

DIARY

Book 842

April 28, 29, 30, 1945

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April 22, 1945
10:45 A. M.

Operator: Mr. O'Connell. Go ahead.

HMJr: Hello.

Mr. O'Connell: Hello, Mr. Secretary. Joe DuBois is here with me.

HMJr: Good. Now, can you hear me?

O: Yes.

HMJr: You know I've got President Truman's permission to go ahead and write a series of articles on the Morgenthau Plan.

O: Yes.

HMJr: And I've got David Loth down with me.

O: Yeah.

HMJr: Now there are several things in the article the principle thing is my own personality which I'm trying to get into it.

O: Yeah.

HMJr: I don't need the help of you gentlemen, but I do need your help with this. The article doesn't show enough about how the German pinheads hang into this country. Hello?

O: Yes.

HMJr: And I want examples of cartels like the Hello?

O: Yes.

HMJr: Now I'm going to mention some. They may be good and they may not, but between you and Joe you can get them together.

O: Yeah.

HMJr: I mean where as I remember they had a conference on and for some reason which we were never allowed to use.

O: Yeah.

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211 B

HMJr: Although the company was here and had it.

O: Yeah.

HMJr: I think that's correct.

O: Yeah. I don't know but we can find out, certainly.

HMJr: Well, you can find out, but as I remember it they had a very fine injection carburetor for subway use, and it was here but we couldn't use it. Of course the rubber thing...

O: Yeah, that's the Standard Oil.

HMJr: Yeah?

O: Yeah.

HMJr: Then, of course, the general analine's dye - the one we have ourselves.

O: Yeah.

HMJr: And then how through them they got into South America.

O: Yeah.

HMJr: See?

O: Yeah.

HMJr: Now you fellows may have some better examples than that, but I want to show how the Germans' cartel trust reached into this country....

O: Yes.

HMJr:suppressed competition, kept prices up..

O: Yeah.

HMJr: ..and how the big boys operated.

O: Yeah.

HMJr: Now those were a few that I can think of, but if you fellows can think of anything better ...

O: Yeah.

- 3 -

HMJr: ...I wish you would get together.

O: I think the magnesium story is probably a fairly good one, as I recall it, involving Aluminum Company of America. I think they had a tie-in with the Germans.

HMJr: Well, if they can't - any time you can get the stuff - between you and Joe, and we'll put as many more people on as necessary - knock it off and put it on the teletype.

O: All right, we'll do what we can right away.

HMJr: Now, the other thing that I want somebody put on is this: I want some bright young man or woman to go up to the Library of Congress and see whether they have a record of the Debates which took place in the Reichstag - took place ten years before Germany went to war. Hello?

O: Yes.

HMJr: And I want to see if there wasn't some member of the German Reich staff who protested in the interest of the small agriculturalists what the big land-owner was doing to them.

O: Yeah.

HMJr: See?

O: Yeah.

HMJr: Now I know this is up at Vassar College. The library there has the complete debates that took place in the French Parliament.

O: Yeah.

HMJr: But I want to show that even the German representatives protested against the big land-owner because the little landowner couldn't get along.

O: Yeah.

HMJr: See?

O: Yeah.

HMJr: And some bright fellow -- there must be some place in the United States some records of the German Parliament.

O: Yeah.

HMJr: And I want someone - a couple of people put on that right away.

O: Right. That would probably be in the period from 1930 to 1940.

HMJr: Somewhere in there. And between you and Joe DuBois - I mean we must have some bright young researchers around.

O: Yes, I'm sure we can find some.

HMJr: That we can put on this.

O: Right.

HMJr: Does Joe want to ask any questions? DuBois.

O: Wait a minute. (Talks aside)

O: Joe thinks that both ideas are good and he tells me that they have already someone working on that first point.

HMJr: Which point?

O: On the cartel point which you made.

HMJr: They don't show enough where it reaches into America. I've got to convince the people at home that this is dangerous to them at home.

O: Yeah. Well.....

HMJr: And high prices, scarcity of goods, they held back even after we were at war.

O: Yeah. Yeah, well, I think we can very readily get you some material on that. We'll go right to work on it.

HMJr: Will you please?

O: Yes, we'll do it.

HMJr: I worked with him most of the way down, and he's been ever since. I mean..

- 5 -

E

O: Yeah.

HMJr: ...we're going full blast down here.

O: Well, that's fine.

HMJr: And I need this additional support.

O: Right. Now, Joe DuBois wishes to speak with you for a moment.

HMJr: All right.

Mr. Joe DuBois: Hello.

HMJr: Hello.

D: Mr. Secretary..

HMJr: Yeah.

D: This....

HMJr: You've got to talk very loud, Joe.

D: On this Pauly appointment...

HMJr: Yeah.

D: ..Lubin was -- called me over last night and we had a long talk.

HMJr: Yeah.

D: My off-hand reaction is, I don't know how you feel, that it may not be too bad.

HMJr: Well, I don't know. I just don't know -- and I can't get upset down here.

D: Yeah. I don't --- I don't mean -- It was just the reverse that I was...

HMJr: Yeah, but, you see, President Truman told me that he was going to appoint somebody to come to my meeting at 10:30 Tuesday morning. Hello?

D: Yeah.

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F

HMJr: So we'll find out fast enough.

D: Well, I'd to meet with Pauly and the rest of the group at 12:30.

HMJr: When?

D: Today.

HMJr: Good.

D: See. Now there may be some sort of general remarks about wanting everybody to stick on the job. I'm sure there will be, but we...

HMJr: Well, just remember this you can send the remarks down to me, but remember it's the Army Signal Corp that's handling this stuff.

D: Yeah.

HMJr: See?

D: Yeah. The letter that Truman sent to him was an excellent letter.

HMJr: Was it?

D: He made it clear about four times that he was to report directly to the President and not through the State Department.

HMJr: Good. Well, now, if you send me anything air-mail, special delivery today, I'd get it tomorrow morning.

D: O. K.

HMJr: Do that.

D: Good.

HMJr: All right, bye.

April 28, 1945

My dear Mr. Bowles:

As the Office of Surplus Property moves from the Treasury to the Commerce Department, I want to express my appreciation and that of my staff for the outstanding cooperation we have received from the Office of Price Administration, both in Washington and in the field, in the establishment and maintenance of our surplus disposal program.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. Chester Bowles, Administrator
Office of Price Administration
Washington, D. C.

April 28, 1945

My dear Mr. Secretary:

As the Office of Surplus Property moves from the Treasury to the Commerce Department, I want to express my appreciation and that of my staff for the outstanding cooperation we have received from the War Department in the establishment and maintenance of our surplus disposal program.

I feel that thanks are particularly due to the Readjustment and the Storage Divisions of the Army Service Forces and to the representatives of the Technical Services. Their assistance added much toward the success of our operations.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

The Honorable

The Secretary of War

JBENNETT:lhk 4-28945

April 28, 1945

My dear Mr. Chairman:

As you know, arrangements were recently made for the Office of Surplus Property of the Treasury Department, and its functions of disposing of surplus consumer goods, to be transferred to the Department of Commerce.

As the Office of Surplus Property moves from the Treasury I want to express my appreciation and that of my staff for the cooperation and consideration we have received from your Committee and particularly from its Subcommittee on surplus property. We found the Subcommittee's constructive criticisms and suggestions very helpful to us in laying the foundation for disposal programs.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Honorable James M. Mead, Chairman
Special Committee to Investigate
the National Defense Program
United States Senate

JBENNETT:JWPEHLE:1hh 4-28-45

April 28, 1945

My dear Mr. Chairman:

As you know, arrangements were recently made for the Office of Surplus Property of the Treasury Department, and its functions of disposing of surplus consumer goods, to be transferred to the Department of Commerce.

As the Office of Surplus Property moves from the Treasury I want to express my appreciation and that of my staff for the cooperation and consideration we have received from your Committee and particularly from its Subcommittee on surplus property. We found the Subcommittee's constructive criticisms and suggestions very helpful to us in laying the foundation for disposal programs.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Honorable James E. Murray, Chairman
Special Committee to Study Problems
of American Small Business
United States Senate

JBENNETT:JWPEHLE:1hh 4-28-45

April 28, 1945

My dear Mr. Chairman:

As the Office of Surplus Property moves from the Treasury I want to express my appreciation and that of my staff for the cooperation and consideration we have received from the Surplus Property Board and its staff.

I wish you every success in the very difficult task which has been assigned to you.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Guy M. Gillette, Chairman,
Surplus Property Board,
New Municipal Center Building,
Washington 25, D. C.

JBENNETT:JWPEHLE:1hh 4-28-45

April 28, 1945

Dear Bob:

As I told you on the telephone, we need a Regional Director for the Procurement Division in Kansas City, and the Secretary was hopeful that you could suggest someone capable of filling the job to our satisfaction.

The base pay for the job is \$5000 a year, and the government overtime would bring the total compensation to just about \$6200. The job calls for a business executive with administrative ability and a knowledge of merchandising from the purchasing point of view (disposition of surplus property is not involved, since, as you know, that part of the function of the Procurement Division has been turned over to the Department of Commerce). I am attaching a somewhat more detailed description of the type of work and of the sort of man we need.

We would appreciate any suggestion you may care to make and would, of course, give it the most careful and sympathetic consideration.

Sincerely yours,

(Signed) Joseph A. W. Connell, Jr.

Mr. Robert E. Hannagan,
Chairman,
Democratic National Committee,
Mayflower Hotel,
Washington, D. C.

Enclosure

JJO'C:mrv

The Regional Director of Procurement must have executive ability, be a good administrative man, have a knowledge of purchasing from a high level, understand distribution of merchandise and warehousing generally, whose integrity must be beyond reproach, who will be charged with responsibility for supervising the inspection of a wide range of merchandise moving under Lend-Lease, UNRRA and special procurement programs, such as stockpiling and government purchases. Lastly, respecting education, if the candidate could show sufficient experience in the above field, the academic requirements would be less. However, an engineering degree or business administration degree, specializing in accounting, would be acceptable.

The fact that the Civil Service Commission have no register of eligibles for this particular type, it would be possible to make a selection from outside Civil Service, provided the applicant had the above qualifications.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

April 28, 1945

TO Secretary Morgenthau
FROM Mr. DuBois

There was a meeting today with Pauley, Lubin and Lubin's staff.

My initial impression of Pauley was good. He talks and acts tough and minces no words. Among the things which he said were:

(1) His appointment was no reflection on Lubin, for whom he had the highest respect, nor on Lubin's staff, the members of which would continue to serve so long as they did their job.

(2) He had been appointed by the President because the President regarded this mission as one of the most important of all tasks which faced him. The President felt that the work of the Commission would have a great influence on the fate of humanity.

(3) The reason he had been selected was that he was a close personal friend of the President, in whom the President had the utmost confidence; that the President wanted to handle this matter himself and that Pauley was to report directly and personally to the President.

(4) The whole level of the mission has now been raised. It is no longer a State Department mission but it is a Presidential mission.

(5) To a question by one of the State Department administrative men present (Eames) as to what was expected of the State Department in light of this appointment and what the relationship between the mission and the State Department was, Pauley replied:

(a) He expected that State Department would proceed promptly to make all necessary administrative arrangements to facilitate the trip, just as

they would if, for example, the Secretary of the Interior was going abroad on a mission.

(b) So far as the relationship between the mission and the State Department was concerned, he of course wanted the advice and cooperation of the State Department. The mission would need the State Department and the State Department would need the mission.

(6) When Lubin pointed out to him, during a discussion of the allocation of reparations, that the War Department desired that definite formulas of allocation be arrived at now, Pauley said that this mission and not the War Department would make decisions on these questions. He added that if the War Department wanted a hearing they could, of course, have one.

(7) He stressed the fact that the mission should work together as a team and that he wanted to make it clear that he would see to it that no member of the mission would in any way do anything to undermine the purpose of the mission.

(8) At one point during the discussion of countries to be included, he said that irrespective of what countries were included initially or included later he wanted to get everything out of Germany that he possibly could.

Attached is the press release issued on Pauley's appointment together with a statement by Pauley and a summary of his background.

P.S. I just received word that Kilgore's visit with the President was most successful. I expect a full report late this afternoon.

APRIL 27, 1945

IMMEDIATE RELEASE

The President today addressed the following letter to the Honorable Edwin W. Pauley:

"My dear Mr. Pauley:

"I hereby designate you to act as my personal representative, with the rank of Ambassador, to represent and assist me in exploring, developing and negotiating the formulae and methods for exacting reparations from the aggressor nations in the current war.

"In this matter, you will represent me in dealing with the other interested nations.

"At the Crimea Conference, it was agreed that Germany would be obliged to the greatest extent possible to make reparations in kind for the damage caused by her to the Allied countries. It was further agreed that a commission would be established to consider the question of the extent and methods for collecting such reparations.

"I wish you also to represent the United States and me personally as a member of that commission.

"In all matters within your jurisdiction you will report to me personally and directly.

"May I express my gratification at your willingness to assume this important but arduous mission.

"Very sincerely yours,

"HARRY S. TRUMAN"

In connection with the foregoing letter, the President said:

"I wish, also, to announce that I have asked Dr. Isador Lubin, Commissioner of Labor Statistics, to serve with and accompany Mr. Pauley as his associate.

"Dr. Lubin will be given the personal rank of Minister. I am very grateful to Dr. Lubin for accepting this post."

IMMEDIATE RELEASE

APRIL 27, 1945

The following statement was issued by Edwin W. Pauley today on being notified of his appointment as ambassador and personal representative of the President in matters related to reparations following World War II.

"Full and equitable settlement of the obligations incurred by enemy peoples, and full and harmonious agreement of governments of the United Nations on this point, will certainly be a vital prerequisite to any permanent relationship of peace among all nations of the world.

"The terms on which reparations must be made by the nations whose acts of aggression were a cause of this war cannot be formally set forth to the peoples of these nations until victory — unconditional victory — is achieved by the United Nations and governments acceptable to the victors are set up.

"But discussion and agreement among the United Nations on these terms may well be undertaken as early as possible. Provision was made in the Yalta Conference for these discussions and was announced as follows:

"We (the late President Roosevelt, Prime Minister Churchill and Marshal Stalin) have considered the question of the damage caused by Germany to the Allied Nations in this war and recognized it as just that Germany be obliged to make compensation for this damage in kind to the greatest extent possible. A commission for the compensation of damage will be established. The commission will be instructed to consider the question of the extent and methods for compensating damage caused by Germany to the Allied countries. The commission will work in Moscow."

"In my capacity as President Truman's ambassador, it will be my task to head the American representation on this commission, which will deal with German reparations, and in this or any subsequently organized commission to deal with the same problem as it relates to Japan.

"I regard my assignment as one involving a tremendous responsibility. While the just and forthright solution of problems left to us by World War II will be one phase of the great crisis that has involved all nations, and the formation of an international organization to prevent World War III is another and perhaps distinct phase, certainly the two are not unrelated.

"Peace cannot endure unless it is a just peace. And among the factors that will determine this quality of justice, reparations — the underlying philosophy and the practical application, in form, in terms, in methods — are certain to weigh heavily.

"I am not a 'soft peace' man. I have no reluctance in making that fact known. But whether we have a 'hard peace' or a 'soft peace' is a question for all the United Nations and their governments to decide. What I can promise in my new position is that once the peace is made, I shall do everything in my power to prevent it from being a 'brittle' peace — that is, one that may be hard in the making but will not hold together under the strain of post-war economics.

"That is the mistake that was made at the end of World War I. Subsequently, and partly because of that brittle quality of the peace, Germany was able to rearm.

"I make my pledge that it will not happen again."

EDWIN W. PAULEY

Prominent businessman of Los Angeles and Beverly Hills, California;
Treasurer, Democratic National Committee.

Born January 7, 1903, at Indianapolis, Indiana.

Graduated at Georgia Military Academy, 1918; attended Occidental
College, 1919-20; B.S. at University of California, 1922; M.S. at
University of California, 1923; undergraduate and post-graduate work in
College of Commerce and Business Administration; has taught economics
at the University of California.

Regent of the University of California since 1939, his term
expiring in 1955; active on Finance Committee and in Economics Department

Married Barbara Jean McHenry of California and has four children —
Edwin, Jr.; Susan Jean; Stephen McHenry; and Robert Van Petten.

Has completed many assignments as representative of the United States
government in the solution of problems of an international economic
character — Special Representative of Governor of California on Natural
Resources Commission, 1939; and on Interstate Oil and Compact Commission,
1940; Special U.S. Representative to act as liaison with Great Britain
on use of oil tankers, 1941; Special U.S. Representative in formulating
plans to establish Coordinator of Petroleum Industry, 1941; Special
U.S. Representative on Petroleum supplies for Britain and Russia, and for
joint report with Britain on enemy petroleum supplies.

Founder and president of Petrol Corporation, Los Angeles, engaged
in production, refining, transportation, and marketing of oil; President
of Fortuna Petroleum Corporation and Golconda Petroleum Corporation;
representative of Independent Oil Men on Planning and Coordinating
Committee, NEA, 1933, President, Independent Petroleum Association,
1934-36.

Founder and former Director, People's Bank, California; Director,
Griffith and Legg Construction Company; partner in John S. Griffiths,
builders, developers of Lakewood City, California.

Organizer and member of California Defense Council, 1941; repre-
sentative of Governor of California at Pan American Highway Conference,
1939; Vice Chairman, Community Chest Drive, Los Angeles, 1938; Finance
Chairman, China Relief, Los Angeles, 1941.



UNITED STATES OF AMERICA
COMMISSION ON REPARATIONS



April 28, 1945

Honorable Henry Morgenthau, Jr.
Secretary of the Treasury
Washington 25, D. C.

My dear Mr. Morgenthau:

In anticipation of the meeting which is to be held on Tuesday morning to discuss reparations, I am taking the liberty of bringing to your attention the attached statement issued by President Truman yesterday.

Very cordially,

Isador Rubin

Treasury Department
Division of Monetary Research

Date _____ 19

To: Mrs. McHugh (For the Secretary)

From:

FEDERAL RESERVE BANK
of New York

April 28, 1945.

CONFIDENTIAL

Dear Mr. Secretary: Attention: Mr. H. D. White

I am enclosing our compilation for the week ended April 18, 1945, analyzing dollar payments and receipts in official British, French, Canadian, and Australian accounts at the Federal Reserve Bank of New York.

Very truly yours,

/s/ L. W. Encke

L. W. Encke,
Vice President.

The Honorable Henry Morgenthau, Jr.
Secretary of the Treasury,
Washington 25, D. C.

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ANALYSIS OF BRITISH AND FRENCH ACCOUNTS
(In Millions of Dollars)

Week Ended April 18, 1945

Strictly
Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)						BANK OF FRANCE (CAISSE CENTRALE) (h)					
	DEBITS			CREDITS			DEBITS			CREDITS		
	Total	Gov't	Transfers to	Total	Proceeds of	Transfers	Total	Gov't	Transfers to	Total	Proceeds of	Transfers
	Debits	Expenditures	Official	Other	Gold	Securities	Debits	Expenditures	Official	Other	Gold	Securities
	(a)	(b)	Canadian	Debits	(c)	(d)	(e)	(f)	Canadian	Debits	(g)	(h)
			Account									
War Years (g)												
First	1,793.2	405.6	20.9	1,166.7	1,828.2	1,356.1	856.3	35.0	856.3	1,095.3	1,095.3	299.0
Second	2,203.0	1,792.2	3.4	407.4	2,189.8	1,193.7	705.4	13.2	38.9	8.8	-	30.1
Third	1,215.6	904.8	7.7	223.1	1,361.5	21.8	1,276.8	125.9	18.5	4.4	-	14.1
Fourth	764.0	312.7	170.4	280.9	1,072.3	-	916.7	308.3	10.3	1.0	-	9.3
Fifth	1,327.7	300.4	61.4	832.9	1,369.6	-	1,116.6	171.9	-	-	-	-
1944												
September	151.0	19.9	50.4	80.7	56.5	-	55.5	94.5	-	-	-	-
October	127.9	21.0	7.4	99.5	54.7	-	53.7	73.2	-	-	-	-
November	74.2	45.4	2.9	25.9	92.1	-	91.1	17.9	-	-	-	-
December	80.4	21.7	-	58.5	91.6	-	91.6	11.2	56.7	6.3	-	50.2
1945												
January	148.9	93.7	31.3	18.9	54.2	-	54.2	94.7	27.4	6.2	-	21.2
February	41.4	16.7	4.9	15.8	80.5	-	80.5	35.1	86.8	0.8	-	86.0
March	79.2	40.3	6.2	32.7	75.3	-	75.3	3.9	2.7	1.7	-	0.6
April												
May												
June												
July												
August												
Week Ended												
March 28, 1945	34.2	27.8	-	6.4	6.0	-	6.0	28.2	1.3	0.3	-	1.0
April 4, 1945	16.0	4.7	4.2	7.1	13.2	-	13.2	2.8	0.6	0.3	-	0.3
April 11, 1945	21.3	5.8	6.9	5.6	24.9	-	24.9	3.6	20.3	0.3	-	20.0
April 18, 1945	15.8	6.1	-	9.6	8.0	-	8.0	7.6	-	0.2	-	0.2

Average Weekly Expenditures Since Outbreak of War

France (through June 19, 1940) \$19.6 million

England (through June 19, 1940) \$27.6 million

England (through June 20, 1940 to March 12, 1941) \$54.9 million

England (since March 12, 1941) 21.7 million

See attached sheet for footnotes.

