have over ten million volumes, which is extremely large. It was fascinating. Everybody you saw on the street had a paperbound book under their arm, or if you got on the subway, they were always reading, constantly. It made quite an impression, the eagerness with which they were seeking to take advantage

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of the opportunity to learn something about everything that was going on.

As you've undoubtedly read, early after the revolution the leaders selected what they considered to be the essential goals in their efforts to establish a new economy for the Socialist country which they were creating. They chose industrialization, housing, scientific accomplishment, agriculture, accompanied by a mass organization for recreation as the primary objectives, leaving for later years the achievement of many of the objectives which we consider of primary importance in a high standard of living. The buildup of defense, of course, was overriding in all of their efforts. The building of defense had priority over any other of the various objectives.

It is general knowledge, I believe, that

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the economy of the USSR is organized on the basis of state ownership and enterprise. The government owns or controls all land, and all resources and instruments essential to the production and distribution of goods. But it is a surprise to find that to date, however, direct ownership or operation of economic enterprises by the states, are not yet fully complete. In agriculture particularly, where the government itself operates a large number of units known as state farms, a big part of the rural population still is grouped in so-called collective farms, the latter being normally units of cooperating farmers working under close supervision of the government.

Some of the older people have been allowed to keep their little farms, and are given the privilege of growing vegetables or products, pigs, chickens,

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over and above their required allotment that they are to produce and turn in to the state organization. They can raise that for their own use to eat themselves, or to sell, or whatever they might want to do.

The Kulaks revolt impressed the top leaders, although millions of the farmers were killed, and the government did realize that they were up against the monolithic barrier, and that they had to give some consideration; so they devised this collective farm arrangement whereby the farmer actually was told what to raise, and how much to raise, and he had to turn that into the pool. He was given a feeling of independence and allowed to have a few square feet of land which he could put to his own use. However, they were constantly weeding those out as the time went on, as the old people died off and

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so forth, and the big objective was within a certain period of time to have all the farms under the state farm program. The Soviet Union had great difficulty in the past in bringing the farmer into the Soviet system, due to the basic individualistic makeup of the farmer's mind, as I've just said. In the Communist twenty-year program of objectives, all the farms will come under the state farm administration during that time.

While ownership by the state does not encompass all economic establishments, all economic activity in the USSR, whether it is carried on by state-owned or cooperative enterprise, is directed and controlled by the central government. Such control is exercised primarily by means of a highly centralized economic planning apparatus, headed by the state planning committee, which is

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known as (Gosplan).

Since 1928 the Soviet Union economy has operated under a series of periodic production drives known as "five-year plans." The principal results of each five-year plan in the past has been the advancement of the capacity and the control of the Soviet industrial plan. Not all branches of industry, however, have received equal attention, or a proportionate part of new investment capital in Soviet planning. The industries regarded as strategic in the process of forced industrialization have been provided over the years with a maximum of resources required for their expansion. For example, the heavy industrial sector received 90 percent of all new machine tools and instruments channeled into industry in the recent years. In particular, steel, coal and electric power output have been given outstanding

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priorities.

Petroleum and timber production have lagged until very recently. The Soviet government within the last two years has taken drastic steps to correct the inadequacy of petroleum production and that is growing in the last eight years. Most of their petroleum is of a lower grade than ours, and requires special refining. You cannot refine the Russian petroleum in the refineries set up for the rest of the world. It has to have a particular type. It has a large sulfur content, and requires special treatment. The Soviets have announced to the world that it is their intention within the next few years to capture 15 percent of the world markets in petroleum products. They have not been too successful in that, because their free enterprise training has not been of a character that permits them to have success

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in competing with the highly organized marketing of our bit petroleum organizations in Europe and the United States. As an example of recent production accomplishments, the Soviet Union has produced 240 percent as many machine tools as were made in the United States during the past five years. Now, you can see the trend that going toward tremendous industrial expansion and leaving many of the other things that we consider vastly important to a higher standard or

living, and letting them stand by, because most of their machine tools were going into defense plants and things of that sort and not into plants that would raise the commodity production of the Soviet Union. Electric power has increased 320 percent in the past ten years, at that time. This rate has slowed down somewhat, but they are still pressing for electrical

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power increase. Industry has been increasing in capacity at the rate of about 9 percent a year. They have kept that up. It's still running between 8 and 9 percent, I understand. To accomplish this high degree of industrialization, consumer goods have, of course, been neglected. The regime has controlled this through a combination of high price levels and restricted volume of output in the field of consumer goods. This has had the effect of allowing the government to channel a maximum of resources in the form of new equipment and manpower to heavy industry.

Under this system of governmental priorities, the consumer section of industrial production has consistently lagged behind the heavy sector. Official spokesmen have justified the continued need with maximum emphasis on heavy industry on the grounds that this sector of

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industrial production provides the foundation for: one, steady growth of overall Soviet economic capacity in the future; two, an adequate volume of military output, including new and costly types of armament; and three, extension of large scale assistance to Communist China and satellite countries of Europe and Asia. Of course, since I was there the Communist China association has fallen through. But the aid that they were giving to Communist China may be switched somewhat to Korea and other places of that sort. The satellite countries of Europe and Asia are

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still being pressed, as you know by the recent Czechoslovakian problem, and they have built up a tremendous submarine fleet since I was over there. So you can see that the heavy proportion of their expenditures is still towards armament. In the important area of agriculture, it is of great interest to find that only 10 percent of the eight million six hundred thousand square miles of the USSR is arable farm land. Great parts of the Soviet territory, chiefly in the east and north, are either too cold, too dry or too poor for the soil to be considered usable for agricultural purposes. In spite of the fact that less than 10 percent of the land is suitable for farms about one third of the entire Soviet land mass is covered by forests whose trees are principally large pine and spruce, very fine timber.

While the

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government does not directly assign specific acreage or production quotas to each collective farm for each crop, the government indicates by establishing its procurement plan which are prepared by the Central Planning Committee, exactly what it expects the farms to produce. The decision as to what to produce is normally left to the local authorities to allocate their quota among the farms in their jurisdiction. Incidentally, there is a very heavy penalty assessed against failure to come up to your quota. Those penalties are usually in less freedom of the authorities to

move in certain directions, less equipment, they'll drop an automobile off of the quota for the officials, or things of that sort. The penalty is rarely, a jail sentence or anything of that sort. It's usually depriving of some little additional

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bonus that they would get. In order to placate some of the old farmers the USSR permits small plots of land -- I think I interposed that just a moment ago.

For your information, I might say that it is estimated that less than fifty thousand acres of land is now cultivated by the independent farmer. So you see the squeeze is constantly on there to eliminate these collective farms. Continually since the revolution the farm programs have been somewhat ineffective, and in spite of the boast from time to time of the top officials to the effect that they were all dirt farmers at one time, these problems continue. They just don't seem to grasp farm operation, that it is pretty much of an independent incentive idea that caused the farmer to get out and work harder to produce greater crops.

As a remedy for the inadequate supply of grain resulting from the

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inefficient farm operation, the USSR launched in 1954 a powerful campaign to send out large numbers of young people to Siberia and Kazakhstan for the purpose of reclaiming through agricultural production vast stretches of virgin or idle lands. The reports that I had indicated that this effort was showing very poor results. The whole conception was wrong. You cannot pick a boy or girl, a young man or young woman, out of school and tell them to go out and become farmers without a great deal of guidance and day-to-day supervision and instruction. That was not given. They went out and faced these vast tundras and just tried to create for themselves a new home and a new objective with no knowledge of soil conditions, of crop conditions or that sort of thing. There were over sixty million acres involved in this poorly planned program. In the last eight years

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it's become even worse. The Russians try something that works out on paper or on a slide rule without any genuine experience behind it to give proper leadership to the projects. It might interest you to tell you that I visited two state farms and one collective farm; just for your information, I'll briefly describe one of them, one of the largest state farms. One of them I visited was actually one of the prize farms in the whole Republic of Russia. Russia is one of the fifteen states in the Soviet Union. There are many others that you know about like Georgia, Tashkent, the Ukraine, those are all different states. This farm was one of the prize farms in the State of Russia.

HESS: Was this farm one that was usually shown, was it sort of a show place that was shown to

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visitors?

SNYDER: Yes, that's right. It was a dress performance. But it was located about thirty-five

miles from Rostov, and it was known as a beef and dairy farm and covered about twenty-five thousand hectares, approximately sixty thousand acres, of which twenty-one thousand were in cultivation and the rest was either forest land or pasture land. The principal crop raised on the farm was wheat, although a large part of the acreage, as I just mentioned, was planted in maize and hay for the livestock that was produced. The farm employed thirteen hundred workers, a hundred and five tractors, sixty combines, and fifty-seven trucks of the two and four ton variety. In the livestock activity, the farm had a herd of twenty-three hundred cows, seventeen thousand

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pigs, and seventy-five thousand chickens. The employees on this farm were paid wages. They worked seven hours a day, six days a week. Out of their wages they must pay a small rent, and buy their food from a cooperative store. The school, hospital, and medical aid was all furnished free. The farm had seven hundred acres that were devoted to gardens for the workers. The produce from these gardens is sold at nominal prices to the workers. The director of the farm receives one hundred and forty rubles per month, or about one hundred and fifty dollars, and the foremen receive about one hundred to one hundred and ten rubles per month, and the common laborers about eighty to one hundred rubles a month. That's around seventy-five to one hundred dollars a month that the worker receives. The produce from the

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farm is delivered to grain elevators, milk distributors and meat packers in Rostov. All of these institutions are state operated. A credit for the value of the produce is given to the farm on the books of the Gosbank. In the budget each year a certain amount is provided for operating costs plus a percentage of the crop proceeds which can be used for expansion or improvement in the operation of the farm. When asked what happened if the farm had a deficit, the director advised that there were no plans to handle a deficit, as he did not believe there had ever been a deficit in his time. Frankly, I must tell you that the standards on the farm were well below those set by our average farmer, and the manner in which they handled the farm you could never tell whether they were actually making money or

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losing it, because they switched the figures around to suit the general plan, you know.

HESS: I think one statistic that would interest farmers was the fact that those Russian farmers worked seven hours a day, that's not very long considering the way most farmers work.

SNYDER: That's right. There's just not the drive there.

The greater portion of the movement of goods and passengers in the USSR is still handled by railroads. There are great users of railroads because of the great distances, and the road conditions. The freight handling last year was 82 percent by rail, 4-8/10 percent by truck, 11 percent by river, and only 2 percent by air, 73 percent of the locomotives of the railroads are steam. They are still using steam locomotion,

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whereas in the United States here, we practically have no steam left, 11 percent in diesels, and 15

percent in electric. With the completion of this year the large hydroelectric plant on the Volga River (I guess it's now Volgagrad, they changed the name with the deStalinization), of the hydro-electric plant in Siberia, the trans-Siberian railroad will be electrified, cutting about two days time required to transport goods from Moscow to Russia's Pacific Coast. They've had a great deal of difficulty with that electrification, although the road is now electrified.

In connection with the financial operations of the Soviet Union, the economy of the USSR, while subject to a wide variety of direct government control, is operated as a money economy. Wages are paid in cash, consumer

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purchases, service and travel are paid for in currency. All transactions among state enterprises are settled through money accounts. The revenue and expenditures of the government were balanced in terms of the national currency, and while the use of the money is general in the Soviet economy, its function is quite different, wholly limited and of a very different character than in the free market economy. The level of wages and prices are fixed by the government directors, and not by the relationship between supply and demand. Similarly, the annual volume of industrial and agricultural output, as well as the amount of capital to be invested in new productive facilities, are all determined by government orders issued through the central planning organization, and in accordance with the economic and socio-political

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program of the ruling Communist Party.

In my notes here I describe the monetary system. Do you think we ought to go into that?

HESS: I think it would be interesting for the man who headed our largest financial body here in the United States to express his views of Russia's financial system.

SNYDER: The monetary unit in circulation in the USSR is the ruble. The ruble at that time was equal to one hundred kopeks, and it's purely a domestic currency, its value being determined at all times by government fiat. As such, it cannot be quoted on any international monetary exchange except by approximation. Domestic laws in effect since the late twenties prohibit its export from, or import into, the country. You can't take rubles out and bring them back in. The rate at which the ruble is convertible to

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or from foreign currency under special circumstances is determined by the Soviet government, which through the state bank also exercises a monopoly over all foreign exchange. Effective January 1, 1961, the Soviet government revalued the ruble in terms of both gold and U.S. dollars. The valuation given to the so-called heavy ruble was established as a dollar and eleven cents, U.S. That's about the rate that is continuing at this time. The people of the Soviet Union boast that the ruble is at a premium over the dollar under the new arrangement. It's meaningless, however, because rubles are not available. You couldn't buy them on the open market, as recently they bought the German mark, any other currency or the dollar -- you can't do that. They're not available in the market. So to say that it's

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at a premium over the U.S. dollar is kind of a handmade boast.

HESS: Why have they set it at that evaluation, any particular reason?

SNYDER: Just a few cents above the dollar, for the purpose of impressing their own people, largely. Most everything they do is for the impression of their own people to make them more susceptible to living under the restricted life that they do there. In practice, the revaluation has actually meant very little. As for practical purposes the decimal point in both the former ruble evaluation and the domestic prices were simply moved one point to the left, so when the ruble went up the price of goods went up, and so it meant nothing to the people. If you have ten cents more it will

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cost you ten cents more to live. Under the new regulations the new heavy ruble had a theoretical value of .9874:12 grams of gold. That's meaningless, because you couldn't turn all the rubles in a trunk in for one ounce of gold. There's just no such arrangement. But they like to quote that, you see. Up to the present the ruble in foreign trade has been used by the Soviet government purely as an accounting unit. Its actual transaction with the Western countries has been conducted in the monetary unit of the country traded with, or in some cases, through the sale of actual gold. We do not have any idea what the reserves of gold are in Russia. That's been kept a strict secret. They have been extensively mining gold ever since their revolution, but we have no idea how much reserve gold

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that they have. It's been estimated from time to time, but it's problematical. No one has an accurate knowledge.

HESS: What effect would it have on the market if someday they came out with an announcement that they had huge quantities of gold?

SNYDER: The greater problem would be their pouring gold in and despoiling the markets of the Western free enterprise countries. That would be the greater danger. Their simply announcing that they have these gold reserves, I don't think would have a great effect, but it would certainly be a depressant if they would go out and corner markets with the use of gold, don't you see, of strategic and critical material. There is the great danger.

HESS: Do you think they might have this in mind?

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SNYDER: Well, it's always a threat hanging over our free enterprise economy.

The banking system in the USSR headed by the state bank is owned and operated by the government. There's no private banking in Russia. As the central bank of the all-union federal government, the state bank issues bank notes, extends short time credit, handles mutual payments

among enterprises, and regulates currency circulation. In 1957, the state bank had one hundred and seventy major offices and forty-six hundred and ninety minor district branches around the country. The total of short term credit extended by the bank to the national economy in 1955 amounted to 250 billion rubles. That meant that the government was financing all operations and you could almost say that that was about what

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their gross national product was, as compared with our nine hundred million dollars. The state bank also serves as the fiscal agent of the Soviet government in the latter's relations with foreign governments, farms and individuals, its foreign finance operation, chiefly those involving contact with individuals. The state bank delegates some authority to the bank for foreign trade. In general, however, the state bank has the exclusive right to buy and sell foreign exchange and foreign currency and to buy gold, silver, and other precious metals. To get the perspective of that, it would be as though our Federal Reserve Bank handled all our deals with our international corporations, all had to clear through the Federal Reserve Bank, they had to supply the money that private industry would invest abroad, all the income

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that came in from abroad would have to be paid in to the Federal Reserve Bank, and that they actually control all the purchase of all metals, gold, silver, or platinum, or whatever it might be, but it all would have to be handled by them. So you can see, the restrictive policy of their banking system.

The general public, collective farms, and public organizations are served by a network of state savings banks, which include some fifty-eight thousand, five hundred and eighty-four branches located throughout the country. The savings bank pays an interest rate of 2 percent for call deposits and 3 percent for time deposits left for a period of six months or more. The annual increase in the assets of the savings banks is treated by the Soviet fiscal authorities as additional current budget revenue

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similar to proceeds from the sale of bonds. The savings banks of the Soviet Union, as the most widely-distributed financial institutions, also perform a variety of functions in collecting and dispersing current money payments between the government and the population. At the beginning of 1959, total deposits in the savings banks were reported at seven hundred and eighty-seven billion rubles. But the peculiar part is that just about eight years before I was over there, the government confiscated all the savings, so they are forced to put their savings in, and yet, by example, the government at one time took it all away from them, but on the basis that they had an investment in their great country, that it belonged to them, don't you see. The interest rate in the USSR does not perform the function of regulating the volume of credit or currency. Interest charges

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serve the more limited purpose of encouraging savings by the population, of allowing the banks to restrict short-term borrowing, of earning income necessary for their own operation, as well as for building up reserves. Otherwise there is no loan capital in the Soviet Union. No one can go

in and borrow, as we do in our banks here, on a private transaction. No corporation can go in and borrow according to their belief as to their need. It must be determined how much they can borrow by the state plan. The tax revenue of the Soviet government is derived approximately 53 percent from turnover or sales tax assessed against factories, 22 percent deductions from profits of industry, 7 percent from loan revenues, 6 percent from social insurance funds and 2 percent from savings. They have a

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nominal 10 percent income tax, which is very non-productive. According to the Communist twenty-year program, announced shortly before I got there, it is the long range intention of the Soviet Union to eliminate income taxes entirely.

I spent some time in talking to the trade minister official. I learned that the distribution of goods in the USSR is organized to help carry out the economic program of the Soviet government, and is accordingly dominated by the state organization. As in the case of industrial production, the central government has not been able thus far to provide sufficient facilities to manage the whole task of distributing goods to the consumers of the country. The government has therefore temporarily limited its sphere of activities largely to the cities and to

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industrial settlements leaving the task of distributing goods in rural areas to a network of so-called cooperative outlets. As rapidly as possible, however, it is the intention of the government to completely nationalize all distribution of goods through state-owned outlets.

One of the continuing problems facing the USSR is inadequate housing. Tremendous strides have been made in each five-year plan but they have all fallen short of the goal. It is the ultimate aim of the Soviet government to provide nine square meters, that's about eight by ten feet, per person in housing space. The present estimate of the USSR Planning Committee is that within the next decade they will have solved their housing shortage. Well, that decade is about over and they haven't anyway near solved

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it. More recently they are switching people around between the old houses to make them feel like there is progress being made.

One of the impressive sights in every city that I visited, as well as in the industrial areas, was the tremendous number of large apartment houses that had been built, or were under construction. Within the last ten years housing capacity has been tripled. Unfortunately, in this mad rush to produce housing on a crash basis, much inferior construction has been experienced, and maintenance is growing as a major cost of operation of the apartment houses. Plumbing fixtures, electrical fixtures, and elevators are areas in which the principal defects show up. Leaky faucets, running toilets, rusty pipes, smelly facilities are present everywhere you go.

Now, to draw up a conclusion of my experiences,

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I'll say, Mr. Hess, briefly, that one of the positive conclusions that I did reach in my five week visit behind the Iron Curtain, definitely did not make me an expert on Soviet affairs. I want to make that very definite, and therefore, with this understanding clear, I'll venture to tell you some of my personal impressions.

Russians are not usually people who like accepting discipline any more than is absolutely necessary; in spite of all the pressures that are put upon them, they will do little odd things that are most unexpected. For instance, Mrs. Shapiro, who is a Russian, and is the wife of the *New York Times* representative in Moscow, told me a story. She said that if you go out and build up a wide fence and say absolutely, "You're not to go across there," that in three years they would be digging under it or climbing

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over it. If you put a sign, absolutely, "You must use the tunnel under the street," you'll see policemen constantly busy trying to stop people from marching across the street. They are seeking to get some expression of independence, and that's true wherever you go. It is therefore a triumph of Russian energy and drive that the Soviet government has succeeded in imposing the disciplines of technology upon so many millions of people and inspiring the best of these to develop their techniques further. It was amazing that with their desire for a show of independence that they have been able to concentrate enough discipline to accomplish what they have. When one studies ordinary Russians, one finds on the one hand, a narrow, finicky adherence to technique or rules, and on the other hand a tendency to take short cuts and to improvise

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with little regard to matters of detail, finish or maintenance. If a carpenter can put up a board that is three inches short, he'll nail it up there and go on his way; the plumber is always looking to take shortcuts; they don't look towards excellence at all. They are always trying to show off this independence that is latent in them.

HESS: Is that one reason why their buildings so quickly need extra maintenance?

SNYDER: I think so. They are sloppily built. After the death of Stalin, the restrictions were taken off to some degree but only very limited. His successors have discontinued the blood purge [Lavrenti Pavolvich] Beria having been the last. There is no evidence that they have used police terror recently as instruments of

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person control, except in Czechoslovakia recently. They have liberated the restraints on the movement of people within the Soviet boundaries; they have modestly increased production of consumer goods, and that's true right up until today, in the eight years since I was there they are still way short of production of consumer goods, and the goods that are offered to the public in the stores are still rather shoddy compared with our standards here. They have somewhat lifted the ban on allowing foreign visitors to tour the country, and they are permitting a little more freedom in visiting with their citizens; they have provided more recreation through the erection of parks, swimming pools and stadiums, and they have greatly impressed their people with their

scientific achievements in space, and by

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promises of rising standards of living, peace, plenty and national supremacy in the future. It's always the future. In talking with friends who have only recently been to Russia, it hasn't materially changed since my trip. The only tendency that has been developed, which the government might regard as dangerous to the Kremlin has been the greatly increased curiosity about foreign countries by their own people, and their desire to travel abroad is very avid in each one of the Russians that I talked with. They passionately love to hear about foreign countries when they get an opportunity. They are very doubtful about some of the things that you want to tell them, but still they want to hear about them. At this time the government still has a firm, grip on power, and has succeeded in consolidating and expanding its position, even though it is

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generally agreed that the government is not wielding quite the same degree of power that Stalin did. So long as material prosperity continues to increase and so long as control by the political police does not resume its old severity, the Soviet government is obviously going to have much more popular support, more probably than it has ever had. But the Russians, with all their indoctrinization, restrictions, and over-organization, are slowly approaching a desire for something like a pattern and standard of living of other industrial people. It's growing in the people in spite of all of this over-organization. Really, I think that fact is one that we must count as one of the major hopes for world peace, the growing desire of the Russian people for greater freedom and a better standard of living.

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As to the Communist Party, let me point out one very important fact that is frequently overlooked and misinterpreted. Over the last twenty years or so, the total party membership has varied between 3 and 5 percent of the population, and this proportion is apparently thought by the rulers as very satisfactory. The other 95 to 97 percent describe themselves as "non-party sympathizers." Only party members are normally referred to as Communists. The Communist Party of the Soviet Union is not a political party, in the sense in which parties are understood by people who are not Communists. It is meant to be the organizational and propaganda elite. It is considered a tremendous honor by the Russian people to become a party member. The Communist Party task now is to govern the country and bring about total

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communism. You cannot join simply by virtue of approving the party's aim, and of being willing to pay your subscription and attend a few meetings. The people wanted as members are organizing secretaries, troubleshooters, club leaders, propagandists, and party scouts. And if you are not prepared to put your leisure and convenience entirely at the service of the party, and be sent away for months on special duties, you are unlikely ever to be accepted as a party member. Once you have joined, you cannot resign safely from the party. Although efficiency in production is yet unsolved, there is evidence of definite improvement in the Soviet economy. The regime has convinced the people that they are going someplace, Sputnik is an example. That was a great morale lifter. There is no seething unrest, apparently, among

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the individuals, except the desire for betterment. I am convinced that the individual citizen does not want war, for the scars of war have been left through the ages on the Russian people. Even the wars that they have won have left destruction, death, and suffering in their wake. I am convinced that the leadership in Russia know this, and that further they know that if the Russians should start a war, even if they win, that the leaders that started the war could never survive as leaders to reap the benefits of the victory, even if they should gain one.

On the other hand, it is the positive determination of the Soviet leaders to destroy the economies of the capitalistic countries, for they are convinced that it is in this demonstration of superiority of communism

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over capitalism that will enable them to maintain the tight control of the Kremlin over the USSR and the bloc countries. They will attempt this objective through ever means at hand, fomenting unrest in troubled areas, keeping the free world off balance in our defenses through the use of psychological diversion, infiltration and subversion. Economic and propaganda patterns of the USSR are repeated in all the bloc countries with some variation.

These are the problems facing the United States and the Western World in their relationship with communism. How to meet this determined threat will occupy the best efforts of our leaders and our citizens for many years to come. We have a real job ahead of us.

HESS: I have one question. You have several examples showing the desire of the people to

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show their independence. If at any time that you were talking to a manager of a farm or something like that, did they ever express to you any desire for greater independence of action or movement on their part?

SNYDER: Individuals, yes. "Now, if I had my way, I could do this so-and-so." Yes, many times. "If I had my way, I would like to visit the United States." "If I just had the money, I'd like to do this." "If I had my way, I wish I could have been an engineer," when he was something else, don't you see. Well, that sort of undercurrent I ran into constantly.

HESS: Did any of them make statements that would sound like they preferred the capitalistic form of government?

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SNYDER: No, they were very cautious about that. They never came out and made such a statement exactly.

HESS: That would be kind of a dangerous thing to do.

SNYDER: That's right.

HESS: Yes.

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Fortieth Oral History Interview with John W. Snyder, Washington, D.C., May 28, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, did President Truman himself ever express in your presence any viewpoint about the operation of the presidency or Government organization?

SNYDER: Yes, Mr. Hess, on many occasions we talked about the Presidency and the tremendous responsibility that it placed on an individual; that there should be a better organization of the President's job; that the President had so many responsibilities that had accumulated through the years without any particular statute or regulation or anything. There is a matter of the tremendous number of signature required of a President; appointments -- I'm talking about where he would appoint somebody to a job, he had to sign their

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certificates. There were so many things that he gradually began to pass part of that work-load over to someone else -- got it authorized -- but there are just so many calls on a President to do so many things that he shouldn't have to do. There should be greater delegation, if you can get the right people in the right job. Some Presidents have undertaken to almost run in detail some of the various departments. Teddy Roosevelt tried it; President Wilson did; certainly FDR. Frankly, Roosevelt tried to run the State Department, the Treasury Department, the Army and Navy, all those things. He attempted to get in it and try to run them himself. And Mr. Truman began to realize that, and we did try to do some reorganization. Still a lot more should be done with that Executive Office. Under that I think there is

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some thirty or forty different agencies and departments, all under the President's control. He has somebody, like the Director of the Budget, things of that sort but it all stems right back to him.

HESS: What can be done to streamline the office of the President?

SNYDER: It's going to take some objective analysis and study to try to come up with it but entirely, I think, too much time is taken up in meaningless appearances. He goes to so many things that are a lot of wear and tear on him. There would be no problem for you to get up and drop in to see a group and come on back out, but with a President, it's a major operation. You have to get organized, you get the routes laid out, you get all this fixed

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up, you get the police coverage, the news media, and you have to case the place that you're going to, and it's a terrific job.

HESS: As Mr. Truman has said several times, it's like transporting a circus.

SNYDER: Well, he's put it that way and it's certainly true. And particularly these meaningless appearances that do not serve any constructive purpose.

HESS: Do you think some of those could be given off to the Vice President?

SNYDER: Oh, there's no question about it. It's got to be carefully organized. I know it's nice, but from my point of view -- his going to these media dinners you know, TV dinners, White House photographers, all affairs, those

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people see the President all the time, he doesn't carry any message. It's nice, of course, if he'll come but then if they just break the habit of it, why, then -- if some President would just have the courage to quit it, don't you see. Then these TV appearances. People begin to get tired of those constant TV appearances of a President announcing some trivial decision or appointment. I say trivial, I mean less than important, don't you see. Kennedy began to do that. If he would appoint a fellow to catch jackrabbits almost, he'd announce it. I've heard him talk about it. Well, that's wear and tear on a President. Nixon is beginning to outdo LBJ. He may have enjoyed it, but it's still not giving him time he needs. And he is beginning to demonstrate this, that instead of sitting meditating and studying,

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analyzing a decision that he had to make on something really important, if he had spent that time in review and study instead of all this preparation that he has to go through for an appearance -- and the waste involved. Well, I think you get my point there. Then going to dedications and things of that sort. I know there's the political angle. The President wants a certain exposure and he wants the public to see him. And everybody loves to see the President, there's no question about that, but he could have appearances on occasions of importance. I think that more consideration should be given by the President to public rather than political welfare. The pressures on the President always, of course, are great. He is the leader of his party, but at the same time, I think his stature -- his image -- would be

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greatly enhanced if a president could conscientiously back up something that's for the public good even though it might not be just exactly for the political good at the time. And I think that we have let our Presidents and our whole political machine draft toward just getting the vote. It's been entirely too much the emphasis of things.

HESS: Don't they have some fear, particularly in their first term of office, that if they don't keep their political fences mended, more or less, they may not be there the second term?

SNYDER: Well, that's probably part of it, and then in the second term the party then leans on them to see to it that somebody in the party gets in the next term, don't you see? And frankly FDR tried to break that down but I

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don't think -- I have my grave doubts that we'll ever elect a President for a third term again. That's been ruled out.

HESS: Yes, that's the twenty-second amendment. That amendment would have to be repealed.

SNYDER: I think that they decided that the general public's feeling is that two terms is enough and, frankly, I have a very strong feeling personally that a six years' non-repetitive term would be probably of greatest value. The President in for six years could get in and do a good job and then move on.

HESS: Do you think there is much chance that the law will be changed that way?

SNYDER: Oh, I don't see any likelihood of it at this time although personally, I would be

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strongly in favor of careful consideration to that. I think that the President's time has got to be so organized so that he will have to have more time for reflection and concentration on matters of great importance. The President is under such pressure that he rarely has the opportunity and that, of course, is why Mr. Truman used to take advantage of those Key West trips. He could get out of the pressure pattern to get down there to think and to reflect on the cause and effect of occurrences and give greater attention to important matters and less to lesser important pressures that are put on him. Something that I believe very strongly as a help towards giving the President a little more seclusion, would be give him a home away from the White House. Make his residence another place and have the

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White House for the social functions and for a show place and let the crowds go through there. He could keep his office in the Executive wing and identify it that way as the President's headquarters and so forth. But as the actual living, he could get a nice estate here...

HESS: Somewhere in the District?

SNYDER: Somewhere in the District, yes. But, in complete retirement and not have it open to the public and that sort of thing and when he goes there, he can relax a little, don't you see. But, around the White House he's always on display, even when he goes upstairs, and he can't get out and walk around the yard, the lawns, or the, garden. People are looking through the fences at him with binoculars and so forth. I think it would give a sense of

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relaxation to leave that place and get away. Take a place like Mrs. Merriweather Post's. That's private and withdrawn. It's got a big fence around it, and you could get out and walk around the gardens and no one ever see you then. You could get a feeling of great relaxation.

HESS: Well, was this ever discussed during the Truman administration?

SNYDER: I don't think so but these are my own ideas. Most of these things I've been talking about are just that, maybe not thoroughly thought through, but they are the seed of ideas.

HESS: Of course, when Mr. Truman was there, for a long period of time, for several years, he

was in the Blair House, across the street.. Do you think that that, even moving across the

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street, do you think that that helped him any?

SNYDER: No. No, because there was that parade across the street everyday with people lined up. He was on display, don't you see. And when he got over there, there was no place to go. He was cooped up. You get a sense of claustrophobia. He couldn't get out. He did try to get out and make his early morning walks around the streets, but in these days I don't know whether you could risk even trying to do that now.

HESS: Probably not. Okay, everything on that?

SNYDER: Well, it's endless. It's not complete but just some seeds of ideas.

HESS: Of things that could be done to improve the office.

[1603]
SNYDER: I think so. It certainly ought to be given a careful study, I think.

HESS: All right. Mr. Snyder, what in your opinion were Mr. Truman's major contributions during his career?

SNYDER: Well, Mr. Hess, you're asking a tremendously important question, and you're asking it of a person that is highly prejudiced about Mr. Truman's nearly eight years in the Presidency. I think that he did a <u>great</u> <u>many</u> <u>very</u> <u>fine</u> things. I think that the biggest decision that confronted him immediately after he became President, was the dropping of the atomic bomb. Mr. Truman, up until he became Vice President, knew very little about the atomic bomb, or about the Manhattan Project, as it was called. Mr. Roosevelt told him some

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of it, but actually it was not until after he became President that he was told the whole story and exactly the status of the work on the bomb and how near it was to completion. He actually did not know that until he was briefed by the Secretary of War on it after he became President.

HESS: One question on that. When did you first find out about the bomb?

SNYDER: I don't know whether I've ever told you this story, but that was one of the great secrets that I tried hardest <u>not</u> to know about.

HESS: Was it that difficult not to know about it?.

SNYDER: Yes. You see I was running the Defense Plant Corporation and I was being called on to finance plants with some rather large expenditures and -- "Well, don't ask about this."

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This was not on the project exactly, but on some plants and equipment connected with the project.

HESS: Hanford?

SNYDER: Yes, for one. The Defense Plant Corporation was called on to do some of the financing there. I had a friend Earl Stewart, who was the president of Comstock Company who had been given the contract to install some of the highly top secret electrical machinery that went into...

HESS: Oak Ridge?

SNYDER: Oak Ridge and also Hanford. And Earl used to come and want to sit down and talk about the problems that he had. I'd say, "I don't want to know about it. Please don't tell me." And then...

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SNYDER: Frankly, I had all sorts of notions and I just wanted to keep it that way that I didn't know precisely what they were up to.

Many of my British and French friends would ask me a good number of questions. You see, we didn't have a French government to deal directly with, but we had some friends of the French people who were always around trying to find out what was going on. I had known them in the banking business and so on, and they would keep coming in and, "There's some thing big going on. The United States is working on something now. You ought to know about it."

"Well," I said, "I know nothing about it."

I remember going down to Knoxville to address the Tennessee Bankers Association and, oh, the pressure they put on me about that Oak Ridge plant. They said, "Great carloads,

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trainloads of stuff pour in there and we never see anything come out. What's going on over there?" Well, it was fascinating and when I actually knew about it, I think was along in the spring when I knew precisely what was going on. I think it was in the spring of '45.

HESS: About the same time Mr. Truman did, or perhaps a little before that?

SNYDER: Well, I don't want to measure the days but I think it was along about the same time.

HESS: I think he says in his *Memoirs* that Mr. Stimson came in on April 25th to inform him of this.

SNYDER: It was a couple of weeks after he became President.

[1608]

HESS: Well, did you ever hear Mr. Truman say why he thought the bomb should be dropped?

SNYDER: Yes. Yes. I don't know whether I mentioned it to you or not but I'm going to repeat it. I had some most interesting experiences later when Mr. Churchill and Mr. Truman were discussing whether it was right to have dropped it, looking back, don't you see. They both always came to the conclusion that it was the right thing to do. You had to think about all the reasons that the President had to consider. Number one, I think, was the military decision. The Germans had capitulated, and we'd had V-E Day, when word reached Mr. Truman that the bomb was ready to drop, that they had had a test -- you see, they first had a test out there on the desert and it worked perfectly.

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The greatest problem was the stabilization of the explosion, so that they could transport it around without danger of it going off. And that triggering, as they called it, was one of the most delicate things that they had to work on and they finally demonstrated in the test that they could command the moment that it would be triggered and that was reported to Mr. Truman. Here is a schedule of the bomb program involving President Truman:

1. President advised of bomb project by Stimson April 12, 1945.

2. Committee appointed to determine use -- May, 1945 -- 8 members -- 4 scientists..

3. Four cities were selected as military targets if bomb would work: Hiroshima, Kokura, Niigata and Nagasaki. Stimson, Marshall and Arnold took part in conferences. Report of committee was submitted to the President by Secretary Stimson on June 1st. President Truman left for Potsdam on July 7, 1945:

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4. Test bomb drop successful July 16th. Reported by Stimson to President at Potsdam.

5. Order prepared to General Carl Spaatzto to arrange for dropping bomb around August 3rd. Order dated July 24, 1945. (Potsdam)

6. Ultimatum issued to Japan from Potsdam on July 26th -- was rejected.

7. Decision made to drop bomb. (Potsdam)

8. Bomb dropped on Hiroshima August 5th while President was en route home from Potsdam. President Truman reached U.S. on August 7, 1945.

9. Second bomb dropped on Nagasaki on August 9th.

10. Japan surrendered August 10th.

HESS: I believe that it was in Potsdam that Truman told Stalin that the U.S. had a super weapon more or less, something like that. He did not tell it was an atomic bomb?

SNYDER: No.

[1611]
HESS: And, according to the history books, Mr. Stalin was not too surprised.

SNYDER: Oh, no. He didn't seem to be surprised at a1l.

Does that cover the subject of dropping the bomb?

HESS: Yes, that's good. But one more question.

SNYDER: What?

HESS: Was there actually a decision by the President personally of this nature? Did it ever come down to a point when there might have been a decision not to use the bomb?

SNYDER: Yes. Yes, there was a final decision that the President had to make. If he had said, "No, I will not authorize the use of it,"

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that was within his scope. I mean, you could say, "Well, it would have been an impossibility for him to have made such a decision." But he had the power to do it, and he could have, at one time said, "I'm not going to drop this bomb."

HESS: Do you know if any of the people around him in the military perhaps, advised him that way, <u>not</u> to do it?

SNYDER: I don't think there was any opposition of the military, they were all pretty much for doing it. That brings up one of the strongest reasons, as I said, the military aspect of it, because they were so certain that the Japanese were going to fight to the last island, that they were going to make the kamikaze effort to protect the emperor to the last second, don't you see. The loss would have been tremendous

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in men, so General Marshall has told me time and again, at that time and later, that it is just incalculable how many men we would have lost if we would have continued the war after we were ready to drop the bomb. So, that was a decision. Mr. Truman had to be concerned with the moral decision also. Was he justified in dropping the bomb? And whenever he would measure one against the other, they were careful in selecting a military target to drop it on, because Hiroshima was just a composite of manufacturing plants. And the later one that they dropped was on a port town.

HESS: Nagasaki.

SNYDER: Yes, Nagasaki. But the justification seemed to be very strong because of the bringing the war to a close, getting us back working towards

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peaceful pursuits. Get the world repaired. We were being kept from rehabilitation programs in Europe. Our attention was divided between continuing the war in Japan and trying to straighten out the Continent of Europe following the devastation of World War II, and the feeling that we ought to be able to concentrate on rehabilitation of the world and those pressures, finally helped to make the decision. And it was a tremendous decision to make and when you ask what were the outstanding things, I think that was the first one. That was the first one he had to make.

The next important...

HESS: I've got a couple of questions about the atomic bomb.

SNYDER: Oh, okay, before we move on.

[1615]
HESS: Number one: Was the possibility discussed by the President and his advisors, of not dropping it on a city but dropping it over a desert island or an uninhabited place -- a demonstration, more or less?

SNYDER: That was discussed, but it was so inconclusive. Dropping it on a desert would not prove anything. You had to prove that you could knock out working operation. Some of the professors, before and during and afterwards, began to get great conscience stricken feelings about what they had wrought, you know. And later, I've seen them, particularly when we got up to the hydrogen bomb, I've been present when some of them came in to talk to Mr. Truman with tears in their eyes to think that they had moved into the seat of God, you know, and were...

[1616]
HESS: Who?

SNYDER: Well, I won't name names but it was some of our top scientists.

HESS: Don't want to give any names out?

SNYDER: No, I don't.

HESS: Back on the atomic bomb, what part did the fact that the Russians were getting ready to enter the Asiatic and Japanese war play in the fact that we dropped the bomb? Now we dropped the first bomb on August 6th; the Russians declared war on Japan two days later on August 8th; we dropped the second bomb on August 9th.

SNYDER: I don't know when the Russians would have really entered the war against the Japanese, but I think that they saw the war was over, and

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that's when they rushed in and declared war on the Japanese. The dropping of the bomb convinced them the war was coming to a close, and I think that they would have waited until they were sure the war was over, or nearly over, before they committed themselves, but they wanted to get in on sharing in the victory, don't you see.

HESS: Do you, or do you not think that if we had not dropped the bomb and the war had gone on, that the Russians would have got further in and we might have had a stalemate in Japan as we have in Germany?

SNYDER: I doubt it.

HESS: Why?

SNYDER: I just do. I think that the Russians were

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so concerned with trying to. get a good foothold into Europe that I don't think they would have. I think they were watching it and they were going to jump in just before the close in order to share in the division of the spoils as it turned out. As you know, they moved in and just ripped out of Manchuria and certain parts of Japan, the machinery; and that which they didn't move out they broke up. But they moved in just at the right time to share in the victory.

Now, the next important decision, and I think its effect was so outstanding that it must be mentioned, is the prompt decisions that Mr. Truman made in times of crisis. I think that the ability stands out in his administration all through the time he was President. But it showed up so vitally important in the early

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days when he was having to make decisions on matters where there were no signposts, no guidelines, and he had to step in. For instance, one of the first ones that he had to make was the Interim Aid to the war-torn countries of Greece and Turkey, and put a stop to the invasion of the Russians into those areas. They were already moving in further north into the Balkans. The Communists were headed right straight into Turkey and into Greece. So that was one of the first early, very important decisions and had a great effect on history afterwards. I think that his prompt reconversion from a war economy to a peacetime economy was outstanding. He engineered some splendid legislation through Congress to help in their reconversion. We didn't have near the vast unemployment that was predicted in Mr.

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Nathan's figures in the June 1945 report of the Office of War Mobilization and Reconversion. Mr. Nathan put that estimate in the report against Max Gardner's and my protest. We never had over three and a half million people unemployed, as I remember. Within nine months of V-E Day, we had changed the production from a wartime economy to a peacetime economy to the extent that we were turning out of those former wartime factories a greater supply of peacetime

commodities than we had ever in the history of the United States. It's a great tribute to industry itself, and to our banking structure, that under Mr. Truman's leadership, they moved right in and got things to rolling in a great hurry. That has meant a great deal to our country's aid. I think our foreign policy was outstanding under Mr. Truman's

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regime. He was able to accomplish leadership in the world in an exemplary fashion. That leads us to the Marshall plan. Without any question, it is unique in history that a victor would go in and try to patch up the damage done by a devastating war. That's what was done under the Marshall plan. It got Europe back on its feet so it could start being what it is today, a great economic success. It all roots right down to the early assistance that this country gave with -- well, go back a bit, lend-lease, UNRRA, Interim Aid, and then the Marshall plan. All of those were programs of assistance that we were doing for the vanquished and for our allies who had been pretty badly beaten up. Then another one was the creation of NATO. We can't measure how important that was

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to maintaining the freedom of Europe, to have had that strong force there constantly available against further encroachment of the Communists. We hadn't done it along. Those countries in Europe had not been able unaided to rebuild their military forces quickly without having had the assistance of a coordinated defense program which NATO furnished. Of course, there were great leaders in the other member countries too, but we stood out in the leadership and we were able to offer substance earlier than the other countries to the armament of NATO. That was one of the great things. And I think that all of his domestic social developments and improvements were also of great importance.

HESS: What do you have in mind there?

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SNYDER: Well, all the development, expansion and putting into operation of many of the programs that had been started under Mr. Roosevelt, and were still in the making when Mr. Truman became President. He got bills passed through. The Full Employment Act, and things of that sort. I think the GI bill that helped give so many young people educations was very important. There were so many. We could talk for a long time on these various things. We would almost have to go down the legislative calendar to see what all he did do. Then, of course, in 1950 he was confronted with the decision about Korea. That I think was one of the very great decisions that he made, that we would say, "You are stopping here, you're not going any further," to an aggressor nation.

Then to get into the inner operation of

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Government, 1 think one of the outstanding things that his leadership brought about was the complete reorganization of the Treasury. It put the Internal Revenue on a business basis and the same, of course, in Customs. The complete reorganization of practically the whole Treasury was done under various bills that we were able to put through. Mr. Truman's financing program in the

Korean situation. I have told you, from the time that I went into the Treasury until the Korean war came up, we had actually taken in more money in the Treasury than we had spent. We had actually been in balance for that one whole period of five years. And then when the Korean war came along, the president agreed to go right to Congress and ask for tax bills to help defray the expenses while we were entering the war. We didn't

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know how big it was going to get. We'd seen two world wars develop from lesser incidents than the invasion of South Korea. He began to slow up on many of the domestic projects that weren't absolutely essential. He began to cut down on spending. He prevented inflation by those steps that were taken promptly. And it was just amazing to even the Congressmen themselves, they passed three tax bills there within a very few months. They were all singularly helpful in making folks realize that we did have a very serious situation. These Treasury activities helped bring on a so-called battle between the Treasury and the Federal Reserve Board. The Fed plan, at least under the leadership of Allan Sproul of the New York Federal Reserve Bank, was that it was the time to tighten up on money and to

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raise interest rates to stop war inflation. I was very definitely opposed to any sudden big raise. The record shows that we had been easing upward on the interest rates from the very stringent rate pattern held in World War II when bills were down to 7/8 and the going rate was around 2 percent on many of the notes and bonds. We began to loosen up and expand that somewhat, and we intended to do it gradually. Lee Wiggins was my Under Secretary during several of those earlier years of my administration, and we were making an effort to gradually get a better pattern in the financial and fiscal operation. But then, all of a sudden, they wanted to press forward. I as deadly opposed to enter into a war of unknown dimensions on a rising interest rate not knowing what it would cost us. Suppose

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we had gone into World War II on a rising interest rate pattern, and had built up the deficit financing that we did on a constantly rising interest rate pattern. You can't operate a government in war time on the normal procedures of monetary control. We worked it out all right, we reached what was called the "accord," but that only adds to the important things that Mr. Truman did in times of crisis at the right times. I'm sure there may be a great many other things that different persons would like to say they thought were among the great things he did, but just quickly here, without any research, those are the ones that think were the most outstanding -- were outstanding -- I wouldn't say most, but were outstanding of the things that he did and decisions that he made.

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HESS: Fine. You and I have discussed several times the meaning of the words liberal and conservative, but judging from the decisions that we've made about those two words, just where would you place Mr. Truman on a scale from a liberal to a conservative?

SNYDER: This, of course, is just a freewheeling mental exercise because I don't know of any device or instrument yet that's been invented that can measure the extent to which man is this,

that, or the other but I would venture a shot and shoot my arrow into the air. I would say about 60 percent liberal and 40 percent conservative.

HESS: Do you have any particular programs that he may have tried to implement that you have in mind when you make this evaluation?

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SNYDER: Yes, I have. There were a great many of these social programs that he favored and pressed for and yet on the other hand, he always felt like we ought to operate on a balanced budget. He wasn't a deficit financing advocate. He would have liked to have the country pay off some of the debts that the extreme liberals didn't think were necessary. They all said, "We owe it to ourselves, and therefore we don't have to ever be bothered about a big debt." There were many, many evidences of conservatism in Mr. Truman that I observed from time to time, which leads me -- and this was just a stab in the dark this sixty-forty -- but I thought he leaned a little bit more toward the general ideas of liberalism. It's awfully hard to get a definition of what is a liberal politician and what isn't. I don't believe you could get any three,

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so-called liberals to define their position and have it to make a pattern. And so, as I say, it's just a freewheeling mental exercise to attempt it, but he leaned towards many of the so-called liberal things for social development in the country; yet underneath that, and back of it, he was many times very conservative in his thinking.

HESS: One of the liberal programs that was put forward in his day dealt with civil rights, and there are those that say that Mr. Truman's actions in civil rights were taken from the standpoint of political expediency, and that he really wasn't in favor of some of the measures that he was espousing in public. What are your views on that?

SNYDER: Well, I told you the story of my experience.

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HESS: That's right, I think we covered that.

SNYDER: I think we covered that, I think he was sincere. I don't think he was for everything that came up. Many times he would say, "No, I don't think we ought to go to that extent," or "We ought not to do this." But, in general, he was sincere about what he did do, in my opinion.

HESS: Okay, fine. What is your estimation of Mr. Truman's place in history? How will he be regarded by historians one or two hundred years from now?

SNYDER: Well, I just jotted down here something that I think maybe will fit into an answer to that question. "In motivation, self-discipline, personal adjustment, vitality,

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human reactions and political sensitivity, Harry Truman stands high in measurement of the performance of all Presidents. And I'm confident that he will rank among the top in courage,

concept of office, sincerity, capacity for growth, and a well-balanced leadership."

HESS: How would you rate the Presidents of recent years, from Mr. Roosevelt to the present, in terms of their effectiveness, their administrative ability, their intellectual ability, and as men?

SNYDER: If we would actually list down all of the effective steps that each took, I think maybe Mr. Roosevelt has the edge a little, but Mr. Truman is pretty close. When it comes to administrative ability, we've got to go back to the thirties and see the skillful manner in

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which Mr. Roosevelt brought about a complete reorganization of the concept of government and its positions of responsibility and the management of the war, and I think that again, we've got to give Mr. Roosevelt a little edge on administrative ability, but Mr. Truman's was very close. As to intellectual ability, I think Kennedy stood out without any question. His agile mind and education, background, his preparation for the job. His father had prepared him for political life, for public life, and had educated him both on this continent and in Europe, something that none of our recent Presidents have had, that type of education. Mr. Joe Kennedy set up trust funds for his boys which would enable them never to be bothered about having to earn a living, and that their entire efforts in their education

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and their work experience would be bent towards public service. And with this sort of intellectual platform I think Mr. Kennedy stood out. I wouldn't want to go back into the effectiveness or the administration because I don't think you can rate him very high on those. But so far as pure intellect, I think that he had it over most of our presidents, perhaps all the way back to Wilson. I think Wilson was a great intellect. But, as a man, I don't think that anybody comes anywhere near matching Mr. Truman. As a President and as a man. You blend those together and I think he just is outstanding. I think I somewhat defined that in what I said just before about motivation and self-discipline and went on and described all his attributes. I think that gives you the detailed reasoning behind my saying that as a man I think he rates on top.

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HESS: Good. Mr. Snyder, did President Truman ever consider relieving J. Edgar Hoover of his position?

SNYDER: I don't think that he actually got to the point of seriously thinking about removing him. I think that he felt many times that Mr. Hoover had overstayed his time; that he had developed a sort of a dictatorial operation in the FBI that needed revamping and recasting. There were quite a number of times that he took very firm stands about some of Mr. Hoover's operations. There was a constant effort on the part of the FBI to move into some of the Treasury operations. They wanted to take over the Secret Service for one. They wanted to not necessarily takeover the Secret Service, but they wanted the responsibility for looking

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after the President, and his family, shifted to them. In investigative matters they wanted to take over narcotics, they wanted to take over investigation into forgery and counterfeiting, and things

of that sort. Just creeping encroachment on any other investigative units. Because, as you know, the Treasury up until the time I left there, did a tremendous amount of investigative work in many areas; in Internal Revenue and tax evasion, narcotics, customs, and the Secret Service. There was a very interesting story recently in a book that's come out on the FBI. It is related in the book that each one of the juniors in Mr. Hoover's organization had tried to write something justifying the actions or programs in the FBI; when they got through and put it all together (in this recent book) there was a

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great big question as to just what kind of an organization Mr. Hoover had put together during his long tenure, and whether what he had assembled was all for the good of the country. That was, I think, Mr. Truman's general feeling that Mr. Hoover had built up a Frankenstein in the FBI.

HESS: What's your opinion?

SNYDER: I feel the same way.

HESS: What do you think can be done?

SNYDER: Well, of course, eventually the departure of Mr. Hoover is going to have an effect. I don't know of any one who could step into his shoes. Of course, there always is a successor who can be found, there's no indispensable man, but Mr. Hoover went beyond the normal man. Once he got into that area and started

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to building up the investigative part of the Justice Department, he absolutely devoted every waking hour of the day to working on it. He had no family, he devoted himself strictly to that. He dedicated every effort that he could make towards building up this, great Frankenstein, as I call it. You never know exactly the effectiveness of the FBI's work because it is so propagandized that you're never certain how much it has really accomplished when you stop to think of how many things they have not solved in major thefts, of major bank robberies and major violations that they are responsible for investigating. You learn years afterwards that finally they caught the last man but they never got the money back or anything of that sort. They take full credit for eliminating kidnapping, but we've had some very serious kidnappings

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in recent days, and some of them have been solved and some of them haven't. We don't know how much of it we really do know and these ten most wanted men have been so propagandized and played up, and the stories of the invincibility of the FBI has been so dramatized that one wonders how much is true and how much isn't. When we look downtown and see that enormous building that they are going to have for the headquarters of the FBI, when you realize how many offices they must have scattered around the world, then you begin to realize what a tremendous complex Mr. Hoover has assembled, what a web he's woven in the years that he has been in charge, to built it up to where it's so huge an operation today; and yet you don't know exactly what its effectiveness is. If it was ever possible to have some organization, go

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in there and make a detailed analysis as so many businesses do, and as I did in the Treasury, brought in outside -- Kinsey and others, you know, and had them just go right through with the probing effort to find what was done right, what should be improved, what the effectiveness of the operation was, we would have been absolutely mired to the hilt in the Internal Revenue if we hadn't brought in new processes and new planning and new ideas. But we don't know, and there's no one dares to go into the FBI to really analyze their programs, costs and effectiveness. There's no question in my mind but that Mr. Hoover has built up dossiers on every man of importance in the Government and they don't dare go against him.

HESS: What do you recall about the inception of

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William Hillman's *Mr. President* book project?

SNYDER: Well, Bill Hillman and I were very good friends. We were discussing Mr. Truman's work one time and I thought it would make a very interesting book. Mr. Truman had not had a great deal written about him and I thought it would help to sort of humanize him a little to write a book of the character of *Mr. President*. Frankly I don't think it ever reached any great sales. It was fairly popular as current reading matter, but it did give a side of Mr. Truman that was not too well-known up to that time and I really, frankly, regret that there hadn't been a great deal more written -- serious and scholarly research on Mr. Truman I understand that one or two are now in the making but it would have been so much better

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if we could have gotten them much earlier. Mr. Truman did not gather around him as Mr. Roosevelt, Mr. Kennedy, and Mr. Johnson did, a lot of historians simply to do that kind of job. He just didn't do that and he was extremely reluctant on this book, many times, to go about it in a way projecting himself, you know, and I wish he had done that. But this was among the first ones and I think it served a good purpose. Do you have any questions in regard to it in the back of your mind?

HESS: No. That's all. And this clears up all of our questions and gets us down to the subject of taxation and the public debt. Thank you very much.