Reports and Analysis Division

- (a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.
- (b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to \$334 million.
- (c) Includes about \$85 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent current acquisitions of proceeds of exports from the sterling area and other accruing dollar receipts. See (k) below.
- (d) Reflects net change in all dollar holdings payable on demand or maturing in one year.
- (e) For breakdown by types of debits and credits see tabulations prior to March 10, 1943.
- (f) Adjusted to eliminate the effect of \$20 million paid out on June 26, 1940 and returned the following day.
- (g) For monthly breakdown see tabulations prior to April 23, 1941; October 8, 1941; October 14, 1942; September 29, 1943; September 6, 1944.
- (h) Transactions for account of Caisse Central de La France E'Outre-Mer included for first time in week ended December 6, 1944.
- (i) Includes \$ 1.5 million apparently representing current and accumulated dollar proceeds of sterling area services and merchandise exports, and \$0.5 in connection with the expenses of our armed forces abroad.

Reports and Analysis Division

ANALYSIS OF CANADIAN AND AUSTRALIAN ACCOUNTS
(In Millions of Dollars)

Week Ended April 28, 1945

Strictly
Confidential

PERIOD	CANADA (and Canadian Government)										COMMONWEALTH BANK OF AUSTRALIA (and Australian Government)									
	DEBITS					CREDITS					DEBITS					CREDITS				
	Transfers to					Transfers from Official					Transfers to					Transfers from Official				
	Total	Official	British	Others	Proceeds of Gold Sales	For Own A/C	For French A/C	Other Credits	Net Incr. (+) or Decr. (-) in Funds	Total	Total	Official	British	Others	Proceeds of Gold Sales	Total	Official	British	Others	Net Incr. (+) or Decr. (-) in Funds
War Years (a)	323.0	16.6	306.4	504.7	412.7	20.9	38.7	32.4	+ 181.7	31.2	1.9	27.3	28.1	20.0	5.1	+ 4.9				
First	460.4	-	460.4	462.0	246.2	3.6	123.9	88.5	+ 1.6	72.2	16.7	55.5	62.9	18.3	+ 9.0					
Second	525.8	0.3	525.5	568.3	198.6	7.7	-	360.0	+ 40.5	107.2	57.4	49.8	112.2	17.2	95.0	- 5.0				
Third	723.6	-	723.6	958.8	47.1	170.2	-	741.3	+ 235.2	197.0	155.1	41.9	200.4	-	200.4	+ 1.4				
Fourth	849.3	1.0	848.3	958.5	38.1	61.4	-	859.0	+ 283.3	238.6	253.0	45.6	287.7	-	287.7	+ 10.9				
Fifth																				
1944																				
September	76.5	0.1	76.4	91.8	-	50.4	-	41.4	+ 17.3	5.8	1.0	4.8	7.3	-	7.3	+ 1.5				
October	22.1	-	22.1	84.2	-	7.4	-	76.8	+ 10.1	20.3	1.0	19.3	21.0	-	21.0	+ 0.7				
November	38.8	-	38.8	33.7	-	2.9	-	20.8	+ 14.9	3.4	-	3.4	5.8	-	5.8	+ 2.4				
December	41.5	0.7	40.8	32.7	-	-	-	27.9	+ 8.8	-	-	-	19.5	-	19.5	+ 16.3				
1945																				
January	35.1	-	35.1	91.6	10.0	31.3	-	50.3	+ 56.5	27.4	-	27.4	5.6	-	5.6	+ 21.8				
February	21.8	-	21.8	103.9	-	3.9	-	77.0	+ 16.1	1.7	-	1.7	4.9	-	4.9	+ 3.0				
March	21.5	-	21.5	82.4	-	6.2	-	56.2	+ 38.3	3.3	-	3.3	2.0	-	2.0	+ 1.3				
April																				
May																				
June																				
July																				
August																				
Week Ended																				
March 28, 1945	9.1	-	9.1	3.4	-	-	-	4.4	+ 4.7	1.0	-	1.0	0.3	-	0.3	+ 0.1				
April 4, 1945	10.4	-	10.4	14.5	-	7.5	-	10.3	+ 4.1	1.0	-	1.0	0.6	-	0.6	+ 0.1				
April 11, 1945	8.2	0.5	7.7	17.0	-	-	-	10.1	+ 12.8	-	-	-	0.7	-	0.7	+ 0.7				
April 18, 1945	9.0	-	9.0	18.0	-	-	-	18.0	+ 9.0	0.1	-	0.1	0.1	-	0.1	+ 0.1				

Average Weekly expenditures for

First year of war	6.2 million.
Second year of war	8.9 million.
Third year of war	10.1 million.
Fourth year of war	13.9 million.
Fifth year of war	16.1 million.
Sixth year of war (through April 18, 1945)	8.0 million.

- (a) For monthly breakdowns see tabulations prior to: April 23, 1943; October 8, 1943; October 14, 1943; September 29, 1943; September 6, 1944.
- (b) Reflects changes in all dollar holdings payable on demand or maturing in one year.
- (c) ~~Excludes cash and cash equivalents on deposit with the Bank of Canada.~~
- (d) Includes \$7.3 million deposited by the Supplies, Ltd.
- and \$ 8.0 million received from New East accounts of Canadian chartered banks.
- (e) Reflects net change in all dollar holdings payable on demand or maturing in one year.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Lisbon
TO: Secretary of State, Washington

SECRET

Following message is WKB 393 Unitarian 43 from Martha Sharp for Charles Joy.

To our No. 432 your No. 266 refers. Venezuela Minister here sent telegram on April 17 to Venezuela requesting collective passport visa for fifty endangered Spaniards selected here by Unitarian who are laborers and artisans. Maintenance for fifteen days after arrival and jobs for emigrants offered by the Government of Venezuela. Venezuelan Government requested Bowen Unitarian to press the Venezuelan Legation, Washington, and Foreign Affairs Venezuela to grant visas as soon as possible so that IIRC fund can be used. By requesting that American transit visas be granted by the State Department at the same time, the Embassy here is cooperating. Desire to save travel funds for these people. British Embassy is facilitating exit permits. Please do all possible to hold money and get visas.

BARUCH

DC/L:ER

AMB-352
Distribution of true
reading only by special
arrangement. (SECRET W)

Lisbon
Dated April 28, 1945
Rec'd 4:28 p.m.

Secretary of State,
Washington.

926, April 28, 1 p.m.

THIS IS WKB 401 UNITARIAN 440 FOR CHARLES JOY FROM
MARTHA SHARP

Please arrange transportation on PHILADELPHIA to Caracas for the following. Granted today block passport Venezuelan visas for 50 Bryan cases to be selected by Unitarian, Lisbon. Eleven individuals already promised exit permits by police and only American transits needed for which United States Government making application. IIRC travel fund to pay transportation costs.

BARUCH

JMS

167D-708

PLAIN

Dated April 28, 1945

Rec'd 2:35 p.m., 30th.

Secretary of State,
Washington.

927, Twentyeighth
WHS 402 FOR HLAS 425 LAFAYETTE STREET NEW YORK
FROM SCHWEITZER HICHL.

Jacobson informs through diplomatic channels
believes cable communications between Rwanda and
abroad interrupted. Thirty of our cables in transit.
Cable whether same condition at your end.

RANUCH

1677

NOT TO BE RETRANSMITTED

COPY NO. 4

SECRET

OPEL NO. 135

Information received up to 10 a.m. 28th April 1945.

NAVAL

1. Home Waters. 27th. H.M. Frigate torpedoed off West Coast Ireland (R), since taken in tow but twenty-two of ship's company missing.

MILITARY

2. Western Front. (Southern Sector): Troops of First French Army advanced thirty miles along Swiss frontier East Basle while other troops moved down N.E. shore Lake Constance. Further North Waldsee (25 miles N.E. Friedrichshafen) captured. Seventh U.S. Army made further steady progress towards Munich. Central Sector: On Third U.S. Army front Danube crossed West and East of Regensburg which not yet reported clear while armoured thrust towards Passau has now reached Austro-German Frontier 35 miles N.W. Linz. Now confirmed that Third U.S. Army troops and Russians joined up vicinity Torgau on 20th. Northern Sector: Town and suburbs of Bremen now reported clear.

3. Eastern Front. Northern Sector: Germans now admit loss of Pillau while Russians state their advance along Frische-Nehrung continues. Central Sector: Poelitz (N.E. Stettin) captured while further to S.W. Prenzlau and Angermunde taken. In Berlin area Rathenow Spandau and Potsdam taken while further progress made in street fighting. Further south Russians have taken Wittenberg on River Elbe East of Dessau.

4. Italy. Eighth Army Sector: Limited advances made to line River Adige across which three bridgeheads secured, one at Badia by 2nd New Zealand Division, one North of Rovigo and third nearer to Mouth of River. Fifth Army Sector: After crossing Adige in areas Verona and Legnago advance troops now nearing S.W. corner Lake Garda while south of River Po, U.S. troops continue to exploit vigorously with two thrusts approaching Brescia and Piacenza. Other areas unconfirmed reports state rising partisans N. Italy where control various centres such as Turin and Milan claimed.

5. Burma. Central Sector: Salin on West bank Irrawaddy, now cleared while to South Mague further advance made on East bank and still further south column advancing from Sathaw after one clash with enemy now four miles from Allamyo. Further East other southward thrust made rapid progress down main railway Axis and leading elements now 28 miles North Pegu without so far encountering organised opposition.

AIR

6. Western Front. 26th SHAEF (Air). Further reports fighters and fighter bombers 872 (missing 2) operated Northern and Southern battle areas destroying over 100 M.T. while transport aircraft 1179 carried supplies and evacuated wounded and Ex-P.W. 27th. No operations undertaken by heavy bombers. SHAEF (Air) weather restricted operations but fighters and fighter bombers 694 (missing 7) operated all sectors destroying 369 M.T. and inflicting enemy air casualties 7:0:12 in combat, 8:0:14 on ground and 2:0:11 on water. Coastal Command Halifaxes attacked shipping in Kattegat when one 4/5,000 ton ship hit and set on fire.

7. Mediterranean. 25th/26th. Liberators 90 dropped 264 tons railway centre Freilassing (N.W. Salzburg) with good results while tactical aircraft 237 attacked communications North Italy. 26th. Weather restricted operations but escorted Liberators 107 (missing 1) dropped 178 tons on four railway centres Austria and M.T. Depot in North Italy. Tactical aircraft 828 (missing 11) attacked communications and troop concentrations North Italy also carrying out escort duties during which operations 317 M.T. and 77 horsedrawn vehicles destroyed and enemy air casualties inflicted 5:1:0 in combat and 5:2:3 on ground.

8. Burma. 25th. Liberators dropped 102 tons on dumps Rangoon with good results while tactical aircraft 145 (missing 1) operated mainly South Burma.

4/29
draft

REVISED SCRIPT

"THE CREW OF THE MODEL T"

STARRING

RAY COLLINS
 JIMMIE GLEASON
 PAULETTE GODDARD
 REX INGRAM
 BURGESS MERRITT

MUSIC--THREE

ANNOUNCER "THE CREW OF THE MODEL T"

PRESENTED BY THE HOLLYWOOD COMMITTEE OF ARTS SCIENCES AND PROFESSIONS
 IN COOPERATION WITH THE BLUE NETWORK OF THE AMERICAN BROADCASTING CO.
 STARRING RAY COLLINS JIMMIE GLEASON PAULETTE GODDARD REX INGRAM AND
 BURGESS MERRITT WITH ORIGINAL MUSIC BY DAVID HANSEN

MUSIC UP TO FIVE

BUSINESS: Linotype machine beating away slightly off mike.
 FRED: (Off) Hey, Wilbur.
 WILBUR: Yeah?
 FRED: Where's that editorial?
 WILBUR: I guess George is still writing it.
 FRED: It's six o'clock.
 WILBUR: I know.
 FRED: This may not be the New York Times, but even the editor of the Elmwood Register ought to meet his own deadline.
 WILBUR: George doesn't like to be bothered when he's writing those four dollar words.
 FRED: Tell him to put it in nickels and quarters. We have to meet a deadline.
 WILBUR: Okay. I'll ask him again.
 BUSINESS: Linotyping up. Fades as steps walk on mike. Door opens. Closes. Linotype way down. Typewriter pecking away.
 WILBUR: (Softly) Mr. Gamble.
 GEORGE: What's that? What's that?
 WILBUR: It's six o'clock. We need the editorial.
 GEORGE: So do I. It's not going so good, Wilbur. A lot of words, but no facts.
 SOUND: Typewriter pecks away.
 WILBUR: (Nervily) It's six o'clock, Mr. Gamble.
 GEORGE: How does this sound to you?
 BUSINESS: Pulling paper out of typewriter.
 GEORGE: (Reading aloud) "The representatives of 46 nations are meeting in San Francisco to chart the future world organization for all of us. Because of this very fact -- because this is the news of the world this week and next week and the week after that --"

- 2 -

GEORGE: every petty difference between delegates, every small issue -- is blown into a headline, a quarrel and a major conflict. This is news and we print it -- but it is not the real news -- and let's not forget it. There have been many conferences before...perhaps not on so large a scale.

(Cont'd.)

WILBUR: That's a fact, Mr. Gumble.

BUSINESS: Linotype machine off. Stops.

GEORGE: (Continuing) "But in one major respect this conference is different. This meeting on world peace is being held during the war ... during a world war. For the first time, men have realized that war and peace are indivisible, that the peace must flow from"

BUSINESS: Door opening and closing off.

FRED: (Off) George ...

GEORGE: I'm writing it.

FRED: George, look at this.

GEORGE: Get out.

FRED: (Fading in) This is hot. Look George ... Just come off the wire. Color story on the battle of Germany. Look. Johnny Lees.

GEORGE: Lees?

FRED: Yeah -- Johnny Lees -- You know Johnny Lees.

WILBUR: Sam Lees' kid?

FRED: Uh-huh...Omas the machine shop on Tower Road

GEORGE: Gimme. (Beat, then reads)
"Typical of the action on this fluid front is the adventure of a Sherman tank lovingly christened the "Model T." Far out ahead of the others on the road to Berchtesgaden it ran out of gas in the center of a small, but important communications town.

27

- 3 -

GEORGE: (Continued) Here for four hours the "Model T" remained, alone and unassisted -- holding up the enemy retreat.

WILBUR: Holy smoke.

GEORGE: "I spoke to Sgt. Johnny Lees, the tank's driver. He wouldn't discuss the action -- but sent this message home. "Tell the people in Elmwood, New York," he said "That I expect to see the Fire Department's number 3 pump wagon in good shape when I get back. No. 3 used to be my baby."

WILBUR: Imagine -- that kid. A hero.

GEORGE: Wilbur, you pull that park approval story off the front page. Hold it open. I'm going down to talk to Sam Lees. Where's my hat?

WILBUR: On your head.

FRED: How about the editorial?

GEORGE: I'm working on it - don't touch it.

WILBUR: But Mr. Gumble

GEORGE: Hold everything.

BUSINESS: Door opens and closes.

MUSIC

- 4 -

BUSINESS: Machine shop noises way off.

GEORGE: Sure, it's true, Sam. It's right here on the teletype -- off the press wires. See his name there -- Johnny Lees.

SAM: Well, what do you know? Look at that -- Johnny Lees. Printed right out. Hey, George -- that goes in a lot of papers, huh?

GEORGE: Coast to coast.

SAM: Coast to coast. My kid. Johnny. Wait'll Grace hears this.

BUSINESS: Picks up phone receiver.

SAM: Our son a hero

BUSINESS: Dialing.

SAM: Have a cigar, George, help yourself.

GEORGE: Thanks.

BUSINESS: Busy signal.

SAM: Busy.

BUSINESS: Receiver down.

SAM: Spends half her life on the phone. (Hums) (With wonder) My son a hero. I think I'm entitled to a cigar myself.

GEORGE: Sure. Help yourself. Help yourself.

SAM: (Laughs) Thanks. Thanks. It's great. Great news.

GEORGE: What'll I print in the paper?

SAM: Aren't you going to print the whole story?

GEORGE: Sure. But I mean, what do you think of it?

SAM: Great. Great news. You know Johnny, a nice ordinary boy -- not too ordinary

GEORGE: What else?

SAM: Well, I'm proud to be his father. (Hesitates) Maybe you'd better not print that.

GEORGE: What shall I print?

- 5 -

SAM: There's nothing special. I guess I'm like all the other fathers. Proud of him and worrying about him. For the last year and a half I've tried to figure out where his outfit was and waited for news in his letters. He used to let each other know.

GEORGE: Each other? What do you mean?

SAM: The families of the boys in that tank. "The Model T." Men from four different states, you know. And as families, we kind of write to each other. Sort of lonely hearts club of interested parties

BUSINESS: Of drawer being opened, etc.

SAM: You know the kind of things -- "I heard from my son today. He says so and so ..." Or "My brother wrote ... he's been..." That way we all know what's going on.

GEORGE: May I see the list?

BUSINESS: Of drawer being opened, paper rattling.

SAM: This is it. You see Losier, Andrews, all of them.

GEORGE: (Reading) Wisconsin, Kansas, Connecticut, Florida -- That's quite a slew of states Sam -- you never knew those people before --

SAM: Never had to.

GEORGE: Never had to? That's right. And now you're writing to each other -- talking to each other -- thinking together, hoping together --

SAM: Well, sure. The boys are in the same tank -- we're fighting the same war. --

GEORGE: Let me ask you, Sam -- when these men come back -- when your Johnny comes back, what do you think he wants? What do you think he and those others feel they're fighting for? Do you ever talk about that in your letters?

- 6 -

SAM: We don't talk that big, George ... I just run a small machine shop here in a small town. Johnny wants to do the same. At least he did. All right, we're busy now .. and we're not making mouse traps. When peace comes I want these machines to keep going full blast. They have to if we want to live a Johnny and me and our folks -- there's got to be orders, business, customers. If these machines stop and rust ... that's another war, not peace. And then I don't know what Johnny'll have been fighting for ... (Pause) Is that what you're asking?

GEORGE: Can I quote you?

SAM: Sure and print my picture and Johnny's. But it's just my opinion. Say, I've got to call my wife.

BUSINESS: Of phone.

SAM: My son a hero ... coast to coast.

GEORGE: Say, Sam -- is it all right if I copy this list?

SAM: Sure -- go ahead. (As phone answers) Hey. Grace. I got news. Your son's a hero.

MUSIC: For bridgeinto linotype ...telephone... click of receiver.

WILBUR: Register. Copy desk.

GEORGE: (Filter) Wilbur.

WILBUR: Oh, hello, Mr. Gamble. What did Sam Lees say?

GEORGE: (Filter) Plenty. Wilbur -- I won't be back for a week or so.

WILBUR: You what?

GEORGE: (Filter) You just put the edition to bed and take over until I get back.

WILBUR: But listen -- where are you going?

GEORGE: (Filter) Away.

- 7 -

WILBUR: Away? But, Mr. Gamble, you can't

GEORGE: (Filter) Who's running this paper? (Slight pause)

WILBUR: (Resigned) Okay.

GEORGE: (Filter) Take over, Wilbur. I'll be back in a week or so.

WILBUR: How about that editorial?

GEORGE: (Filter) Leave it in the machine. I'll finish it when I get back. I need some help in writing it. That's why I'm going away.

MUSIC: For tag ... into sound of tractor slightly off, but strong.