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Forty-first Oral History Interview with John W. Snyder, Washington, D.C., June 18, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Secretary Snyder, to begin this morning on our discussion of taxation and the public debt, before we get into some specific measures that came before Congress in the Truman administration, I'd like to ask you just a general question about management and the public debt. In his *Memoirs* Mr. Truman states that the management of the public debt during his administration could be summarized in three time periods: From April the 12th, 1945 to June 30, 1946; from July the 1st, 1946, until the Korean conflict in 1950; and beginning with the fiscal year in 1951 until the end of the administration, matters revolved around the situation in Korea.

Could you comment on the

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three time periods as outlined by President Truman?

SNYDER: I think that would be a good plan, and during the course of our discussions, we will certainly bring those three debt management periods into proper focus. However, to try out a presentation of this, I thought this morning I would take up the beginning of my identification with the debt management problem beginning in June of 1946. This was a little over a year after Mr. Truman's administration began. However, we can go back and pick up, if you like, regarding what happened before that time. Unfortunately, Fred Vinson is no longer available, having passed away several years ago. But to tie the program in for Mr. Truman's administration on debt management, I will undertake to fill in what happened during

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the year when Mr. Truman took office in April of 1945, up until the time that I became Secretary of the Treasury.

I think I'll start with one hundred and sixty-eight years ago. It was one hundred and sixty-eight years ago that Albert Gallatin became Secretary of the Treasury, and at the time when Gallatin undertook the extremely difficult task of guiding the fiscal affairs of a young nation. I think that the account of his success is one of the important pages of our history. He established right from the beginning a meticulous accounting system in the Treasury, and his clear reports on the Government's finances are still model documents down to today. It was upon this foundation that the Treasury developed the reputation of integrity and efficiency that has won the confidence

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and respect of the American people through the years. With the staunch support of his President, President Jefferson, Gallatin was the first to develop the theory that during times of national peace and prosperity the Treasury must show ample surpluses to be applied towards an orderly reduction of the public debt. He realized that the nation must, in such times, prepare itself to cope with an emergency that might later arise. He realized that our permanent economic well-being rests upon fiscal solvency. Such has been the primary fiscal objective of President Truman throughout his administration. And as his Secretary of the Treasury, I sought always to work towards that goal.

The Secretary of the Treasury is charged with the responsibility of the management and

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supervision of the national credit. I cannot overemphasize the vital importance of the financial obligations which our country has assumed through the years, and particularly during the war years. Not only our own security, but the foundation of world peace has depended on our accepting these obligations with a solemn sense of trusteeship. There can be no compromise either in our determination to pay that much which we justly owe, no matter how difficult the road. You must remember that it will be the part of each of us, a part of our creed, that we as a people stand inflexibly for a substantial and orderly reduction of our national debt. We have

roamed far away from that at times during our history, but it's just as true today, in my opinion, as it was back in Gallatin's time, when he first set that

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model of the operation of the Treasury.

One of the most important recollections that I have was a statement that I made on the day that I took office. I said, "Decisions of policy are, of course, of no avail, unless they are based on the best available data and unless they can be promptly and vigorously carried out. It is most providential that the Department of the Treasury possesses such an outstandingly able and devoted staff of public servants." That has been true throughout the years. The Treasury has attracted some of the most competent public servants of any department in our whole Government. Its continued ability to finance this growing Government has been an outstanding tribute to the founders of the Treasury policy and those who have kept it up to date with changing times,

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as the years roll by. I recall saying that on that opening day that it would be presumptuous for me to state in detail at that time the various fiscal and monetary measures which the Government would employ in order that the country may quickly complete its transition from war and effect the reconversion to a stable and prosperous economy. But I did determine from the very beginning that I would use to the fullest advantage the good counsel of able and learned men in fiscal, financial and monetary matters, both in and out of Government; and throughout my period from 1946 to '53, I tried to follow that procedure in the operation of the Treasury.

HESS: Who did you rely on outside the Government for advice the most?

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SNYDER: I called on a great concourse of people.

HESS: Who was the most helpful?

SNYDER: That would be very difficult to pinpoint, because I was there six and a half years, nearly seven years, and at different times, different people were called on to be of assistance. I had a great many bankers, businessmen, lawyers, some of them that I can recall very particularly: Bob Fleming, here in Washington; Ned Brown, a banker out in Chicago; Walter Smith in St. Louis; John Evans in Denver; A. P. Giannini in San Francisco; Henry Spencer in Boston; L. D. Kurtz in Philadelphia are a few that come to mind.

HESS: Do you recall any particular cases that those gentlemen may have helped you with?

SNYDER: Well, it was continuous. With bankers it

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was largely in debt management. It was in selecting the right kind of securities. The bankers now were talking about the right kind of securities to offer to the public, which would be the most

acceptable, which the public would buy more readily; and on various tax matters when I was working on a tax bill or tax proposal, they were extremely helpful in that sense. Henry Spencer of Boston, the First National Bank of Boston, was always ready and willing to be helpful. Mr. Baruch was extremely helpful. In industry Clair [Clarence] Francis of General Goods -- I can go on and name any number. In California I had two very able bankers out there, the Gianninis, A. P. and Mario Giannini. George Eccles of Utah, he was the brother of Marriner, and a very able banker. And, of course, I would have to

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almost go back and get you a list, if you'd like to have a fuller list of people who were helpful.

HESS: What I was wondering if we could develop something on the interrelationships, the working relationships, between Government and private industry, the private sector in matters of finance.

SNYDER: Well, it was clearly demonstrated that during my period we did have remarkable assistance. For instance, I may have mentioned this at one time, but I'll repeat it in light of your question. When I took over the Treasury, I made an early decision that I was not going to continue the savings bond program if it in any way was going to be resisted by the banking fraternity because it was putting the Government

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in a very competitive position with the private banking and commercial banking operation. I had always felt for many years, after we got our better road system and transportation system, that postal savings were very competitive and wasn't justified. Of course, maybe when it was first put in, and post offices were located in most remote places, and communications were bad, transportation poor, it might have been justified at that time, but it has since been discontinued, as you know. Well., I felt the same way about the savings bond program, that if the bankers felt that it was competitive and not desirable, I would find a way to bring that to a close. So I sat down with [Vernon L.] Clark, who was the head of the savings bond program at the time, and studied the situation very carefully and we decided to put it up to the

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bankers on the basis that we would no longer appeal to the public to buy savings bonds as a patriotic act or a defense act, but as a good, economic act on the part of the saver; that he was saving bonds because it was a good thing to have savings and that by putting it on that pitch, selling the idea that savings was good for the individual to prepare him to buy the things that he might otherwise miss buying: an education for his children, a new house, maybe an automobile in the future, but saving for a real purpose, for an economic purpose, a standard of living purpose. We put that before the bankers. I had a meeting of the bankers' committee that had been dealing with savings bonds, the American Bankers Association, and I put it squarely up to them and told them that it was my intention to be guided largely by

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their reactions. They felt that the savings bonds were too competitive and were drawing away from the rebuilding of our economy in the private sector. I wanted them to tell me so, but my

plan was to do it strictly as an economic device, and not as to the patriotic or any appeal of that sort. To a man they said, "On that program we'll back you 100 percent, and please do not discontinue the savings bond program." And through my whole period as Secretary, that committee worked constantly with me in the promotion of savings bonds, and in the planning of bonds, in its terms, in its interest rates, I had their full support. So there is a very pointed case of private industry working with Government.

HESS: Just as a matter of conjecture, was there ever

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a case where the advice that you received from private industry and from private bankers went counter to the advice that you may have been receiving from Treasury Department officials?

SNYDER: Of course you're going to have that, but they were always amenable. There was only one time that I really had a real problem and that was in 1950 after Korea started. I had started planning, which I'll develop in our debt management story here, I had begun to move away from the extremely low interest rates that had been engendered during the war by an arrangement that had been worked out between Federal Reserve and the Treasury. They kept rates extremely low. The bill rates were down as low as 5/8ths and 7/8ths at times, and the note rates were around 2, 2¼ ,

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2½. The the long-term rates were down to 3½ and 4. So I had begun with the assistance of Lee Wiggins who came in as Under Secretary of the Treasury. He succeeded Max Gardner who had been appointed Ambassador to the Court of St. James. Lee had been a banker, he had been president of the American Bankers Association, and he was very well suited to assist me in this problem. I was going to try to work out a gradual increase in the rates so as to not throw any sudden weight on the economy. Frankly, a sudden rise in interest rates can be just as harmful as a sudden drop, in my opinion. It was working out, and had worked out very well up until 1952. I had had some arguments with the Federal Reserve Bank, the New York Bank particularly, and Mr. Allan Sproul, who was the head of it, was continually trying

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to get the Fed back as the chief financial arbiter that New York ought to be the money center. But after the financing and the debt that we had rolled up in the Government, and the annual budget and the requirements of our international commitments, the money center had moved to Washington, and is still here. The largest controlling factor of the money situation is right here in Washington. It sometimes may not have been handled too well, but certainly it has been handled as well as it could possibly have been handled by the New York bankers, as has been demonstrated so many times, including going back to the depression on down to date.

HESS: I have a question on that. The recent rise in the interest rates, when they went from 7½ to 8½ about two weeks ago, now wasn't

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that started by the New York bankers?

SNYDER: That's right.

HESS: So they still exercise quite a good deal of power?

SNYDER: They do. There's no question about that. Mr. Hess, I'm going to now go back and take up the operation of the Treasury in the fiscal and monetary field during my administration.

For the fiscal year ending June 30, 1947, that was the first year that I had operated. I came in in June of '46, and I was able to report the first year that the Government had closed its fiscal year with a surplus. This was the first surplus that we had had in many years, back before the twenties. During the fiscal year 1947, the first full fiscal year

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following the end of the war, we had made substantial progress in the reconversion of the American economy to a peacetime basis. By the end of the year, all previous records of civilian production had been surpassed. I think I reported that back in our talk on reconversion when I was in OWMR. Goods and services were being produced at an annual rate of about two hundred and thirty billions of dollars, and the accumulated backlog for demand for some types of goods was being satisfied at a very growing pace. We were able to make that swing in a phenomenal manner, notwithstanding the high rate of industrial output, full employment, and generally good harvest. Scarcities of various kinds continued into the year after, particularly in services. This was also true in housing, housing

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materials, automobiles, certain electrical equipment, fuel, industrial and agricultural machinery, and some other products; and perhaps the greatest shortage that had been deferred for the whole period of the war, housing, office buildings, factories, and automobiles were back into production for the consumer. All these things put a terrific load on the economy, and all this pressure or desire for things, of course, had an effect on prices, because labor was demanding increased pay, people wanted things that were not available, and in scarcity, of course, prices are always affected.

I'm going to call your attention to this because that became a very critical problem that we had to face, and particularly because of its effect on inflation. We had been

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threatened, as you know, with tremendous inflation following the war because of the great demand, and the big backlog of savings that we had stored up because people had bought savings bonds, had deposited money in savings banks, and withheld it during the war as a patriotic and as a defense purpose. And the fear was that this tremendous backlog of demand was going to give us a very rough time from an inflation standpoint. As it turned out, you recognize that we didn't have as bad inflation as most of the economists had predicted. This brings me to one of the early policy positions that I took in regard to debt management, and that was that the great need for the Federal Government to pursue an anti-inflationary fiscal policy in the conduct of Government financing. We ought to use an

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anti-inflationary fiscal policy. The Government must maintain a strong financial position to assure the continued well-being of our country. If the Government is not in a strong financial position, it's felt throughout the whole of our nation's operation. It was always my belief that revenues ought to be held at a high level while we were in a period of prosperity, and that would give us the strength to meet the situation should we ever have a recession, or even a depression.

The President, right from the beginning, faced the problem with great clarity of thinking. He said, "Let's don't rush too quickly in cutting back certain of our taxes." We wanted to use as a restraining influence on the inflationary pressure, our taxes. We had hoped in the early days that we were going to

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be able to reduce the debt annually, and continue with a strong position financially. However, the President recognized right from the beginning that we would have to plan some tax relief, and go after a better balanced tax structure, but we wanted to study it carefully before we moved into it. President Truman thought that any general tax reduction right at the beginning would bring on inflationary pressures at a time of such great demand. So, that was all given careful consideration.

I want to point out to you that the total public debt at the time, June 30, 1947, was two hundred and fifty-eight billion dollars. This was a reduction from the peak of the debt at the time that I came into the Treasury of about two hundred and seventy-nine billion dollars. We had reduced the debt nearly twelve billion

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dollars, out of the surplus and out of the application of cash positions. During the fiscal year 1947, we must record then that we reduced the debt by about twelve billion dollars.

We went to work on a plan, as I've just told you, a new savings bond plan, but we got the banks to work with us, and it was so successful that it served towards a redistribution of the ownership of the bank debt. We sold to people rather than to banks, and helped a great deal in slowing down the great demand for commodities until we could get the supply moving. The concentration of debt had largely gone into the hands of the banks, and we started into a program of trying to move it, as I say, out to the public. This concentration of debt reduction on the bank holdings helped tremendously in alleviating inflationary pressures during this

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reconversion period.

About this time, upon the recommendation of Mr. Truman and on the action of the House Ways and Means Committee, they began public hearings in connection with the comprehensive review of the entire Federal tax system. I appeared as the first witness, and I think maybe it would serve the best purpose for me to read you a little out of the statement that I made when I appeared before that committee, because I was putting great confidence in our effort to start intelligently to

improve our tax structure. In trying to work our way out of the recession, and during World War II, we had met the situation for revenue by placing a tax on anything that was handy at the time. And we had a rather knotty, horrible looking tax structure that

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had bumps all over it that needed to be corrected, and developed a lot of loopholes and should be given attention to. And we realized that it was going to be a real problem. When you started trying to remove a tax on one side, somebody on the other side would holler, and it had to be intelligently studied. So, among other things, I said in my appearance before the House Ways and Means Committee on May 19, 1947:

> The first requisite of a tax system is that it should produce adequate revenue to balance the budget and to provide a substantial payment on the public debt. In order to sustain the confidence of the public in the integrity of the Government's obligations and its financial strength.

I said that as Secretary of the Treasury, I was responsible for the management of the public debt, and that I was:

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> Keenly aware that the Federal Government securities are an important part of the assets of the banks, insurance companies, and other financial institutions that serve the public as the repositories of its savings. Moreover, ten millions of persons are direct owners of Federal security. We have a great responsibility to build a tax system which will preserve the fundamental soundness of our financial system. As a first step towards the development of a postwar tax system, facts and evidence should be assembled for the consideration of both the Executive and the Legislative branches of the Government. This information will come from the hearings that are being initiated today, and also from the continuing technical research work of the tax staffs of the Treasury Department and the Joint Committee on Internal Revenue Taxation. Later when this necessary information is at hand, a sound tax program can be developed. By beginning early, as this committee has, we shall have time to make a thorough going study of the present tax system to consider carefully a large number of possible revisions and to work out a well-balanced program. A program can be outlined first in broad terms, and the final details worked out as the budgetary and economic situation grows clear. When the budgetary and economic situation grows clear. When the time comes to draft legislation, measures already agreed upon can be taken up in the order of their priority. It is highly unlikely that the fiscal and economic situation

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> will warrant enactment of all the ultimately desirable revisions at one in the same time, but advance planning and study will make it possible to proceed in an orderly fashion without prejudicing any necessary part of the program and without the danger of reducing the revenue too rapidly.

I restated at that time the principles that I believed should guide our studies and to call attention to a number of the tax problems that needed careful consideration. I did not feel it proper at that time to make any specific recommendations regarding the tax system, because I felt it was so vital that we gather this information carefully and assemble it and put it in form that we could study it to see the kind of taxes we have now, the kind of revenue we were going to need, what the President's plan in his State of the Union message would be, and to go about it in a very careful, orderly fashion. I believed so thoroughly that

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a sound tax system should meet the following essential tests:

> The tax system should produce adequate revenues; it should be equitable in its treatment of different groups; it should interfere as little as possible with incentives to work and to invest; it should help maintain the broad, consumer markets that are essential for high-level production and employment. Taxes should be as simple to administer and as easy to comply with as possible, while the tax system should be flexible and change with changing economic conditions. It should be possible to achieve this flexibility without frequent revisions of the basic tax structure once it has been established. A stable tax structure with necessary flexibility confined largely to changes in tax rates and exemptions should make it easier for business and government to plan for the future.

I think that that brings into focus for us, the situation as we faced it, our general thinking, the thinking of the President and of myself, and of our communication of our belief and of our policy to the Congress at the very time when we were starting the tax revision plan.

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Unhappily, as you know, though we made great strides, we never made the goal of really getting a well-rounded tax structure set up, because the pressures, as I've just said, were so great from all different segments that as you tried to go into one direction, you got pressures from the other. And while we did make some very good progress, I regret to say that the Ways and Means Committee at that time, nor since, nor has the Congress, nor has any administration, been able to round out a smooth tax structure with as few loopholes as possible, and without certain pressures where they shouldn't be.

HESS: Do you or do you not think that the tax structure at the present time is in somewhat better condition than it was perhaps at the end of the Truman administration?

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SNYDER: To some degree there have been some adjustments made, I will say, though, that I think that <u>all</u> of the changes that were made later grew out of that tax study that was made back under the Truman administration.

HESS: What were a few of those changes?

SNYDER: We'll get to them as we come along.

HESS: I have one other question that I would like to ask. You mentioned that both you and the President thought that it was the best thing to keep taxes at a little higher level after the end of the war, to apply towards the national debt...

SNYDER: No, no. Our reason right after the war for keeping the higher rate was as a deterrent to inflation, and that being the case we could

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apply any surpluses that were generated to the reduction of the debt. That was secondary, really. The number one reason for keeping the tax structure high immediately following the war, was largely anti-inflation.

HESS: Anti-inflation measures. Still, this resulted in the retention of higher taxes, correct?

SNYDER: That's right.

HESS: What was the opinion of some of the bankers and the industrialists who you talked to and who you were friends with about the retaining of the high taxes?

SNYDER: We discussed it with them, told them the problems. They realized, as did we, that it would only add to the spending stream if we had any large reduction in taxes, at the very time

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that we were trying to get the economy moving again. They realized it would force prices up, which they didn't want any more than we did.

HESS: Wouldn't some of them want prices to be raised? They are selling -- they have something to sell?

SNYDER: Well, industrialists are a little more cautious than you might think. They are more for volume, actually, than the price. They figure that if they get the volume they can adjust the price that will bring them a good return in their profits. They are thoroughly for the profit system, as private enterprise properly should be. I'm for the profit system, I don't think that capital should be squeezed so hard with taxation and other labor pressures and things that they are not able to make a

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a profit, because capital is a commodity just the same as muscle is. And if you happen to be a man with capital, and I happen to be a man with muscle, you've got just as much right to make a profit off of your capital investment as I have off of my investment of my muscle in labor.

HESS: Were there any industrialists, do you recall, at this late date, who did want, perhaps, drastic reductions in taxes?

SNYDER: I don't recall any in particular. There was a general call for reduction. First labor

started hollering about reducing taxes, and it was soon taken on by the organizations that later got into HEW, the public service organizations -- and the newspapers and economists -- that was where the demands came from; but I

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don't think that the great pressure came from either industry or banking. The demand for reduced taxes came largely from the economic side.

HESS: Do you want to call it a day for this morning, and we'll start on the next year's next week.

SNYDER: Then I'll try to shape it up and flow on into it. We won't just go year by year, except if it has some bearing on change in policy and debt management, or in the fiscal policy. I'll have to point out the problem that we were called on for the international picture. If you think this is a good way of operating it, why we'll proceed along this line.

HESS: Fine.

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Forty-second Oral History Interview with John W. Snyder, Washington, D.C., June 25, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Secretary Snyder, shall we continue our discussion of the Treasury operation?

SNYDER: Fine, I'd be very pleased to get this story recorded, particularly for the use of researchers and for interested reviewers of the Truman administration, because by dropping these different activities into the picture, it would give them keys to go into deeper research and deeper studies of the various phases of the Treasury operation under the Truman administration.

Now, we discussed last time, I believe, Mr. Hess, the fiscal year ending June 30, 1947, or what is generally called fiscal '47. Now, I propose today to take up two years, fiscal '48

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and fiscal '49 and highlight some of the Treasury activities in the fiscal and monetary field, during those two fiscal years.

HESS: That will be just fine.

SNYDER: In the fiscal year, 1948, the Federal Government's budget receipts exceeded the expenditures by eight billion four hundred million dollars as compared with the budget surplus during the preceeding year of eight hundred million dollars. And in the following year, fiscal '49, we continued along a very close operation, but revenues had dropped somewhat in relation to the increased expenditures as we drew away from our own rehabilitation program and got more into foreign aid and foreign assistance and into some of our new activities in the Federal Government, into

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some of the social legislations that had been passed. In fiscal '49 we exceeded the revenues by about a billion eight hundred million dollars. In fiscal '48, we had a further reduction in the debt that year. If you, recall, I told you in '47 we reduced the national debt from two hundred seventy-nine billion dollars to two hundred fifty-eight billion three hundred million dollars. And in 1949, in spite of the fact that we spent a billion eight hundred million dollars more than we took in that year, we still did not increase the public debt by but five hundred million dollars. So, at the close of fiscal 1949, the national debt stood at two hundred fifty-two billion eight hundred million dollars. Of course, we were then moving into the area when we had to be so cautious about our outstanding development

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in the field of international finance, which really began to take shape in fiscal 1948 with the inauguration of the program of increased United States economic assistance to Europe and the formation of an organization of European countries to develop a coordinated program of economic reconstruction through the joint efforts of the European nations themselves and the aid provided by the United States Congress. As early as 1945 it had been realized that the reconstruction of Europe and of the war torn countries of Asia, would be extremely difficult without the special assistance of the United States. And accordingly, various steps were taken to facilitate that recovery. I think we touched on that in our discussions of foreign aid, the Marshall plan, the Interim Aid and those programs. I'm not going

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into details on those activities because we have mentioned them already, but I'm weaving them now into the story of our financial handling of those commitments that we had made in those various programs.

Our next important part in debt management, and by debt management, I am referring not only to how we handled the debt but how we used proper debt management to help meet other problems; and in order to manage the debt properly we, of course, had to provide for sufficient revenues. If Congress didn't come through with the taxes requested, we were faced with deficit financing. So, taxation was a vital part of our whole fiscal and monetary operation in the Treasury. On April the 2nd of 1948, Congress passed the revenue act of 1948. That was the principal revenue measure

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that became law during the fiscal year 1948 and it did not produce the revenue needed. In fact, this act provided substantial reduction in individual income taxes by a combination of rate and exemption changes, income splitting and a number of minor provisions. It also provided for estate and gift tax reductions by repealing the 1942 amendments relating to transfers of property in community property states and by adopting estate and gift splitting for non-community property states. The legislation affecting the level and scope of the Social Security taxes was also enacted at that time. In the House version there was legislation providing for the revision of the Internal Revenue codes. The latter didn't go into effect, because, as I recall, the measure passed the House that year but we didn't get it through the

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Senate; so those revisions came later on. I might say here that the Treasury Department's views

on all the proposals, to modify a repeal, the various taxes and revenues, are pretty well set out in Section IV of the Secretary of the Treasury's report for fiscal '48, and all the miscellaneous revenue legislation that took effect during that fiscal year is listed in exhibit thirty-five of the Secretary of the Treasury's report for fiscal '48. Any researcher interested can find, in detail, that important information.

Continuing with the taxation side of it, we'll talk for a moment concerning fiscal '49 and the very important program that was inaugurated at that time. On July the 27th, 1948, which was the first month of the fiscal year 1949, President Truman in his

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anit-inflation message to the special session of the 80th Congress, recommended that an excess profits tax be re-established in order to provide a Treasury surplus and act as a brake on inflation. House of Representatives bill 7109, providing for the reimposition of the excess profits tax, was introduced and referred to the Committee on Ways and Means on August the 4th of 1948, but it never got to the point of being considered by the Congress. That was the famous do-nothing Congress that Mr. Truman referred to in his later campaign. But the President in his message of January 1949 recommended again new tax legislation to raise revenues by four billion dollars. He pointed out at that time, that the period of high prosperity -- it is not sound public policy for the Government to operate at a

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deficit. A Government surplus, at a time such as we were experiencing then, is vitally important to provide a margin for contingencies, to permit reduction of public debt, to provide an adequate base for future financing of our present commitments and to reduce inflationary pressures. I bring that out again because it shows from year to year how Mr. Truman stuck to his original conception of money management and of the Treasury's role in assisting in the operation of his administration. In that connection, in my own statement before the Joint Committee on the Economic Report on February the 10th, 1949, I supported the President's recommendation to increase the revenues by the four billion dollars. Again, as I say, I'm just pointing these items out to you to show the continuity of the endeavor

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to carry out and consistently look after the established policy of Mr. Truman.

At this point, you and I mentioned last week, I think, something about the role of savings bonds in the debt management program, and I would like to reiterate here some of the things I said to you then by reading into our interview this morning the statement that I made back on June the 6th of 1947. This was just before the beginning of fiscal '48. But it sets the one of why the Treasury continued to sell savings bonds after the defense need was over. I said (and I'll quote from my speech which was delivered before the Los Angeles Chamber of Commerce in Los Angeles, California; I think I found a quotation here that clearly sets out what our objective was), I pointed out emphatically that in requesting the Americans to continue their

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bond purchases we were not increasing our total debt.

> Such action was taken to secure a wider and consequently a better balanced ownership of our total debt. This fiscal year, your Government will have a balanced budget and a surplus of receipts over expenditures. (That's fiscal 1948.) This achievement is possible because, in rapid reduction of our war machinery and some of the attendant heavy cost of the aftermath of war, because the President has effected sound economies in administration and because our business activity has produced such a high level of national income. It was those causes that permitted us to have a surplus in fiscal '47 and '48. The administration's policy is one of strict economy along with the maintenance of adequate revenues. Our goal is to continue our program of debt reduction as rapidly as the surplus of revenues will permit, while at the same time, providing for an orderly tax reduction plan. The management of the public debt involves a constant process of paying off and refunding maturing obligations. These refunding operations could be conducted entirely through sales of securities to banks or other large investors but such a course might lead immediately to inflationary pressures through the monetization of the debt.

I'll step out of the quote for a minute to state

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that monetization of the debt means when you borrow the money for the Government from the banks, and you naturally place the funds in the banks temporarily, it increases the loaning capacity of the bank by anywhere from eight to ten times. As all the money doesn't go out at once, a part of it's loaned and then it echelons on until it builds up a tremendous credit base which is highly inflationary in a time of monetary pressure. But back to the quote:

> Economists, financiers, business executives, and experts on debt management are in full agreement with the Treasury policy in this respect. They've concurred that a widely spread national debt is interwoven with the maintenance of a sound economy.

I think that you will recall, Mr. Hess, that I went into some detail with you in establishing the reasons back of my deciding to continue savings bonds and the fact that the banks

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agreed to support it and that they didn't consider it competition with the banks but more as a stimulus to thrift. And this will show further how we conducted the program because it was a sound thing for the economy and that it would stimulate savings not only in the Government bonds but in the bank as well.

Now, to continue, we'll go back to the Treasury administration. The general administration picture throughout the Treasury was highlighted in the fiscal year 1948 by the installation of general Treasury programs, such as management studies of various bureaus in which I brought in from the outside professional management concerns to analyze the operation of the various bureaus of the Treasury and made recommendations as to how to improve

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their efficiency and their productivity. You must recall that we had just come out of a long period of pressure operation under wartime conditions and that we had to find ways of improving operation under the increased load that was put on the Treasury and also correct some of the undesirable practices that had developed during the war years.

The management studies authorized by the Congress for the Bureau of Customs and the United States Coast Guard were conducted by McKinsey and Company, a management firm and by Ebasco Services, Inc., respectively. Both of these studies were implemented through steering committees which were made up of officials from the interested bureaus and the office of the Secretary. Just prior to the end of the fiscal year, I established a committee

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to direct management studies of the Bureau of Internal Revenue. I'm mentioning those things to show that in addition to the fiscal and monetary things we were also plunging into an improvement and a betterment of the operation of the Treasury as a whole, as well as the fiscal operation for the Government.

At the same time that we were doing this, we set up a committee on practice and its job was to examine the attorneys that were going to be permitted to practice on tax matters, and appear before the various Bureau of Internal Revenue offices to present tax cases. This was a very important move because it was our intent to raise the caliber of the attorneys who were handling tax matters in Internal Revenue. I considered that to be one of the important things that we developed at that time. In fiscal

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'49, we didn't get any tax measures acted on by Congress. We did set up, however, a division of tax research, and the purpose of that was to assist in studying all proposed tax changes, revisions, tax reductions, new taxes, to try to build a better tax structure and to cooperate with the congressional committees, who were beginning to study the modification of the reorganization of the whole tax structure. That was a vitally important action that we took which I mentioned some time ago.

At this point I have a rather important matter I would like to call to your attention. On November the 28th in 1947, this was during the fiscal year 1948, I appeared before the Joint Committee on the Economic Report and I made this presentation:

> As you know, I appeared before the

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> House Banking and Currency Committee and discussed this subject with you several hours last Tuesday. Only one business day has intervened since my appearance before the committee and the statement which I wish to make before you today, therefore, consists mainly of a restatement of the points that I made before the House Committee.

Now, that had to do with the Revenue Act of 1948 and so I'm pointing that out as a reference. I'm not going to put the whole statement in here but if any students are interested, they can read those statements which will show what the administration was attempting to put before the Congress and the assistance that we were trying to give to the improvement of the general tax situation.

Now, I have another matter that I want to refer to. It's so important to get these clearly before us. I want to refer now to the Secretary of the Treasury's annual report for

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the fiscal year ending June 30th, 1949 -- that's fiscal 1949. As you recall, I took office in June, the 25th, 1946 and at that time the country was confronted with momentous problems both on the domestic front and in the international area. Many of these problems had a direct and a determinative bearing on the conduct of Treasury affairs. Because of the pre-eminent financial position of the United States Government, the policies and operations of the Treasury Department were significantly tied in with the solution of this country's own problem. In the period from June 1946 the Nation enjoyed a remarkable period of prosperity with the highest levels of production and employment in its peacetime history up to that date, despite the magnitude of the problems which were being daily encountered.

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During the first part of this period, strong inflationary pressures prevailed. But as we went along through the calendar year 1948, the country met, and safely passed, a period of inventory readjustments which completed the shift to normal competitive markets, and as we went into fiscal '49, the economy was on a more even keel than at any time since the end of the war with bright prospects, very bright prospects, for the future. In order to bring this clearly into focus we prepared a report which is included in the Secretary's annual report for fiscal '49 which I would like to call attention to at this point because it gives a full summary of the Treasury activities from June 25th, 1946 through October 31st, 1949, and I think a review by the student and by the researcher will assist

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the tremendous job that fell upon the Treasury to perform during those days following the war. I'm doing that simply as an aid. I don't want to go into retelling all of those incidents, but I do want to focus on it so that it will be easier to find because, as you know, in the Truman Library there are, I think, two complete sets of the Treasurer's reports from June 1946 through the operation of the Truman administration, and this is just pointed out in order to give a quick reference point where they can refer to these other matters.

Mr. Hess, in order to review and summarize up to this point, I think that at this time I'm going to refer to a speech that I made before the Town Hall Meeting in New York City on December the 15th, 1948 which was in the fiscal year 1949. In the speech I said that:

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My major objective as Secretary of the Treasury is to maintain the financial

> soundness of the United States Government and a sound fiscal policy must rest upon a revenue system that will meet the cost of Government functions and provide funds to service and reduce the public debt. To meet our domestic and international obligations as reflected in the proposed Government expenditures in the budget for the coming fiscal year, we must give careful attention to the effect of these expenditures on the national economy.

By those expenditures, I'm talking about these international expenditures that we were approaching at that time, don't you see. This was the end of the calendar year 1948 but in the middle of the fiscal year 1949.

> A primary objective of the Government must be to maintain a continued sound fiscal policy. If this should require additional revenue, it will be the duty of Congress to provide the necessary additional taxes. Another major objective of Treasury policy has been to conduct policy debt management in such a way as to promote confidence in the Government's credit. When I assumed office at a time when reconversion to peacetime economy

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> was under way, I felt that confidence in the stability of the bond market would be of great help to the nation in easing the problems of reconversion for industry and business as well as for the reconversion of the Government.

I stated that:

> I believe that the steps taken towards maintaining such confidence have contributed to the maintenance of our present unparalleled prosperity. The Treasury and the Federal Reserve have considered it equally important to keep bond prices from going up too fast and to keep them, by the same token, from going down too sharply. Starting in the spring of 1947, we took action to control a boom that was beginning to develop in the bond market. For this purpose we sold long term bonds from some Government investment accounts, and put out an investment series of bonds for institutional investors and increased short term rates. All of these operations combined to take upward pressure off of the market. When conditions changed and a downward pressure on bond prices developed, we stabilized the market through purchase of long term bonds and all of our actions were taken with the view towards promoting business confidence and encouraging a high level of economy.

It was argued then, as now, that supporting the

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market was inflationary because of the large sales of Government securities to the Federal Reserve and that we were paying too high a price in order to gain the benefits of some market bond stability as I've outlined. Actually, there had been at that time, December 1949, no net increase in Federal Reserve holdings of the Government securities attributable to the support

program. Since this program was initiated in November 1947, the Federal Reserve holdings had increased by some nine hundred fifty million dollars. But most of this, however, was directly attributable to the two billion dollar increase in Reserve requirements of the previous fall. Now, the reason that I'm going back and referring to that situation is that I want to bring it to notice at this time so you'll note that this has a great bearing on today's

[1700]
situation in the bond market, in the stock market, and in the finances of this country. If we had let the bond market get out of control, as it apparently has in recent years, there would have been a real possibility that we would have had more inflation to contend with rather than less inflation. The removal of confidence in the stability of the bond market, and a consequent impairment of confidence in our financial situation could well have led to serious consequences, not only in this country but throughout the financial market of the world. I stated then that I intended to continue a firm course in maintaining confidence in the Government credit.

Now, that, I think, will bring a close to our discussion today. But you see, my purpose in dropping back, I thought that that would fit

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in right at this time as to what our position was, President Truman's and mine, back to those days some twenty years ago, and how sound it is as compared with the situation today.

HESS: I have one question on something that you brought up dealing with the special session of Congress in 1948, the Turnip Day session, and Mr. Truman's first recommendation to Congress in that speech was: "I recommend that an excess profits tax be re-established in order to provide a Treasury surplus and to provide a break on inflation." That was number one of his list. Were you in favor of this particular provision at this time?

SNYDER: Would you repeat that please?

HESS: Now, this deals with the message that President

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Truman sent to, or actually read to, as delivered in person before a joint session on July the 27th, the Turnip Day session. And his first recommendation was: "I recommend that an excess profits tax be re-established in order to provide a Treasury surplus and to provide a break on inflation." And my question was: Were you in favor of an excess profits tax at this time?

SNYDER: Well, I went on record as supporting that request. It was largely strategic and I felt that it would have a sobering influence, because we were trying to slow down an inflationary trend at that time and it would serve as at least a psychological warning to the Congress that we were in an inflationary atmosphere.

HESS: Did you and Mr. Truman really think that you

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were going to get something of this nature through?

SNYDER: We were positive that we were not.

HESS: Why was it put forward?

SNYDER: Just what I said.

HESS: Just strategic?

SNYDER: Yes.

HESS: Just strategic. Fine.

[1704]
Forty-third Oral History Interview with John W. Snyder, Washington, D.C., July 2, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Snyder, this morning let's continue on with our discussions of matters of taxation.

SNYDER: In our reporting on the tax activities and the tax problems, I believe we got up through fiscal year 1949 in our discussions last week. In taking a look at fiscal years 1950 and 1951, today, I find that in fiscal year 1950 we had a deficit of four billion six hundred million dollars. This was brought about somewhat by the tax reduction of 1949, which affected us in 1950 and we had not been able to cut back expenditures quickly enough to keep the budget balanced. The cuts in the tax structure amounted to about this deficit, a little less probably, somewhere around four

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billion dollars. Then in 1951, however, we had apparently got hold of things and we showed a surplus again of three billion five hundred million dollars. In fiscal 1950 there was no major revenue legislation enacted. A tax revision bill, House Bill 8920, was passed by the House on June 29, 1950, but developments in Korea led to substantial changes in the bill and the Revenue Act of 1950 was not approved, finally, until September the 23rd 1950, which was in fiscal year 1951. This revenue bill was not quite up to what it should have been, but it at least made a step towards meeting the Korean expenditures that were, of course, at that time, completely unpredictable. And we did take a step to try to meet some of those expenditures, war expenditures, with increased taxes.

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When I went before the Ways and Means Committee in February 1950, I tried to emphasize the necessity for limiting the amount of excise tax reduction, because of the Korean situation, and specified most urgently the need of reduction of the excises on transportation or property and persons, long distance telephone and telegraph communications, and the retail excises. Those I felt could be modified, to some extent, to help with the rehabilitation of our economy. Then, in the interest of tax equity, I very strongly recommended that the manufacturer's excise tax on

radios be extended to television. Television was coming then into great popularity. I discussed, at that time, very seriously, Mr. Hess, the necessity for us facing up to the many flagrant loopholes that existed in the tax structure. Some of those, through the

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years, have been patched up to some extent, some in the gift area, and some in the estate tax area, but there are many more that are wide open and seem to be very controversial and we're still talking about trying to close some of those loopholes. One of them, of course, is the oil depletion loophole. We permitted that concession in days when we were trying to encourage exploration for oil, but that necessity has long since expired. We know where oil reserves are, far beyond our use for many years, including our defense needs, and because of our American companies invading foreign fields and coming across enormous fields in which they have a large interest, the necessity for this loophole has been obsolete in my opinion.

HESS: I have heard that Sam Rayburn took a very

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close interest in matters of the oil depletion allowance. Is that right?

SNYDER: Mr. Rayburn took very prompt and immediate action every time the question came up and, I must say, that he was very instrumental in sidetracking any efforts that were made for changing the oil depletion ratio.

In fiscal 1951, Congress continued the policy of strengthening the revenue system to meet increased expenditures for defense. Two major revenue taxes became law during this year, which helped materially as you saw in my report. It helped us change back to a surplus for the year '51. The two major revenue acts that were enacted that year were the Revenue Act of 1950 and the Excess Profits Tax Act of 1950. In addition, action

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was initiated during the fiscal year 1951 on the Revenue Act of 1951 which, however, was not enacted until October 20th, 1951, which threw it into the 1952 fiscal year. Altogether these three revenue measures increased tax liabilities to an estimated fourteen billion seven hundred million dollars for the full year operation at the calendar 1951 income level. Of this total, the Revenue Act of 1950 accounted for five billion eight hundred million dollars, the Excess Profits Tax Act of 1950 put three billion five hundred million dollars, and the Revenue Act of 1951 for five billion four hundred million dollars. All but a billion of this increased revenue under the three measures, came from increased taxes on individual and corporate incomes. That amount of new tax coming in materially assisted the Treasury

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in its program of trying to keep on top of our fiscal and monetary problems without going into deficit financing.

Of course, about this time we began to move more positively into the U.S. participation into the European recovery program. In the fiscal year of 1950, about four billion dollars were transferred

to that activity and that increased our expenditures to about nine billion dollars by the close of fiscal year 1950. And then we began to get the feel of the improvement that was taking place in the European situation by the end of fiscal year 1951. At that time the United States' balance of payments underwent a considerable change, which was only natural. If the European countries got back into production they could produce many things that they had been

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forced to buy from the United States; therefore, our balance of payments underwent a change, as I said. For the fiscal year of 1951, the total merchandise imports of the United States amounted to eleven billion seven hundred million dollars as to compared to seven billion four hundred million dollars in 1950. In the same period, the United States' merchandise exports increased from ten billion to thirteen billion so that the excess of commodity exports over imports was reduced by around three billion dollars as you can see, which changed our balance of payments picture rather markedly at that time.

I want to remark again that during all this time the Treasury was constantly endeavoring to improve its entire operation through management procedures, through reorganizations of department, and through continual application of new

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methods and new processes, and through close attention to the findings of the congressional committees that were trying to help in these reorganizations.

A complete chapter could be written on that one subject. We've touched on it from time to time in our various discussions, but it was an enormous job that the Treasury undertook and accomplished in the years that I was Secretary of the Treasury.

At this time, I think that we might inject some figures which maybe would be better deferred until our next session, but I'm going to introduce it here to show you the efforts that have been made by the Treasury, both by President Truman and myself, because it was through his splendid leadership and cooperation in these fiscal matters that enabled our

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financial situation to remain as splendid as it was throughout his administration as President. I'm going to give you a chart here. The figures that are shown on the chart were taken from Page 11 of the annual report of the Secretary of the Treasury for the fiscal year 1953 and, since that annual report was signed by my successor, G. M. Humphrey, who was then Secretary of the Treasury, you can see that these are not figures that have been in any way dressed up to present this picture.

HESS: They were not favorably doctored in any way.

SNYDER: Yes. Because they actually were lifted right from his report and I call your attention to this, Mr. Hess, that during the period that I served as Secretary of the Treasury, from June 25th, 1946 through January 20th, 1953, the

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records show that we practically operated the Government on a net balanced budget basis, except for the last few months when the Korean war disrupted our record. If you take the reporting of the Treasury up through March 31st, 1953, which had some bearing because we went out on January 20th, but the next figures that we could pick was '53 and there was no material changes that took place in policy or in action on the part of the Treasury in that short time, you will see we operated on a balanced budget for a period of about six years. So, I think that that gives you the true picture and this chart shows that in the fiscal year 1947, we had a surplus balance of eight hundred million dollars; fiscal 1948 we had a surplus of eight billion four hundred million dollars. Then in '49 we

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had a deficit of a billion eight hundred million dollars. That big drop came about because of the tax reduction, as I mentioned awhile ago. And then 1950, a further deficit of four billion and six hundred million dollars when that tax reduction was catching up with us more. Then in 1951, we had a surplus again of three billion five hundred million dollars. In 1952, of course, the expenses and costs of Korea were beginning to show up in the budgetary operation because there had been a lag time between June 1950 when the Korean trouble started, it took time to get things in motion and fiscal 1952 when we had a deficit of three billion nine hundred million dollars. Until September of 1952, we still had sufficient revenue coming in that our deficit was held to an additional three billion nine hundred

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million dollars; and then going from September 30th, 1952 to March 31st, '53, after we out, the deficit was a billion nine hundred million dollars. But, cumulatively, adding and subtracting the surpluses and the deficits, we ended up for the period of Mr. Truman's administration, while I was serving as his Secretary of the Treasury, with a net deficit of three billion four hundred million dollars, with a year and a half of war going on in between, don't you see. So, I thought that was an extremely interesting set of figures as to how Mr. Truman's administration met the financial problems of its times.

HESS: That's very good.

SNYDER: I think that's all for this morning.

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Forty-fourth Oral History Interview with John W. Snyder, Washington, D.C., July 16, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Secretary Snyder, perhaps this afternoon we should continue on with our discussion of taxation and debt management.

SNYDER: Mr. Hess, I have prepared a narrative which I hope would be helpful in summing up some of the matters which we've had under discussion in the last few interviews. With your permission I'll read this into the record.

The attention of the Secretary of the Treasury must be given continuously to both policy determining and administrative responsibilities. His policy determining tasks relate particularly to matters of finance involving Government action in both the domestic and the foreign fields. As an administrator he

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controls the operations of Treasury bureaus, offices, and divisions which, taken together, comprise one of the largest business organizations in the world. The memorandum which I am going to read described the principal policy determining developments and the principal administrative advances which have transpired in the Treasury Department during my administration.

The narrative is in three sections. The first deals with tax policies and public debt management. The second with international finance. And the third with the Department's operating bureaus.

Treasury policy under my direction adhered to the view that protection of the Nation's basically strong economy required the utmost soundness in Federal finance. The Treasury

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held that in periods of prosperity, considerations of financial soundness plainly dictated the realizing of budget surpluses so as to make possible systematic reductions of the public debt. This view was presented to the Congress and the Nation on numerous occasions in connection with the consideration of tax legislation. The Treasury presented also the companion view that premature and piecemeal tax reduction measures would be ill advised in the light of the need for careful overall revision of the Federal tax system and the elimination of inequities. It had been the Treasury's sustained position that taxation should be related to budget requirements, to economic conditions and to debt management problems. In appearing before both the House Committee on Ways and Means and the Senate

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Finance Committee in 1947, I opposed the general tax reduction then receiving the consideration of those committees. After expressing confidence in the economic outlook for 1947, I stated in my presentation:

> Under the existing high national income, taxes at present levels can be paid with less hardship and less effect on business than would be possible under less favorable circumstances. High production was achieved in 1946 under the current tax rates. I believe that we could go into 1947 with the same general tax rates without any decrease in production. Once taxes are reduced, it would not be easy to reverse the action taken and restore them.

Pointing out that bill H. R. 1 would reduce revenue by about three and a half billion dollars a year, I further stated:

> Even if tax reductions were now appropriate, the method of reduction adopted by HR. I would not appear to me to be equitable. The bill would give too little

reduction to lower income and relatively too much to higher incomes.

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I then gave as my view, that the premature tax reductions proposed in H. R. I might make later achievement of comprehensive revisions of the tax system difficult or impossible. Although this bill was subsequently passed by the Congress, a veto by the President postponed the untimely tax reduction. A similar bill making the reductions effective January 1st, 1948 instead of July 1, 1947, was also vetoed.

When the Congress revived tax reduction proposals in 1948, the Treasury again strongly opposed such action and reiterated the need for sound fiscal policies to cope with inflationary pressures and to reduce the national debt. Citing evidence of continued inflationary pressure, the Treasury pointed out that tax reduction would be almost certain to raise prices and have little promise of increasing

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production. Although expressing definite opposition to tax reduction legislation in 1948, the Treasury supported the president's recommendation for readjustment of the tax load, under which tax relief for the lower income groups would have been compensated by the re-enactment of the excess profits tax modified to meet postwar conditions. Despite the opposition of the administration, the Revenue Act of 1948 reducing taxes by five billion dollars annually was passed by the Congress and enacted over the president's veto. In order to counteract the increased inflationary pressures released by the tax reduction, provided by the Revenue Act of 1948, the administration in January 1949 proposed a four billion dollar tax increase to the 81st Congress. Appearing before the Joint

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Committee on the Economic Report in February 1949, I again emphasized the importance of the Federal Government having a substantial surplus in periods of prosperity to permit a reduction in the public debt. Accordingly I considered it essential that the tax program suggested by the President be enacted. As my confidence in the basic soundness of the economic structure and the need for prudent fiscal policy were part of my convictions, I think that they were well born out. I was most gratified that we had escaped further inflationary pressures, and felt that adherence to the policies that I had urged all along would have reduced the inflationary effect upon the country which then threatened. I also felt justifiably concerned that we did not fully exploit our opportunity to reduce the public debt at that time. Future fiscal

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policy must be guided by developments in the domestic recovery. It was cited, particularly the accumulation of inequities and other defects under the stress of world finance. It was thought to have greater equity, incentives to business, and more efficient tax administration. I pointed out that premature and piecemeal reduction would increase the difficulty of achieving a balanced tax structure.

As early as 1947 before the Ways and Means Committee, I set forth the goals of the Treasury in the taxation field. These included first: Revenue adequacy. Two: Equitable treatment of different

groups. Three: Minimum interference with incentives to work and invest. Four: Encouragement to broad consumer markets for high level production and employment. Five: Ease of administration and compliance. And six:

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Flexibility in response to the changing economic conditions combined with structural stability to facilitate business planning.

As I considered it highly unlikely that the fiscal and economic situation would permit enactment, at the time, of all of the ultimately desirable legislation, I urged the need for advance planning to lay a sound foundation for future legislation. I took the occasion to discuss some of the broader problems involved in each of the major issues. In furtherance of my policy of study and advance planning for revision of the tax structure, detailed research studies on most of the major tax issues were prepared in the department and made available to the Congress and to the public. These studies served to acquaint those concerned with taxation with the varied and difficult consideration

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involved in revising the tax structure.

In 1948 the Treasury took the view that many technical revisions could be made to improve the tax system and its administration without substantial revenue costs. In furtherance of this view, certain proposals were made to the chairman of the Ways and Means Committee. A number of these proposals were incorporated in a bill which passed the House in 1948, but was not considered by the Senate. Some of the presentations, relating principally to increasing the administrative efficiency of the Bureau of Internal Revenue, were resubmitted in 1949 and enacted into Public Law 271, 81st Congress, 1st Session.

In the field of international taxation, Treasury policy endeavored to be instrumental in the promotion of the Nation's economic

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interest while furthering the broad aims of our foreign policy. With respect to the application of the U.S. tax laws to Americans doing business abroad, the Asians doing business in the United States, my program was designed on one hand to safeguard American business from burdensome double taxation and on the other to facilitate the flow of international trade and investment. With a view towards minimizing the international double taxation, the Treasury negotiated tax treaties with a number of countries. As of September 1949 treaties to avoid double taxation were in effect in Canada, United Kingdom, France, Denmark, the Netherlands and Sweden. And treaties with Belgium, New Zealand, Norway, South Africa, and Ireland had been signed but were awaiting ratification. Treaties with a number of additional countries

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were in various stages of negotiations at that time.

The Treasury participated actively in United Nations' fiscal matters. The Fiscal Assistant

Secretary of the Treasury is the United States representative on the U.N. fiscal commission and helped to launch the commission at its first session in 1948, and participated in its second session in 1949. In connection with the Ninth International Conference of American States held in Bogota in 1948, the Treasury prepared a document on taxation which served as instructions for American representatives at the conference. It outlined U.S. tax policy with respect to income derived abroad and presented a program for possible revisions. More recently the Treasury actively engaged, in cooperation with the State Department, in

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developing ways and means of implementing the President's point 4 program by removing tax deterrents to foreign investments. The Treasury Department also assumed an active role in developing machinery for the coordination of Federal, state and local fiscal policies and practices. The Treasury worked towards the development of a tax system which would best serve the purpose of eliminating conflicts overlapping, and other faults of present policies. This required the cooperation, not only of the executive and the legislative branches of the Federal Government, but also of the states and other localities.

In April 1949 I invited representatives of state and local governments to meet with me and other Federal officials for purposes of exploring some of the current inter-governmental

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fiscal problems. The conference discussed several issues of mutual interest. The Treasury agreed to take responsibility for developing, in cooperation with other Federal departments, concrete proposals to implement the recommendations of the conference in reference to the problems which it had considered. Arrangements were made with state and local representatives to be in consultation with the Treasury's technical staff on a continuing basis. Under this cooperative arrangement, recommendations were worked out with respects to one: A program for payments in lieu of taxes to state and local governments on Federally owned real estate. Two: The application of state and local taxes to persons and businesses on Federal reservations. And three: Methods of reducing tax administrative duplication between the

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state and Federal Government. And four: The coordination of Federal, state and local excise taxes.

We turn now to public debt management. When I took office, the country had only started the tremendous task of converting the economy from a wartime to a peacetime basis. Federal expenditures which had raised the output of the country to the highest level on record during the war years had been cut back sharply as soon as the war ended. In the fiscal year 1945, Federal expenditures had been just under a hundred billion dollars and had accounted for nearly one-half of the gross national product. In the fiscal year ending June 30th, 1946 they dropped to a little over sixty billion dollars. This prompt cut in Federal expenditures by the

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president after the close of the war was necessary and desirable but it left the Nation facing the problem of replacing as rapidly as possible the production which had gone for war purposes with

civilian production held back. Great concern was felt that reconversion could be achieved only after the country had experienced serious unemployment and severe economic dislocation.

Not the least of the economic factors which were causing concern, was the size of the public debt. As can be seen, it had increased more than fivefold during the war years. The size was unprecedented, both in terms of the dollar amount involved, and of the debt relation to the economy of the country. The total debt outstanding in June 1946, at the time I entered the Treasury,

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amounted to two hundred seventy billion dollars. It constituted 60 percent of all outstanding debts, public and private, which totaled four hundred forty-five billion dollars. The forty-eight billion dollar debt at the end of 1939, before the United States started its defense and wartime finance programs, was only 23 percent of the entire debt of the country. The postwar debt was very widely held. The ownership of the debt on June 30, 1946, in which the debt was classified by type and holder, this showed a quite different picture. This broad ownership made it possible for the debt to play its part in the flexible fiscal policy which was necessary to promote economic stability in the postwar period. The particular composition of the debt was the result of conscious planning by the Treasury

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as part of its policy of fitting Government securities to the needs of the various types of investors. Practically all of the securities sold to commercial banks for example, had been short term in order that the banks would be kept in a highly liquid position. This was essential if banks were to be in a position to finance reconversion needs. Business corporations, likewise, have been provided with short term securities for the temporary investment of their reserve funds. Insurance companies and savings banks, on the other hand, held longer term securities, largely with maturities over ten years. Savings bonds, were, of course, the principal type of Government security held by individuals. At the same time, the broad ownership of the debt contributed to easing the problems of debt management. It also made

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proper debt management particularly vital, because every segment of the economy was affected. Total government security holdings of individuals, including marketable as well as non-marketable issues, amounted to sixty-four billion dollars on June 30th, 1946, a significant change from the situation prior to the war when they owned only ten billion of government securities. Over forty-three billion dollars of government securities held by individuals were in savings bonds. Other non-bank investors also held large amounts of government securities. Financial institutions had a large proportion of their assets invested in the public debt issues of the Federal Government. For mutual savings banks it amounted to eleven and a half billion dollars, about 64 percent of their total assets. All insurance companies, life, casualty,

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and marine held twenty-five and a half billion dollars of government securities. Life insurance companies alone had holdings of twenty-two billion dollars which was over 46 percent of their total assets. Federal agencies and trust funds, which are by law required to invest their

accumulated funds in government securities, held twenty-nine billion dollars. Other long bank investors, which includes business corporations and state and local government and other small groups of investors, held thirty-two billion dollars. The commercial banking system held one hundred and eight billion dollars of government securities. Commercial banks held eighty-four and a half billion dollars of the total. This comprised 71 percent of their earning assets. The balance of twenty-three and a

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half billion dollars was held by the Federal Reserve Banks.

It was obvious, in June, 1946, that the decision made with respect to public debt which amounted to two hundred seventy billion dollars and which was interwoven in the financial structure of the entire economy, would significantly affect the economic and financial welfare of the country. It was essential, under these circumstances, that debt management be directed towards promoting and maintaining a stable and smoothly functioning economy. In the course of formulating debt management policies, I consulted with advisory committees, representing a cross-section of American business, for an exchange of views and information. The consultations were greatly helpful in determining the soundest possible

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debt management policies. But, of course, in the final analysis, the responsibility for these policies fell on me, and they could not be delegated. The Treasury's debt management program had three principal objectives: One: To maintain confidence in the credit of the United States Government. Two: To reduce the amount of the debt. And three: Reduce bank ownership of Federal securities and widen the distribution of the debt.