LOUISE: (Over it) Wait -- I'll turn her off. No sense yelling at each other like this.

BUSINESS: Click ..motor dies...another tractor heard way off (This tractor to increase and or die in volume as it passes back and forth)

LOUISE: Besides, me and the machine, both could stand to rest awhile. (Listens to other tractor) That's my wife over there, working the other field. Have to push with the planting these days.

GEORGE: I'll bet you do.

LOUISE: My kid brother -- right in the paper. Somehow we never thought of him as a hero.....

GEORGE: How did he feel about it in the first place -- about leaving here and getting in?

LOUISE: How did anyone feel?

GEORGE: It's harder, I suppose, for a farmer.

LOUISE: It's not good. You get sort of tied to the place. And it's hard to go off when things are growing. The kid's a good farmer ... none better. (Pause) You know -- what you asked me -- about this international business -- this

8 - 9

GEORGE: (Prompting him) World security?

LOUIS: That's right -- don't you think maybe you picked the wrong man to talk to?

GEORGE: How so?

LOUIS: Well, as farmers -- you know, we're supposed to be isolationists.

GEORGE: You think that still holds true?

LOUIS: No, I don't. Fact is -- I believe we've changed. Know I have. Guess it's bound to be, with everything underscored changing all around

GEORGE: You mean the world's getting smaller --- Getting to be what Wendell Wilkie used to call "One World"?

LOUIS: Hey, wait a minute -- I'm no political expert. I'm in the farming business. I want to sell my crops. Seems to me, there's plenty of people in the world to feed. And plenty that need clothes and tools and such. Don't see any reason why it can't be worked out together underscored -- instead of being, set on each others' throats like a couple of strange hounds. (Laughs) But that's me talking -- and I take it you're more interested in what my kid brother has to say --

- 10 -

GEORGE: Chances are you two aren't very far apart.

LOUIS: We're not, for a fact. Though Paul's views are a bit sharper -- so to speak....

GEORGE: That's natural, after what he's gone through.

LOUIS: Let me tell you, Mr. Gamble, it makes you doubt we're living in civilized times -- to think over some of the things Paul's told me. About the places he's seen -- in Italy and France. The farms ruined, the soil just lying there dead -- sterile. Recollect something he wrote from Italy, I guess it was. He said after you've seen what hunger really is ... you begin to understand what kind of a world it is you're fighting for. (Pause) Paul's coming back, please the Lord, when he's finished his job over there. And he's going to be thinking of the others who finished -- and didn't come back. Now, supposing he stands here -- and sees that field of the ramacross the road there. He sees it lying unutilized. Or he sees him Jim Burleigh's corn, rotting on the stalks, unpicked, the way it was ten years ago. And then he remembers the hunger he's seen in Europe. What was their sacrifice for, he'll ask? No sire -- before underscored he gets back -- before underscored he has a chance to ask that question -- we'd better make sure we find a way of getting together -- and preventing that stuff from happening again. (Grunts) Got kind of wound up there, didn't I?

GEORGE: It's something to get wound up about.

LOUIS: Well, I'd better get back to farming. I know something underscored about that

BUSINESS: Tractor on Into

- 11 -

MUSIC: For bridge into kid practising scales on piano off.

SYBIL: I've told the newspaper all I know -- I told them when the story was first printed, Mr --

GEORGE: Gamble. George Gamble.

SYBIL: Of course, Mr. Gamble, it's been exciting having a husband who's in the news, but

GEORGE: I've come a long way to see you, Mrs. Andrews.

SYBIL: What paper did you say?

GEORGE: The Elmwood Register. Elmwood, New York ... Don't suppose you've ever heard of it.

SYBIL: I don't think I have

GEORGE: I'm from Johnny Lees' town.

SYBIL: Oh, the Lees. Oh yes, Elmwood. Under-scored. I remember now. I've written to Mrs. Lees. Johnny and Dan are in the same tank, you know.

GEORGE: That's right. And that's why I'm here. Sorry to disturb you this way, but --

SYBIL: (Over him) I'm afraid my son's doing the disturbing.

BUSINESS: Steps off...closing of door ...plane way down.

SYBIL: That's better. You were saying --

GEORGE: Why I came here -- what I hoped to find out about those men in the "Model T" -- about your husband....

SYBIL: Well -- it's hardly very -- er -- colorful. Dan was born here in Milwaukee. Went to college -- then business. He's done well, I suppose ... sort of personnel manager, he's called.

GEORGE: And when he comes back what'll he do?

SYBIL: What will any of them do? Go on from there.

GEORGE: Just the way it was?

SYBIL: Hardly.

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GEORGE: What makes you say that? (Pause) I'm not prying, Mrs. Andrews. I think it's important to know. How do you think it won't ~~be~~ be the way it was in the past?

SYBIL: Because of the way Dan feels -- because of what Dan writes (pause) Would you like to...

GEORGE: Well, a letter is kind of personal.

SYBIL: Some part of this letter you could shout from a rooftop. He wrote it a few months ago -- just before he moved up for this big push. I've kept it...well... close to me. Would you...

GEORGE: If I may...

SYBIL: I keep it here in the desk.

BUSINESS: Steps fade off a little. Return.

SYBIL: I've read it to quite a few people. Neighbors and friends--

GEORGE: Letters do more work than they used to.

BUSINESS: ...Letter out of envelope

SYBIL: Yes, this is the one...let's see...(reading to herself) ...and you can tell that to Eddie's wife for me...(aloud).. Now, here, it begins here. (reading) "We've seen a good deal of this country since we broke through so long ago at La Falaize. I can't describe it, Sybil--but I can say thank God we've never seen our towns and cities this way, reduced to meaningless heaps of gray rubble. We've been lucky. If it happens again, we won't be so lucky. We'll see it happen to us, too. (Pause) I often think of that first trip we too, through France on our honeymoon. I wish we had known then what we've learned now. Americans can't be tourists any more--sight-seers, standing apart. What happens anywhere today happens to us...and to our children."

SYNTH: CONT.

When I think of our boys, I know it has to be different this time. We can't hide our children in a desert some place. They have to live in this world--

and it can't be just any kind of a world. It has to be one in which they can grow and develop and live together with the other children of the world--Not in spite of them--or at their expense. Darling, if ever we-- (she stops reading) (to George) well, Mr. Gable--That's the part I meant. Where we go on from...Don't you think so?

GABLE: I know so.

SYNTH: Of course that's only his opinion and mine...

GABLE: Thanks, Mr. Andrews--thanks a lot.

MUSIC: For bridge...into steps on wooden porch...doorbell ringing.

GEORGE: (to himself)...Still, it says 6322 Highland Ave--

BUSINESS: Door opening

GEORGE: Excuse me--I'm looking for people by the name of Ballard.

POWELL: No one here by that name.

GEORGE: Um. No folks of a fellow named Harvey Ballard--A soldier? This is 6322 Highland--Oh, this is 6322 Highland--Isn't it?

POWELL: That's right--but I'm the only one here. Powell's my name.

GEORGE: Made a mistake, I guess.

POWELL: (quietly) Lost most likely. Are you looking for a Negro family?

GEORGE: Er--No. (Pause) After 35 years of newspaper work, you'd think I'd be more careful about getting addresses straight.

POWELL: Newspaper?

TO WA: Are you receiving this ok?

WA: Are you there?

- 14 -

GEORGE:

Yes--This Ballard boy--he's sort of a hero. Story came out about a week ago--How his tank occupied a village all alone and held up the German retreat--

POWELL:

Yes, I read about that one.

GEORGE:

Thought I'd do a story about the parents of the crew. (out of politeness) You got anyone in the service?

POWELL:

I did have a nephew of mine--He lived here with me--

GEORGE:

Did have?

POWELL:

He was killed--in the Solomon--Two years ago--Twenty-fourth Infantry.

GEORGE:

I'm sorry. (Pause) Sorry for April--You mind if I try sitting on these steps a while? My feet--and my spirit--don't get any friendlier as I grow older.

POWELL:

Would you care to come in? I just made myself some coffee. Like a cup?

GEORGE:

I most certainly would--Especially if you'll throw a chair in with the offer. (they laugh)

BUSINESS:

Door closing...into quick bridge and out

POWELL:

(fading in) Here sugar?

GEORGE:

No thanks, one's enough. Fine.

BUSINESS:

Stirring cup with spoon.

GEORGE:

Then--as I understand you, Mr. Powell--you feel your people have special underscored stake in world peace.

POWELL:

No...Except, of course, in the same sense we've had a special stake in the war. We've had a chance to show what we can do. I don't mean it's all been perfect--but for a lot of us it's been a big step forward. It's meant work--and a chance to prove what we can do. And it shows what we can have in peace times...if everyone sticks together the way they did in the war.

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- 15 -

GEORGE: You think your nephew understood that when he went into uniform?

POWELL: Some of my people didn't. They couldn't see it as our war. But my nephew did. He said this was my fight. He said if Hitler and the Japanese got away with it, we negroes wouldn't have nothing - not even freedom.

GEORGE: A case of first things first, eh?

POWELL: Yes - and he believed it enough to die for it. I was close to the boy and I grieved for him. But his death didn't hurt me so much, so long as I knew that what he died for will come to pass. (Pause) Harry died two years ago - when things looked bad. Things look better now. It looks like we're going to have a world that's big enough and free enough for everyone to work and live in. It has to be that way. 'Cause if there isn't freedom everywhere, there's none here. A man's right to work has got to be as natural as his right to breathe - and that can only be when we have peace everywhere - all over the world. Of course, that's only our opinion - my nephew's and mine.

GEORGE: Mr. Powell - I thought I'd made a mistake, coming to this street. I didn't. It would have been a mistake not to have stopped here. (Beat) Thanks for the coffee. It hit the spot.

WELL: For bridge and out into

BUSINESS: High swinging whine of woodworking machinery, power saw, planer... hold good level

GEORGE: (telling) Quite a set-up they got here, Mr. Goodloe - I -

GOODLOE: Yeah - wood's gone to war, they tell me. Sister, I'm busy. They said you wanted to see me about Joe Slevens. Here, let's go out that door.

WELL: Opening and closing of door... sound way down

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- 16 -

GOODLOE: Now, what about Joe--what's happened?

WELL: He was in the papers--you know that?

GOODLOE: Sure, who wouldn't? It was plastered all over the front page last week. Is that what you came to see me about?

WELL: I'm getting a story on the man in that tank. You're pretty close to Slevens, isn't that so?

WELL: Um.

WELL: I found that out from Johnny Lees' father--in Elwood, New York. I run the paper there.

GOODLOE: (warning up) (to Lees' father, high) He's the one that gave me the idea.

WELL: Uh-huh. (warning) He close to Joe (laugh) Too close, I guess. Like a father.

WELL: Um.

GOODLOE: I got him just here. I got him into the union. I taught him this trade. He was really kicking that planer around before he went.

WELL: Look, Mr. Goodloe--about these men in the tank. They're fighting for something--and it isn't some apple pie--both of us know that. What do you think? What kind of a world do they want? Take Slevens--now that he's a hero, how do you --

GOODLOE: (in over him) Can that hero stuff. Let's just be glad he's alive--like he must be glad. The kid did his job. That's plenty.

WELL: Okay. Let's go on from there. How do you think this Slevens guy would answer if I asked him what international security means to a working man in America?

40

- 17 -

O
 GOSWELL: Please ask him...what would a guy in England say? Or a guy in China? The same thing. It means a job--his job--my job. And it works both ways.

REYNOLDS: What works both ways?

GOSWELL: You can't have jobs for everyone, if you don't have peace everywhere--right?

REYNOLDS: Right.

GOSWELL: (Over him) Okay--Now, supposing we've got unemployment here--or anywhere. First thing you know--boom goes wages--and the standard of living with it. Unemployment--and hunger. It's like a disease, Mister--it spreads. Then we begin to say, "Well, let's take care of our own--and if that hurts the other guy--well, that's too bad." And there goes your world peace.

REYNOLDS: And you think that can be prevented this time?

GOSWELL: Look, Mister--this time the people aren't taking any life and battle--and the kind of horse-trading that wrecked the works last time. Everybody isn't agreed about everything--we know that. Let's forget this hundred per cent perfect stuff. Nothing's ever perfect. A lot of guys in this country didn't think the constitution was perfect--but they signed it, didn't they? You got to begin somewhere. And when they had to make changes, they made 'em, didn't they? And it worked out all right. Same with all agreements--the main thing is to make 'em--make 'em in spirit--make 'em in fact--and make 'em work. And if those boys at San Fran--hey, what're you doing? You're not writing, all that damn!

REYNOLDS: No, no--just a few notes, so I'll remember.

REYNOLDS: Dear open...sound up M.G.

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- 18 -

O
 GOSWELL: (Yelling) Hey. Goodie. Shift on number three slipped again--give us a hand.

REYNOLDS: Okay, Lou - come. Well, Mister - it's back to work.

GOSWELL: For both of us.

MUSIC: For tag into Linotype machine

REYNOLDS: Linotype machine steps on mike. Lines falling. Door open on. Closes. Lines down. Sound of typewriter pecking away.

WILSON: Mr. Goshie -

REYNOLDS: Test

WILSON: Fred said to remind you - it's after four.

REYNOLDS: It's working, Wilbur. I've got it. The editorial makes sense but it reads one thing more. I know the kind of world people want. And I know the governments are meeting to arrange the organization. But where's the gas?

WILSON: The gas?

REYNOLDS: The gas. It's like an airplane. We've got the machine and we've got the load. Now we want it to fly. And what we need is some kind of super high explosive gas to make it take off.

WILSON: Don't you feel well, Mr. Goshie? Has the trip been too much for you?

REYNOLDS: The gas. The fuel. The driving power...(weakly) Wait a minute. I've got no idea. If he can't tell us a

REYNOLDS: Telephone off hook...dialing

REYNOLDS: Operator.

WILSON: Could I take the editorial, Mr. Goshie?

REYNOLDS: Just a minute - I'm not through yet. Operator. I want long distance.

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- WA -

WILSON: Long distance.

GEORGE: Hello...I want to talk to the Treasury Department.
Yes - Yes - the United States Treasury Department.
I want to talk to the Secretary of the Treasury -
I want to talk to Secretary Morgenthau.

WILSON: Mr. Gamble.

GEORGE: Well, I'm an American citizen. (into phone) Hello -
I'll hold on...(to Wilbur) I want to know what's being
worked out - I want to know what's going to keep the
machine running - I want to know. (taps for switch)

OPERATOR'S VOICE: Just a moment, sir, here is Secretary of the Treasury -
Henry Morgenthau.
(Now we hear the voice of Secretary Morgenthau)

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MUSIC: Down and out...A linotype machine is beating away off
mike exactly as in the opening scene

FRED: Wilbur.

WILBUR: Yeah.

FRED: It's six o'clock.

WILBUR: I know.

FRED: I don't like sounding monotonous but....

WILBUR: Mr. Gamble hasn't finished the editorial yet.

FRED: He's been writing it for two weeks.

WILBUR: Look Fred, he's underscored writing it, not me.

FRED: All right, then, I'll tell him

SOUND: Linotypemachine stopok stops...steps walking on mike

WILBUR: I wouldn't do that, Fred...

FRED: I can talk underscored to him, can't I guess He's
only the editor. I'm a linotyper. Words are just words
to me, one after the other. So many to a slug and so many
to column....

SOUND: Door opens. Typewriterp ... Pecking away

FRED: George.

GEORGE: Shut up.

SOUND: Typewriter continues

FRED: (Louder) George.

GEORGE: Close this door after you.

SOUND: Door closes .. Typewriter continues then comes to a
smashing finish. Carriage turn... Sheet out

GEORGE: Now then, Fred, I want you to listen. You too, Wilbur.
This isn't just an editorial....

FRED: Okay -- Let's have it.

GEORGE:

(Firmly) you're going to have it. Now sit down and when I'm through - for the first time in the history of this paper - I want to know what you think. Now then -- (George begins to read - quietly at first - then with mounting excitement)

"Whose conference is it?" (pause)

"There are several thousand delegates, diplomats, statesmen and what not at the conference tables in San Francisco and there are two billion people keeping the score.

Our governments are up. We have learned this in history's bloodiest war. We cannot afford to forget in the peace to follow. It is our voice that must be heard at the conference table. It is the voice of Sam Loos, of Elmwood, saying "when the peace comes, I want those machines going full blast." It is the voice of Arthur Losier, a farmer in Iowa, Kansas, saying "no more soil lying uncultivated, no more crops rotting in the fields."

It is the voice of Sybil Andrews, housewife in Milwaukee, saying "we can't hide our children in a desert. They have to live in this world, together with the other children of this world -- and not at their expense." It is the voice of Jim Powell, negro clerk, of Saint Petersburg, Florida, saying "a man's right to work has got to be as natural as his right to breathe -- and that can only be when we have peace everywhere -- all over the world." It's the voice of the secretary of the United States Treasury saying "nations can no longer keep us from being neighbors in the world community. Freedom from fear and want will be realized only as a solid foundation of world prosperity."

MUSIC:

Has come up under the foregoing speech

MUSIC:

Up and under

ANNOUNCER

You have been listening to a special broadcast. "The crew of model T," brought to you as a public service by the Hollywood Committee of Arts, Sciences and Professions in cooperation with the Blue Network of the American Broadcasting Company. Secretary of the Treasury Henry Morgenthau spoke to you about Bretton Woods from the Nation's Capitol. The dramatic portion of this program starred Ray Collins, Jimmie Gleason, Paulette Goddard, Rex Ingram and Burgess Meredith. It was produced by John Houseman, Directed by Paul Stuart, Written by Abe Polansky and Leon Meadow, with original music by David Takson.

I

This is the Blue Network of the American Broadcasting Company.

The End:

Do you have any questions? Ha. Ga.

No Questions

The End Ga

END ONE

END

COPY NO. 4

NOT TO BE RETRANSMITTED

SECRETOPTEL 136

Information received up to 10 a.m. 29th April, 1945.

NAVAL. 1. Home Waters. 29th H.M. Corvette sank midget U-boat S.E. Lowestoft.

MILITARY

2. Western Front. Southern Sector: First French Army now on Swiss frontier from Basle to Lake Constance and all resistance north this line reported as ceased. Seventh U.S. Army now hold line Landsburg, Augsburg and Donauehring and all resistance West this line also reported ceased.

Central Sector: Troops of 3rd U.S. Army have crossed Austrian border twenty miles N.E. Passau while further North same army reports second link-up with Russians at Pretzsch (fifteen miles north Torgau).

Northern Sector: Troops of Second British Army advancing South of Zeven have freed 8,000 British and American P.W.

3. Eastern Front. Central Sector: In West Pomerania Russians report capture many towns including Eggesin, Torgelow, Pasewalk and Templin, while Germans claim to have made progress in area West Puerstenwalde. In Berlin Area Russians report capture districts of Friedenau, Grunewald, Ruhleben and Siemensstadt (where 1st Ukrainian and First Russian fronts linked up) and state battle for inner city has begun. Germans say they have turned their backs on U.S. Forces in attempt to relieve city by attacks from outside.

Southern Sector: Further advances made S.E. and West Brno.

4. Finland. 26th. Finnish communique reports final expulsion of German troops from Finland.

5. Italy. Eighth Army Sector. Western flank of German forces facing Eighth Army front now turned by Fifth Army thrust E.N.E. from Verona which has reached outskirts Vicenza.

Fifth Army Sector. Troops this army driving N.W. through Brescia and Bergamo have reached Swiss frontier at Como thereby cutting all escape routes from N.W. Italy. Total prisoners estimated to exceed 80,000.

6. Burma. Central Sector. West of Irrawaddy mopping up continues satisfactorily between Yenangyaung and Magwe while East of river and further south our troops now in contact with enemy on northern outskirts Allannyo. Further East leading troops advancing down main railway axis now in contact with enemy 62 miles from Rangoon. On 25th April 3,000 J.I.F. including Commander 1st I.N.A. Division surrendered in area South Taungoo.

AIR 7. Western Front. 28th. SHAF (Air) Fighters and Fighter Bombers 468 (missing 2) operated all sectors and 5 enemy aircraft destroyed in combat near Hamburg.

8. Mediterranean. 27th Weather severely curtailed operations but tactical aircraft 142 (missing 1) operated battle areas destroying some 200 road vehicles.

9. Burma. 26th. Tactical aircraft 172 (missing 1) attacked army support targets.

April 30, 1945
9:15 a.m.