I felt that my prime responsibility in the Treasury was that of maintaining confidence in the credit of the United States. It is for that reason that stability of government bond markets was a continuing policy under my administration. Stability of the government bond market during the transition period has been of tremendous importance to the country.

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It contributed to the underlying strength of the country's financial system and eased reconversion for industrial and business enterprises and for the Government. It was in marked contrast to the situation after the First World War when the severe decline in the prices of government securities contributed to the business collapse, which occurred within two years after the war's end.

In maintaining stability of the government bond market, it was necessary, at times, to take steps to prevent too sharp a rise in government security prices. And at other times declining prices had to be halted. Beginning in the spring of 1947, the Treasury took smart action to control an incipient boom in the Government bond market. By selling long term bonds from some of the Government investment

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accounts; by offering the investment series of bonds to the institutional investors, and by increasing short term interest rates; all of these operations combined to take upward pressure off

the market. When conditions changed and the downward pressure on bond prices developed, the market was stabilized through purchases of long term bonds. All of these actions were taken with a view towards promoting confidence in the Nation's business and financial structure, and the attainment of a high level of employment and production in the economy. In reference to my efforts to reduce the national debt, I recall stating in June of 1946 when I took office, the following:

> It is the responsibility of the Government to reduce its expenditures in every way possible, to maintain adequate tax rates during this tax transition period and to achieve a balanced budget or better for 1947.

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During the first of the fiscal years after I took office, the Federal Government operated with a budget surplus. In the fiscal year 1948, the surplus was in fact the largest in the history of the country. Starting in March 1946, the large cash balances that had remained after the end of the victory loans were applied to the reduction of the public debt. These balances were largely expended during 1946, and subsequent debt reduction was effective through pay-offs from the budget surpluses of the fiscal years 1947 and '48.

In 1949, however, we were no longer having budget surpluses, due largely because of the tax reductions enacted by Congress in 1948 over the President's veto. As a result, by the end of August 1949, the debt stood at two hundred fifty-six billion dollars. Let's point out that

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strong inflationary pressures existed during most of the postwar period, and in order that debt reduction would have the greatest possible anti-inflationary effect under these circumstances, it was concentrated on debt held by the commercial banking system. The concentration of debt reduction in bank holdings was made possible because of the Treasury's policy of fitting the debt to the needs of investors, and placed a large volume of short term debts in the hands of the banking system. The reduction in the public debt held by the commercial banking system was actually greater than the reduction in the total debt. The total public debt was reduced twenty-eight and a half billion dollars from its postwar peak of two hundred eighty billion dollars reached on February 28th, 1946, to the postwar low

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of two hundred fifty-one and a half billion dollars in April of 1949. During this same period bank held debts was reduced by approximately thirty-four billion dollars. This came about because the Treasury was able to increase the Government security holdings of non-bank investors. Funds from the sale of savings bonds and other non-marketable issues to non-bank investors were available for the retirement of maturing issues of bank held debts. By the end of August the total amount of debt outstanding had risen to two hundred fifty-six billion, an increase of four and a half billion dollars from the low point reached in April. During this period, bank holdings increased approximately one billion dollars so that the net reduction from February 1946 to the end of August totaled thirty-three

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billion dollars. Because of the social and economic benefits of broad ownership of public securities, the maintenance of widespread distribution of the debt had been an essential part of the Treasury's postwar debt management policy. It had been one of the principal objectives in the continued promotion of savings bond sales. Broad ownership of the public debt is good for the purchasers of government securities and it's good for the country. It gives to the people a greater sense of economic security and causes them to take an increased interest in the national issues, It gives them a direct stake in the finances of our country.

Another postwar objective of savings bond sales was to combat inflationary pressures. The sale of savings bonds was a two-edged weapon against inflation. It took purchasing

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power directly out of the hands of consumers and the funds obtained from the sale of savings bonds were available for the retirement of bank held debts, thereby, reducing the money supply. The total amount of savings bonds outstanding towards the end of 1949, was fifty-six and a half billion dollars, an increase of seven and a half billion since June 30th, 1946. The success of the postwar savings bond program is especially notable since it was generally expected that a flood of savings bond redemptions would be one of the major debt management problems as soon as the war ended. The sale of savings bonds, did not, however, occur at the expense of other types of savings. By 1949 individuals had increased their holdings of Series E Savings bonds by 9 percent since the end of 1945. But in this same period,

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individuals increased their shareholdings of savings and loan associations by over 60 percent; their life insurance by 30 percent; their deposits in mutual savings banks by 25 percent; their savings accounts in commercial banks by 15 percent; their checking accounts by 10 percent; and their postal saving accounts by about 10 percent. Of the various forms of liquid savings, only current holdings in the hands of individuals have declined.

Just to show you that the handling of a debt is a day to day business, I point out that achievement of the three specific debt management objectives were obtained through day to day handling of the debt operation. There was, for example, the matter of refunding maturing issues. This is one of the constantly recurring duties of the Secretary of the

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Treasury. There is a Treasury bill maturity each week. There are frequent maturities of certificates of indebtedness, and in the past, and in the three years of 1946, '47 and '48 there were several note and bond maturities maturing each year. In addition there were savings bond and savings note maturities and the redemption of these issues before maturity. The volume of refunding carried through each year, amounted to approximately fifty billion dollars at that time. In itself a task of considerable magnitude, it exceeded the total of all security refunding engaged in by all the borrowers in the country during the twenty-five preceeding years. A point to be constantly considered is the fact that the Treasury must at all times adapt its debt management policies to changing economic

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conditions. Flexibility of the Treasury's policies of that period is illustrated by the movement in the short term interest rates during the period from the time that I took office. Short term rates were permitted to rise, beginning in mid-1947; when conditions changed they held steady from the fall of 1948 until this summer; then when conditions changed again, they were allowed to start rising again. If conditions would change, there would be a reversal of this position. Flexibility in adapting Treasury policies to changing economic conditions made it possible for Treasury activities to make its maximum contribution to postwar economic stability. During this period, the country enjoyed a level of prosperity never before achieved in peacetime up until then. National income reached the highest level on record and continued near

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that level. Civilian employment likewise obtained the highest peak in our history during the postwar period. I'm referring back to the time that we are now discussing, 1949. There is no doubt that the successful management of the public debt, and the maintenance of the continued period of stability in Government bond markets, contributed materially to the economic well-being of the country during that period.

This takes us through December 30th of 1949, the next chapter will be forthcoming shortly which will carry us through January 20th, 1953.

HESS: Mr. Secretary, you mentioned H.R. 1, and on June 16th, 1947 Mr. Truman vetoed that particular bill. In doing some background

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research on taxation and the public debt, I took several quotes from a book by A. E. Holmans, and the book is *United States Fiscal Policy, 1945-1959*. In speaking of H.R. 1, Mr. Holmans has the following quote:

> In the course of his discussion with the Senate Finance Committee Secretary Snyder states quite categorically that there was no recession in sight. Clearly the economic forecast on which the Administration's fiscal policy was based was that there would be no recession which would require anything more drastic than the automatic stabilizers....
>
> During 1947 both the President and the Secretary of the Treasury stressed the need to begin debt retirement then in order to give evidence of determination to retire it, (1) and in order to maintain the 'integrity' of the debt.(2)

Holmans' first footnote is as follows:

> Secretary of the Treasury to the Senate Finance Committee; Senate Finance Committee, Hearings on H.R. 1 (1947), p. 15. 'The Secretary did not say whether he meant by this that the whole National Debt should be retired.'

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What would you say in answer to his footnote?

SNYDER: Mr. Hess, our national debt had risen catastrophically from the middle thirties up to its peak of two hundred eighty billions of dollars. The President and I felt that now that we had finished war activities and that we were in a very prosperous period, it would be very stimulating and significant to our future government financing, federal financing, if we showed an intent, showed evidence of an intent to pay back some of that huge debt that we had accumulated in trying to overcome the recession and the depression and the enormous war incurred debt. It was our desire to try to trim that debt down. We had set, in our own mind, a goal to reduce it to around two hundred billion dollars, which would give real evidence that the debt was not just piled up there with the idea of

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it staying there forever. That would have been a reduction of eighty billion dollars, or approximately a third of it. Of course, right at that very time, when we were endeavoring to do that, a school of thought began to be put forward and advocated in many areas, that we owed the debt to ourselves and that it didn't make any difference that if our gross national product grew, the percentage of debt to the gross national product could also grow and that we could actually increase our debt and stimulate our economy at the same time through deficit financing, or planned financing, as they called it then, planned economy. Mr. Truman and I possibly were of the old school and we had hoped to trim the debt down. It was not with the notion of paying off all the debt, or any specific amount, at any

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specific time, it was our goal to gradually reduce the debt and we hoped, in our own mind, we'd kind of hoped, to reduce it down to two hundred billions of dollars.

HESS: And Mr. Holmans' second footnote is:

> President Truman, in his message vetoing H. R. 1, Item 116 of 1947 volume (Veto of Bill to Reduce Income Taxes, June 16, 1947). 'What exactly was meant by "the integrity of the debt" was not explained; it is hardly reasonable to suppose that failure to retire some of the debt would give rise to some of the fears of this eventual repudiation.'

Any further thoughts on that?

SNYDER: Well, yes, I might call to mind the fact that along about that time we had the example of some debt repudiation in European countries. We had the example of the Russian government confiscating the savings of the Russian people. There were quite a number of articles written,

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and speeches made, as to whether we were just letting our debt run rampant and never had any intention of repaying it. It was affecting our savings bond sales and our other indebtedness marketing and that was the intent. Preserving "the integrity of the debt" meant that we did have the intent to meet the obligation of this Government. I'm speaking as of that period now. We seem to have a new concept, both the conservatives and the liberals seem to have reconciled

themselves to operating our Government on a tremendous debt load and, of course, at this time it's bearing very heavy on us with the interest costs of this present debt. Frankly, when the Eisenhower administration, the so-called business administration, failed to take hold of this problem and materially reduced the cost of Government and the cost of handling

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the debt, it gave a signal to us then that the day of balanced budgets or intent to operate within a balanced budget by the Government, were days gone by after our period. The Eisenhower administration did have one or two balanced budgets, but they also turned up the highest peacetime deficit that we ever had. So, I think with that background you'll see what we had in mind at the time.

HESS: And you also mentioned H.R. 3950, and on July the 18th, 1947, the President vetoed H.R. 3950. It was entitled "To Reduce Individual Income Tax Payments." I'll read just a couple of quotes that come from the President's veto message which is printed in the 1947 volume of the *Public Papers*, pages 342-44.

> I returned H.R. 1 to the House of Representatives on June the 16th, 1947,

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> without my approval, stating that it represented the wrong kind of tax reductions at the wrong time. This is still the wrong kind of tax reduction and this is still the wrong time to provide for tax reduction.

Any further on that?

SNYDER: Well, his reason for making such a statement was that the bill proposed inequitable reduction for large income vis-a-vis the smaller income brackets, and we, Mr. Truman and I, had in mind a great number of other adjustments in the tax structure which would be more equitable than the ones proposed in that particular bill.

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Forty-fifth Oral History Interview with John W. Snyder, Washington, D.C., August 13, 1969. By Jerry N. Hess, Harry S. Truman Library.

SNYDER: Mr. Hess, in our interview #44, I believe it was, I undertook to cover the first three years of my administration as Secretary of the Treasury, and had planned with you to do the second three years in our subsequent interview. In studying it over and making my plans for this present interview, I found it to be possibly more effective to go back and cover the whole term that I was in the Secretary of the Treasury's office. Now, with your permission, I'm going to try that out.

Today, I'm going to bring the whole six and a half year period that I served as Secretary of the Treasury into a composite report, which I think will serve better to outline the importance of the various activities

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and steps taken than to take the two bites of three, and three and a half years separately. Therefore, I'm going to proceed, with your permission, to give an account of the activities of the Secretary of the Treasury, during my six and a half years in office.

Six fiscal years after the close of World War II, ending with the fiscal year 1952, represents a period of important developments in fiscal policies and operation. Therefore, I'm going to take this occasion to review the functioning of the Nation's financing during this six year period, plus probably an additional seven months which coincides with my term of office as Secretary of the Treasury.

During this six year period, the Government first had to adjust to the problems arising from the aftermath of the war and, subsequently,

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to the task of rearming to meet the Communist challenge. Accordingly, my report will describe the various measures taken to finance the Government's activities and will deal with the whole range of Treasury policies in the field of debt management, taxation, international financial arrangements, and improvement in operating activities, against the background of national economic developments.

One of the major problems facing the Treasury when I took the oath of office on June 25, 1946, was the achievement of the balance between revenues and expenditures which would provide for a surplus of revenues to be applied to a reduction of the enormous debt that had been built up during the World War activities. On

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the day that I took office, I recall saying, “It is the responsibility of the Government to reduce its expenditures in every possible way; to maintain adequate tax rates and to achieve a balanced budget or even better.”

It was recognized that the problems of Treasury and general government policy involved in changing over from a deficit situation to a balanced budget or better, were extremely complex. There was wide-spread public agitation for across the board reductions in taxes, and for the abolition of various special taxes which have been put into effect during the war. While many improvements in the structure of our wartime tax system were clearly called for, the size of our large wartime debt made it imperative that we give consideration to the need for debt reduction,

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along with the need for improvements and revisions in the wartime tax structure. By the middle of 1946 it was already evident that fulfilling these requirements would be a task of major proportions. Our public debt had increased five-fold during World War II and on June 30th, 1946, it amounted to two hundred seventy billion dollars. The Government's obligations represented 60 percent of all outstanding debts, public and private, as compared with less than a fourth in 1939, before the United States started its World War II defense and war finance programs. Of the two hundred seventy billion dollar total public debt in June, 1946, commercial

banks held eighty-four and a half billion dollars representing 71 percent of their earning assets and the Federal Reserve banks held twenty-three and a half billion.

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It was recognized that this bank-held debt had an inflationary potential, and that every effort would have to be made in the interest of a sound peacetime economy to reduce the volume of securities held by the commercial banking system.

The government securities holdings of individuals represented another type of problem. As a result of the intensive sales programs of the World War II period and the response of the people to these drives, government security holdings of individuals, including marketable as well as non-marketable issues, had jumped from ten billion dollars before the war to sixty-four billion dollars on June 30, 1946. Widespread ownership of the securities of the Government was essential to sound public debt management in the years that were to follow. It was of great importance

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that individuals retain their holdings of government obligations and, if possible, increase them. But could this be achieved if widespread unemployment developed and the funds invested in savings bonds were required to tide people over an emergency period? Remember that a depression had occurred after every other major war in our history. There were many who felt that it would occur again and that it would inevitably be accompanied by wholesale liquidation of savings bonds. Still another area of uncertainty was represented by the large volume of government securities held by non-bank financial institutions, such as insurance companies and mutual savings banks. In June 1946 the eleven and a half billion dollars of government obligations held by mutual savings

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banks constituted about 64 percent of their total assets. The corresponding percentage for life insurance companies was 46 percent. Other insurance companies were in a similar situation. In addition, other non-bank investors, business corporations, state and local government and others had substantial amounts of funds invested in government issues. It could be foreseen that all of these institutions and organizations would need to draw upon at least a part of their government security investments in order to finance reconversion and expansion programs of private business and of state and local government units, once the peacetime economy got fully underway. In view of these circumstances, it was clear that the Treasury had a double task. It would have to promote fiscal programs and

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conduct financing and debt management operations in such a way as to safeguard, at all times, the high credit position of the Government; and it would have to shape these policies in such a way as to encourage, rather than hinder, the adjustments which individuals, financial institutions, and business concerns of all kinds, would have to make in the course of returning to more normal conditions.

These were some of the problems which were clearly apparent to me in 1946 on the domestic

front. At the same time, the United States faced a whole range of new problems in international finance. These arose from the war and the position with which the United States had attained at its close, as the leading financial power of the world. Some of these problems related to various financial settlements growing

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out of the war, others were the problems of organizing a postwar world based on sound economic principles which would assure improvement in world economic conditions and standards of living. In June 1946, no one could have foreseen the precise nature of many of the issues confronting the United States Government, particularly in the light of the rapidly changing world political and economic scene. The United States Government, as well as the other nations of the Western World, had to feel its way towards programs and policies which would bring about the desired results. It was apparent then that the stability and progress of the postwar would have to be based on improving standards of living in all countries; the maintenance of the high level of production and employment and expansion of

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world trade; and the attainment of internal fiscal stability as a condition to sound international financial policies. These conditions of progress were interrelated. Without sound finance the dangers of wide swings in the levels of prices, and consequently of production and employment, and maladjustments of international payments and capital movements were very great indeed. The countries of the world had to make efforts to check the war and postwar inflation by appropriate fiscal and monetary measures. These were problems of how and under what conditions the United States could assist the countries in war torn areas in restoring production and international trade. There were questions of the desirable levels of exchange rates for international transactions and the ways and means of reducing barriers to international

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payments and trade. These were among the questions to which we in the Treasury had to give earnest attention. It had been my objective to do my part in bringing about sound financial conditions in the international sphere from the very day I took office. This task is not one which any Secretary of the Treasury alone can perform; nor is it one which the United States Government alone can guarantee. It implies the development of consistent policies on the part of the principal nations and the reconciliation of their divergent interests in the light of the benefits to the world as a whole. Nevertheless, the Treasury Department is in a position to exert a steady and continuous influence on the direction of the policy of the United States Government, and indirectly on the policies of other governments. The Congress established the National Advisory Council on

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International Monetary and Financial Problems, with the Secretary of the Treasury as chairman, as the coordinating agency for United States international financial policy and as a mechanism for bringing that policy to bear on the international financial organizations which had been projected as the mechanisms for international, financial cooperation. We had to deal with the settlement of lend-lease and other wartime arrangement, with the terms of loans extended abroad, the forms and terms of assistance programs and, of course, the evolution of our policies

by the International Monetary Fund and the International Bank for Reconstruction and Development. As appropriate occasions have arisen, our policies in international finance have always been stated in congressional hearings through the United States representatives

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on the Fund and the International Bank, through less formal conversations occurring at various times, and under differing circumstances, between the Treasury and the finance ministers and other representatives of foreign governments. The main lines of the United States Government policies, with respect to international financial matters, have remained clear through all that difficult period, though the means of implementing those policies necessarily have varied with time and circumstances. The maintenance of the international stability of the dollar has been the keystone of the United States policy ever since the close of World War II and the Treasury sought to maintain this stability through gold and exchange policy and through its international financial policies.

Secondly, it had been our objective to

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strive toward sound policies on the part of other countries, both by assisting them directly, or indirectly, and by cooperating with them in international bodies. In each of these spheres it was our aim to contribute to the greatest extent possible towards the building of a world of free and strong nations, able to maintain their economies on a sound economic basis while working with other countries to create the conditions under which all could prosper more.

In addition to this broad national policy, there was another area in which the problems of the Treasury were particularly pressing in June 1946. This was the area of operating activities. The Treasury Department is a vast operating organization. Most of its activities are large-scale. They involve hundreds of millions

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of items. They represent many billions of dollars. They affect many millions of people. The magnitude is far greater than any comparable transactions elsewhere, either within this country or within any other country in the world. With activities of such great size and complexity, the problems of management were difficult and complicated.

In World War II the growth of our economy and in governmental operations greatly increased the volume of financial operations which flowed through the Treasury Department. Savings bonds alone, each one requiring separate registration, rose from something like over five million pieces issued and redeemed in 1940, to over three hundred forty-six million pieces in 1946. The number of tax returns increased from over nineteen million to over eighty-one million.

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Printing of currency, stamps and many more documents, increased from four hundred forty-six million sheets in 1940 to more than six hundred eighty-four million in 1946. The number of Government checks processed by the Treasury showed a large increase. In almost every area of Treasury operations, in fact, there was an enormous expansion in the volume of routine business.

While the war was going on, it had not been possible to modernize operations on the basis of new mechanical procedures. Recruitment of competent personnel likewise was severely restricted. The tremendous increase in Treasury operations, consequently, had to be handled by the restricted facilities of a department geared to do a prewar volume of operations. In 1946, although the war was over, a great part of the expanded volume of

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Treasury operations remained. It was of the greatest importance to modernize and streamline the services of the department in order to enable it to meet the increased responsibilities and needs of the Federal Government.

Now this brief review of the scope and the complexity of the Treasury's responsibilities as the postwar period began, gives some perspective for evaluating the record of accomplishment from the vantage point of the close of 1952. This record I'm going to discuss with you now. The major problems of the Treasury during my term of office, and the ways in which these problems were worked out, will be grouped under several headings.

I'm going to talk with you first this morning about the maintenance of confidence in the credit of the United States Government.

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in the broadest sense maintenance of confidence in the credit of the Government depends upon our ability as a nation to keep our free enterprise economy healthy and growing, and to use our governmental instruments wisely in promoting this end. Ever since the establishment of the Treasury Department in 1789, the Secretary of the Treasury has been charged with particular responsibilities in this area. On the list of duties which the Congress prescribed in the act of 1789, setting up the department, the most significant, historically, was to "prepare plans for the improvement and management of the revenue and for the support of the public credit." Each Secretary of the Treasury since that time has recognized that in peace, or war, any substantial impairment of the credit of the Federal Government would be a major blow

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to the maintenance of high production and employment, and to the orderly operation of our private enterprise system. Every effort has been made, therefore, to maintain confidence in the Government's credit, it has been found possible to achieve and maintain, in this country, an economic climate favorable, not only to high level of current activity, but also to a very large volume of long term investment. It is axiomatic that investment programs looking far into the future cannot be made in a financial climate characterized by doubt and uncertainty. Confidence is essential and in any economy where the public debt constitutes the single most important factor in the financial life of the nation, the cornerstone of confidence in the future is confidence in the credit of the Government. This confidence was maintained

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following World War II and the economy enjoyed an unprecedented period of soundly-based prosperity. All sections of our economy, in varying degrees, participated in the forward movement following the war. Probably no single measure of the strength and potential power of

the American economy is as revealing as the figures on investment in plants and equipment during the postwar period. Before the new defense program, made necessary by the invasion of Korea, got underway, private business had taken a long look at the future and invested a record one hundred billion dollars in modernization and expense. The figure for the entire period since the end of World War II had risen to the phenomenal total of approximately a hundred and seventy billion dollars by the close of 1952, only a part of which was a

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result of the new Korean defense program. While these developments were going on, the Treasury found it possible to keep substantial amounts of Government obligations in the hands of non-bank owners. The holdings of the commercial banking system had been cut back sharply. Non-financial institutions had retained a considerable volume of government securities even though they had participated, to a very large extent, in financing the forward movement of American business. Savings bonds holdings of individuals had increased, rather than decreased, and the savings bond program had been an important factor in stimulating thrift in all forms. Taken together, our debt management policies added up to an achievement which is of the greatest significance in the period of new international tension, which we experienced since the invasion

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of Korea in June 1950. Before the country was called upon, at that time, to face the burdens of increasing rearmament and security programs, it had been demonstrated that a debt of the magnitude of more than two hundred and fifty billion dollars could be managed successfully. It had been demonstrated that debt management operations of vast proportions could be conducted without setting off harmful repercussions in the economy. The savings bonds program, and thrift habits in general, had taken firm hold in the financial life of the Nation. There was no doubt that the financial structure and the financial operations of the Government were capable of meeting the strain placed upon them by the continuing threat of further Communist aggression.

As we go along, Mr. Hess, if you have

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questions, I would be very happy if you would bring them up and we can interrupt this recording at any time.

The next item that I am going to take up will be the reduction of the public debt by ten and three quarters billions of dollars, and achievement of a budget surplus of about three and three quarters billions dollars in the six years ending June 30, 1952.

Mr. Hess, I am also going to outline for you the improvement in the structure and the ownership composition of the public debt during the postwar years and show you how the provisions of securities, suitable to changing investor requirements, were offered to the public.

During the six years ending June 30, 1952, the United States Government had accumulated

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budget surplus of approximately three and three quarters billions of dollars. This surplus, together with funds over and above normal needs available in the cash balance at the end of wartime financing, made it possible to reduce the public debt from approximately two hundred seventy billion dollars on June 30, 1946 to two hundred fifty-nine billion at the close of the fiscal year 1952.

I'm going to hand you at this point, Mr. Hess, a table which shows the surplus or deficit of receipts compared with expenditures for each of the six fiscal years ending with the fiscal year 1952. I wish you would insert this table into the script that we are now producing.

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Fiscal Years	Surplus**	Deficit**	Collective Surplus
7-1-1946 to 6-30-1947	754		754
7-1-1947 to 6-30-1948	8,419		9,173
7-1-1948 to 6-30-1949		1,811	7,362
7-1-1949 to 6-30-1950		3,122	4,240
7-1-1950 to 6-30-1951	3,510		7,750
7-1-1951 to 6-30-1952		4,017	3,733
7-1-1952 to 9-30-1952*		3,900	- 167
10-1-1952 to 3-31-1953*		1,900	- 2,067
	12,683	14,750	- 2,067

*These figures were taken from Page 11 of the Annual Report of the Secretary o£ the Treasury for Fiscal Year 1953 which was signed by G. M. Humphrey, Secretary of the Treasury.
**Millions

The achievement of a budget surplus of about three and three quarters billion dollars in the six months ending June 30, 1952, is more remarkable in view of the serious problems which our economy faced during that period. After World War II we undertook a rapid shift from war to peace. Readjustment to a peacetime economy was still in process when it became clear that our help was needed to turn back the threat of

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communism in Europe. The program to aid European recovery succeeded in putting communism on the defensive throughout Western Europe and in Greece and in Turkey. No sooner had the success of this program become evident, however, than the dictator countries struck in a new area. The attack on Korea gave notice that the Communist plans for world domination were being relentlessly pursued. It was necessary to begin a new security program. Here at home and in alliance with other friendly nations, adapted to the requirements of a strong and lasting defense against Communist aggression, it is significant that we had been able to do these things and still achieve a substantial budget surplus for the six-year period which could be applied to the reduction of our huge wartime debt. Moreover, it had been found possible during this period, made a significant contribution

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to the financial health of our country and our economy. The reduction in bank holdings of Federal Reserve securities by substantially larger amounts than the reduction in the total debt outstanding, was made possible by the Treasury's program for the widest possible distribution of government securities outside the commercial banking system. Ever since the close of World War II the goal in the Treasury's debt management program has been to place the maximum amount of securities with non-bank investors. Such a program requires, of course, that the Treasury provide these investors with securities suitable to their requirements. A good example of this policy is found in the securities placed with the financial institutions other than commercial banks, such as savings banks and insurance companies. It is generally recognized that the

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Treasury's longest term bonds are particularly suitable for investment of funds of institutions of this type. But in a growing dynamic economy the investment market represented by these funds is constantly changing. The Treasury, therefore, had kept constant watch on the accruing funds of non-bank financial institutions in connection with each major financing operation in which institutional investors might participate. I consulted with representatives of these groups. At meetings held in the Treasury Department, all the facts available to the studies of the Treasury had been placed before them by members of my staff and we, in turn, sought and received their counsel as to the procedures for refunding our new financing which should be adopted at any particular time. The result was that the Treasury had maintained a considerable

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investment of long-term institutional funds in government securities, despite the great outflow of such funds into mortgages and other private business. This reflects not only our joint efforts that were made with various investor groups to fit government securities into a changing investment situation, but also the maintenance of a basically sound position in the public market for United States Government securities. With a debt of over two hundred fifty billion dollars, an orderly situation in the government bond market at all times was one of the vital requirements of the policy which safeguards the government credit and fosters an environment favorable to long term investments. In addition to the efforts that were made to provide a satisfactory outlet for the funds of non-bank financial institutions, the Treasury

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also maintained an active program for attracting and holding the short term funds of business corporations, The issuance of tax anticipation bills, which represented at that time a new departure in Government financing, might be mentioned now in this connection. These bills were designed as an investment medium for funds accrued by corporations to meet the heavy tax payments due on March 15 and June 15 of each year. The anticipation bills, together with savings notes and regular bills, fulfill the purpose of providing an outlet for short term business funds of all kinds. Approximately six billion dollars of savings notes, largely held by corporations, were outstanding on December 31st, 1952. Tax anticipation bills were outstanding in the amount of four and a half billion dollars as a result of the offerings in October and

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November of 1952. And about two and a half billion dollars of tax anticipation bills were sold in

October and November of 1951 and were used mainly by corporations in payments of taxes due in March and June of 1952.

I think that this brief review of the experience that we had with securities particularly suited to business needs, indicates that the Treasury had considerable success in providing investment outlets both for corporation tax reserves and for the large volume of other short term funds which business organizations must have kept on hand during periods of high business activity. The Treasury's savings bond program which was shaped primarily with the requirements of individual investors in mind, was undoubtedly the best-known of all our activities to meet investor needs and to encourage wide-spread ownership of Government securities.

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In addition to that type of financing I want to briefly call attention, at this point, to the fact that we greatly stimulated thrift and individual savings throughout our country by an active promotion of United States savings bonds. The importance of the Government's achievements in holding and increasing the wartime investment of the American people in savings bonds can best be appreciated when we recall the doubts and fears which were widely expressed on this matter during the early postwar period On June 30, 1946 there were forty-nine billion dollars of savings bonds outstanding, of which approximately forty-three and a half billion were in the hands of individuals. A large number of these securities were owned by people of limited financial resources whose government bond holdings

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represented their only liquid savings. No one could predict what would happen to those investments as the business situation developed. After every other major war in our history we had experienced severe depression and wide-spread unemployment. Reconversion from wartime to peacetime business, which was in process back in 1946, represented the most rapid and far-reaching business adjustment which had ever taken place in this country. And at the same time it was realized then that the size of the Government debt would bring problems of debt management more difficult and complex than any we had ever faced before. Savings bond holdings represent one of the imponderables in this situation. At the time, many thought that a wholesale liquidation of savings bonds would take place in the near future, and that such a movement would be

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unavoidable. If business fell off sharply, it was argued that ready cash would be needed to tide people over the hardships of unemployment, and savings bonds represented the chief source of ready cash for millions of families. If business and employment held up, people would cash their bonds, on the other hand, to finance purchases of goods which they had been unable to buy during the war. At best the outlook was certainly clouded with uncertainty. But at this time, after careful consideration and study and after a discussion of the problem with the banking fraternity, the Treasury came to believe that a nation-wide thrift campaign was needed which would enlist not only the savings bond promotion activities, but also the assistance of all the savings bond groups of the country,

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including the commercial banks. The purpose of this campaign was to make people aware of the desirability of holding on to their bonds and increasing their savings, generally. When it became clear that the widely heralded prospective depression in the early postwar period was not occurring, and when consumer goods became available in quantity, consumer buying reached and maintained a volume far beyond the business experience of any previous period. Many savings bonds were cashed to pay for new houses, new cars, educational programs, family emergencies and such. But other bonds were bought, thus demonstrating that the Treasury's thrift program had taken hold. In addition, substantial amounts of wartime bond purchases were retained as permanent investments. Clearly, the thrift habits which the Government continually emphasized during the war and postwar years in connection

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with the savings bond program have become strongly entrenched, and even continues to this day in spite of the greatly changed financial picture. The important feature of the savings bond program during the war and postwar years had been not solely to sell Government securities, but rather to encourage savings habits in general. There is no doubt that the Treasury's promotion program for savings had succeeded in stimulating savings of all kinds. This was particularly true in the case of the many families whose savings bond purchases through the payroll deduction plan had represented their first experience with regular savings. At this point, Mr. Hess, I want to touch briefly on the use of debt policy, cooperatively with money credit policy, to contribute towards healthy economic growth of the country. Maintenance

[1794]
of stable credit conditions has long been recognized as an important influencing factor in the maintenance of high activity and employment. Important responsibilities in this area had been assigned by the Congress to the Federal Reserve system and these responsibilities involved keeping fluctuations in the total supply of credit from becoming so excessive as to endanger healthy economic, growth and the maintenance of sustained high activity. The Treasury had the responsibility for debt management policies. The public debt, at the close of the fiscal year 1952, amounted to over 40 percent of all debts, public and private, and among the important holdings of Government securities were those of the banking system. It was clear, therefore, that the Federal Reserve's responsibility for sound public debt policy were intermingled

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and must be discharged cooperatively. The broad objectives of the two agencies were the same. The problem was to balance the many difficult considerations that entered into policies formation on each particular matter involving both debt management and credit policy. Throughout the period since the close of World War II, the Treasury and the Federal Reserve system had agreed on fundamental objectives of maintaining a high level of production, employment, and income, with as great price stability as possible under the varying conditions which existed in the economy. The related objectives, which were involved as the postwar period proceeded, were also a matter of agreement between the two agencies. These included: First, maintenance of confidence in the credit of the Government.

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Two, maintenance of a sound market for the securities of the United States Government. Three,

restraint during much of the period of overall credit expansion. Four, increase in the ownership of Government securities by non-bank investors and reduction in the holdings of the banking system. And finally, fifth, adjustments from time to time in the wartime pattern of interest rates as this became appropriate.

There were differences of opinion on various occasions as to the techniques which should be employed in reaching these objectives. But there was never any disagreement as to the fundamental goal to promote stable economic growth through credit and debt policy while meeting the fiscal requirements of the Government. During those years, the Treasury and the Federal Reserve

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worked together on the several programs which were undertaken to achieve their joint objectives. The two agencies cooperated in a debt reduction program concentrated on the holdings of the commercial banking system. Both agencies were also in favor of encouraging savings throughout the economy. They were also in agreement that when the occasion called for them, selective credit controls and other selective restraints could be useful in dealing with inflationary pressures. In the process of carrying out these programs, the views of the two agencies often differed as to matters of emphasis, selection of instruments, and methods to be employed, and the timing. All these matters, however, were the subject of continuing consultation between members of my staff and myself on the one hand, and representatives

[1798]
of the Federal Reserve system on the other. The outbreak of hostilities in Korea presented new problems of monetary and debt management which increased the need for close cooperative planning and consultation between the Treasury and the Federal Reserve System. The situation which we faced at that time differed from any in our previous experiences. The attack on Korea and the response of our country at the United Nations, truly, did not precipitate an all-out war. The defense program had to take into account the fact that further Communist aggression might at any time be attempted. The new strains which these developments placed on our economy and on the finances of the Government were recognized by the Treasury and the Federal Reserve. On March 4, 1951 the two agencies made a joint

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announcement emphasizing their common purpose in assuring the successful financing of the Governments requirements and maintaining soundness in the public debt structure. As the result of the continuing joint efforts of the two agencies, the financing of the Government's requirements, including its requirements for new money during the period of the Korean emergency, was successfully conducted with a minimum strain on the financial structure of the Nation.

At this point, Mr. Hess, I had planned to give you a review of our tax policies and actions during the Truman administration, but I have decided that I will postpone this discussion until a later date, at which time, at a special taping, we'll take up the tax structure and the reorganization of the various

[1800]
agencies of the Treasury Department. If that's agreeable with you, we will pass up that item at this moment.

At this time, I'll touch briefly on the formulation, expression and coordination of the United States foreign financial policies during my time in the Treasury. The six and a half years of my term as Secretary of the Treasury, were years of rapid evolution in United States foreign financial policies required to meet and rapidly changing developments in the world political and economic situations. We passed through the immediate postwar adjustment to the termination of lend-lease arrangements, and through the period of emphasis on the physical recovery of industrial and agricultural production here in our own country. In 1949 and 1950 we increasingly devoted attention to

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financial, monetary, and exchange policies, which were making it possible to approach the kind of international monetary system and level of international trade with reduced reliance on United States assistance which we had been seeking. Then in 1950, the attack on the Republic of Korea posed for us the necessity of new emphasis on defense throughout the free world and presented new problems in the financial relationships of the United States with other countries. Throughout this period, while dealing with the immediate and urgent problems which continuously arose, 1 sought to keep before the world our broad objective of high level world trade and investment which would improve the standard of living of the free peoples and obtain higher levels of useful production, employment and trade.

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Conscious of the financial costs of our foreign assistance programs, I sought to encourage greater reliance on trade and investment and a better balance in international accounts through investment and through realistic exchange rates backed up by vigorous and sound internal financial policies among the countries participating in our assistance programs. Our hope was to achieve a goal of expanding multilateral trade and a greater degree of convertibility of currencies, which would open the world to an increasing extent to the stimulating and constructive forces that would be brought into play by the competitive price system operating internationally as well as domestically. Accordingly, we sought the removal of hampering restrictions, whether they took the form of restrictive tariffs, quotas, prohibitions,

[1803]
exchange restrictions, or any other artificial supports or devices. In the United States, we were able to contribute decidedly to these objectives. We maintained a strong currency and through our free convertibility of dollars into gold for international transactions, provided the foundation upon which the world monetary system could be rebuilt. We made substantial progress in reducing our barriers into free flow of international commerce through our tariff reductions and in the improvement of our customs administration.

I was greatly pleased to see our imports grow significantly during that period, and I had great hopes that our friends abroad would be in position soon to pay their way, to an increasing extent, by trading freely in world markets. Much of the progress which we could make towards this

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goal depended upon the actions of our governments. I took an active part in our efforts to obtain their cooperation in promoting these objectives. Opportunities were provided through personal contacts, through expressions of this Government's views, and through constant contacts between the Treasury and foreign finance ministers. Representatives of foreign governments frequently came to Washington to discuss problems of mutual interest and I made many visits to foreign countries for consultations and conversations with our allies' financial officers on numerous occasions. Of course, ultimate decisions and exchange, fiscal and other major financial matters had to be taken by the countries concerned, But we were in a position to seek their cooperation and to express our views. In addition to the normal

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relations between governments, we then possessed the new International Monetary Fund, an international organization which had been formed to devote special attention to the promotion of consultation and cooperation in exchange policies with a view to avoiding conflicting courses of action by the nations of the world. Throughout my term as Secretary of the Treasury I served as Governor of the United States in this institution. It was a great privilege to me to have the opportunity to take an active part in the Fund's early formative stages, and in its subsequent development through the years.

In addition to this broad concern, a number of problems arose in the coordination of grants and credits being undertaken by a variety of administering agencies. I was chairman

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of the National Advisory Council on International and Monetary Problems which was charged by Congress with responsibilities for such coordination. The council reviewed the financial policy issues arising in the series of annual assistance programs, as well as those presented by the continuing operation of national and international lending agencies. In the later part of the period, and particularly after the aggression in Korea, the Treasury had been concerned with the financial aspects of our mutual security programs. As the mutual defense programs developed under the aegis of the North Atlantic Treaty Organization, it became apparent that many of the major decisions in foreign countries could be taken only with the active participation and approval of the finance ministers. Frequently the critical

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questions concerned the financial effort required of NATO members relative to the contributions being made by other members and to the form and amount of the United States assistance. At the time our contribution to the common effort was a matter of major concern to the United States taxpayer. Accordingly, at the designation of the President, I became a member of the council of the North Atlantic Treaty Organization serving in this capacity with the Secretary of State and the Secretary of Defense.

A special responsibility arose from the Korean conflict. In support of our efforts in Korea, I took action on December 17, 1950, to block financial transactions involving Communist China or North Korea. This measure not only immobilized existing dollar assets

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of Communist China and North Korea and their Nationals but prevented these areas from selling their goods to markets in this country for foreign exchange which could be used to aid their attacks upon our forces.

Many of these international financial problems required fairly constant attention throughout the period that we're now discussing. In each of the postwar years, however, circumstances required that special attention be given to one or more particular aspects of the broader international financial problem as indicated in the following instances: When I began my term of office in June 1946, we were faced with the problem of immediate postwar relief and reconstruction and the task of building a stronger international monetary system. An initial part of the latter task was the carrying

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forward of the organization and functions of the financial institutions which had been originated in the Bretton Woods conference in 1944. One of these institutions was the International Monetary Fund, which was designed to improve the standards of living of its members and to promote production and trade through international cooperation and exchange policies. It was directed to work toward a world of free exchange and convertible currencies and, to this end, was provided with funds available for short term financial assistance to be associated with its consultations and review of the exchange, monetary, and financial problems of its members.

The second new institution, the International Bank for Reconstruction and Development was designed to make, or, guarantee, international

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loans for productive purposes. I participated in the formulation of policies for the two organizations through the National Advisory Council, which advised representatives of the United States on the boards of the two institutions. As United States Governor, I also represented the United States at the seven annual meetings which were held while I was Secretary of the Treasury. The year 1947 was marked by an increasing evidence that many foreign countries, particularly in Europe, were unable to effect the conversion to peace time conditions and carry out the needed reconstruction without serious internal inflationary stresses and a critical strain upon their balance of payment. The immediate postwar program of relief on an international basis began to be replaced by United States foreign

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relief programs, Our effort to rebuild the world monetary system was set back by the failure of the British attempt to make sterling convertible and the rapid exhaustion of the funds provided by the Anglo-American financial agreement. As administrator of the Anglo-American financial agreement, in consultation with the National Advisory Council, I conferred with the representatives of the British Government on the situation arising out of the 1947 crisis. Recognizing the economic stresses under which the European countries were laboring, the Executive branch developed and presented to our Congress in the winter of 1947-48, proposals for European recovery programs. As chairman of the National Advisory Council I guided the

deliberations of the Council on the major financial

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policy questions raised by programs of this magnitude and character. In presenting the views of the Council to the Congress, I pointed to the large outstanding obligations of the European countries and recommended that the bulk of the assistance be provided in the form of grants, rather than loans, in order that we might avoid so large an increase in debt as to operate to the disadvantage of future trade and private investment. The importance of efforts by the participating countries to increase production and expand trade and seek financial stability was, greatly stressed. Particular emphasis was given to the vital importance of the control of inflation through appropriate fiscal and monetary policies, taxation, and improved fiscal administration, curtailment of the postponable expenses, sound credit and debt policies, and appropriate exchange rates. It seems ironic that our country, in the past several years, has failed to note carefully our admonition to the countries of Europe back in those days of 1947 and '48.

Also in 1948, it became apparent that financial reforms were necessary in Germany and Japan. In both countries the early postwar period was characterized by acute inflation which impeded economic recovery internally and kept them in a weak international position supported by large appropriations administered by the United States military forces. The Treasury cooperated actively with the State and Defense Departments in planning and carrying out the currency reform in Germany. This reform was highly successful and gave impulse to the striking recovery in the balance of

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payments and the internal prosperity of Western Germany. Through the National Advisory Council, attention was focused on the Japanese situation in the same year and recommendations were made which eventuated in special missions to Japan. These missions advised the supreme commander and the Japanese officials on exchange policy and internal measures. The stabilization program resulting from these efforts provided an impressive stimulus to Japanese recovery. In 1949 progress was being made in a number of Continental European countries in controlling inflation and strengthening their currencies. However, in my presentation to the Congress of the recommendation of the National Advisory Council in the spring of that year, I suggested that the problem of exchange rates should be reviewed with a number of European countries

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during the current year with a view of exploring the extent to which they might improve their position by an adjustment of their overvalued currencies. In the autumn of 1949, shortly after the conclusion of the annual meeting of the International Monetary Fund, and the International Bank, the British Government decided to adjust the par value of the pound sterling and this was quickly followed by a number of adjustments in other exchange rates. Following this world-wide adjustment, the current deficit of the rest of the world with the United States which had been more than seven billion dollars per annum early in 1949, dropped to about a third of this figure at the then current level of United States assistance. This permitted some improvement in foreign reserve. Although the exchange adjustments did not

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account for all of this favorable turn in the world payment situation, it did seem clear that they contributed substantially to this result. The invasion of Korea set off a new series of disturbances throughout the world. Prices rose and increased military preparations added to the generally inflationary pressures in many countries. Large imports by the United States resulted in considerable additions to the gold and dollar reserves of the sterling area and other raw material producing countries. But the high prices of raw materials adversely affected the European manufacturing centers. There were suggestions forthcoming that some of the raw material producing areas appreciate their currencies with respect to the dollar. The National Advisory Council opposed any general

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revision of exchange rates by countries maintaining exchange restrictions or receiving special United States assistance. And I stated the view of the United States that such action was not justified in view of our armament efforts and our mutual assistance programs and would merely give a trade advantage to particular countries. New evidence of inflationary strain and external pressure on the balance of payments developed abroad in the latter part of 1951, and was continued right up into 1952. These developments emphasized the close relationship of international financial policy to a sound balance of payments position. This theme was developed during the consultations and discussions of the International Monetary Fund during the summer of 1952. Efforts were undertaken, particularly by the United Kingdom and

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other countries, to arrest inflationary trends. In the annual meeting of the International Monetary Fund and the International Bank in Mexico in September of 1952, I noted an increasing realization of the vital importance of controlling internal inflation through sound fiscal and financial policies. Expressing the views of this government, I emphasized the essential, but frequently unpopular, role of the finance minister in urging the difficult road of fiscal and monetary measures which minimized inflationary pressure as against the easy and frequently popular road of inflation and exchange and trade restrictions which leads, in reality, to instability and to weakness.

I somewhat emphasized our international financial problems at this point for the purpose of comparison with our current problems which we

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have been experiencing in the last three or four years.

At this point, Mr. Hess, I had intended to discuss, in detail, some of the reorganization and management improvement [see p. 1861] programs which we undertook in the Treasury during my administration. I have decided, however, that rather than to include it at this present interview that I will discuss this phase at a separate interview at a later date. To conclude this present interview I would like to point out that this review of the Treasury policies and programs from June 1946 through December 1952, that the extraordinary conditions in the postwar period required extraordinary efforts to deal with them. As I pointed out, the revenues of the six fiscal years ending June 30th, 1952, more than paid for Government expenditures during

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those years and confidence in the credit of the Government was maintained. Within the Treasury Department and in cooperation with other units of the Government a great many forward steps were taken to improve operating practices and to provide better service to the public at a minimum cost. In the international area, although our position as lender in world affairs was relatively new, our Government successfully met the challenge of effective leadership in new international financial organizations, effective aid to our allies in their struggle to rebuild their economies and their international trade, and effective cooperation with other free nations in a program of mutual defense against aggressions. Of course, I must point out that many problems still remained for consideration and action by

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succeeding administrations. The major one was the continuing threat represented by the Communist programs for world domination. The progress already made, however, under the Truman administration provided a strong basis for future endeavors to promote the conditions which would make for a lasting peace.

HESS: You mentioned the adjustment in exchange rates in the foreign currency and I would just like to ask your opinion of the recent devaluation of the franc by France, since it's very much in the news.

SNYDER: That will have to require a little seasoning to see how it fits in with the world exchange rate pattern. I will point out, though, that this has been long overdue. The financial community has been thinking about this for a

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long time and methods of meeting it when it did come have been somewhat thought out. It did not cause much of a flurry yesterday in world exchange patterns. There was, of course, considerable buying of German marks, probably because of the German mark at this moment is one of the stable currencies of Europe. There was some selling of sterling which is a very weak exchange right now, weak currency. I do not think it disturbed the dollar position a great deal or the Canadian dollar, the U.S. dollar or the Canadian dollar. We will have to see whether there are some other weaker currencies that might cause some doubt as to their stability and bring about adjustment of some of them. We'll have to wait several weeks, I think, to see what effect it might be on world trade and, thereby, on our American stock

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markets. We've always got to stay alert to the shifting patterns of economic programs of the various member countries of the International Monetary Fund. There's a hundred and thirteen members, some of which do not have a very viable position in the economic world. There are many of them that have difficult positions in their exchange and there's, unfortunately, a limited number that have strong economic positions in their world trade at this time. But, personally, I do not believe that if France can stand their own devaluation, internally, because this was a complete reversal of the De Gaulle policy, and we'll have to see how Pompidou can stand up to his leadership internally without some other taking over. So, to answer your question, it will take

us a few weeks to see just what the effect, the

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permanent effect, might be.

HESS: Is this devaluation something that De Gaulle probably should have done during his time but did not do?

SNYDER: Yes. Right.

HESS: Why, in your opinion, did he refuse, to use the word...

SNYDER: He considered that it would be a show of weakness to the world which he, of course, never admitted he had, don't you see. He made several errors in the monetary field, one of which was his attack on the dollar, and his pouring a great deal of their French resources in trying to weaken the American dollar for some reason better known to himself.

HESS: What would be your opinion, why do you think

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he did that?

SNYDER: I think that it grew, unquestionably out of a longtime resentment to Great Britain and the United States for mistreatment that he built up in his own mind (and some of it was real I must admit), treatment during World War II. He had the notion that Churchill and Roosevelt snubbed him and downgraded him and kept him in the background when he wanted to be out in the forefront among the planners of the World War II operation.

HESS: Was that true? Did they do that?

SNYDER: Well, of course, they <u>had</u> to to a certain extent because he had no troops to represent. He was not a representative of a country. He was a self-styled head of France in exile, and they could not be consulting with him on

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something that he could contribute nothing to. And so, therefore, they did have to, with as much effort as they could make to be polite and so forth, they did at times have to get very firm with him and he was a very difficult person to deal with, as was proven when he became head of France after World War II. It was only a short time before they deposed him. He was too dictatorial and egotistical in his management. But when France went down in after years, why, they welcomed him back as leader and he did do a great job. We must give him full credit for getting France back on its feet. He went too far after he once did that and didn't try to stabilize France more soundly. But he then wanted to become a great world power which France will have a very difficult time ever becoming again.

HESS: Did you ever meet him when he was in exile?

SNYDER: No but I was with him on several occasions. I saw him quite a bit when he visited Mr. Truman here.

HESS: Did you meet him during the Second World War?

SNYDER: Yes, once. In London.

HESS: What was the occasion? Do you recall?

SNYDER: It was just a reception at our embassy.

HESS: And he happened to be there?

SNYDER: As an invited guest. [Ambassador John G.] Winant was there I believe, yes.

HESS: You mentioned that he had several failures in the monetary field, what are a few of the

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others that come to mind?

SNYDER: Well, of course to be frank, I would have to go back and review the whole French program. One of his big failures was, from his point of view, was his inability to weaken the American dollar. He tried it also on the pound and did succeed there. I think one of his big mistakes was keeping Great Britain out of the Common Market. And there were a number of self-centered, vindictive things that he did that he would have been better off to have not attempted.

HESS: What was the main reason that he wanted to keep Great Britain out of the Common Market?

SNYDER: That was a part again of showing them their place, putting them in their place after they had mistreated him, according to his views,

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and kept him out of an active part in the planning and operating programs of World War II.

HESS: How did he attain that role of the ex-officio government of France in exile? Was that just his own idea?

SNYDER: That's right.

HESS: All right, I have several questions on taxes but shall we -- it's after 11, shall we knock off for the morning?

SNYDER: Well, if that's agreeable we can pick it up later.

But I think that it was well for us to get on the record a consecutive story of the things that were done to put the Treasury back in an aggressive position after the wear and tear of

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World War II, and the long life of the Treasury with so few changes in its policies and its programs.

HESS: Fine, and then we can do the questions that I have on a few of the specific tax measures and bills.

SNYDER: That's agreeable.

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Forty-sixth Oral History Interview with John W. Snyder, Washington, D.C., August 25, 1969. By Jerry N. Hess, Harry S. Truman Library.

SNYDER: Today, Mr. Hess, I would like to drop back and discuss the tax policies and the tax legislation to finance the Government for the period beginning June 1946 and continuing through my term of office.

The tax policies advocated by the Treasury from the time I became Secretary of the Treasury in June 1946, were directed towards meeting the changing needs of the Nation. This momentous period of history presented distinct economic problems to which the tax policy had to be adapted. During this period, the Treasury consistently advocated fiscal policies designed to safeguard the credit of the Government. It actively sought structural improvements to enhance the equity of tax laws.

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The outbreak of hostilities in Korea in mid-1950 imposed severe strains on the economy and sharply increased revenue requirements. Beginning at that time, the tax policy of the Treasury bore the responsibility of financing defense as nearly as possible on a pay as you go basis while retaining the incentives to work and invest which are basic to our free enterprise system. During the six fiscal years that ended with the fiscal year 1952, the Treasury operated with a net budget surplus of approximately three and a half billion dollars. Tax increases passed by the Congress were less than those recommended; therefore, the fiscal year 1952 ended with a four billion dollar deficit and another deficit was anticipated for the fiscal year 1953. The policy of covering governmental expenditures out of current tax

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revenues during those years, served to reduce the strain and dislocations due to inflation. During most of this period, the economy was enjoying an unprecedented prosperity, and strong inflationary pressures were ever present. This situation called for a tax policy aimed at both balancing the budget and reducing the public debt. Such a policy was put into effect and contributed in a positive way to the maintenance of the credit of the Government and the soundness of the country's currency. In the fiscal year which saw the transition from war to

peace, the fiscal year that ended June 30, 1946, Federal Government expenditures fell off by about forty billion dollars from the wartime peak of just under one hundred billion dollars reached in the fiscal year 1945. In the fiscal year 1947, the first fiscal year under review, expenditures

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were again reduced by more than one-third and the Federal Government operated at a surplus of about seven hundred fifty millions of dollars.

This desirable transition from a period of war deficits to peacetime surpluses was accomplished without serious unemployment or economic dislocation. In view of our large wartime debt, maintenance o£ the Nation's finances, in a sound condition, required keeping our tax revenues at a high level during the prosperous postwar period in order, not only to meet expenditures, but also to provide for the orderly retirement of the debt, It required also the utilization of tax reduction opportunities for the improvement of the structure of the revenue system, rather than for indiscriminate across-the-board reductions.

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For these reasons, the Treasury was opposed to premature tax reduction legislation proposed in 1947 and 1948.

The Treasury opposed tax cutting legislation in 1947, believing that under the prosperous conditions then prevailing, taxes could be paid with less hardship and adverse economic effect than would be possible under less favorable circumstances. I outlined the desirable features of a sound tax system and urged the need for advance planning to lay the foundation for future legislation. The untimely tax reduction legislation passed by the Congress on June 3rd, 1947, was postponed by the President's veto; and similar legislation, passed July 13th, 1947, was also vetoed. Similar tax reduction proposals were renewed in 1948. The Treasury reiterated the view that

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there was need for restraint; that sound fiscal policies were required to cope with inflationary pressures and to reduce the public debt. The Revenue Act of 1948 passed over the administration opposition, reduced revenues by approximately five billion dollars annually.

In 1949 the president recommended a tax increase to recoup some of the revenue lost in 1948. This program recognized that a Government surplus under the then existing conditions was essential to provide a margin for contingencies, to permit reduction of the public debt, to provide an adequate basis for future financing of existing commitments, and to restrain inflationary trends. Throughout these developments, it was the Treasury's position that tax reduction, when feasible, should be utilized for the improvement of the fairness of the tax

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structure and for the elimination of inequities and loopholes. Intensive study was given to methods of ridding the revenue structure of accumulated inequities and technical defects. In 1948 the Treasury advanced specific proposals for improving the tax system and its

administration without substantial revenue costs. The number of these suggestions were incorporated in a 1948 bill adopted by the House but was not considered by the Senate.