GROUP

Present: Mr. D. W. Bell
Mr. Pehle
Mr. Coe
Mr. Bass
Mr. Fussell
Mr. Bartelt
Mr. O'Connell
Mr. Blough
Mr. Gaston
Mr. Gamble
Mr. C. S. Bell
Mr. Laxford
Mrs. Klotz

H.M.JR: I have nothing. I just thought I would come back today, just to be here. Mrs. Morgenthau has been all right the last two days. So, I came back just in case anything happened, I would be here. That's all. See, the financial center is at this desk, so I thought I had better be at the helm in case something happened.

I talked with Admiral Leany yesterday, and I just thought I better be back.

MR. GASTON: You say Mrs. Morgenthau has been well the last two days?

H.M.JR: She had another little attack on the 18th, and she continuously ran a temperature up through this Friday, and she has only been normal since Saturday. So, now they say in another two and one-half or three weeks if nothing more happens, they can bring her back.

Herbert?

MR. GASTON: You asked the Chief of the Secret Service to check with you again before taking the family children details off. Today is the last day of the month. You

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said they could probably relieve them today. The question is it may mean a month's difference so far as the position of rented quarters and so on are concerned. Shall we notify them today to make arrangements with the people to take them off? The Chief is ill.

H.M.JR: No, no, no! It doesn't bother me. That's all right. But the only thing is the man who is looking after the Boettiger child. That's the only exception.

MR. GASTON: Oh.

H.M.JR: He's in the hospital.

MR. GASTON: Here?

H.M.JR: Just one man.

MR. GASTON: That will go until further notice?

H.M.JR: Until the child is out of the hospital.

MR. GASTON: I haven't anything more.

H.M.JR: How about that thing--I want to get a report from you and Bell?

MR. O'CONNELL: I hoped it would be later than today. I cleared it with the Bureau people up to the Commissioner. I have to wait until he comes back.

H.M.JR: Have they cleared up to there?

MR. O'CONNELL: We had a meeting at which it was the view of the people we talked to that we can do about what I understood you to suggest.

H.M.JR: You who are so strict, how do you feel?

MR. O'CONNELL: I have no doubt about it at all, but the Commissioner has to make all the rulings.

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H.M.JR: How about the General Counsel?

MR. O'CONNELL: The Chief Counsel is all right, although he wanted to sleep on it over the week end. The only thing that gave him pause is that the question had never arisen before.

H.M.JR: Suppose you and Bell stay behind.

MR. O'CONNELL: Yes.

I have one thing I would like to mention. We drafted in the Bureau an Executive Order authorizing the OPA through their regional offices, to have access to income tax returns. We had been discussing it with the OPA for over a year now, and there was originally some hesitation to letting them have access to the returns in that way. It's really only a slight extension of what we now do. The returns are made available to the American Agency except that the request has to come from Bowles. The theory of this order is that to facilitate action, the regional offices should have access to the returns through the Collectors, the same authority the United States Attorneys have now, and the only reason I am raising it here is that Elmer Irey and Charlie Bell raised serious doubts about whether we should extend that degree of cooperation to the OPA? I have none myself, nor has any one in the Bureau.

H.M.JR: State it again. What does OPA want?

MR. O'CONNELL: An Executive Order which will authorize the Regional Accounting Directors of OPA to have access to tax returns by dealing directly with Collectors. The only difference is that now they send the Regional Director, if he wishes, sends a telegraph communication in to Bowles and Bowles signs the letter which comes to Treasury, and from here goes to the Bureau.

H.M.JR: I would like to keep it that way.

MR. O'CONNELL: It has been broken down. We have, for years, permitted United States Attorneys to have access.

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H.M.JR: Well, that a little bit different.

MR. O'CONNELL: I see no difference, but--

H.M.JR: I think the United States Attorneys are different.

MR. O'CONNELL: They may be different but I don't--

MR. PERLE: Which way?

H.M.JR: They are better.

MR. PERLE: Political appointees.

H.M.JR: Anyway, I don't want to do it.

MR. O'CONNELL: That's all I have and I lose out.

H.M.JR: I read Nunan's report. There are three good cases there that he mentions. Now, if I wanted to give those three cases out and say we have given them to the Attorney General, see, for prosecution, I think that as a matter of courtesy we ought to tell the Attorney General we were going to do that.

MR. O'CONNELL: No doubt.

H.M.JR: Who handles that?

MR. O'CONNELL: Sam Clark, Assistant Attorney General, in charge of the Tax Division.

H.M.JR: You call up Sam Clark when you go out of here and say I would like to know personally how he feels. This afternoon at four o'clock I would describe these cases in detail and explain this is what they are and that they are now over there for prosecution. But do it in a manner that wouldn't appear we were trying to put heat on the Attorney General, but just to let the public know.

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MR. GASTON: Would you give the names in the cases?

H.M.JR: Yes.

MR. GASTON: For releasing it for publicity, or--

H.M.JR: Yes, just give the case history.

MR. O'CONNELL: Are these three black market cases?

H.M.JR: They are mentioned in Nunan's report.

MR. O'CONNELL: There are more than three.

H.M.JR: I could show you one.

MR. O'CONNELL: Yes.

H.M.JR: Ask him how he would feel about it if he knew we would get around to it. It may be two years.

MR. O'CONNELL: It wouldn't be two years, but it will be a little time because some of the cases we sent more than four or five months ago are still pending.

H.M.JR: I want this back, but I haven't read it all. I want to work with Preston Delano. See whether he will work with us on one thousand dollar bills.

MR. O'CONNELL: Yes.

(The Secretary handed Mr. O'Connell an Executive Order on OPA)

MR. O'CONNELL: The Naster case isn't really in the Justice Department yet. It was a case we were going to handle. There are two problems, (1) what the Department of Justice here would say, and (2) what the particular United States Attorney would say, speaking of the Naster case, and the District Attorney in Chicago is something of a prima donna and runs his own show. What his reaction would be to another disclosure of a case that may be up to him to take to the Grand Jury two or three months from now might be entirely different.

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H.M.JR: Talk it over with Clark. After all, it's like anything else where they get this precedent and so forth, and the object is to let the public know and get the benefit, we hope, of the public being with us.

MR. O'CONNELL: If it weren't a black market case I think the precedents, which were entirely sound, would be improper for disclosing.

H.M.JR: Improper?

MR. O'CONNELL: Sure, because it seems to me it's a little like trying a case in a newspaper. If all we have got is an investigation report, it leads us to believe a man may be guilty of criminal evasion of tax laws. It's improper in advance of an indictment to try that case in the newspapers by giving that information out.

H.M.JR: That's the lawyer's viewpoint. But there have been some very successful District Attorneys that have done that.

MR. O'CONNELL: One became the Governor of New York on a case like that, but the worst Governor of New York.

H.M.JR: He's the only fellow who had the guts to clean up New York City.

MR. O'CONNELL: I didn't think he did.

H.M.JR: He cleaned up New York City.

MR. O'CONNELL: But the case that gave him most of his publicity was reversed in the Court of Appeals mainly because he tried it in the newspapers.

H.M.JR: Nobody knows and cares. It was never brought out when he ran for President.

MR. O'CONNELL: For Governor.

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H.M.JR: For President.

MR. GASTON: You're talking about a different man, perhaps.

MR. O'CONNELL: I am talking about the fellow who became Governor on the Becker case.

H.M.JR: I thought you meant Dewey.

MR. O'CONNELL: No.

MR. GASTON: No, Dewey didn't follow just that method.

MR. O'CONNELL: No, I was thinking of an older Governor.

H.M.JR: Whitman was a good lawyer. He had one of the best legal firms in New York when he finished being the Governor. It never seemed to hurt him any.

MR. O'CONNELL: No, unfortunately.

MR. GASTON: There is a better way to handle these cases than giving out details before they go into the hands of the Department of Justice for prosecution. Handling the campaign in general terms is one thing and you can give out material which will result in pretty good stories without giving the names of the people, and so forth. Then a supplementary way to do is tell them about particular cases but tell them in confidence that this material is for background use when any break comes through the office of the District Attorney. You can get two kinds of stories out that way without violating any results. But I agree with Joe, that unless there are some very sensational developments which come out normally anyway, that it is not a good thing to give out a case against a man before he is put to trial.

MR. LUXFORD: Are these men going to be arrested?

MR. O'CONNELL: No.

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MR. LUXFORD: Have you got a case where you could arrest them?

MR. O'CONNELL: Well, the procedure will be--these cases have just been referred to the Department of Justice. If they think we have got a case, they will refer it to the United States Attorney's Office and make it a Grand Jury case and get an indictment out of the Grand Jury. If we now, just after we have made a recommendation to Justice, disclose the names and facts in a general way, after we have sent it to Justice, it is unprecedented which doesn't mean it's wrong; but it has its drawbacks from the standpoint of how the case will be handled from then on. Apart from the fact that--even if I weren't a lawyer, I would think there was something wrong about going to the Grand Jury and disclosing the fact that you think a man is guilty of a crime before he has been tried or even before it has even been presented to a Grand Jury.

MR. LUXFORD: It might be pretty healthy on one or two cases to let the word out just what is happening.

MR. GASTON: Often that sort of thing comes out on an arrest. You tell the circumstances of an arrest, but when you have worked up a case against a man, you have a good prima-facie case for presentation before a Grand Jury. I think it's an abuse of Governmental processes to spread that case out in the newspapers before it is presented through the regular channels for trial--for consideration and trial.

H.M.JR: You can do what I did in the case of the Goulds. Without asking anybody's advice about it, I told the whole case, but I didn't give their names. I described their looks, ages--

MR. GASTON: You didn't spell the name, precisely.

H.M.JR: Then you could say, "Of course, if you go down the street, maybe they can tell you," and all the rest of that. Supposing I did it that way?

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MR. O'CONNELL: I don't think the two cases are exactly the same.

H.M.JR: Okay. Fussell?

MR. FUSSELL: I think it would be all right if you use the name.

MR. PERLE: Are these cases of people with criminal records of any kind, Mr. Secretary?

MR. O'CONNELL: Some of them. There is a distinction I attempted to make in the beginning. One case in Justice, for example, is a liquor company in New Jersey or Connecticut which has already been convicted on a violation of the OPA price ceilings. I would make a distinction between that, because you can certainly rehash the facts to which they have pleaded guilty and say there is a tax case, too. These three cases are under investigation. There is no black market indictment.

MR. PERLE: Have they been given an opportunity to explain the facts?

MR. GASTON: To an investigator only.

MR. PERLE: Yes, but--

MR. O'CONNELL: If you have a case of an indictment and conviction on the same set of facts substantially, it seems to me you have very good grounds to disclose the same sort of information which has not been publicized.

MR. PERLE: I was trying to distinguish between people who had had up to now generally good reputations. I think the Government is taking a lot on itself prior to indictment to come out and say, "we have got this kind of case," unless we are awfully sure of the facts, and they have been given an opportunity to explain it.

H.M.JR: What's the difference in my telling it across the desk and telling it to a columnist before anybody has seen the facts?

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MR. PERLE: The rules on columnists have not been very well defined.

H.M.JR: I won't tell it to a columnist if you are so worried. You never were so worried about that before.

MR. PERLE: Ruining people through columnists? Yes, I think you have a moral responsibility unless you are sure.

H.M.JR: Supposing you're sure?

MR. PERLE: That's different.

MR. LUDFORD: The Bureau has a ninety-nine percent record.

H.M.JR: Supposing you're sure of the facts. Is it all right for me to tell it to a columnist?

MR. PERLE: And if you are sure they have been given an opportunity to explain themselves.

H.M.JR: Well, they have been interrogated. They can't explain it.

MR. PERLE: The fact that they have been interrogated by a Revenue Agent isn't in my opinion enough, but if you are reasonably sure in your own mind that you are not hurting the reputation of an innocent person, I would say a columnist is all right.

H.M.JR: If ninety-nine and nine-tenths percent of the public benefit by it by exposing these kind of people to these facts, supposing the one-tenth of one percent suffers? I would like somebody to get excited about these things. This is a terrible thing going on in America. These fellows are blood millionaires and their incomes run into hundreds of thousands of dollars, and nobody gets excited about it except me. Now, I am going to break the story one way or another, and if somebody doesn't like it, it's too bad.

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MR. GASTON: You're wrong in saying that nobody gets excited but you. We are trying to give you advice on how to handle the thing without injustice. I suggested a way to handle it without much attention. I think I know how to handle it.

H.M.JR: How?

MR. GASTON: I told you that a couple of week ago. I would get some men and tell them the whole background of what we are doing here. I told you a few minutes ago the same thing. You could have some general stories telling what we are doing and the general nature of the offenses we are finding out about. You can make not one story but a series without giving names. You can post newspaper men in the regions where the stories are going to come out, tell them about what is going to come out so they can cover it when it does.

H.M.JR: Well, now, Herbert--

MR. GASTON: That's the clean, just way to handle these things, not to break a story and give the details of a story when it hasn't been presented to a Grand Jury and you have no proof.

H.M.JR: It's two months now that I have been chaffing under these--

MR. GASTON: I have been chaffing longer than that, and we have had stories out to which you objected to. You wondered where all this newspaper publicity was coming from, and I think that newspaper publicity was the very best thing possible for this campaign.

H.M.JR: I question that. You and I haven't seen eye to eye on this thing.

MR. GASTON: I think it's natural we shouldn't. I look at it from a little different standpoint.

H.M.JR: Where do we differ?

MR. GASTON: Well, if you don't mind my saying so, I think I have had a little more experience in handling newspaper stories.

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H.M.JR: I don't take any objection to that, but I still say no without being personal. I mean, you can take objection to what I say, but I still say that this is going on as a result of my raising such hell, and now I have got five hundred and ninety men on this thing exclusively, I gather, working this thing, and the thing is now beginning to come in. I think the public should know what we are doing, and I am not going to worry too much about it if we tell them about twelve stories and two out of the twelve are subsequently proven innocent.

MR. GASTON: What is coming in now is not what they have started on.

H.M.JR: As a result of my getting excited, they now have five hundred and ninety men on this thing exclusively.

MR. GASTON: That is perfectly true, but the stuff that is coming in now is not a result of the five hundred and ninety men getting started on it.

H.M.JR: I believe these are, according to Nunan. And as long as we are arguing, I think the methods we have used up to date have not stopped this sort of complete disregard of the law.

MR. GASTON: I think your making this shakeup and getting all these men started is a very good thing. I think putting all this emphasis on it is going to get some results. It was a very excellent thing to do, but these cases that they have ready now--these cases can't be produced as soon as--they are not a result of your getting five hundred and ninety men started, but I think there is a story to be told, not only about these cases, but about the sort of work we are doing now.

MR. LUXFORD: Herbert, isn't there a case for one, two, or three? Couldn't you dramatize this sort of thing? What does Congress do? They are not always the fairest organization in the country, and yet frequently by dramatizing a situation they get some action. I don't think the Secretary is talking about doing this in every case, just two or three cases.

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MR. GASTON: I am for dramatizing and getting more stories in the paper. I think the stories printed were good, and I think we ought to get some more, but I am not for giving out a detailed story naming a man before the case has been tried.

MR. PERLE: Wouldn't it work to get somebody like Tom Stokes of that type and give him enough of the facts to let him know these stories so he can check them himself, and publish these on his own? If you get a couple good crusading reporters who will go out and develop some of these things, you are going to get the kind of publicity you want.

MR. GASTON: I think that Mr. Fussell and Mr. Shaeffer can develop a plan to get some publicity on this thing.

MR. O'CONNELL: The only difference would be one of timing of the publicity. I have no quarrel about the desire of having such publicity and getting as much public consciousness of the problem as is humanly possible to get. The difference is at what point do you want to give out the facts of a particular case and made capital of them, and Herbert's point, and mine, is that that should not be done.

H.M.JR: We are wasting an awful lot of time. If Gaston is as excited about it as I am, fine, or if anybody else is excited about it--I want to find a way to break this thing.

Now Fussell, you are here; Gaston brought you in here. You see if you can find some way to do it, will you?

MR. GASTON: Yes, sir.

MR. FUSSELL: There are two possible ways, one is a way Mr. Gaston suggested, and one Mr. Perle just suggested, through spot stories by people who are willing to follow up on the thing. The other way is the way we suggested last week, Mr. Secretary, of giving out the cases to them.

H.M.JR: It is your assignment; get the stories out, will you?

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MR. FUSSELL: Yes.

H.M.JR: I have got an awful lot of important things. It is your assignment. I want to see some publicity on it. Will you take care of that assignment?

MR. FUSSELL: Yes, Mr. Secretary, but the understanding is, we are not to give the names at this stage?

H.M.JR: You take the assignment, and you do it the way you think is right with this objective in mind. I want to stop it through publicity.

MR. FUSSELL: Yes.

H.M.JR: I am not telling you how to do it. This is fair enough, isn't it?

MR. FUSSELL: Right.

H.M.JR: Nobody can object to that. Consult with Mr. Gaston or anybody, but get me results.

MR. FUSSELL: We will get some stories by the end of this week.

H.M.JR: Is that all right with you, Herbert?

MR. GASTON: Absolutely.

H.M.JR: Get me some results. I still say that until I got mad around here and talked to the three collectors and Nunan and all the rest of them, nothing was being done by and large by these people. They were too busy. They had this and that, and they didn't have the manpower. They had five hundred and ninety men. Sure, something else is being neglected. I am not going to wait like the investigation on the meat market situation. I am not going to wait. I have been around this town too long. Get me out some stories. The thing that I objected to about that Miami story was this great buildup.

I will say this in this room, that by God, Elmer Irey doesn't deserve it. And if you read this investigation

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that this fellow made of the amount of business that we are handling and the number of cases that are coming in--the thing I object to is that Elmer Irey didn't deserve those stories.

MR. GASTON: Which is that?

H.M.JR: The stories that came out of Miami about Elmer Irey the great gang-buster. I am not interested in any one person; I am interested in stopping this thing before I have investigated it. And if anybody hasn't read Charlie Bell's report, I will tell them to read it. It is a terrible indictment on the Bureau.

(Mr. D. W. Bell leaves the conference temporarily.)

H.M.JR: Well, you have got four times as much revenue, and practically the same number of indictments.

MR. O'CONNELL: And practically the same number of people. There is an explanation.

H.M.JR: Before we started this war you had no guns or labor, you had no this or that. The War Department has waged a war. They find ways to do it. We have got a war against a new kind of immoral society, and I don't want to wait.

MR. O'CONNELL: I want to point out that the explanation, whether it is a complete defense or not of the fact that the number of cases and that sort of thing has not kept pace with the increase in revenue is that the Bureau has not been able to get competent personnel or money to pay them.

H.M.JR: You have never gone on the Hill and said, "Look, here is what is happening. This is what society is doing today." I came into this job on the tail end of the worst bootlegging--the worst immoral era almost that this country has ever gone through. I was stupid. I sat here and said I would either lick it or resign, and we went out and changed the whole thing, and we licked it.

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Now, we didn't say that you can't go out on a three mile zone and have a lot of lawyers stop us there. President Roosevelt said, "A bootlegger is where you find him, irrespective of the zone," and we went out one hundred miles, and we found them. Fellows used to hover out three miles or twelve miles. All kinds of barriers were put up against us. First it was three, and then twelve. President Roosevelt said, "Go and find them. We kept the fellows out so long they couldn't stand it and gave up business. They told me I couldn't go after the ex-Prime Minister of Belgium in the bootleg business, but I did it. We found ways to do the thing, and I am saying there are ways to get this new kind of immoral society which exists. You have got to fight fire with fire. It is like this picture of Colonel Blimp the other night. You are not to use heathen methods, but be good sports and not fight on Sunday and not bomb cities, and all the rest of that stuff, and that was the way to fight the Germans.

Well, you have got to fight these people with different methods, and that is what I am talking about and what I am going to insist upon.

MR. O'CONNELL: I have no quarrel with that.

H.M.JR: Charles Bell did a swell job and had courage enough to put it in writing. It is a terrible condemnation of the Bureau, like you can't go outside the twelve mile limit. You people haven't gone up on the Hill and gotten excited the way I have, and said, "We have got to have more men. We have got to have more money."

MR. O'CONNELL: I know that the last time the Bureau went up on the Hill they had their appropriation cut several million dollars.

H.M.JR: All I need is a little more information and I can get ten million dollars. I can get any sum I want if I tell this story.

MR. LUXFORD: That is, if you get a spread in the papers.

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MR. O'CONNELL: I have no question about that at all, and I have been talking to the people in the Bureau with that in mind, but from 1940 to 1945 we have not had an appropriation to make it possible for us to step up either our personnel or handling of cases to the extent desirable.

H.M.JR: Now look, Fitzgerald, the State Chairman of the Democratic Party in New York recommended to President Roosevelt the District Attorney who has got the largest Holstein herd in the Catskills in New York. He has made a lot of very good cases in New York State, and they wanted to give him some important job, see? I can't remember his name, but maybe it is in my correspondence. You ask Fitzgerald who he meant that had this big holstein herd. He has a wonderful record as a prosecuting attorney in the State of New York, see. He has made some very difficult cases in Albany. Let's get some--look him up and let's get some fellow down here. I need some new blood down here in the Bureau, and the prosecuting attorney's record reads wonderfully. Look this fellow up. I want somebody down here like that to assist you, some young vigorous fellow, a good Holstein man. (Laughter) Look this fellow up. We need somebody around. I want somebody to carry the torch on this thing who can do this and nothing else.

Incidentally, the attorney out there that got Pendergast--what's his name?

MR. LUXFORD: Milligan.

H.M.JR: And fellows like Judge Campbell who have made their reputation, Thomas E. Dewey, for instance.

MR. O'CONNELL: They are prosecutors.

H.M.JR: That is what I want in the Treasury working under you. You look up this fellow.

MR. O'CONNELL: We don't prosecute cases.

H.M.JR: All right, but we will force them. Get some fellow that will make a case so we can put some pepper on it. Clark is entirely too placid. Look this fellow up.

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We need a young fellow that will burn on this thing. Don't worry too much about whether a man is guilty or not. You get the Civil Liberties after me. All right?

MR. GASTON: Yes. I want you to know I approve of your giving the people the hot foot.

H.M.JR: I know you do. I haven't known you for fourteen years for nothing, but we all get hide-bound, and they all think I am wearing a boiled shirt and a three-inch high collar, and so forth, and so on. Let's get busy on this thing. You can read across every paper about OPA and the meat market. The trouble with OPA is they have got no enforcement.

MR. GASTON: And we tried our damndest to help them and couldn't put it over.

H.M.JR: I am not going to wait now until somebody tells me, "Morgenthau is falling down on the job." And when I read that report I was ashamed of the Treasury. Have you read it?

MR. O'CONNELL: Yes.

H.M.JR: O.K. I am sorry I didn't come back for this.

MR. BLOUGH: I would like to read that report if I may.

H.M.JR: If anybody wants to see the thing, he can read it. I don't want the columnists to see that report.

MR. BLOUGH: I have no contacts with the columnists.

H.M.JR: I am not referring to you. You should have known that. (Laughter)

MR. BLOUGH: I can develop them very quickly.

H.M.JR: Well, when is this report coming out?

MR. BLOUGH: After Senator George gets back, and I don't know yet just when that will be, possibly tomorrow.

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H.M.JR: Is my statement prepared?

MR. FLOUGH: We have not finished it because we haven't seen what they have finished for up there, but we are very actively working on it, and I was going to say by the middle of the week we ought to have a conference with you on the subject.

H.M.JR: I like to get Herbert Gaston excited. When I do he always goes to town, so I expect good things this week.

Fussell?

MR. FUSSELL: Is that program going through for tonight, Mr. Secretary?

H.M.JR: Yes. Don't--listen! I am exhausted. The thing is terrible. I have given it to Henry Murphy, who seems to know nothing about Bretton Woods, and, therefore, he will be good on it. He is coming back at three o'clock. If you want to be here, O.K. I haven't used him in ten years, so he is fresh.

MR. FUSSELL: That is all I have, Mr. Secretary.

H.M.JR: Mr. Luxford, my liaison man up at Bretton Woods knew nothing about it, so I gave him hell this morning.

MR. LUXFORD: I had no responsibility for it, Mr. Secretary.

H.M.JR: At any rate, they are coming back about three with something that is sizzling. Bernstein looked at it and said, "My God, I threw that out three times and they have referred it to the Secretary." This is E. M. Bernstein. Anyway, they are coming back. I have given it to Henry Murphy and E. M. Bernstein. It is terrible, dish water.

MR. GASTON: What is that?

H.M.JR: A seven-minute talk for me at nine o'clock tonight.

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MR. GASTON: On Bretton Woods?

H.M.JR: Yes.

Luxford's excuse was nobody told him anything about it.

MR. LUXFORD: I knew about it, Mr. Secretary, but I had no responsibility for it.

H.M.JR: All right, but when I talk about Bretton Woods, it stems from you down.

MR. LUXFORD: All right, sir.

H.M.JR: Coe?

MR. COE: I don't think I have told you, but last week and the week before we had the French in following up your instructions about laying out the financial accounts here. These were some subordinates of Plevin's. They gave us all the dope. It is quite satisfactory; all their money is accounted for. The Germans seem to have gotten none of it except the Belgian and the Polish stuff, and they went over a series of issues which they think Plevin is going to take up with you.

Incidentally, they told us their ideas on reparations, and they coincide almost exactly with the Treasury's.

H.M.JR: If you want to be excused, go ahead.

MR. LUXFORD: I have got another five minutes.

H.M.JR: Well, that is good. Now, I want to move on the Chinese thing.

MR. COE: Did you get our memo that I sent?

H.M.JR: Yes. Do you think I ought to call up Mr. Patterson and ask him when he can do it?

MR. COE: Yes, I think he is waiting for a call.

H-10

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H.M.JR: I want somebody from the State Department.

MR. COE: It would be Clayton.

H.M.JR: Suppose I work on it. I will do it tomorrow afternoon. We have reparations in the morning. I want to move.

MR. COE: We had a session with Clayton--with State on the Chinese thing, and we talked over the matters which I put down in that memo, general recommendations. The State Department people, including most of their Chinese people, are out in San Francisco. They had one man over here. They were inclined much more, I think, to give them the fifty million dollar areas on the gold, but they were not very strong about that.

H.M.JR: This General Olmsted seems to want to pay them quickly.

MR. COE: Olmsted?

H.M.JR: Yes.

MR. COE: He came back for WPB. They have this three point program on trucks, textiles, and coal.

H.M.JR: Trucks, textiles--

MR. COE: ...and coal.

MR. O'CONNELL: Trucks, textiles, and Treasury.

H.M.JR: The three T's.

MR. COE: Leon Henderson has gotten around town on it, but I don't think he has aroused much sympathy.

H.M.JR: Oh, I will fix up a meeting for tomorrow afternoon.

Are you on this reparations thing?

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MR. COE: DuBois and Glasser.

H.M.JR: DuBois and Glasser.

Can I borrow Nathan for a couple of days to finish up this article of mine? It is practically finished now.

MR. COE: Yes.

H.M.JR: Just what is Nathan doing?

MR. COE: He has been working on the German stuff.

H.M.JR: Could I have him for this?

MR. COE: I think on final editing he perhaps wouldn't be so useful to you.

H.M.JR: I need some more stuff.

MR. COE: You need more stuff?

H.M.JR: Loth was simply grand, Herbert.

MR. GASTON: Is he doing some more work?

H.M.JR: He spent the week end with me and the first article on the plans for Germany is practically finished, and I want to give it to President Truman tomorrow. He has given me clearance to go ahead.

MR. GASTON: Is this to be a series of articles?

H.M.JR: For magazines in order to get the thing through and not wait for the book. I am going to do two or three articles. I took Loth with me to Florida, and we finished the first one. It needs a little something here and there. The second one on agriculture I need some help on.

MR. COE: I think before your Tuesday reparations meeting, Mr. Secretary--

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H.M.JR: I am not using him in editing. I want him to get me some stuff.

MR. COE: He will be glad to.

I think you ought to talk to Clayton to see whether he has talked to Pauley.

H.M.JR: Pauley is coming here for lunch at one o'clock.

MR. COE: Oh.

H.M.JR: And DuBois is coming in at a quarter to one to tell me what happened this morning, if anybody wants to listen. I didn't want DuBois to come in and tell me he didn't want us telling him what to do. Like my daughter Joan said to me yesterday, "Daddy, you're good." He is having lunch with me at one o'clock today, and I want to find out whether he does or doesn't want any help before tomorrow. I gather he doesn't want any help from War or State. I don't know how he feels about Treasury.

MR. D. W. BELL: Will he be at tomorrow's meeting?

H.M.JR: I don't know. I thought I'd ask him at lunch today. He may tell us to go jump in the Potomac. I wanted to do it privately.

MR. COE: Yes, because at this meeting we will presumably be drafting his instructions.

H.M.JR: That is right.

MR. D. W. BELL: He might be interested.

H.M.JR: See that I get by a quarter to one, will you, so I can show Pauley, the letter we showed to the President, the transmittal letter in which we said we'd go ahead on reparations, and the President said, "Yes." See if I can get that by a quarter to one. Did you stay home Saturday?

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MR. COE: Yes. I caught a cold resting. It is a dangerous thing to do.

H.M.JR: What else?

MR. COE: That's all. There is one thing on which I am not sure what State has done, but it should be mentioned. You know they have been trying to beat the deadline on the end of the war on these 3-C agreements, lend lease agreements. One it seems to me is over the wires, not over the wires--Netherlands.

(Secretary holds telephone conversation with Mr. Patterson, Under Secretary of War.)

H.M.JR: He is leaving in five minutes for Europe. He said he can't come and he said Somervell. This is on the Soong mission to China.

Are you through?

MR. COE: I think we have these French lend lease negotiations hanging fire, and I hate to see us initiate a new lend lease agreement at this late date in the European war.

H.M.JR: Give me a memo on it. Get it to me today.

MR. COE: That's all.

H.M.JR: Mr. Gamble? Did we get any publicity as a result of you and me trying to do something last week?

MR. GAMBLE: We got a little publicity on black markets.

H.M.JR: Nothing on war bonds?

MR. GAMBLE: Very little--just a couple of lines. My experience has been that these fellows who cover your press conferences are not much interested in war bonds and finance. They are more interested in some kind of sensational story which they can get out of here, I think, which is natural. They put war bonds in the category of work, and it is one of the reasons we've had to pursue it with these special people.

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H.M.JR: I'd like you here at four o'clock anyway.

MR. GAMBLE: All right, sir. You will be interested to know that Douglas accepted that speaking engagement Truman was going to--Justice Douglas.

H.M.JR: At Indianapolis?

MR. GAMBLE: Yes.

H.M.JR: Have you heard anything from the White House?

MR. GAMBLE: Not yet. I am calling them this morning.

H.M.JR: I am asking to see him Tuesday or Wednesday, if you want me to do anything. If so, get it to Mrs. Klotz.

MR. GAMBLE: All right, sir. That's all, sir.

H.M.JR: George?

MR. HAAS: You recall you wrote a letter to Harriner Eccles when the three months certificate rate got out of line and asked him to bring it back within a reasonable length of time. It has come back, but now it is going up again.

H.M.JR: Did you thank him when he brought it back?

MR. HAAS: No. It is nothing to worry about yet, but it should be stopped before it goes any further.

H.M.JR: Are you putting me on notice?

MR. HAAS: I think Dan is working on it.

H.M.JR: You are putting Dan on notice.

MR. HAAS: You asked me about a chart which showed all of the sources of funds.

H.M.JR: Yes.

MR. HAAS: (Hands secretary two charts.) I had a little one and thought it might be too small so I made another.

H.M.JR: Fine! If I don't understand it, I'll send for you. Eddie? I think I'll wish this one thousand dollar bill stuff on you.

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MR. BARTELT: All right.

H.M.JR: Why these banks don't give up the information, I don't understand. They keep acting all too tender hearted. Wouldn't that be Eddie's job? We haven't given him anything to do since he's come here as Assistant Secretary.

MR. BARTELT: I have been working about six hours every night signing mail.

H.M.JR: Is that what you do? That is what they used to have all the Secretaries of the Treasury do until I came out here.

MR. PEHLE: To keep them out of trouble. I have seen that system before. (Laughter)

H.M.JR: That is why I can spend forty-five minutes talking about something like black market. Congratulations, Dan. Dan is learning. He looks better, too.

What else, Eddie?

MR. BARTELT: Maybe you would be interested in the number of readjustment allowance payments being made to veterans, discharged veterans.

H.M.JR: What?

MR. BARTELT: Readjustment allowance payments being made to discharged veterans. They are running about twenty-seven thousand a week now, amounting to about five hundred thirty-six thousand dollars. Total payments to date have been about one million dollars.

MR. D. W. BELL: That is comparable to--

MR. BARTELT: ... unemployment payments.

MR. D. W. BELL: ...unemployment compensation, and they give the sum to the veteran before they get employment, and they have gone up from just a few hundred a week to about--

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MR. BARTELT: Twenty-seven thousand.

H.M.JR: Do you think that is worthy of giving out to the press?

MR. FUSSELL: I think that would be very interesting to the press conference this afternoon in connection with war bonds--one of the new obligations we are taking on. It would have to be covered by war bonds.

H.M.JR: By war bonds?

MR. FUSSELL: And taxes.

MR. D. W. BELL: It is additional expenditure.

MR. FUSSELL: Accruing expenditure that is going to be accumulating as time goes on.

H.M.JR: Is this something new?

MR. BARTELT: No, sir. That has been going on since the G.I. Bill was passed.

H.M.JR: If it is something the Treasury is doing--

MR. BARTELT: Yes.

H.M.JR: ...come on in and explain it to the men this afternoon, will you? You better have something in writing, because they are awfully dumb. Have something written out for them so they can copy it. Show it to Fussell before you come in. What else?

MR. BARTELT: That is all.

H.M.JR: I didn't think that Dan would learn that old Army game, but I congratulate you. You've got a good man, Dan.

MR. D. W. BELL: He's got a strong arm.

H.M.JR: The next thing is you will be coming in with a request for two new assistant secretaries.

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MR. BARTELT: There is a lot of work there.

H.M.JR: I guess there is.

MR. PEHLE: I haven't anything, Mr. Secretary. Charlie and I are in the final stages of this Procurement-Surplus Property shift. We are trying to do our best to keep a working organization down there which isn't very easy. The Bureau organization isn't very strong. It is pretty weak.

H.M.JR: If you and Charles would stay behind a couple minutes, I want to see the two of you together.

MR. PEHLE: Right.

MR. LUXFORD: I have nothing.

H.M.JR: Nothing. You are watching your own clock, aren't you?

MR. LUXFORD: Yes.

MR. D. W. BELL: Congressman Rains is going to be brought back by the Army free of charge, and I think he is going to be here by May 2.

H.M.JR: He is still going to vote for Bretton Woods?

MR. D. W. BELL: I don't know. I didn't check on that.

They have not received a cable from Clay, but Hill-dring said he had sent one off making inquiry as to the time limit.

H.M.JR: The way I feel this morning on that, I have been thinking about this thing, and I may force the issue and put Colonel Bernstein at the head of that. That is the way I feel this morning.

MR. D. W. BELL: One other suggest is Ros Magill.

H.M.JR: No.

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MR. D. W. BELL: No go?

H.M.JR: No go.

MR. GASTON: I listened to Ros Magill make a speech Friday at the same place where I was--Friday week before last--and he was quite bitter against the Treasury. His whole attitude was one of sneering at the Treasury Department.

MR. BLOUGH: He has just sponsored one of the most reactionary tax reports in history. It is not yet public. It is now in the private distribution stage, and they are going to revise it some, but it is very bad.

MR. D. W. BELL: He is in the money now.

MR. BLOUGH: I am not interpreting--

MR. HAAS: That reminds me of something. Have you seen Shields' and Woodward's book?

H.M.JR: No.

MR. D. W. BELL: Is it reactionary, too?

MR. HAAS: It is sort of a name-calling, clever sort of thing, anti-administration all the way through, but they don't use those words.

H.M.JR: What are you going to do about it?

MR. HAAS: I told them when they came in that they couldn't make any speeches, they couldn't write any articles while they were consultants with the Treasury, so none of them are getting--Woodward never got any money, never had any appointment. Shields got his travel expenses. That is all. We are not paying them anything.

H.M.JR: Are they any good? Are they useful?

MR. HAAS: Useful to find out what Mutual Trust wants, and--

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MR. D. W. BELL: They resigned in January.

MR. HAAS: I told them when they did that they came in and said they would write this book--I said--

H.M.JR: In the whole United States there must be a few people who appreciate what this administration has done. I would seek them out. Let's seek them out. I can send for Lou Douglas and find out what the Mutual wants.

MR. D. W. BELL: I think George will agree with me that those boys probably got more out of coming down here than we got out of them.

MR. HAAS: Sure.

H.M.JR: It is good to rotate, George, anyway.

MR. HAAS: Okay. I wanted to mention it to you.

H.M.JR: It is good to rotate.

MR. HAAS: I think it is.

H.M.JR: I wouldn't send for them. They get much more out of us. Anyway, look for a couple of good fellows in places like Philadelphia that are friendly. (Laughter.)

H.M.JR: I had this whole group for lunch Friday, and I said I want to get the word out, you see. We are thinking of moving some of our Foreign Funds from New York to Philadelphia, and everybody said I shouldn't say anything. But they had quite a time keeping me down.

MR. D. W. BELL: McConnell came in this morning and gave Glasser and me his objections to the document we drew up the other day. One was the point that you raised, synthetic nitrogen not being mentioned. He said it was very important. Each country around Germany has a capacity to produce a great deal more than the whole of Europe will need, and it is very important that it go in at least the subsequent document.

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The other point was that steel should be limited to some formula such as fifty percent of '38 production, or something like that.

H.M.JR: What did we say?

MR. D. W. BELL: I don't think it is limited, but it is part of the reparations.

MR. COE: We say it should be held down to the limits.

MR. D. W. BELL: Four and five.

MR. COE: To the limits of the objectives of occupation, which means disease, unrest, and no starvation.

H.M.JR: Does he want less steel produced immediately, or more?

MR. D. W. BELL: He wants some specific restriction put on it in the document, and the other one was that the document is silent on stock piles. He thinks we might find stock piles of certain goods, maybe copper.

H.M.JR: What do we do with them?

MR. D. W. BELL: He thinks they ought to be taken out, but Glasser thought maybe that would come under the reparations end. He wasn't certain about it. Those are the three points he thought ought to be put in. I think he had one other point. It is a question of production of certain lines that might be necessary in order to build a factory or keep a factory going. There may be some things you may want to manufacture. He doesn't think that can be done under the document, but Glasser has pointed out where it could be done.

MR. COE: Yes.

MR. D. W. BELL: They were talking when I left.

H.M.JR: All right, Dan.

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MR. D. W. BELL: That is all I have.

MR. CHARLES BELL: Mr. Coe would like to put out of the Army about ten of these old Foreign Funds fellows. A letter has been prepared to you. He would also like to get three out of the Coast Guard.

MR. COE: That is for this Schmidt.

H.M.JR: Catch them before they begin to practice private law.

MR. O'CONNELL: You have to hurry.

(Secretary signs letter addressed to Mr. Stimson, Secretary of War, also letter to Admiral Maesche, both of which are dated April 30, 1945.)

MR. CHARLES BELL: There is a little note to Delano for his work on the Red Cross. (Secretary signs letter to Mr. Preston Delano dated April 30, 1945.)

Mr. Coe would like to promote Sol Adler to eight thousand dollars as Treasury attaché out in China from sixty-five hundred.

MR. COE: I wanted to mention on that subject, Mr. Secretary, I found out that when he went back on the Treasury pay roll he took a marked reduction in salary, and it has not been raised. He never raised the question. Harry White told me he never raised it. He went from ten thousand dollars back to sixty-five hundred dollars.

H.M.JR: From whom did he get that?

MR. COE: From the Chinese.

MR. D. W. BELL: Fox got twenty-five thousand, you remember?

H.M.JR: You are following out what I want.

MR. COE: Secondly, every time it is--

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H.M.JR: Let me tell you this. When you have won your case before the judge, stop. (Laughter.)

(Discussion off the record.)

All right. Does anybody else want a salary raise for any reason? Charles?

MR. CHARLES BELL: No, sir. We let the White House have three detailed stenographers this last week for a matter of ten days.

H.M.JR: Does the President want an increase in salary?

MR. CHARLES BELL: No, sir, but they are flooded with work over there.

H.M.JR: All right.

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9:59 A. M.

HMJr: Hello.