In 1949, a further attempt was made to achieve greater equity and revenue strength by closing loopholes. Opposition to premature tax cuts was based on the view that they were inappropriate under the prevailing economic conditions of the time, and would hinder desirable structural revisions at a later date. In 1950, the President recommended in a

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special tax message, a program to eliminate loopholes in the tax laws; remove onerous excise taxes, and at the same time restore the revenue strength of the tax system through additional taxes on corporate profits and revised estate and gift taxes. The Congress was engaged in consideration of this program in June 1950 when hostilities broke out in Korea. This development swept aside immediate prospect of excise tax reduction and confronted the United States with a problem of financing a defense program of major magnitude. The Treasury sought to obtain added revenue to meet this emergency, and at the same time, to promote long-run objectives. Its policies were directed towards financing the defense effort on a sound and equitable basis with minimum additions to the public debt. Adequacy of revenue was given primary emphasis in order to preserve

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confidence in the integrity of the Government's finances and to distribute. the heavy defense costs fairly and to restrain inflationary pressures.

Within sixteen months after the outbreak of hostilities in Korea, three major revenue acts were enacted. These measures increased the annual revenue producing strength of the tax system by approximately fifteen billion dollars at the 1951 income level. Of this total, the Revenue Act of 1950 accounted for nearly six billion dollars, the Excess Profits Tax Act of 1950, for about four billion dollars, and the Revenue Act of 1951 for over five billion dollars. Over 90 percent of the increased revenues under these three measures was obtained from increased taxes on individual and corporate incomes and profits. Minimum

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reliance was placed on consumption taxes.

Three major tax measures enacted during that period were of sufficient importance to merit separate discussion. You will recall that at the time hostilities suddenly broke out in Korea in mid-1950, Congress was considering tax revision legislation. The bill under consideration was directed, primarily, towards excise tax reduction. It provided reduction in war excise taxes, aggregating approximately one billion dollars. Most of the revenue loss was to have been recouped by closing tax loops and from an increase in the corporations income tax. Although it followed the general pattern of President Truman's recommendations, the House bill fell short of his revenue objectives. The President had proposed first that excise taxes be reduced to the extent, and only to the extent, that

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the resulting loss in revenue could be replaced by closing loopholes in the present law. And second, that one billion dollars of additional revenue be provided by revising and improving the corporation, income, estate, and gift taxes. When the Korean crisis occurred, the fiscal year 1950 was drawing to a close with a deficit of more than three billion dollars. The Korean situation evolved rapidly and the Treasury advised the congressional tax committees that it would not be prudent to proceed with further consideration of the tax bills then under consideration.

The public was warned to prepare for higher taxes. President Truman announced that at an appropriate time he would propose tax legislation to the Congress and suggested that such legislation be guided by two fundamental

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principles. First, he said, we must make every effort to finance the greatest possible amount of needed expenditures by taxation. The increase of taxes is our basic weapon in off-setting the inflationary pressures exerted by enlarged Government expenditures. Heavier taxes will make general controls less necessary. And second, we must provide for a balanced system of taxation which makes a fair distribution of the tax burden among the different groups of individuals and business concerns of the Nation. A balanced tax program should also have as its major aim the elimination of profiteering.

The situation called for speedy enactment of tax increases. Even before Korea most economic indicators were pushing towards, or exceeding, record peacetime levels. Gross

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national products, personal incomes and the corporate profits, were very close to the peak levels reached late in 1948. Economic projections indicated the beginning of substantial inflationary pressures. The whole economy appeared to be surging forward at an accelerated pace. To meet the emergency expeditiously, President Truman proposed that the pending tax reduction bill be converted into an interim tax increasing measure to provide more time for the consideration of a revenue program for defense. Speed was of the essence, because if taxes were not increased promptly, inflation would become an accomplished fact. Accordingly, the Treasury recommended that the House bill be revised, one: To eliminate excise tax reductions and other revenue-lowering provisions; two: To

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retain the loophole closing, dividends withholding, and the life insurance company taxation provision; and three: To embody increases in the corporation and individual income taxes. To avoid serious delays it was advocated deferring excess profits tax legislation, pending the completing of the interim revenue measure.

Revenue legislation received expeditious congressional handling. It was enacted on September 22nd and signed by the President on September the 23rd, 1950. The Revenue Act of 1950 increased individual and corporate income tax rates along the lines recommended by the Treasury. However, the corporation income tax increases were made applicable to only about half the calendar year 1950 income, instead of the full year as had been recommended. That

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provided for gradual acceleration of corporation tax payments over a transition period of five years. The Revenue Act of 1950 was the first general stabilization measure to be adopted and put into effect after the beginning of the Korean war. It carried forward the policy of the administration to pay for the defense program out of the current taxes and thus to offset the inflationary pressure resulting from increased government expenditures.

In 1950 revenue legislation was facilitated by the fact that the tax structure, which had been developed during the preceding years, permitted the increased rates to become effective almost immediately by virtue of the current payment system and the system of withholding income taxes as salary and wage income is received. The tax structure permitted tax

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raises to be increased, expanded, and made promptly effective without major structural revision. This made it possible for the Government to rely upon the individual income tax for a large part of the additional revenue required for the defense effort.

In his message to the Congress on July 19, 1950, the President urged that a balanced tax program should also have as a major aim, the elimination of profiteering. The Revenue Act of 1950 did not include an excess profits tax because of the time required to draft such complex legislation, It did, however, contain a directive to the Joint Committee on Internal Revenue Taxation to make a complete study of the problem of excess profits taxation and instructed congressional tax committees to report out an excess profits tax bill retroactive

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either to July 1 or October 1, 1950, as soon as practicable after November 15, 1950.

In November 1950 the President urged immediate adoption of an excess profits tax effective as of July 1st, 1950 to raise four billion dollars additional revenue. He pointed out that business profits had increased since that date and that such profits should obviously be taxed as part of a sound program of defense taxation. The Treasury suggestions on the principal provisions of the profits tax to raise approximately four billion dollars in revenue, were presented to the Committee on Ways and Means on November 15th, 1950. These suggestions took full account of the fact that Congress had given extensive support to the principle of excess profits taxation during its consideration of the interim tax bill. As enacted, the Excess Profits Tax Act

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of 1950 proposed a tax of 30 percent on corporation profits in excess of 85 percent of the average three highest base period years 1946 to 1949 to be effective for a period of three years, July 1950 to June 30, 1953. Provisions were made also for alternate credit based on invested capital and growth. So-called automatic relief provisions based on industry rate of return were provided.

The President approved the Excess Profits Tax Bill Act on January 3rd, 1951. He commended the Congress for its speed in completing this complex legislation. Although the Revenue Act of 1950 and the excess profits tax had increased revenues substantially, the Government required more and heavier taxes to finance additional expenditures for national defense. In his tax

message to the Congress

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February 2nd, 1951, President Truman pointed out that inflationary pressures will be strong even after taxes are increased enough to balance the budget. We will still need direct controls over prices and wages but it may not be possible to make these controls effective unless we tax ourselves enough. Certainly these controls will be far more effective if we pay for expenditures through taxes as we go along. To meet the problem, the President recommended that the tax program be enacted in two parts. This two-phase program was suggested because of the difficulty of estimating the speed with which military production and expenditure would get under way. He suggested that the first part provide additional revenue of at least ten billion dollars and that such remaining amounts as would be needed to help

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the Government on a pay-as-you-go basis, be provided at a later date.

On February 5th, 1951, the Treasury outlined to the Committee on Ways and Means of the House of Representatives a tax program to yield approximately ten billion dollars that the President had requested. The largest portion was to be provided by raising all income tax brackets by four percentage points and by increasing the capital gains tax rate from 25 to 37 ½ percent. Increases were also proposed in the corporate income tax and in a number of excise taxes.

Improvements also were urged in the tax structure and enforcement provisions as higher rates accentuated existing inequities. Previous legislation had been successful in closing several important loopholes, but further

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action was needed along these lines. Improvements in the tax structure in those areas which enabled favored taxpayers to escape their fair share of the burden were also recommended. Revenue increases adopted under the Revenue Act of 1951 were only about half the amount recommended. The bulk of the increase came from taxes on individual and corporate incomes. The force of this legislation was particularly dissipated by the fact that it contained a number of provisions which acted as tax havens. These included excessively liberal capital gains and family partnership provisions and additional depletion and related allowances for certain mineral property. Because of these features, President Truman approved the bill only with reluctance indicating that he would have disapproved the legislation if the need for revenue had not been so pressing.

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At this point, Mr. Hess, I want to touch on the developments in Social Security taxes. During the period since June 6 1946, the Treasury gave continuing attention to the development of effective methods for extending and expanding the coverage of the Old Age and Survivors Insurance program drawing upon its experience with wartime and postwar taxation of lower income groups, the efforts to extend coverage culminated in the enactment of the Social Security Act Amendments of 1950, which brought within the framework of the retirement program millions

of self-employed persons, agriculture and domestic workers, and employees of state and local governments and non-profit institutions. At the same time, the general level of Social Security benefits and taxes were increased. In 1950 legislation also reversed the action

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of the preceding Congress which had excluded some workers from coverage. During the full six fiscal years that we have been reviewing, I as managing trustee of the Old Age and Survivors Insurance Trust Fund, was responsible for the management of an ever increasing reserve fund. At the end of the fiscal year 1952 the assets of the fund stood at 16.6 billion dollars compared with 7.6 billion dollars six years earlier. Throughout the postwar period, the Treasury sought to advance Federal-state-local tax coordination. State and local governments emerged from World War II with substantial surpluses. Tax revenues expanded during the war while the limited availability of materials and manpower held down expenditures. The postwar years were characterized by rapidly increasing need

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for state and local services, which exhausted wartime reserves of state and local governments and pressed heavily against the expanding revenues. This coincided with the continuing need for high level Federal revenues. In the process, the problems of inter-governmental tax coordination was intensified.

In recognition of this situation, I invited state and local representatives to meet with Federal officials in Washington in April of 1949 to explore inter-governmental fiscal problems including methods of reducing over-lapping taxes and administrative duplication. Among other proposals, the conference considered the suggestion that the Federal Government relinquish certain excise revenues to state and local governments, either through rate reduction or tax repeal. It agreed that

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Federal budgetary conditions at the time precluded abandonment of excise revenues and recommended that the interest of the state and municipalities be kept in view when circumstances permitted a general Federal excise tax revision.

Administrative cooperation between Federal and state fiscal authorities developed extensively following the war years. Federal income tax returns were open to inspection by state tax officials, and in more recent years before I left the office, thousands of transcripts of individual and corporation income tax returns were supplied to the states. Beginning in 1950, Federal-state cooperation entered a new phase, with the exchange between Federal authorities and a number of states of information uncovered during the tax audits. This program proved successful and since those days several

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states have expressed desire to participate in it. Until today I think most of the states of the Union are reciprocating with the Federal Government in the examination of returns.

Extensive administrative cooperation developed in the enforcement of alcohol and other excise taxes. Federal, state and local enforcement officers worked closely together in the detection of

elicit alcohol production. Treasury records on alcohol shipments and on alcohol beverage distributions were made available to the states as an enforcement measure.

The states had a special problem of enforcement of tobacco taxes because interstate parcel post shipments provide a means of tax avoidance. The Federal legislation in 1949 relieved this situation by requiring that monthly reports be made to state administrators

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by persons who sell cigarettes in interstate commerce and ship them to other than licensed distributors in a state which taxes cigarettes.

The problems associated with payments to state and local governments on Federally owned real property, had long been a troublesome factor in inter-governmental relations. In 1949, under my direction, the Treasury Conference on Inter-governmental Fiscal Relations revealed more interest in this problem than in any of the others discussed. As a result, plans were formulated, with the Treasury endorsement, for a uniform system of payments to state and local governments on account of Federally owned real estate.

Along with our state and municipal problems with the Federal Government, we also were

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experiencing some difficulties in our international tax relations. In the immediate postwar period, private investment abroad could play only a minor role in the restoration of war torn economies. In subsequent years, the United States policy turned increasingly to providing capital to promote the economic growth of the free world through Point 4 and other programs. The Treasury developed a number of tax proposals to further foreign economic policy. Recommendations were made to the Congress. One: To liberalize the tax treatment accorded income from personal services rendered abroad. Two: To liberalize the credit allowed to foreign income taxes. Three: To permit postponement of taxes on income earned abroad through branches of domestic corporations until such time as income is remitted to the United States.

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And four: To grant credit under the Federal Estate Tax Act for death duties imposed abroad. Except for the postponement of tax on branch income, the Congress adopted the legislation along these lines. Under my direction the Treasury conducted an active tax treaty program to eliminate international double taxation, thus furthering the promotion of the Nation's economic interests and its foreign policy.

The Treasury actively participated in a number of international meetings dealing with tax policy and encouraging negotiations for agreements between countries. In 1948 it helped to launch the United Nations Fiscal Commission. The Fiscal Assistant Secretary of the Treasury, who represents the United States on the commission, played a leading role in its deliberations.

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Viewing the events of the period between June 1946 and January 1953 in retrospect, there are certainly grounds for genuine satisfaction that on the whole, and in spite of imperfections, the tax

structure served the purposes of the American people very well. Despite the additional burdens which they were called upon to bear, the people of this nation have enjoyed a higher standard of living than ever before in the history of the Nation. Production has gone forward and future productive capacity is still expanding. This experience demonstrates in a gratifying manner the capacity of a democratic nation to use the self-discipline of taxation wisely. It affords confidence that a courageous and constructive approach to the tax policy can help build a sound and nduring prosperity.

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Mr. Hess, in this interview I would like to review with you the many reorganizations and management improvement programs which were instituted in the Treasury Department under my recommendations and leadership. [Noted on Page 1819] When I first came into the Treasury, one of the earliest impressions that I recall was the fact that a tremendous job lay ahead in modernizing, reorganizing, and in improving the operations of the various agencies of the Treasury. Many of the agencies had gone through a hundred and fifty, a hundred and fifty-five years with very little, very few, basic changes in their operation and policy, particularly the Bureau of the Customs, and certainly the Bureau of Internal Revenue to its greatly expanded responsibilities. Between 1940 and 1946, the Bureau had grown from a five billion dollar to more than a forty billion dollar business. Its collection job had

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multiplied eight times in dollar volume during those six years. Its customers had quadrupled from nearly twenty million to more than eighty million in tax returns filed during the same period. In addition to increases in the sheer volume of the workload, the nature of the tax collecting job had undergone major changes during the war years. Before the war, tax collection was considered largely with taxpayers having very substantial incomes. These taxpayers generally kept accurate records, utilized the services of accountants or lawyers, maintained bank accounts and possessed a general knowledge of tax requirements. Practically overnight the income tax was extended to cover millions of modest income people whose records were scanty, who were untrained in tax requirements, who often had no bank accounts, and who changed jobs

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frequently. The Bureau was thus called upon to administer and collect a very broadly based mass tax with all the problems of education, administration, supervision and enforcement which this created. At the same time, major changes in the methods of tax collection, notably the withholding tax, had occurred. The withholding tax represented an important step forward in convenience and effectiveness of tax paying and tax collection. Nevertheless, the new current tax payment system called for basic changes in tax collection practices. In addition, many new and complex taxes were imposed and superimposed during the war, including a large number of excise taxes, each one with separate problems of administration, collection, and enforcement. Finally the severe shortage of manpower and mechanical equipment during the

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war increased all of these difficulties making it necessary for the Bureau to meet its magnified task with prewar machinery, which was neither designed nor equipped to handle them. While the war was going on, the Bureau solved these problems as best it could, using its limited facilities

where they were most needed. But by June 1946, the investigation of individual income tax returns had fallen about one year behind schedule and the investigation of corporate income and profits taxes nearly two years behind. Furthermore, only limited manpower could be spared from the Bureau's most essential functions to obtain better enforcement and collection. During my six and a half years in the Treasury with the approval and complete support of President Truman, a thorough, drastic, and far-reaching revision

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of the tax collecting mechanism and of the entire operation of the Bureau took place. These developments grew out of the management improvement programs which were started in October 1946. At that time I called to Washington all the key Revenue officials. The goal which I placed before these officials was the transformation of the Bureau as it existed on that date, with a basic structure dating back to the 1860s, into a modern streamlined organization carrying on its operations according to the latest practices of modern business.

The October meeting was the first of a continuing series of actions through the ensuing months and years. The program, as it progressed, resulted in a large number of major changes, and in innumerable lesser

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improvements in the Bureau's methods and administration. One of the important changes was the President's Reorganization Plan No. 1 for 1952 in which President Truman sent to the Congress, in January 1952, and which became effective two months later with congressional assent.

The essential features embodied in this plan were first: The elimination of political appointments of all Bureau personnel except the Commissioner, and the placing of such personnel under Civil Service and the merit system. Two: Abolition of the collectors' offices and the establishment, in their stead, of not more than seven local area offices under the direction and supervision of not more than twenty-five district offices, which were to have full administrative responsibility for all

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internal Revenue Bureau activities within a designated area, regardless of function or kind of task. And three: Provisions in the District Offices of a one-stop service to the taxpayer with respect to revenue problems of any kind. Four: The achievement as the result of these and other changes of an efficient streamlined organization having the advantage of A: The consolidation of mass operations in the district offices. B: The greater use of modern mechanized processes of operation. C: The delegation of more operating functions to the taxpayer level. And D: Greatly broadened auditing and enforcement activities through the use of personnel and funds released by improvements elsewhere.

On December 1st, 1952, the major features of the reorganization of the Bureau of Internal

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Revenue were completed. All of the collectors offices had been abolished and replaced by sixty-four offices under the direction of seventeen district offices providing every section of the

country with greatly improved facilities for conducting business relating to tax obligations and tax payments.

The Reorganization Plan No. 1 of 1952 developed from the management studies and surveys which were put into operation in the early months of my tenure of office. In the periods since then the management improvement program for the Bureau of Internal Revenue has brought experience and management skill from every source inside and outside the Government to bear on the Bureau's organization and operations. An audit control program was formulated for the purpose of achieving maximum effectiveness in audit and in investigative

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techniques and maximum enforcement coverage with the available personnel. A work simplification program was initiated at the grass roots level and some twenty-two hundred improvements and operations and procedures have resulted. Employee incentive awards were established and were immensely productive of new ideas and suggestions which paid off handsomely. A management staff was set up as part of the Commissioner's office and a special committee to direct the management studies of the Bureau of Internal Revenue was created. This committee was composed of qualified people from inside and outside the Government and headed by an experienced businessman. One of the outstanding management firms in the country was engaged to make a comprehensive analysis of procedures in the collectors offices and

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of the Bureau's operation in general. Improvements of far-reaching consequence resulted.

One of the most tangible evidences of change which developed was the extensive conversion of manual operations to labor saving and mechanical devices. The Bureau tried out, and installed, as rapidly as possible, electronic computers, punch card recording machines, high speed posting machines, mechanical validators for tax stamps and many similar devices for speeding up operations.

The most striking transformations, however, were not those which could be seen by a visit to the Bureau's offices. They were found in the much greater efficiency of service rendered to the taxpayer and to the public in general. The Bureau substantially reduced its backlog and absorbed a 13 percent increase in income

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tax returns filed. The cost of collecting the taxpayers' dollars fell to forty-two hundredths of a cent, one of the lowest on record in modern times and services of all kinds were greatly Improved. For example, refunds on overpayment to some thirty million taxpayers, as a result of the withholding tax, running annually close to two billion dollars, were speeded up through modern methods to the point where most of them were mailed out in approximately two months after the March 15th tax payment date. Such refunds formerly required as long as twelve months.

This single improvement resulted in a saving in interest payments on tax refunds amounting to as much as three million dollars in a single year. The saving in time to both the taxpayer and the Bureau, represented by the great

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simplification of income tax forms which were put into effect, is another example of a great achievement of efficiency.

The more intensive enforcement program made possible by the streamlining of other Bureau operations was yet another result and a most important one of the improvement programs. Additional tax assessments and collections on unpaid taxes, many of which the Government would not have otherwise collected, amounted to approximately eight hundred million dollars, or 55 percent greater in 1952 than in 1946. It was possible also to step up investigations and prosecutions of tax frauds. In the fiscal year 1952 alone additional taxes and penalties recommended in the cases investigated by the Bureau's special agents, having to do with tax frauds, totaled more than two hundred fifty million dollars, approximately the amount required

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to run the entire Bureau for a whole year. The record of improvements since 1946 in the Nation's largest business, the Bureau of Internal Revenue, gives a most interesting study in what can be done to improve an operation of Government through careful analysis of its policies. The record confirms definitely my belief that the program, which we were able to put into effect in the Bureau of Internal Revenue, represents an achievement of outstanding importance in the history of Government operations. Great credit for those accomplishments must appropriately be given to the able and loyal members of the Bureau staff and personnel.

The next item in this category which I am going to discuss with you, Mr. Hess, refers to the improvement in services and operating

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procedures of the United States Coast Guard. One of the very difficult and pressing administrative problems which the Treasury Department faced when I took office, was the readjustment of the Coast Guard and its successful adaptation to the many new responsibilities which had developed during the war years. On January 1st, 1946, the United States Coast Guard had been returned to the jurisdiction of the Treasury Department after having operated as part of the Navy during World War II. The peacetime duties for which this branch of the service was responsible had undergone a radical change during the war years. The extensive developments during World War II of such navigational aids as loran (that is long range aids to navigation), and weather recording devices, made necessary extensive changes in the facilities

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relating to weather reporting and to air and sea safety, which were made the responsibility of the Coast Guard. At the same time the tremendous increase in transoceanic air travel placed serious new burdens on the personnel and equipment of the service. For example, in August of 1946 on the basis of an act approved by the Congress and signed by President Truman, the United States became an official member of the International Civil Aviation organization. This is an authoritative international group for the promotion of air safety and other aviation matters. The United States Coast Guard has the primary responsibility for carrying out the recommendations of that organization. The rescue at sea had been meeting its obligation with respect to these

matters as rapidly as funds and personnel would permit. With. respect to all of this navigational and sea rescue

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activities it had been necessary for the Coast Guard to modernize operations in order to bring them in line with the requirements of present day air and marine transportation. After these various adjustments were made, for example, the Coast Guard at the time I left the Treasury, maintained thirty-seven thousand eight hundred and thirty-eight aids to navigation in the navigable waters of the United States, its territories, and possessions, and at overseas military bases. These aids consisted of many different devices ranging from simple unlighted wooden spar buoys to light stations, light houses, and complex loran networks. The loran stations located both in the United States and in widely separated and isolated localities such as Greenland, Labrador and Newfoundland, Alaska, the Philippines, and the islands in the

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Pacific, provided navigators traversing the military and civil air and sea routes of the North Atlantic and the Pacific Oceans with means for accurate and quick determination of their position at all times, regardless of weather conditions.

In addition to these duties, the Coast Guard was called on to participate in the International Ice Patrol to maintain the Bering Straits patrol and to maintain ocean weather stations in the North Atlantic and the North Pacific in fulfillment of international agreements, and to perform a large number of duties with respect to maritime law enforcement inspection and safety.

I'll remind you that when I took office, the future peacetime mission of the Coast Guard, with respect to all these needs and

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functions, was uncertain and obscure. Shortly after V-J Day, the Coast Guard demobilized personnel from one hundred seventy-two thousand to twenty-two thousand officers and men. This had caused a disruption in the orderly procedure of its operation, yet the host of new duties which had evolved upon the service during the war years remained as a continuing responsibility of grave proportions. Recognizing the critical nature of the problems in the summer of 1947, upon the recommendation of President Truman and the Treasury revision was made through the cooperation of Congress for a major business study of the service to be conducted by a private firm of consultants. The firm submitted its report in January 1948 and advanced a large number of recommendations aimed at furthering improvements in Coast Guard operation. These

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proposals became an integral part of the broad improvement program. After that time other outside surveys were made on specific aspects of Coast Guard operations.

I will not attempt to. go through a year by year detail of the changes that were necessary to be made but I should like to note at this point the following major accomplishments. First: Further work had been done in integrating the duties of the former Bureau of Lighthouses and the former Bureau of Marine Inspection and Navigation into Coast Guard operations. These two services

were transferred from the Department of Commerce. The first was on July 1st, 1939; the second, by the Executive order of February 28th, 1942, which became permanent with the Reorganization Plan No. 3 of 1946. Increased economy and efficiency had been

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attained through consolidation of facilities, reduction of operating expenses, the better use of personnel assigned to marine inspection and aids to navigational functions. Second: Important savings on expenditure and more efficient use of personnel were affected by consolidating districts and facilities whenever careful study indicated that this action was practical. Three: Extensive improvements in accounting organization and procedures were carried out. Four: The study of existing supply procedures initiated in 1949 resulted in more efficient methods of procurement, better inventory control with reduced costs, and improved distribution of stocks. Five: Installation and more effective use of new devices, particularly in the field of electronics, enabled the Coast Guard to meet its increased obligations and to carry out

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its traditional duties more efficiently than ever before even with a minimum of personnel. Six: A central management group was established to review regularly methods and procedures to assure constant improvements in management practices. And in addition to all of these improvements, a strong organization for the Coast Guard, facilitated by an act of Congress which became law in August of 1949, assisted greatly in this changeover. In this law the Coast Guard received from Congress, for the very first time, a concise mandate as to its peacetime functions and responsibilities. The Treasury took a very active part in the preparation of this legislation for the consideration of the Congress.

Other developments which strongly affected the Coast Guard operations during my tenure were

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the responsibilities for port security and the revitalization of the Coast Guard reserves, both of which resulted from congressional action following the outbreak of hostilities in Korea. When I left the Treasury, the Coast Guard was a compact, highly efficient organization which was enabled by the improvements made during the six and a half years I was in office, to carry out its far flung responsibilities by means of a relatively small increase in personnel and funds allotted to the service since the middle of 1946. Again, I want to give full credit for these accomplishments to the able and loyal members of the Bureau staff and personnel.

The next item for discussion is the improvement of Federal accounting and financial procedures of the Federal Government. I'm going

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into this in some detail, Mr. Hess, because I have always considered it one of the vitally important things that took place in the reorganization of the Government accounting system since our nation began. I considered it to be desirable to include in this report, a review of the system since its inception in 1789, particularly as it concerned the responsibility of the Treasury Department to maintain the central revenue and appropriation account of the Government. The keystone of the system is the provisions in Article I Section IX of the Constitution which

provides:

> No money shall be drawn from the Treasury but in consequence of appropriations made by law and a regular statement and account of the receipts and expenditures of all public money shall be published from time to time.