Operator: Mr. Patterson is out of his office for a few minutes.

HMJr: Oh. When he comes back, I want to talk to him.

Operator: Right.

(Pause)

Operator: Go ahead.

HMJr: Hello, Bob?

Mr. Robert
Patterson: Henry.

HMJr: How are you?

P: Fine. I'm just moving off to Europe in about five minutes.

HMJr: Oh, for heaven's sake!

P: (Laughs)

HMJr: You are?

P: Yeah.

HMJr: Well...

P: I'll be back soon though, I won't be gone long.

HMJr: I see. - something special?

P: No.

HMJr: Just a looksee, eh?

P: Yeah.

HMJr: Lucky man. Why didn't you invite a fellow to go along?

P: (Laughs) I would have if I thought you would have gone.

HMJr: Yeah. Well, I might come in a month from now. Bob, I wanted to keep going on this Chinese thing, and I've been doing reparations, you know...

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P: Yep.

HMJr: ...and this directive. Well, now, if you are going tomorrow to

P: Somervell is supposed to go down there.

HMJr: Oh, oh.

P: Somervell is supposed to go down there.

HMJr: Is he?

P: Yeah.

HMJr: I see. Well....

P: Martin is here.

HMJr: All right. Well, will you have whoever is on it come to my office at three tomorrow, please?

P: Yes, three?

HMJr: Three.

P: Yes, I will.

HMJr: Bring me back something, will you?

P: All right, Henry, I will indeed.

HMJr: You decide what it should be.

P: Yes, sir.

HMJr: Good luck.

P: Thank you.

HMJr: But have them over here at three.

P: Yes, sir.

HMJr: Thank you.

P: I will.

HMJr: Thank you.

April 30, 1945
10: 20 A. M.

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HMJr: Hello.

Mr. Joseph
Grew: Hello.

HMJr: Morgenthau.

G: Good morning.

HMJr: How are you?

G: Fine, thank you.

HMJr: Mr. Grew, about a week or ten days ago at Cabinet I brought up this question of the visit of T. V. Soong and his mission over here in regard to gold.

G: Yes.

HMJr: I had talked to President Truman about it earlier, and he told the Cabinet he wanted me to handle it in consultation with State and War.

G: Yes.

HMJr: We've had one meeting, and Mr. Stimson designated Mr. Patterson to handle it for him, and your Mr. Callado sat in on one meeting on a lower level. Hello? Now I want to see if I can't get to some decision tomorrow at 3 o'clock at my office so that I then could tell Mr. Soong I'm ready to see him. Now, hello?

G: Yes.

HMJr: But it --- normally, I'd look to your man Vincent-John - what is it - Carter Vincent? Hello?

G: Yes.

HMJr: Who would you like to have represent State over here tomorrow?

G: Well, if Will Clayton can find the time, I think he ought to do it.

HMJr: Well, it's important that the whole question of the Administration's attitude from a military and economic standpoint..

G: Yes.

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HMJr: So if.....

G: Well, I should think the thing would be to have Will Clayton sit in with someone from our Far Eastern office. I don't know whether it would be Vincent, or not. I'd like to look into that.

HMJr: Will you? And if exactly three o'clock isn't convenient for Clayton I can adjust it, you see?

G: Yes.

HMJr: But I would like to clean it up tomorrow.

G: All right, I'll go into it and let you know.

HMJr: Will you do that?

G: I'll do that right away.

HMJr: I thank you.

G: All right.

HMJr: Goodbye.

G: Goodbye.

April 30, 1945
10:34 A. M.

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HMJr: Hello.
Operator: Mr. Silvermaster.
HMJr: Right.
Operator: Go ahead.
HMJr: Hello.
Mr. Silvermaster: Hello.
HMJr: This is Morgenthau speaking.
S: Yes, sir.
HMJr: Mr. Silvermaster, today is the 30th of April...
S: Yes.
HMJr: And have you decided whether you want to stay on the Treasury payroll, or whether you want to go over tomorrow on April -- Commerce?
S: I'd like to stay on the Treasury payroll.
HMJr: You'd like to?
S: Yes. I think -- I've talked to Mr. Pehle on Saturday.
HMJr: Oh, you did.
S: Yes, and he told me there are two transfer periods.
HMJr: Pardon...
S: As of May 1st and the other as of June 1st.
HMJr: I see. And then during this period you'll give it some more thought. Is that the idea?
S: Yes.
HMJr: But tomorrow you go over - you're going to begin to help Mr. Wallace? Is that the thought?
S: Yes. Well, I have a Division here with quite a number of people.
HMJr: Yes.
S: And I thought that I would help them during this transition period.

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HMJr: Well, then - Pehle's outside and I'll tell him -- he knows about this, eh?
S: Yes, I discussed this with him on Saturday.
HMJr: I see.
Well, then I'll have a talk with him now.
S: All right.
HMJr: Thank you very much.
S: Thank you.

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10:38 A. M.

Mr. Joseph Grew: Hello.

HMJr: Yes.

G: Oh, Mr. Secretary.

HMJr: Yeah.

G: Grew speaking again.

HMJr: Right.

G: Would it be convenient to make that meeting tomorrow in regard to gold at 4 o'clock instead of three?

HMJr: It will be all right.

G: I'd like to have Will sit in on that, and he'll come if you can have it at four.

HMJr: I will have it at four.

G: Fine. And I'll ask Stanton of our Far Eastern office to go with Will and Collado.

HMJr: Stanton and Collado.

G: O. K. with you?

HMJr: Entirely.

G: All right, thank you.

HMJr: Thank you.

G: Goodbye.

April 30, 1945
12:57 P. M.

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HMJr: Yeah.

Mr. Harry White: And there's an attempt to get them to organize to try to get a larger role in the Security Council, which the council which really will do the business.

HMJr: Let me tell you, Harry.

W: Yeah.

HMJr: I'd love to talk with you, but this is kind of a bad time.

W: Yes.

HMJr: Is there any particular time I could call you?

W: Well, you name your time there the wires are awfully hard to get. So you name your time and I'll call you tomorrow morning - or this afternoon?

HMJr: How about quarter of nine Washington time tomorrow?

W: A quarter of nine Washington time tomorrow. That's six o'clock here.

HMJr: (Laughs)

W: (Laughs)

HMJr: I thought you might just be going to bed.

W: (Laughs) No, I go to bed about two hours earlier than that. They've got a curfew here.

HMJr: Oh. Well, I tell you this man Pauley is just coming in now. DuBois is trying to brief me, you see?

W: Yeah.

HMJr: And I want to get what they have. I tell you -- is there any way of reaching you through Customs.

W: I'll find out.

HMJr: I can have a Customs....

- 2 -

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W: We are using the regular wires here, but I'll find out.

HMJr: any thing pressing--

W: I'll send you a teletype indicating what are the hours.

HMJr: Well, I'll tell you now I'll make an appointment with you...

W: I'd like to call you up every couple of days if I can.

HMJr: Yeah, I'd like you to. Let me just think -- you couldn't call me again at 4:30 today - our time?

W: Easily.

HMJr: What?

W: Easily. Four-thirty, your time.

HMJr: Four-thirty our time

W: Yes. Now the only thing is that I can shoot at 4:30 - whether I can hit it on the nose I don't know.

HMJr: If it runs a little over -- but you tell them now that I want to talk to you.

W: All right.

HMJr: At 4:30.

W: At 4:30.

HMJr: How's that?

W: O. K. I'll arrange that.

HMJr: Washington time.

W: Washington time, 4:30.

HMJr: If you please.

W: Righto.

HMJr: Thank you.

W: Bye.

April 30, 1945
3:55 P. M.

89

Mr. Will
Clayton:

This is Will Clayton.

HMJr:

Yeah.

C:

The President asked Joe Grew to get in touch with you on the Netherlands Lend-Lease agreement.

HMJr:

Yeah.

C:

And Joe just called me about it and he asked me to call you. He asked me if you had any objection to it, and I told him I was sure not because the Treasury has been in on all the conferences - that they were fully advised on the whole situation and that we were expecting to sign any day. We've been trying to get it through to Frank Coe to notify him that it was going to be signed this afternoon, and invite him to be present. And they said - the two or three times we called him - that he was in with you so we couldn't get word to him. And I just wondered if there was any point you had about it.

HMJr:

Well, I think it is a mistake to do this thing now, when it looks as though we were just about on the eve of V-E Day, and it looks as though we were trying to beat the gun against what Congress might want us not to do.

C:

Ahuh. Well, the -- we didn't have that point of view from the Treasury, and the thing has been under negotiation, as you know, for a long, long time.

HMJr:

Yeah.

C:

And it -- excuse me just a moment -- (pause)

Aaron Hoffman, and a lawyer, Bronze - I think it is - were over here on Friday afternoon when the final terms were agreed upon. I have a -- I have a good deal the same feeling that you have about it, that it just - it sort of looks like we're trying to beat the gun, but the thing has been in negotiation for such a long time and I think if we were to decline to sign it now that it would make a very bad impression on the Dutch.

HMJr:

Well, with you asking me a direct question-- and

- 2 -

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HMJr:(cont) my answer to the direct question - I think it is a mistake no matter what the Dutch think. We've got to think of Congress....

C:

Ahuh.

HMJr:

...and three-hundred million dollars, and to whisk this thing through when fighting may cease any day - I don't know when - but any day..

C:

Of course, after V-E Day, as you know, it's all on J. C.

HMJr:

I know, but you are just asking me how I feel. I think it is a political - a domestic political mistake.

C:

Ahuh. The -- well, I don't know what we should do because we have submitted to the Dutch that are coming in - the time, and even the hour has been set for signing it.

HMJr:

Yeah.

C:

And all your boys including Coe were in on all the conferences, and have agreed on the documents and everything.

HMJr:

Well, they should have expressed my viewpoint...

C:

Ahuh.

HMJr:

... that at this moment to do this thing, I just think it will get us into trouble. I'm sorry that I wasn't asked earlier.

C:

Well, it -- we assumed, of course, that your boys were keeping you informed.

HMJr:

Well, I didn't know anything about it until today.

C:

I see. Well, I'll talk with Joe about it and...

HMJr:

Mr. Pauley will be here at 10:30 tomorrow morning.

C:

Fine. I'll be there on time.

HMJr:

Thank you.

April 30, 1943
3:55 p.m.

PRE-PRESS

Present: Mr. D. W. Bell
Mr. Gaston
Mr. O'Connell
Mr. Blough
Mr. Bartelt
Mr. Shaeffer
Mr. Gamble
Mr. Fussell
Mr. Coe
Mrs. Klotz
Mr. Luxford

H.M.JR: What about this thing on CED testimony (indicating attached memo from Mr. Luxford to the Secretary dated April 30, 1945)?

MR. BELL: I haven't seen it.

MR. O'CONNELL: This is exactly the same thing we have said a number of times. If we can get by with saying no more than this, it would be fine.

MR. GASTON: It's Sherman.

H.M.JR: Well, now--

MR. O'CONNELL: This really says nothing we haven't said before, and if we can get by without saying more than this, it would be fine.

MR. GASTON: Why can't we say we think it is a good idea?

MR. LUXFORD: Spence and Wolcott want to hold bargaining power and you don't have any if you give it away.

MR. O'CONNELL: We have practically given it away.

MR. BELL: We have said it deserves serious consideration. That's all we have ever said.

MR. GASTON: Didn't you go further than that?

- 2 -

MR. BELL: No, it deserves serious consideration, and that's what has been said previously.

MR. LUXFORD: That's what they want, not to give this point away.

H.M.JR: Can I say I haven't agreed to anything?

MR. LUXFORD: Sure, you're studying it.

H.M.JR: I won't be letting you down, will I?

MR. BELL: I don't care about letting me down but I understood we had said before my speech that the CED proposal was a good one and should be carefully considered. That was made public and I said nothing more than what had been previously said.

H.M.JR: It should be given what?

MR. BELL: Careful consideration.

MR. O'CONNELL: The only thing open is how we do it.

H.M.JR: If they ask the question here, I'll say we are giving it serious consideration?

MR. LUXFORD: Yes. The reason I emphasize it is that Sherman indicated this morning that Treasury is approving.

MR. BELL: We have never said it was approved.

H.M.JR: If I say we are giving it careful consideration, I think it will be all right.

MR. BELL: I don't think you even have to go that far. Say we said the CED report is a good report and the suggestion they made there deserves serious consideration. We haven't gone beyond that.

H.M.JR: Is that all right?

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- 3 -

MR. LUXFORD: All right.

MR. O'CONNELL: All right.

H.M.JR: Now, of course, this was the ABA who wanted me to say we accepted it.

MR. LUXFORD: That's all I have.

H.M.JR: Thank you.

(Mr. Luxford leaves the conference.)

MR. FUSSELL: That's the thing Bartelt spoke of this morning.

H.M.JR: Where is he?

MR. BARTELT: I don't know what the procedure was.

H.M.JR: All right. Do you want me to read this thing on black markets? (Indicates attachment A.)

MR. D.W. BELL: This is awfully long.

MR. FUSSELL: I don't think you need to read from it if you can speak about it along that line. Just the first page of it, never mind the second page. Review what the situation is.

H.M.JR: Well, we'll see.

MR. GASTON: I wouldn't read that.

A

The present income tax investigation is the second phase of the drive against the black market which the Treasury launched late in 1943.

As of March 1, 1945, indictments had been returned against 724 persons or corporations for black market violations in liquor operations, with 404 convictions to that date.

The present drive against income tax violators includes a much broader field. Though the drive is still centered against black market operators, many types of operations other than liquor are being covered.

"Leads" have been developed in some 2,500 cases which are being screened, with first attention being given to cases apparently involving large scale, flagrant violations.

Analysis of a sample of 500 of these cases shows 173 involve liquor transactions, 69 involve large currency transactions which probably include dealings in liquor and other commodities, 47 involve produce sales, 26 jewelry, 23 clothing and textiles, 12 meat, and smaller numbers involve such miscellaneous businesses as machinery, restaurants, automobiles, petroleum products, scrap metal, tires and gambling.

War contractors figure in several large cases being investigated.

One by-product of the drive has been payments of as much as a half-million dollars, in one instance, on supplemental tax returns filed after investigations had been undertaken.

A midwestern manufacturing concern is alleged to have diverted proceeds of sales directly to officers to escape record on the company books, which will result in assessment of additional taxes and penalties of more than \$2,000,000 covering the three-year period 1941-1943.

During 1943 a midwestern wholesaler in wines, liquors and groceries appears to have made sales in excess of OPA ceilings totalling \$172,000 during 1943, but as a result of carrying this investigation into preceding years, taxes and penalties of more than \$500,000 are now proposed against the firm and its officers.

Surveys of fur and jewelry firms indicate evasion of excise taxes as well as income taxes.

Large denomination bills figure in many cases. Recent transactions in large bills, traded through three banks in a single city, total nearly \$11,000,000.

Extra large bills, however, are not the only ones that are being used in an apparent effort to conceal income. A jewelry firm in a southern city is reported as having accumulated \$250,000 in \$20 bills, which apparently has not been reported for income taxes.

Transactions in checks, cashed outside of regular banking channels, with the apparent purpose of evading income taxes, also are being investigated.

The Treasury is receiving active cooperation from other government agencies, such as the Office of Price Administration and the Department of Justice, from financial circles and from the public.

New procedures are being developed by the Treasury and Justice Departments, designed to expedite handling of some types of cases.

The OPA has provided information in some 2,000 cases which are being investigated from the tax liability angle in Bureau of Internal Revenue field offices, and its district directors are under instructions to report any evidence of cash side payments or other income which may have been concealed.

April 30, 1945

Secretary Morgenthau
Mr. LuxfordFor Your Press Conference

I mentioned to you that Flanders and Sherman testified today on the C.E.D. proposal. They indicated that the treasury (naming White and Bell) had indicated agreement with their proposal. Actually, I think we have only stated that their proposal deserves "serious consideration".

You undoubtedly will be questioned by the reporters at today's press conference. You will recall that both Spense and Wollcott are anxious that we do not publicly accept the C.E.D. proposal at this time as it will lose its bargaining value.

I suggest that you:

- (1) State you have not read testimony of Flanders and Sherman yet but intend to study it carefully.
- (2) Praise C.E.D. as forward looking group of responsible business leaders who have offered a constructive suggestion on Bretton Woods proposals.
- (3) State that treasury is still studying proposal and has not arrived at a final conclusion yet.

April 30, 1945 27

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- GBF

Used at press Conf. 4/30/45

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April 30, 1945
5:17 P. M.

HMJr: Mr. Monnet, I got your message about Mr. Flaven.
Mr. Jean Monnet: Yes.
HMJr: Now this is my trouble. Everything is all right. I'm planning after Cabinet Friday to go down and spend the week-end again with Mrs. Morgenthau.
M: Yes.
HMJr: And that would mean leaving here Friday afternoon just when Mr. Flaven is arriving.
M: When would you return?
HMJr: Well, I would be back possibly Monday.
M: Monday.
HMJr: He couldn't get here Thursday afternoon so I could spend Friday morning with him.
M: Well, I'll find out if he can get here Thursday. or otherwise, he could get here Sunday night.
HMJr: Well, I wouldn't be back until very late Sunday night.
M: But you would be back Monday.
HMJr: True.
M: So -- then it'd be -- would it be convenient for you on Monday?
HMJr: It would be more convenient for me Friday morning. I could give him all of Friday morning if he wanted it.
M: All right. I'll be in touch with him at once.
HMJr: And....
M: But if he couldn't possibly make it, could you make sometime Monday?
HMJr: Yes. If I was going to have to promise, I'd rather make it Tuesday.
M: Well, may I give him the option between Friday

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M: (cont.) morning or Tuesday morning?
HMJr: Yes. And if he --- that's right -- between Friday morning or Tuesday.
M: Or Tuesday morning?
HMJr: I don't --- is that perfectly considerate -- isn't it?
M: Oh, I think so. I think so.
HMJr: It just so happens with Mrs. Morgenthau ill, I do want to get down there to see her.
M: Well, he understands that fully. How is Mrs. Morgenthau?
HMJr: She's making good progress.
M: Good, so you have no anxiety.
HMJr: Not just now, no.
M: Will you --- then I will telephone to Flaven and let you know. You are only leaving here on Friday.
HMJr: I'm leaving Friday after Cabinet which is usually around four o'clock.
M: Good. Well, then, I'll be in touch with you tomorrow.
HMJr: Thank you.
M: Thank you very much.
HMJr: Goodbye.
M: Goodbye.

April 30, 1945
3:53 P. M.

102

HMJr: Hello.
Operator: Mr. Hopkins.
HMJr: Hello.
Mr. Harry Hopkins: Hello, Henry.
HMJr: How are you?
H: Well, I'm better.
HMJr: Well, that's good news.
H: I - well, I'll tell you about it when I see you.
HMJr: Yeah.
H: Tell me how Elmer is.
HMJr: Well, she's better, but she's still got a long
siege ahead of her.
H: Too bad, Henry. What time do you go down to the
office?
HMJr: In the morning?
H: I was wondering if there was any chance of you
dropping by here and seeing us.
HMJr: Well, I don't know whether you got by invitation
for lunch..
H: Oh, I haven't been going out anywhere, Henry.
HMJr: I see.
H: I get up and walk three or four blocks a day,
but I'm still not in very good shape.
HMJr: Well, I would leave the house normally about 8:00.
H: Well, would it --- do you think you could stop by
and we could have about a 15 minute talk?
HMJr: Surely.
H: I'd love to.

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HMJr: I'll stop by tomorrow morning.
H: I've got something on my mind - very much...
HMJr: I can't always tell exactly. Should I call...
H: You don't have to call---just come any time after
half-past eight.
HMJr: It will be after half-past eight.
H: Well, a quarter past eight, I don't care.
HMJr: No.
H: I'm up.
HMJr: I'll be glad to come.
H: You know where I live?
HMJr: Yeah.
H: 3340 N. St.
HMJr: I know where you live.
H: All right, Henry.
HMJr: Say, well - wait a minute, I'd better write it
down, but I'm ...
H: 3340..
HMJr: 33...
H: ..40 N - little better, like Nancy.
HMJr: M.
H: M.
HMJr: M, like Nancy.
H: That's right.
HMJr: Right.
H: All right, Henry.
HMJr: Thank you.
H: Good, bye.

April 30, 1945

I told Pauley about this Clayton Committee and that we were going to meet tomorrow. I said that I had told President Truman I wanted to be helpful to him, and I said, "If you want me to be helpful - fine. If you don't, that's all right with me." He said, "Of course," I want you to be helpful. I want to get all the help I can." I asked him if he wanted the meeting to take place tomorrow, and he said, "Yes, I want to listen." He said, "It is in no way binding on me," and I said, "No." I said, "1067 was revised when we gave it to the President, and it is up to him." He said, "That's all right."

Pauley made it very clear that he is going only as the President's agent. He was in England a couple of years ago on some oil mission, and he has had his taste of the State Department and what they can do.

We gave him a copy of Revised 1067, and the State Department memoranda of March 10th and 20th.

APR 30 1945

MEMORANDUM TO THE PRESIDENT:

I am transmitting herewith a check covering your salary as President of the United States, for the period April 13 to April 30, 1945.

As you know, the President's salary is paid monthly on the last day of each month; and in order to avoid delay in delivery of the check, arrangements were made with the General Accounting Office to issue the certificate for the amount due, less a deduction for withholding tax (computed on the basis of two exemptions), pending your signing of the withholding exemption certificate on a Form W-4. Appropriate adjustment will be made in a subsequent check for any amount due after the withholding certificate has been received. The computation of the enclosed check is as follows:

Gross monthly salary of President	\$6,250
18/30ths of \$6,250 ..	\$3,750.00
Withholding tax	<u>\$20.85</u>
Net	\$2,929.15

(Signed) H. Morgenthau, Jr.

EFBartelt:hsv 4/30/45

9/30/45

REVISED SCRIPT.

"THE CREW OF THE MODEL T"

STARRING

RAY COLLINS
JIMMIE GLEASON
PAULETTE GODDARD
REX INGRAM
BURGESS MEREDITHMUSIC**THEME
ANNOUNCER"THE CREW OF THE MODEL T"
PRESENTED BY THE HOLLYWOOD COMMITTEE OF ARTS
SCIENCES AND PROFESSIONS IN COOPERATION WITH THE
BLUE NETWORK OF THE AMERICAN BROADCASTING CO.
STARRING RAY COLLINS JIMMIE GLEASON PAULETTE GODDARD
REX INGRAM AND BURGESS MEREDITH WITH ORIGINAL MUSIC
BY DAVID RAKSIN

MUSIC UP TO FINISH

BUSINESS: Linotype machine beating away slightly off mike.

FRED: (Off) Hey, Wilbur.

WILBUR: Yeah?

FRED: Where's that editorial?

WILBUR: I guess George is still writing it.

FRED: It's six o'clock.

WILBUR: I know.

FRED: This may not be the New York Times, but even the
editor of the Elmwood Register ought to meet
his own deadline.WILBUR: George doesn't like to be bothered when he's
writing those four dollar words.FRED: Tell him to put it in nickels and quarters. We
have to meet a deadline.

WILBUR: Okay. I'll ask him again.

BUSINESS: Linotyping up. Fades as steps walk on mike.
Door opens. Closes. Linotype way down.
Typewriter pecking away.

- 2 -

WILBUR: (Softly) Mr. Gamble.

GEORGE: What's that? What's that?

WILBUR: It's six o'clock. We need the editorial.

GEORGE: So do I. It's not going so good, Wilbur.

A lot of words, but no facts.

SOUND: Typewriter pecks away.

WILBUR: (Wearily) It's six o'clock, Mr. Gamble.

GEORGE: How does this sound to you?

BUSINESS: Pulling paper out of typewriter.

GEORGE: (Reading aloud) "The representatives of 46 nations are meeting in San Francisco to chart the future world organization for all of us. Because of this very fact -- because this is the news of the world this week and next week and the week after that -- every petty difference between delegates, every small issue -- is blown into a headline, a quarrel and a major conflict."

- 3 -

GEORGE: (Cont'd) This is news and we print it -- But it is not the real news -- and let's not forget it. There have been many conferences before... perhaps not on so large a scale.

WILBUR: That's a fact, Mr. Gamble.

BUSINESS: Linotype machine off. Stops.

GEORGE: (Continuing) "But in one major respect this conference is different. This meeting on world peace is being held during the war...during a world war. For the first time, men have realized that war and peace are indivisible, that the peace must flow from...."

BUSINESS: Door opening and closing off.

FRED: (Off) George...

GEO GE: I'm writing it.

FRED: George, look at this.

GEORGE: Get out.

- 4 -

FRED: (Fading in) This is hot. Look George...Just come off the wire. Color story on the battle of Germany. Look. Johnny Lees.

GEORGE: Lees?

FRED: Yeah -- Johnny Lees -- You know Johnny Lees.

WILBUR: Sam Lees' kid?

FRED: Uh-huh...Owns the machine shop on Tower Road...

GEORGE: Gimme. (Beat, then reads)

"Typical of the action on this fluid front is the adventure of a sherman tank lovingly christened the "Model T." Far out ahead of the others on the road to Berchtesgaden it ran out of gas in the center of a small, but important communications town. Here for four hours the "Model T" remained, alone and unassisted -- holding up the enemy retreat.

WILBUR: Holy smoke.

- 5 -

GEORGE: "I spoke to Sgt. Johnny Lees, the tank's driver. He wouldn't discuss the action -- but sent this message home. "Tell the people in Elmwood, New York," he said "That I expect to see the Fire Department's number 3 pump wagon in good shape when I get back. No. 3 used to be my baby."

WILBUR: Imagine -- that kid. A hero.

GEORGE: Wilbur, you pull that park approval story off the front page. Hold it open. I'm going down to talk to Sam Lees. Where's my hat?

WILBUR: On your head.

FRED: How about the editorial?

GEORGE: I'm working on it - don't touch it.

WILBUR: But Mr. Gamble

GEORGE: Hold Everything.

BUSINESS: Door opens and closes.

MUSIC

- 6 -

BUSINESS: Machine shop noises way off.

GEORGE: Sure, it's true, Sam. It's right here on the teletype -- off the press wires. See his name there -- Johnny Lees.

SAM: Well, what do you know? Look at that -- Johnny Lees. Printed right out. Hey, George -- that goes in a lot of papers, huh?

GEORGE: Coast to coast.

SAM: Coast to coast. My kid. Johnny. Wait'll Grace hears this.

BUSINESS: Picks up phone receiver.

SAM: Our son a hero

BUSINESS: Dialing.

SAM: Have a cigar, George, help yourself.

GEORGE: Thanks.

BUSINESS: Busy signal.

SAM: Busy.

BUSINESS: Receiver down.

- 7 -

SAM: Spends half her life on the Phone. (Hmmm)
(With wonder) My son a hero. I think I'm entitled to a cigar myself.

GEORGE: Sure. Help yourself. Help yourself.

SAM: (Laughs) Thanks. Thanks. It's great.
Great news.

GEORGE: What'll I print in the paper?

SAM: Aren't you going to print the whole story?

GEORGE: Sure. But I mean, what do you think of it?

SAM: Great. Great news. You know Johnny, a nice ordinary boy -- not too ordinary

GEORGE: What else?

SAM: Well, I'm proud to be his father. (Hesitates)
Maybe you'd better not print that.

GEORGE: What shall I print?

SAM: There's nothing special. I guess I'm like all the other fathers. Proud of him and worrying about him.

- 8 -

Sam:
(Cont'd)

For the last year and a half I've tried to figure out where his outfit was and waited for news in his letters. We used to let each other know.

GEORGE: Each other? What do you mean?

SAM: The families of the boys in that tank. "The Model T." Men from four different states, you know. And us families, we kind of write to each other. Sort of lonely hearts club of interested parties

BUSINESS: Of drawer being opened, etc.

SAM: You know the kind of things -- "I heard from my son today. He says so and so ..." Or "My brother wrote ... he's been ..." That way we all know what's going on.

GEORGE: May I see the list?

BUSINESS: Of drawer being opened, paper rattling.

SAM: This is it. You see Losier, Andrews, all of them.

- 9 -

GEORGE: (Reading) Wisconsin, Kansas, Connecticut, Florida -- That's quite a slew of states
Sam -- you never knew those people before --

SAM: Never had to.

GEORGE: Never had to? That's right. And now you're writing to each other -- talking to each other -- thinking together, hoping together --

SAM: Well, sure. The boys are in the same tank -- we're fighting the same war --

GEORGE: Let me ask you, Sam -- when these men come back -- when your Johnny comes back, what do you think he wants? What do you think he and those others feel they're fighting for? Do you ever talk about that in your letters?

SAM: We don't talk that big, George ... I just run a small machine shop here in a small town.
Johnny wants to do the same. At least he did.

- 10 -

SAM:
(Cont'd)

All right, we're busy now .. and we're not making mouse traps. When peace comes I want these machines to keep going full blast. They have to if we want to live a Johnny and me and our folks -- there's got to be orders, business, customers. If those machines stop and rust ... that's another war, not peace. And then I don't know what Johnny'll have been fighting for ... (Pause) Is that what you're asking?

GEORGE: Can I quote you?

SAM: Sure and print my picture and Johnny's. But it's just my opinion. Say, I've got to call my wife.

BUSINESS: Of phone.

SAM: My son a hero ... coast to coast.

GEORGE: Say, Sam -- is it all right if I copy this list?

- 11 -

SAM:

Sure -- go ahead. (As phone answers) Hey. Grace. I got news. Your son's a hero.

MUSIC:

For bridge....into linotype...telephone... click of receiver.

WILBUR:

Register. Copy desk.

GEORGE:

(Filter) Wilbur.

WILBUR:

Oh, hello, Mr. Gamble. What did Sam Lees say?

GEORGE:

(Filter) Plenty. Wilbur -- I won't be back for a week or so.

WILBUR:

You what?

GEORGE:

(Filter) You just put the edition to bed and take over until I get back.

WILBUR:

But listen -- where are you going?

GEORGE:

(Filter) Away.

WILBUR:

Away? But, Mr. Gamble, you can't

GEORGE:

(Filter) Who's running this paper? (Slight pause)

WILBUR:

(Resigned) Okay.

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GEORGE: (Filter) Take over, Wilbur. I'll be back in a week or so.

WILBUR: How about that editorial?

GEORGE: (Filter) Leave it in the machine. I'll finish it when I get back. I need some help in writing it. That's why I'm going away.

MUSIC: For tag ... into sound of tractor slightly off, but strong.

LOSIER: (over it) Wait -- I'll turn her off. No sense yelling at each other like this.

BUSINESS: Click..motor dies...another tractor heard way off (This tractor to increase and or die in volume as it passes back and forth)

LOSIER: Besides, me and the machine, both could stand to rest awhile. (listens to other tractor) That's my wife over there, working the other field. Have to push with the planting these days.

- 13 -

GEORGE: I'll bet you do.

LOSIER: My kid brother -- right in the paper. Somehow we never thought of him as a hero

GEORGE: How did he feel about it in the first place -- about leaving here and getting in?

LOSIER: How did anyone feel?

GEORGE: It's harder, I suppose, for a farmer.

LOSIER: It's not good. You get sort of tied to the place. And it's hard to go off when things are growing. The kid's a good farmer ... none better. (Pause) You know -- what you asked me -- about this international business -- this

GEORGE: (Prompting him) World security?

LOSIER: That's right -- don't you think maybe you picked the wrong man to talk to?

GEORGE: How so?

- 14 -

LOSIER: Well, us farmers -- you know, we're supposed to be isolationists.

GEORGE: You think that still holds true?

LOSIER: No, I don't. Fact is -- I believe we've changed. Know I have. Guess it's bound to be, with everything changing all around ...

GEORGE: You mean the world's getting smaller -- getting to be what Wendell Wilkie used to call "One World"?

LOSIER: Hey, wait a minute -- I'm no political expert. I'm in the farming business. I want to sell my crops. Seems to me, there's plenty of people in the world to feed. And plenty that needs clothes and tools and such. Don't see any reason why it can't be worked out together -- instead of being set on each other's throats like a couple of strange hounds.

- 15 -

LOSIER:
(Cont'd) (Laughs) But that's me talking -- and I take it you're more interested in what my kid brother has to say --

GEORGE: Chances are you two aren't very far apart.

LOSIER: We're not, for a fact. Though Paul's views are a bit sharper -- so to speak

GEORGE: That's natural, after what he's gone through.

LOSIER: Let me tell you, Mr. Gamble, it makes you doubt we're living in civilized times -- to think over some of the things Paul's told me. About the places he's seen -- in Italy and France. The farms ruined, the soil just lying there dead -- sterile. Recollect something he wrote from Italy, I guess it was. He said after you've seen what hunger really is ... you begin to understand what kind of a world it is you're fighting for.

(Pause) Paul's coming back, please the Lord, when he's finished his job over there.

- 16 -

LOSIER:
(Cont'd)

And he's going to be thinking of the others who finished -- and didn't come back. Now, supposing he stands here -- and sees that field of the run across the road there. He sees it lying uncultivated. Or he sees him Jim Burleigh's corn, rotting on the stalks, unpicked, the way it was ten years ago. And then he remembers the hunger he's seen in Europe. What was their sacrifice for, he'll ask? No sire -- before he gets back -- before he has a chance to ask that question -- we'd better make sure we find a way of getting together -- and preventing that stuff from happening again. (Grunts) Got kind of wound up there, didn't I?

GEORGE: It's something to get wound up about.

LOSIER: Well, I'd better get back to farming. I know something about that

BUSINESS: Tractor on ... Into

- 17 -

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MUSIC: For bridge....into kid practising scales on piano off.

SYBIL: I've told the newspaper all I know -- I told them when the story was first printed, Mr. --

GEORGE: Gamble. George Gamble.

SYBIL: Of course, Mr. Gamble, it's been exciting having a husband who's in the news, but....

GEORGE: I've come a long way to see you, Mrs. Andrews.

SYBIL: What paper did you say?

GEORGE: The Elmwood Register. Elmwood, New York... Don't suppose you've ever heard of it.

SYBIL: I don't think I have

GEORGE: I'm from Johnny Lees' town.

SYBIL: Oh, the Lees. Oh yes, Elmwood. I remember now. I've written to Mrs. Lees. Johnny and Dan are in the same tank, you know.

GEORGE: That's right. And that's why I'm here. Sorry to disturb you this way, but ---

- 18 -

SYBIL: (Over him) I'm afraid my son's doing the disturbing.

BUSINESS: Steps off...closing of door.. piano way down.

SYBIL: That's better. You were saying --

GEORGE: Why I came here -- what I hoped to find out about those men in the "Model T" -- about your husband

SYBIL: Well -- it's hardly very -- er -- colorful. Dan was born here in Milwaukee. Went to college -- then business. He's done well, I suppose -- sort of personnel manager, he's called.

GEORGE: And when he comes back what'll he do?

SYBIL: What will any of them do? Go on from there.

GEORGE: Just the way it was?

SYBIL: Hardly.

GEORGE: What makes you say that? (Pause) I'm not prying, Mrs. Andrews. I think it's important to know.

- 19 -

GEORGE:
(Cont'd)

Why do you think it won't be the way it was in the past?

SYBIL: Because of the way Dan feels - because of what Dan writes (pause) Would you like to ...

GEORGE: Well, a letter is kind of personal.

SYBIL: Some part of this letter you could shout from a rooftop. He wrote it a few months ago - just before he moved up for this big push. I've kept it...well...close to me. Would you...

GEORGE: If I may...

SYBIL: I keep it here in the desk.

BUSINESS: Steps fade off a little. Return.

SYBIL: I've read it to quite a few people. Neighbors and friends-

GEORGE: Letters do more work than they used to.

BUSINESS: ...Letter out of envelope

- 20 -

SYBIL: Yes, this is the one...let's see...(reading to herself)... and you can tell that to Eddie's wife for me...(aloud)..Now, here, it begins here. (reading) "We've seen a good deal of this country since we broke through so long ago at La Falaise. I can't describe it, Sybil -- but I can say thank God we've never seen our towns and cities this way, reduced to meaningless heaps of gray rubble. We've been lucky. If it happens again, we won't be so lucky. We'll see it happen to us, too. (Pause) I often think of that first trip we took through France on our honeymoon. I wish we had known then what we've learned now. Americans can't be tourists any more --sight-seers, standing apart. What happens anywhere today happens to us..and to our children. When I think of our boys, I know it has to be different this time.

- 21 -

SYBIL:
(Cont'd)

We can't hide our children in a desert some place. They have to live in this world -- and it can't be just any kind of a world. It has to be one in which they can grow and develop and live together with the other children of the world --Not in spite of them--or at their expense. Darling, if ever we -- (she stops reading) (to George) well, Mr. Gamble -- That's the part I meant. Where we go on from ... Don't you think so?

GAMBLE:

I know so.

SYBIL:

Of course that's only his opinion and mine...

GAMBLE:

Thanks, Mrs. Andrews--thanks a lot.

MUSIC:

For bridge...into steps on wooden porch...
doorbell ringing.

GEORGE:

(to himself)...Still, it says 6322 Highland Ave.--

BUSINESS:

Door opening

- 22 -

GEORGE: Excuse me--I'm looking for people by the name of Ballard.

POWELL: No one here by that name.

GEORGE: Umm. No folks of a fellow named Harvey Ballard -- A soldier? This is 6322 Highland--88, that is 6322 Highland--isn't it?

POWELL: That's right--but I'm the only one here. Powell's my name.

GEORGE: Made a mistake, I guess.

POWELL: (Quietly) Lost most likely. Are you looking for a Negro family?

GEORGE: Er-No. (Pause) After 35 years of newspaper work, you'd think I'd be more careful about getting addresses straight.

POWELL: Newspaper?

TO WA: Are you receiving this ok?

WA: Are you there?

- 23 -

GEORGE: Yes --This Ballard boy--he's sort of a hero. Story came out about a week ago--How his tank occupied a village all alone and held up the German retreat--

POWELL: Yes, I read about that one.

GEORGE: Thought I'd do a story about the Parents of the crew. (out of politeness) You got anyone in the service?

POWELL: I did have a nephew of mine--He lived here with me--

GEORGE: Did have?

POWELL: He was killed--in the Solomons--Two years ago -- Twenty-fourth Infantry.

GEORGE: I'm sorry. (Pause) Warm for April--You mind if I try sitting on those steps a while? My feet--and my spirit--don't get any friendlier as I grow older.

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POWELL: Would you care to come in? I just made myself some coffee. Like a cup?

GEORGE: I most certainly would--specially if you'll throw a chair in with the offer. (they laugh)

BUSINESS: Door closing...into quick bridge and out

POWELL: (fading in) More sugar?

GEORGE: No thanks, one's enough. Fine.

BUSINESS: Stirring cup with spoon.

GEORGE: Then, as I understand you, Mr. Powell--you feel your people have special stake in world peace.

POWELL: No...Except, of course, in the same sense we've had a special stake in the war. We've had a chance to show what we can do. I don't mean it's all been perfect--but for a lot of us it's been a big step forward. It's meant work - and a chance to prove what we can do.

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POWELL:
(Cont'd)

And it shows what we can have in peace times.. if everyone sticks together the way they did in the war.

GEORGE: You think your nephew understood that when he went into uniform?

POWELL: Some of my people didn't. They couldn't see it as our war. But my nephew did. He said this was our fight. He said if Hitler and the Japanese get away with it, we negroes wouldn't have anything - not even problems.

GEORGE: A case of first things first, eh?

POWELL: Yes - and he believed it enough to die for it. I was close to the boy and I grieved for him. But his death don't hurt me so much, so long as I know that what he died for will come to pass. (Pause) Harry died two years ago- when things looked bad. Things look better now.

- 26 -

POWELL:
(Cont'd)

It looks like we're going to have a world that's big enough and free enough for everyone to work and live in. It has to be that way. 'cause if there isn't freedom everywhere, there's none here. A man's right to work has got to be as natural as his right to breathe - and that can only be when we have peace everywhere - all over the world. Of course, that's only our opinion - my nephew's and mine.

GEORGE: Mr. Powell - I thought I'd made a mistake, coming to this address. I didn't. It would have been a mistake not to have stopped here. (beat) Thanks for the coffee. It hit the spot.

MUSIC For bridge and out into

BUSINESS High swinging whine of woodworking machinery.. power saws, planers..hold good level

- 27 -

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GEORGE: (Yelling) Quite a set-up they got here, Mr. Goodloe - I -

GOODLOE: Yeah - wood's gone to war, they tell me. Mister, I'm busy. They said you wanted to see me about Joe Sievers. Here, let's go out that door.