In the act creating the Treasury Department it was unquestionably the intention of the Congress

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to center in the Treasury the accounting control over the public money. In addition to the positions of the Secretary of the Treasury and the Treasurer of the United States, the act of September 2nd, 1789 created in the Treasury Department the position of Controller, Auditor, and Register. No acknowledgment of the receipt of money into the public treasury was valid unless endorsed on a warrant of the Secretary of the Treasury. Likewise, the Treasurer was authorized to make disbursements only upon warrants of the Secretary, countersigned by the Controller and recorded by the Register. The basic principles established in 1789, are part of the law today, although the passage of time has brought about changes in organization as well as procedure. Between 1789 and 1894 certain accounting functions had been imposed upon other agencies, but in the

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Dockery Act of July 31, 1894, the Congress reorganized the system by restoring it more completely to the original Treasury system. This law established in the Treasury Department, the Office of Controller of the Treasury, who was the principal accounting officer of the Government, six auditing officers, and a division of bookkeeping and warrants which became the central bookkeeping and reporting organization of the Government. For many years, beginning in 1908 and 1909, the Treasury Department had recommended the adoption of a budget system for the means of providing better control over the receipts and expenditures of the Government. In the Budget and Accounting Act of 1921, the Congress created a budget system and at the same time made important changes in the Government accounting and auditing structure. The 1921

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law created the General Accounting Office as an independent agency of the Government under the control and jurisdiction of the Controller General of the United States. The Office of the Controller of the Treasury and the six auditing offices of the Treasury were consolidated in the newly created General Accounting Office. Authority to issue warrants on the Treasury, however, was retained by the Secretary of the Treasury subject to counter-signature of the Controller General of the United States. Also the functions of maintaining the central accounts of the Government and of preparing an annual report relating to receipts, appropriations, and expenditures were left to the Division of Bookkeeping and Warrants of the Treasury Department.

Section 255 of Title 5 of the United States Code provides:

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> There shall be in the Bureau of Accounts of the fiscal service, Treasury

> Department, a division of bookkeeping and warrants. Upon the books of this division, shall be kept all accounts of receipts and expenditures of public money, except those relating to the postal revenues and expenditures therefrom.

And Section 264 of the same Title provides:

> It shall be the duty of the Secretary of the Treasury annually, to lay before Congress, on the first day of the regular session thereof, an accurate combined statement of the receipts and expenditures during the last preceding fiscal year of all public monies, including those of the Post Office Department, designating the amount of the receipts whenever practicable by ports, districts and states and the expenditures by each separate head of appropriation.

Until recent years the accounting procedures of the Government were designated largely for the purpose of controlling appropriations, allotments, and enforcing accountability of public officers with respect to the receipt and disbursement of public funds. On December 23, 1947, the

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Secretary of the Treasury, the Controller General of the United States [Lindsay Warren], and the Director of the Bureau of the Budget [James E. Webb], met for the purpose of considering the feasibility of improving the system by making it more responsive to the needs of management. The result of this meeting was the adoption of a joint accounting improvement program in which the General Accounting Office, Treasury Department, and the Bureau of the Budget, took the leading roles assisted by the various administrative agencies of the Government. An important outgrowth of this program was the enactment of the Budget and Accounting Procedures Act of 1950. In approving this act, President Truman said, "This is the most important legislation enacted by the Congress in the budget and accounting field since the Budget and Accounting Act of 1921 was passed

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almost thirty years ago." Personally I think it was the most important budget and accounting account since our Government began operation. A uniform system of accounting has been adopted for the entire Government whereas before each different agency could proceed with an accounting system of its own if it was approved by the Controller General. This procedure has greatly increased the efficiency, the time required to complete consolidations, and the general composite availability of Government accounting for the purposes of the President and for Congress and for the budget operation.

Before leaving the subject of accounting improvement I feel like I should say a word about the need always for competent accounting personnel. Proper performance of accounting duties requires a high degree of professional

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skill and that is particularly true in Government accounting. It was my recommendation on leaving office, that a comprehensive program of job evaluation should be undertaken regularly in order to provide adequate incentives for young men and women to enter this field and to follow

it as a career in the Federal Government.

And in closing my remarks, Mr. Hess, on the Treasury's reorganization programs while I was Secretary, I want to once more speak of the increased efficiency of the working operations of the Treasury Department and the improved service to the public which was brought about through the management improvement programs which were based on, first: A management efficiency study within the Department. Two: Management surveys of private

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management engineering firms. And three: Participation of all employees through a system of cash awards or efficiency, superior accomplishments, and management improvement suggestions.

As I have already noted in our earlier discussions, the problems of management improvement were particularly pressing when I came into office in June 1946. From the very beginning the Treasury began to introduce important and far-reaching changes both in organization and in the volume and direction of operating activities. These changes were the result, in large part, of the Treasury's new management improvement programs. The Treasury Department was particularly active and aggressive in establishing these new improvements and in putting their provisions into effect in the period following

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the close of World War II. Management studies were made both within the department and by contract with private management engineering firms.

During our various discussions I touched on a number of details of these programs as we were talking about the various operations of the Treasury but I will add that throughout the Treasury the goal of the management improvement programs to cut costs, to improve efficiency, and to render better service to the public, was constantly kept in mind. The record will show that the Treasury made most satisfactory progress towards this goal during the six and a half years that I was in the Treasury. As a direct result of these programs, there has been great monetary savings of many millions of dollars. Other savings, the value of which cannot readily be measured in terms of dollars, were also

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affected. These savings were employed in meeting increased workloads, reducing appropriation requests, strengthening the enforcement work of some of the Bureaus, and covering the cost of installing mechanized and other improved procedures. One illustration of the improvement made might be mentioned at this point. It relates to the coordination of the inspection activities of Customs and Immigration. The principal objective of this improvement was to have one officer of either service perform the duties for both services in preliminary screening of passengers and vehicles at border ports and stations. After a series of a successful pilot test studies of procedures to carry out this objective, the Secretary of the Treasury and the Attorney General jointly ordered that these

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procedures commonly referred to as "dual screening" should be permanently installed wherever feasible at border ports. These installations were accomplished between May and October of 1949. The recurring annual savings to the Bureau of Customs alone from this change in procedure amounted to approximately three hundred thousand dollars. Improvements in procedure of this type, of course, were repeated in many thousands of changes in procedures which were examined, tried out on a pilot basis, and then installed in the operating offices and bureaus of the Department as rapidly as possible.

In addition to the examples already discussed under this and previous headings, programs and management improvements were carried out in the fiscal service, the Bureau

[1895]
of Engraving and Printing, the Bureau of the Mint, the Secret Service, the Bureau of Narcotics and in the Office of Administrative Services. You can see how rapidly, in various departments, the efficiency and the savings that were generated by these careful studies of management procedures. The progress realized under the Treasury's management improvement programs would not have been possible without the continued and enthusiastic cooperation of the employees of the Department. Just to mention one activity: The incentive and efficiency awards programs put into effect in the Treasury Department, it was estimated that dollar savings of over two million dollars resulted from employee suggestions and efficiency awards programs. The most important result of these programs, however, can't be measured in dollars. They

[1896]
result from the improved morale and greater efficiency of day-to-day operations which come from enlisting every employee in the Department in the program for better Government service at lower cost.

I might mention one other important feature of the Treasury's broad programs for improving operating activities, was the institution of management studies with respect to all major phases of the Department's operation. National surveys, together with our own studies, were eventually fruitful of ideas for operating improvements which were put into practice throughout the Department. Congress was most prompt in passing necessary legislation to aid in many of our required activities. Taking it, by and large, these improvements in service and savings in operating costs eventually repaid us in the

[1897]
Treasury, for all of the painstaking study, review, consultation, and work that went into the program.

[1898]
Forty-seventh Oral History Interview with John W. Snyder, Washington, D.C., September 3, 1969. By Jerry N. Hess, Harry S. Truman Library.

HESS: Mr. Secretary, I have a few questions about some specific tax measures. On January 14, 1948, Representative John Dingell submitted H. R. 4968; the bill contained an excess profits tax proposal. In the bill, excess profits were defined as profits greater than 135 percent of the base

established under wartime law, which was the average of 1936-1939 profits or 8 percent of invested capital, and it had been first outlined in the State of the Union message on January 7th; the bill provided for a reduction of income tax of $40 for each taxpayer and each of his dependents. According to the *New York Times* of January 23, 1948, the figure was set at $40 in joint studies by Treasury, White House, and Budget Bureau personnel. Reading one quote from

[1899]
A. E. Holman's book, *United States Fiscal Policy, 1945-1959*, he has the following quote:

> It was widely believed that the Secretary of the Treasury was opposed to the President's recommendation and only supported it in public out of loyalty to the President. The Republican members of the Ways and Means Committee made several efforts to draw the Secretary on this point, but all he would say was that it was the President's policy.

What do you recall about that particular measure?

SNYDER: Mr. Hess, I think that measure of Mr. Dingell's was simply his interpretation of what Mr. Truman had asked in his bill, in his proposed legislation. President Truman made a request, and I think that on top of the so-called [Representative Harold] Knutson proposal, Mr. Knutson, at that time was chairman of the Ways and Means Committee, and he had introduced a tax bill, which President Truman didn't agree with at all, and many parts of it I didn't agree with. In order to get some

[1900]
counteraction there, this bill that you just mentioned, as having been introduced by Congressman Dingell, the record shows that he forced the acceptance of that bill in conjunction with the Knutson bill over the strong objection of Chairman Knutson. But he was able to carry his point and introduced his bill. Congressman Dingell told the Committee that the community property principle could be included in his bill without affecting the Treasury receipts by changing the $40 tax cut recommended by the President for each individual to $30. Now that's where this $40 business got in to it. The purpose was that actually the $40 tax was in effect raising the exemption on the individual, and it was just stated in a different way. Frankly, it was unfortunate, because it gave the wrong connotation to the proposal, but the simplest way would

[1901]
have been to raise the individual exemption by $100 or something like that, don't you see, or $200. But then the most interesting part about this was that Mr. Dingell stated before the committee, he said, "Now, I want you to understand that I'm not advocating this bill, but I'm only suggesting it as a possibility, because it's what Mr. Truman says he wants." I think that's very interesting. You asked me, you said that it was indicated that I didn't favor the bill. Well, I think neither side particularly favored it. Dingell, who was a Democrat, and a Democratic member of the Ways and Means Committee, stated that he wanted it understood that he was not advocating making change like that, but that it would help carry out a proposal made by President Truman.

I was opposed to the bill because I thought that it was badly timed; it came at the wrong

[1902]
period; it took up some matters that later on we may have been considering, but it caused a big drop in our revenues at the very time that we least desired them, so far as our plan of trying to get the finances of the country back under control after the great deficit spending of the war. I pointed out to Chairman Knutson and the Committee, that this bill without doubt would remove over six million people from the tax rolls. Of course, Mr. Truman wanted to go even further than that at the time. If there was going to be a tax bill he wanted to remove some ten million people, but that larger exemption, you see, by the $40 credit as it was called, which actually had the effect of asking to raise the deduction for the individuals.

HESS: Were you in favor of the excess profits tax provisions in this bill?

[1903]
SNYDER: Well, no, I wasn't, and I never have been in favor of the excess profits tax taxes, for this reason: My resistance to an excess profits tax was that it was penalizing the man who did his job best. You offer a certain project to the industry to build a certain thing, and ask for bids on it. The bids came in and you have an opportunity to get competitive bids and award it to the lower bidder. That ought to be then the bid at which the man who got the lowest bid, and if he can turn out the product, then he's entitled to make his profit on that.

In the pressure of war, however, the necessity for products becomes very urgent, and the purchasing departments of the various services resort to cost-plus contracts, at which the Government will award a contract to a company

[1904]
on a cost-plus basis. Think there ought to be an adjustment in the cost-plus contract so that when they are audited that any excessive profits could be adjusted in the price paid without any excess profits tax. But when the excess profits tax was used, when they went back and audited, they applied the excess profits tax against what the Government considered they properly should have made. The inequity of it was apparent against the man who did a better job, because if you give the same job, cost-plus job to two people, and one man runs his cost way up and doesn't turn in a particularly good product, and yet he rides right on with his excess cost and the increased cost of the Government, his production line cost, material flow, labor application, and can hold the cost down, why, he ought to be entitled to a

[1905]
fair margin of profit. That, got very much entangled into the excess profits tax picture, and caused a great deal of dissatisfaction during the Truman administration.

I'll give you as an example, the jeep. Willys-Overland Corporation who brought out the accepted model of the jeep, which was approved by the Quartermaster Corps, and later by the Department of Defense -- during World War II it was the Quartermaster Corps that handled the purchasing of the jeeps. Afterward they determined that they wanted a second source of supply however. Willys-Overland had been in financial difficulties before the war, and were not on a sound financial base, and although they turned in the model that was accepted as standard, the

Quartermaster Corps desired to have a second source of supply as a safety factor, and so they got the Ford Motor Company to come into the

[1906]
picture, and they required the Willys-Overland people to give them their plans and specifications and send one of their foremen over to help setup the production line. The Government permitted Ford $100 to $150 per unit over what they allowed Overland, because Ford claimed that their costs were running so much higher for some reason or another, that their labor market was higher than Willys-Overland was. But all during the war, Ford got anywhere from $100 to $150 more for the same product than Overland did, and the Overland product was apparently the best, because it was a common saying around the armed forces that when you sent the enlisted men out after a jeep or out to a supply depot to pick up several jeeps, they all immediately looked for the Willys jeep because they said its performance was more assured and more standard. I added that just to show you one

[1907]
example of when the man does a real good job, he ought to be entitled to a profit on what he did, don't you see?

HESS: Are there any situations when you think an excess profits tax should be employed?

SNYDER: Well, it's hard to oppose it in time of war. When you're doing as I was telling you, you're rushing contracts, you haven't time to go through the normal bidding for it, and so forth, and there's a war on and pressure, and you'll give a man a contract to do something at a certain price, and he gets organized and can turn it out better than the price that you gave him, well, it seems that it is still applying a penalty to the man who does a good job, over the man who does the poor.

HESS: As I read in the *New York Times* about the $40

[1908]
tax cut, was that figure set at $40 during joint studies between the Treasury, the White House, and the Budget Bureau?

SNYDER: I'm not too sure exactly where that came up. The Treasury was not in on it. We would have recommended the raising of the exemption, rather than that particular device, of a $40 credit. If they had raised the exemption by about that much, it would have had about the same effect, but then they, got into quite a debate about it and it didn't pass, as you know.

You know, you were talking just a minute ago about the community property principle. At the time, that wasn't very popular, and there were quite a number of the states that didn't have the community property law and were resisting it very strongly, they didn't want it. I remember Congressman [Robert L.] Doughton pressed

[1909]
me pretty hard. He wanted a yes or no answer as to whether the community property principle

should be extended to all the states. I remember I told him, I said, "If this Congress wants to correct it." I was opposed to it at that time myself, because I thought it was going to cause us some problem with our taxes right at the time when we needed them and we didn't want any reduction I told him, "If Congress wants to correct it and provide the revenue that would be lost through some other tax, why, I would be in complete accord with them." My only objection to it was an untimely reduction in revenues that we needed pretty badly. Later, when it was finally approved, and it went through with the Treasury's support,

HESS: Did you try to dissuade the President from recommending that there be a $40 additional

[1910]
tax credit before he came out with that pronouncement in the State of the Union address?

SNYDER: Yes.

HESS: What did he say?

SNYDER: He said, "No, I want to put this up to them, and I think it will be all right. I think this is one way. It looks like they are trying to swing this bill to make it look like they've taken care of everything, and this will be more obvious to the little man that he's getting something," It wasn't persuasive, unfortunately.

HESS: Did you think that Mr. Truman honestly thought that he could get a bill like this through the Congress at this time?

SNYDER: I don't know. I wouldn't want ever to say that Mr. Truman did something that he didn't

[1911]
think was honest.

HESS: Well, we're not talking about honesty, we're talking about politics. Do you think Mr. Truman's actions were politically motivated?

SNYDER: I think that there was some horse trading going on there. There is no doubt that the Republicans were after a reduction in taxes for political purposes. So, he was just capitalizing, maybe, on a different twist of it.

HESS: Do you think that this could have been something in the nature of record-making and issue-building against the 80th Congress by saying to the American people, "Here we are trying to lower your taxes, and the do-nothing Republican 80th Congress is no going to do it."

[1912]
SNYDER: Well, I think that is what was in the back of his mind there.

HESS: Did he ever express anything like that to you?

SNYDER: No, I didn't discuss that with him. The only thing I did press for was that if they didn't want to put the $40 credit in there that they would find some other way to raise the same amount of taxes, don't you see. It was a very difficult situation to face up to. Mr. Truman did not want to lose any gross revenues, but he put it up to the Congressmen, even in the recommendation, that that $40 credit ought to be made up by taxes somewhere else.

HESS: Did you like to keep yourself separated from matters of political consideration such as this, if this was a political measure. If

[1913]
something like this was going to be sent to Congress for political reasons, did you like to disassociate yourself with such matters?

SNYDER: I attempted to iron out all my objections and arguments with the President, and once a decision was made, regardless of how I might have felt about it in discussing it with him, I usually went along with the administration's stand, because I have seen too many times the damage that is done to an administration by having schisms between Cabinet members and their agency heads. I would put up my arguments and my fights with the President, and if he finally made the decision that he wanted to go a certain way, why, I tried to accommodate myself to the administration's point of view.

HESS: Do you think that the position of the Secretary

[1914]
of the Treasury should remain aloof from politics?

SNYDER: Yes. President Truman was very cooperative in letting me keep the Treasury somewhat removed from politics, because between us we agreed that the Treasury was the business part of Government, and that we were dealing with both sides. We had problems with the taxpayers of both parties, and therefore, it would be advantageous to stay somewhat clear. Mr. Truman never asked me to make political speeches, and he passed the word on to the Democratic headquarters and it was rare -- while I was in the Cabinet -- it was rare that either the Secretary of State or the Secretary of the Treasury went out on a political campaign with a political campaign speech of

[1915]
some sort. That doesn't mean to say that in our talks, in our routine speeches and our routine actions, that we weren't supporting the administration, and that we weren't 100 percent for Mr. Truman. I want that to be very clear. We didn't take sides on a matter that was opposed to the administration's stand. If that makes it clear.

HESS: It certainly does.

In my research on H. R. 4968, I could only find one entry in the *Congressional Record* and that was at the time it was proposed so it must not have been voted out of committee. Is that correct?

SNYDER: It never was. I just mentioned that. I think it was about the 15th of January, Congressman Dingell was allowed to read his bill, but I can't find the bill anywhere. That

[1916]
particular number seems to have just disappeared.

HESS: It's only listed once in the *Congressional Record*. That's when it was proposed, and that's the only entry given for it. So usually that indicates that it just did not come out of committee.

SNYDER: That's right.

HESS: The next bill that I have a few questions about is H.R. 4790, and early in the second session of the 80th Congress, Representative Harold Knutson introduced the bill, H. R. 4790.

SNYDER: That's the one I was talking about.

HESS: That's the one we were talking about a little earlier, is that right?

[1917]
SNYDER: Yes, that was the Knutson bill. He, at that time, was chairman. He was the Representative from Minnesota.

HESS: And Dingell brought out a similar bill later on, is that right?

SNYDER: No, he brought out a bill not similar to Knutson's bill, but a bill that incorporated some of the things that Mr. Truman was trying to get included, and I tried to persuade Chairman Knutson that any tax adjustment -- you see, his bill was taking care of the high bracket people largely. That's where the big end of his tax relief came, was to the high bracket taxpayers. Mr. Truman's feeling was that greater attention (and that's where the $40 came in), greater attention should be given to the lower brackets. I urged Chairman Knutson

[1918]
that any tax adjustment that was to be made at that particular time ought to be concentrated on the bottom of the income scale instead of on the top of it. I remember suggesting to him that though the cost of living tax adjustment credit recommended by Mr. Truman of $40, he called it "A cost of living tax adjustment," you know, he could not endorse any general reductions in tax rates under the present circumstances. That was his effort to bring some relief, was that cost-of-living reduction. That probably was the reason why he didn't want to go along with me in raising the limit to accomplish the same thing. I would have opposed it myself under any guise, because I didn't think we ought to be reducing taxes at that particular period.

HESS: President Truman vetoed H.R. 4790 on April 1,

[1919]
1948, and it was passed over his veto the following day. The vote was 311 to 88 in the House,

and 77 to 10 in the Senate. Correct?

SNYDER: That's right. They kept saying that inflation had subsided and this was needed to spur the production and to lift the economy, and I insisted through that whole hearing that we still had inflationary pressures and they had to be checked and that the administration would be the first to come forward with proper rate reductions with a well-balanced tax revision program just as soon as we felt those inflationary pressures were subsiding.

HESS: The next subject that we have is the minor recession that came along in 1949 and 1950, and there are some historians and economists who say that the administration was slow to

[1920]
recognize that a recession was developing at this time. What's your reaction to that?

SNYDER: That's debatable. We had so many pressure groups. I guess you always have. Every administration has them. But here one minute we have been having this pressure, pressure, pressure, on inflation, "We must do something to stop inflation," and then all of a sudden it switches over and it starts that we are now plunging into a recession. Well, you don't just turn the tap on and off, Jerry. It isn't that simple. It would be marvelous if your income revenue supply was there in a great big reservoir, and you could just turn the tap on and have it come when you needed it, and slow it down when you didn't need it. It takes planning; it takes hearings before Congress, that is to take any legal action

[1921]
towards tax reforms and things of that sort. We were proceeding with what fiscal programs we could by lowering the margin requirements and things of that character, and there is always a group who want you to do something spectacular. Well, I was always opposed to that procedure with regard to monetary matters. Of course, Providence came along and took care of us that time. It wasn't any crystal gazing on my part that let me know that Korea was coming on. But if we had moved any more rapidly, and had set in motion certain things, we would have had just that much more trouble reversing. When we did have to go before Congress, we would have had more space to make up, because, as I say, Providence came to my rescue there in whatever action that we took that was attributed to be slowness; it turned

[1922]
out that we were fortunate in the conservative position that we took with the economy at that particular time.

HESS: It is generally agreed that the first official pronouncement of that development was in the mid-year economic report published in July of 1949, and that it noted that in the first half of 1949 there occurred a "moderate downward trend." Do you recall that?

SNYDER: Yes, that was discussed at some length. Who was the head of the Council at that time?

HESS: [Leon H.] Keyserling?

SNYDER: Yes, Keyserling. You know, Mr. Keyserling was an enthusiastic person and a very likeable sort of person, but his economics were self-generated, and although he called himself an

[1923]
economist and he lists himself officially today as an economist, I have never known of his having ever studied economics as a serious course of study. And so, he used to come out with this, I think, "hip pocket" tenets of economics that I just couldn't agree with at all times.

HESS: Dragging out our two old terms, "liberal and conservative" how would you describe Mr. Keyserling?

SNYDER: I think Mr. Keyserling could easily be called an ultra liberal.

HESS: Without any reservations?

SNYDER: Without any reservations.

HESS: How would you compare Mr. Keyserling with Chester Bowles on their liberality?

[1924]
SNYDER: Hand in hand. I think they could go hand in hand. Mr. Bowles had been, of course, a very successful businessman, and had amassed quite a fortune in the advertising field, in public relations. His company had been bought out by General Foods, because General Foods wanted to take over when they had their great consolidations, and as part of their reorganization plan they bought out the Bowles advertising agency, Benton and Bowles. Benton and Bowles were a very aggressive company and apparently a very good productive company, because they had a number of the big accounts of the industries which were consolidated into General Foods. Clarence Francis, who was the president of General Foods at that time, told me that when they examined the situation in the consolidation they found that they were paying to bring all these contracts together and they

[1925]
were working harder for Benton and Bowles than Benton and Bowles was working for them. So they bought them out at a very handsome price. Mr. Bowles then started out in a public career because he was comfortably fixed. So Mr. Bowles came into Government. He ran for office in Connecticut and became connected with the OPA here, and made quite a dramatic performance of his leadership there. I thought it was very effective during the latter part of the war. But after the war, it was difficult to work hand in glove with him because he was so intent upon this so-called liberal idea and in his daily radio speeches he was the one person standing between the housewife and perdition. It was hard to get along with him at times. But I remember when Mr. [William] Benton, who was a Senator at one time, never got off on that

[1926]
angle. He was a very effective help to the administration, and in anything that came up. He was a good Senator, but he stayed more a businessman than Mr. Bowles did, because Mr. Bowles has

never recovered from his experiences in the liberal field. He made a big hit as Ambassador to India, because that's what they wanted, all the liberality in the world from the U.S. He was constantly backing up and favoring their demands on this country for greater aid. Mr. Bowles, apparently, had the notion that there was no bottom to the till when it came to these liberal ideas.

HESS: Fine. Now the other questions I have on my list you have covered in the recorded portions that we have taken down the last few times: Taxation for 1950; taxation during the period of the Korean conflict, so that finishes

[1927]
all of the questions that I have on my list. Just one question on taxes, what would be a perfect tax situation taking into consideration income taxes, corporation taxes, excise taxes, is there a perfect tax?

SNYDER: I doubt if you could ever come up with what would be generally accepted as a perfect tax, even though you were allowed to start out fresh as we did in Japan. We built a tax system for them. I sent a task force of experts from the Treasury, twelve men, a cadre of twelve men, who went over and worked out a tax program. We had a great opportunity then to come out with as near a perfect tax program as was possible. But even then we ran into great problem's. You have resistances and you have certain groups that have more persuasion than others

[1928]
and the first thing you know, you began to begin to get lumps in the general structure of your tax conception. Ours, I don't suppose, will ever overcome the inequities and the loopholes and things that have grown into it, because of the manner in which it was built. Starting back when we were going out for more taxes during the depression. We needed some revenue to carry out the various recovery programs. A tax was usually put on where it would cause the least excitement or the least resistance. Then the war came on with its greater demands. Then again a tax was put on pocketbooks, and one was put on this and one put on that, and it just bulged out into places all over until it was a terrific sight to behold when you tried to think about a reorganization of our tax structure on an equitable basis. Now consider

[1929]
this bill that Congressman [Wilbur D.] Mills introduced and the House passed. All you have to do is to read your papers. That was intended to try to correct some of the inequities and some of the loopholes and things of that sort, to bring it nearer to a perfect tax structure.

But it's a hopeless task, as it appears from the Senate hearings.

HESS: Well, Mr. Snyder, that ends all of the questions I have on all of the subject that we had intended to cover. Do you have anything you would like to add on Mr. Truman or the Truman administration?

SNYDER: Well, I think that we'll bring this present series of interviews to a close by stating that it has been a great pleasure to have had these talks with you, and to have given you some of

[1930]
my experiences, and tell you of my activities while serving with President Truman. I found him to be one of the finest men that I have ever come in contact with, and it was not only a great privilege, it was a great pleasure to have been associated with him in the difficult times that we went through when he was President. I was delighted to have had that opportunity to have been associated with him, and to have lent whatever aid I could to him, because I considered at that time, and have never wavered in my belief, that he was a great President and I am delighted to see him every year become more and more established in the minds of historians and the people, as having been a great President. I think maybe I've told you Mr. Hess, I was never associated in politics; only when Mr. Truman was involved, did I ever get actively

[1931]
into political activities, and that was largely on the fund-raising side for him. I never had any political ambitions, and so the only motive that I had was to try to help him as long as he thought my work was effective. That was my one goal. I never had any notion in mind to seek any credit for anything that was done. I wanted him to have the credit. If it was something that redounded to his credit and to his better meeting the problems that were facing him, that gave me the greatest satisfaction in my work with him. As soon as he left Washington, I stepped out of public life and have stayed out these fifteen odd years. But it's been such an enjoyable experience to sit here with you these past weeks and review and reminisce on some of the things that occurred while I was serving with

[1932]
Mr. Truman.

HESS: We thank you very much for your time and for your assistance to the program.

SNYDER: I might say this in adding that if anything occurs to you as you are interviewing other people and if you'd like to drop back over some day and we'll pick up a few threads that we dropped along the way, why, I'll always be very happy to see you and to visit with you.

HESS: Fine. Thank you very much.

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