BUSINESS Opening and closing of door..sound way down

GOODLOW: Now, what about Joe--what's happened?

GEORGE: He was in the papers--you know that?

GOODLOE: Sure, who wouldn't? It was plastered all over the front page last week. Is that what you came in to see me about?

GEORGE: I'm getting a story on the men in that tank. You're pretty close to Sievers, isn't that so?

GOODLOE: Umm.

GEORGE: I found that out from Johnny Lees' father--in Elmwood, New York. I run the paper there.

GOODLOE: (Warming up) Oh--Lees' father, Hugh.

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GEORGE: He's the one that gave me the idea.

GOODLOE: Uh-huh. (Musing) We close to Joe (Laughs)
Too close, I guess. Like a father.

GEORGE: Umm.

GOODLOE: I got his job here. I got him into the union.
I taught him this trade. He was really
kicking that planer around before he went.

GEORGE: Look, Mr. Goodloe--about those men in the
tank. They're fighting for something--and
it isn't mom's apple pie--both of us know
that. What do you think? What kind of a
world do they want? Take Sievers--now that he's
a hero, how do you --

GOODLOE: (In over him) Can that hero stuff. Let's
just be glad he's alive--like he must be glad.
The kid did his job. That's plenty.

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GEORGE: Okay. Let's go on from there. How do you
think this Sievers boy would answer if I
asked him what international security means
to a working man in America?

GOODLOE: Lemme ask you...what would a guy in England say?
Or a guy in China? The same thing. It means a
job--his job--my job. And it works both ways.

GEORGE: What works both ways?

GOODLOE: You can't have jobs for everyone, if you don't
have peace everywhere--right?

GEORGE: Right.

GOODLOE: (Over him) Okay--Now, supposing we've got
unemployment here--or anywhere. First thing
you know--down goes wages--and the standard
of living with it. Unemployment--and hunger.
It's like a disease, Mister--it spreads.

- 30 -

GOODLOE:
(Cont'd)

Then we begin to say, "Well, let's take care of our own--and if that hurts the other guy--well, that's too bad." And there goes your world peace.

GEORGE:

And you think that can be prevented this time?

GOODLOE:

Look, Mister--this time the people aren't taking if's and but's --and the kind of horse-trading that wrecked the works last time. Everybody isn't agreed about everything--we know that. Let's forget this hundred per cent perfect stuff. Nothing's ever perfect. A lot of guys in this country didn't think the constitution was perfect -- but they signed it, didn't they? You got to begin somewhere. And when they had to make changes, they made 'em, didn't they? And it worked out all right.

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GOODLOE:
(Cont'd)

Same with all agreements--the main thing is to make 'em -- make 'em in spirit -- make 'em in fact -- and make 'em work. And if those boys at San Fran--Hey, What're you doing? You're not writing, all that down?

GEORGE:

No, No--just a few notes, so I'll remember.

BUSINESS:

Door open...sound up big.

MAN:

(Yelling) Hey. Goodie. Shaft on number three slipped again--give us a hand.

GOODLOE:

Okay, Lou - comin. Well, Mister - It's back to work.

GEORGE:

For both of us.

MUSIC

For tag into Linotype machine

BUSINESS

Linotype machine steps on mike. Lino fading. Door open on. Closes. Lino down. Sound of typewriter pecking away.

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WILBUR: Mr. Gamble -

GEORGE: Yes?

WILBUR: Fred said to remind you - it's after four.

GEORGE: It's working, Wilbur. I've got it. The editorial makes sense but it needs one thing more. I know the kind of world people want. And I know the governments are meeting to arrange the organization. But where's the gas?

WILBUR: The gas?

GEORGE: The gas. It's like an airplane. We've got the machine and we've got the load. Now we want it to fly. And what we need is some new kind of super Ethyl high explosive gas to make it take off.

WILBUR: Don't you feel well, Mr. Gamble? Has the trip been too much for you?

- 33 -

GEORGE: The gas. The fuel. The driving power..

(suddenly) Wait a minute. I've got an idea. If he can't tell me a

BUSINESS: Telephone off hook...dialing

GEORGE: Operator.

WILBUR: Could I take the editorial, Mr. Gamble?

GEORGE: Just a minute - I'm not through yet. Operator. I want long distance.

WILBUR: Long distance.

GEORGE: Hello...I want to talk to the Treasury Department. Yes - Yes - the United States Treasury Department. I want to talk to the Secretary of the Treasury - I want to talk to Secretary Morgenthau.

WILBUR: Mr. Gamble.

GEORGE: Well, I'm an American citizen.

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GEORGE:
(Cont'd)

(into phone) Hello - I'll hold on ..
(to Wilbur) I want to know what's being
worked out - I want to know what's going
to keep the machine running - I want to know.
(cue for switch)

OPERATOR'S
VOICE:

Just a moment, Sir, here is Secretary of the
Treasury - Henry Morgenthau, Jr.
(Now we hear the voice of Secretary
Morgenthau)

MORGENTHAU

Hello, George. This is Henry Morgenthau, Jr.
I have been listening to your program. The question
you raise is one that people all over the world are
asking. No one knows all the answers. But I am sure
of this much. Since we've got to live together, we've
got to find a way to work together, to exchange goods
in a friendly, business-like way.

Some of our neighbors -- our best customers
before the war -- have been hard hit by our common
enemies. Their transportation systems have been smashed.
Their factories have been bombed and pillaged, their
power plants wrecked. And while they are struggling
to get back on their feet, we will have some pretty tough
problems of our own to wrestle with.

To get an idea of their situation, and of our
situation, and of how we can help each other, let me
take an example from our own country.

- 2 -

Suppose, a rich agricultural area has been laid low by a hurricane. The rich soil is still there, and many of the permanent improvements, and the people with their skill and their habits of industry. They are all there. But their crops and equipment have been swept away. They have even lost their seed corn.

The people in this area, not only have little for themselves, but they are a poor market for the products of their neighbors. The people are eager to work out their own recovery, but they need help to help themselves.

What do we do? We lend them the means to rebuild. They spend it in the rest of the country for plows, lumber, seed and even household goods; and so furnish jobs to the people who produce these things. As they recover, they are able to pay off their loans, and once more to exchange their cotton or wheat for the numerous things they need.

- 3 -

This is our natural way of treating home problems; and we know that it works.

The situation is much the same with the devastated areas of Europe and the Far East, except that they have been swept by a man-made hurricane -- a hurricane a thousand times worse than any nature has ever launched.

The natural resources are there and so are most of the industrious people. The main burden of rebuilding will fall on them, but they need our help. In extending this help, we not only help them to get back on their feet; but we make markets for the products of American labor.

You and I know that we can't make a business of giving things away. But it is poor business not to sell seed corn on time to an honest man. The people of the world are still a good credit risk. They prefer a helping hand to a handout.

- 4 -

At Bretton Woods the United Nations prepared a twofold program to help rebuild and develop production, to enable countries to sell abroad and buy abroad. One part is an International Bank to guarantee productive loans. The other is an International Fund to stabilize currencies.

Fair currency standards are as important to peace as they are to prosperity. The Axis powers used currency war as a prelude to total war. And the same thing can happen again, unless all countries work together.

The American people, together with the people of the other United Nations, have dedicated themselves without limit to winning this war. They ask only one return for their sacrifice -- a world rid of war, a world in which all countries can live together in peace and prosperity.

- 5 -

You and I face a difficult task, as did our fathers a generation ago. But we have learned from their failure that we cannot depend on political machinery alone. We must also provide a sound economic foundation for enduring peace. We must make sure that international economic relations contribute to the well-being of all countries, that they do not become points of conflict which endanger peace.

You and I have the responsibility, through the Bretton Woods program to provide a sound economic foundation for this peace. Under the leadership of President Roosevelt, we have made a real start. Under the leadership of President Truman, we must bring to completion this program that embodies all the hopes and prayers of mankind.

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MUSIC: Down and out..A linotype machine is beating away off mike exactly as in the opening scene

FRED: Wilbur.

WILBUR: Yeah.

FRED: It's six o'clock.

WILBUR: I know.

FRED: I don't like sounding monotonous but...

WILBUR: Mr. Gamble hasn't finished the editorial yet.

FRED: He's been writing it for two weeks.

WILBUR: Look Fred, he's writing it, not me.

FRED: All right, then, I'll tell him

SOUND: Linotype machine stops... steps walking on mike

WILBUR: I wouldn't do that, Fred...

FRED: I can talk to him, can't I? He's only the editor. I'm a linotyper.

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FRED:
(Cont'd) Words are just words to me, one after the other. So many to a slug and so many to column...

SOUND: Door open. Typewriter .. pecking away

FRED: George.

GEORGE: Shut up.

SOUND: Typewriter continues

FRED: (Louder) George.

GEORGE: Close the door after you.

SOUND: Door closes..Typewriter continues then comes to a smashing finish. Carriage turn..Sheet out

GEORGE: Now then, Fred, I want you to listen. You too, Wilbur. This isn't just an editorial...

FRED: Okay--Let's have it.

GEORGE: (Firmly) You're going to have it. Now sit down and when I'm through--for the first time in the history of this paper - I want to know what you think.

- 42 -

GEORGE:
(Cont'd)

Now then -- (George begins to read - quietly
at first - then with mounting excitement)

"Whose conference is it?" (Pause)

"There are several thousand delegates,
diplomats, statesmen and what not at the
conference tables in San Francisco and there
are two billion people keeping the score.
Our governments are us. We have learned this
in history's bloodiest war. We cannot afford
to forget in the peace to follow. It is
our voice that must be heard at the conference
table. It is the voice of Sam Lees, of Elmwood,
saying "when the peace comes, I want those
machines going full blast." It is the voice
of Arthur Losier, a farmer in Iona, Kansas,
saying "no more soil lying uncultivated, no
more crops rotting in the fields."

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GEORGE:
(Cont'd)

It is the voice of Sybil Andrews, housewife
in Milwaukee, saying "we can't hide our
children in a desert. They have to live in
this world, together with the other children
of this world -- and not at their expense."
It is the voice of Jim Powell, negro clerk,
of Saint Petersburg, Florida, saying "A man's
right to work has got to be as natural as his
right to breathe -- and that can only be when
we have peace everywhere -- all over the
world" It's the voice of the Secretary of
the United States Treasury saying "oceans
can no longer keep us from being neighbors in
the world community. Freedom from fear and
want will be realized only as a solid
foundation of world prosperity.
Has come up under the foregoing speech.

MUSIC

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MUSIC: Up and under

ANNOUNCER: You have been listening to a special broadcast. "The crew of Model T", brought to you as a public service by the Hollywood Committee of Arts, Sciences and Professions in cooperation with the Blue Network of the American Broadcasting Company. Secretary of the Treasury Henry Morgenthau spoke to you about Bretton Woods from the Nation's Capitol. The dramatic portion of this program starred Ray Collins, Jimmie Gleason, Paulette Goddard, Rex Ingram and Burgess Meredith. It was produced by John Houseman, Directed by Paul Stuart, Written by Abe Polansky and Leon Meadow, with original music by David Taksin. This is the Blue Network of the American Broadcasting Company.

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The end: Do you have any questions Wa Ga
No questions The End Ga
END CRUE
END

MORGENTHAU

4/30 -
Second Draft

Hello George. This is Henry Morgenthau, Jr. I have been listening to your program. The question you raise is one that people all over the world are asking. No one knows all the answers. But I am sure of this much. Since we've got to live together, we've got to find a way to work together, to exchange goods in a friendly, business-like way.

~~Just now~~ Some of our neighbors -- our best customers, ~~have been by our common enemies~~ before the war -- ~~are~~ hard hit. Their transportation systems have been smashed. Their factories have been bombed and pillaged, their power plants wrecked. And while they are struggling to get back on their feet, we will have some pretty tough problems of our own to wrestle with.

To get an idea of their situation, and of our situation, and of how we can help each other, let me take an example from our own country:

Suppose, a rich agricultural area has been laid low by a hurricane. The rich soil is still there, and many of the permanent improvements, and the people with their skill and their habits of industry. They are all there. But -- their crops and equipment have been swept away. They have even lost their seed-corn.

MORGENTHAU:

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Hallo George. This is Henry Morgenthau, Jr. I've heard your question. It's one that a great many people in this country and all over the world are asking. Living together means exchanging goods in a friendly, businesslike way. Just now, some of our neighbors are hard hit. We must help them get back on their feet. In helping them we will inevitably promote our own prosperity here at home. Let me give you an example.

In pre-war America, a small number of factories made a yearly total of 25,000 electrical power generators, small power plants for use in rural areas to which industrial electricity had not yet extended. During the war, since each anti-aircraft unit requires one of these generators, the factories have made over a million. After hostilities cease, there will be on hand a million generators which you and I have bought and paid for. You and I don't need them, and if we dump them on the American market the present manufacturers will be forced to close up shop and ask their employees to come back a hundred years from now. But to the people of Yugoslavia, Belgium, France, Greece, Russia, India, China -- in all the devastated or undeveloped areas of the world -- these generators would bring desperately needed light and power. Here maintenance of half a million generators would employ more Americans than were needed to manufacture the total pre-war 25,000, and as the generators wear out the demand for replacements would boost such employment to highest war-time levels and keep it there. Every owner of a generator would be in the market for American electric light bulbs, washing machines, irons, vacuum cleaners, and radios. Now I tell you that generators are only one of 45,000 such commodities which may become economic seed-corn, you will see what I mean when I say that helping the rest of the world to its feet will help us to prosperity.

The need of the people in war-torn countries exceed anything our imagination can now conceive. Their homes, transportation systems, factories, power plants, bridges, ports, and harbor installations that were a thousand years in developing are now in ruins. They must have help.

Now being a businessman myself, I have never advocated giving away anything, and I do not favor making indiscriminate gifts abroad now. But, it is poor business indeed not to sell a man seed-corn on time. The people of the world are still a good credit risk. They prefer a "leg-up" to a "handout." All they ask is enough credit for a fair start. The means to give them the "leg-up" and ourselves a post-war market was agreed upon at Bretton Woods. One proposal is for an international bank to guarantee loans for deserving projects, much as the Federal

ROOSEVELT
(Cont'd.)

- 20 -

housing administration backs loans to prospective home-builders. Another is for an international fund to stabilize currencies so that the man who wants to buy and sell abroad today will know what his money will be worth tomorrow.

You will realize, George, how important reasonable stability of this kind is when I remind you of Germany's underhanded currency tricks before the war. Shiploads of steel, copper and all were paid for with German marks which could be spent only as Germany decreed -- sometimes for wooden toys or aspirin tablets. She did other things too -- such as paying for one shipment of U. S. oil with 2-million barriques and for a valuable American automobile press with 200-thousand canaries. Nothing could be done about it. At that time no one nation recognized the obligation to consult others about currency manipulation.

We have within our grasp history's greatest opportunity, which, if not seized will turn into history's greatest calamity. We are the most powerful of all nations. The rest are looking to us if we are going to lead in world cooperation or withdraw, as from the League of Nations. If its strongest prop is removed, Bretton Woods will collapse. If it fails, the hope of economic peace flies out the window. When economic warfare is rampant, military warfare is not far off. Bretton Woods is the police force and the court that bring quarrelling nations into custody and try to make them settle their differences. Bretton Woods is the traffic system to prevent collisions in the first place.

Peace requires an Economic Magna Charta -- a Bill of Rights for the world. The freedom from Fear and Want will be realized only on a solid foundation of economic prosperity.

We can reject cooperation and make the world hate and kill our grandchildren. We can accept it and give the world a new lease on life.

(cue for Smith)

*4/31/45
Carbon of
reading copy -*

MORGENTHAU

Hello, George. This is Henry Morgenthau, Jr.

I have been listening to your program. The question you raise is one that people all over the world are asking. No one knows all the answers. But I am sure of this much. Since we've got to live together, we've got to find a way to work together, to exchange goods in a friendly, business-like way.

Some of our neighbors -- our best customers before the war -- have been hard hit by our common enemies. Their transportation systems have been smashed. Their factories have been bombed and pillaged, their power plants wrecked. And while they are struggling to get back on their feet, we will have some pretty tough problems of our own to wrestle with.

To get an idea of their situation, and of our situation, and of how we can help each other, let me take an example from our own country.

- 2 -

Suppose, a rich agricultural area has been laid low by a hurricane. The rich soil is still there, and many of the permanent improvements, and the people with their skill and their habits of industry. They are all there. But their crops and equipment have been swept away. They have even lost their seed corn.

The people in this area, not only have little for themselves, but they are a poor market for the products of their neighbors. The people are eager to work out their own recovery, but they need help to help themselves.

What do we do? We lend them the means to rebuild. They spend it in the rest of the country for plows, lumber, seed and even household goods; and so furnish jobs to the people who produce these things. As they recover, they are able to pay off their loans, and once more to exchange their cotton or wheat for the numerous things they need.

- 3 -

This is our natural way of treating home problems; and we know that it works.

The situation is much the same with the devastated areas of Europe and the Far East, except that they have been swept by a man-made hurricane -- a hurricane a thousand times worse than any nature has ever launched.

The natural resources are there and so are most of the industrious people. The main burden of rebuilding will fall on them, but they need our help. In extending this help, we not only help them to get back on their feet; but we make markets for the products of American labor.

You and I know that we can't make a business of giving things away. But it is poor business not to sell seed corn on time to an honest man. The people of the world are still a good credit risk. They prefer a helping hand to a handout.

- 4 -

At Bretton Woods the United Nations prepared a twofold program to help rebuild and develop production, to enable countries to sell abroad and buy abroad. One part is an International Bank to guarantee productive loans. The other is an International Fund to stabilize currencies.

Fair currency standards are as important to peace as they are to prosperity. The Axis powers used currency war as a prelude to total war. And the same thing can happen again unless all countries work together.

The American people, together with the people of the other United Nations, have dedicated themselves without limit to winning this war. They ask only one return for their sacrifice -- a world rid of war, a world in which all countries can live together in peace and prosperity.

- 5 -

You and I face a difficult task, as did our fathers a generation ago. But we have learned from their failure that we cannot depend on political machinery alone. We must also provide a sound economic foundation for enduring peace. We must make sure that international economic relations contribute to the well-being of all countries, that they do not become points of conflict which endanger peace.

You and I have the responsibility, through the Bretton Woods program to provide a sound economic foundation for this peace. Under the leadership of President Roosevelt, we have made a real start. Under the leadership of President Truman, we must bring to completion this program that embodies all the hopes and prayers of mankind.



OFFICE OF STATE CHAIRMAN

TREASURY DEPARTMENT
WAR FINANCE COMMITTEE
OF HENNEPIN COUNTY
515 NORTHWESTERN BANK BUILDING
MINNEAPOLIS 2, MINNESOTA
BRIDGEPORT 2763

April 30, 1945.

Dear Mr. Secretary:

I am in receipt of your letter written to me as Co-Chairman of the Hennepin County War Finance Committee. I appreciate very much your kind expressions as to my services for the past two years, but I can assure you that I have been only too glad to help in every way in the successful bond drives which have been conducted under your guidance.

We realize that the Seventh War Loan is quite a task, but we have done a lot of preparatory work, and we feel that we have sufficiently impressed our workers with the necessity of making this another successful drive, and that we will go over the top.

I was exceedingly sorry to be absent from Minneapolis when you were here last winter. I am sure you enjoyed yourself. You have a very fine daughter-in-law and she and her parents have been intimate friends of mine for a good many years.

Sincerely yours,

John G. Pillsbury
General Co-Chairman

The Honorable Henry Morgenthau, Jr.,
Secretary of the Treasury,
Washington, D. C.

1FO



APR 30 1945

My dear Mr. Secretary:

As you know, SHAEF has asked the Treasury Department, as a matter of urgency, to send financial experts to assist in work necessary to the institution and effective administration of its financial program in Germany. Because of the importance which the theater command places on this operation, I am arranging for the immediate assignment to the Finance Division of SHAEF of a group of Treasury people who have assisted in the development and administration of this country's wartime financial controls.

My ability to fulfill this request is limited by the fact that a large number of our employees who have had seasoned experience in the type of work for which SHAEF is requesting immediate assistance are at present in the armed services. Attached is a list containing the names of several former employees of the Treasury Department who are among the best qualified to meet SHAEF's urgent needs and who are now serving with the Army. Because of the urgent need for men of these qualifications, I hereby request that those named on the attached list be immediately released from military duty and returned to civilian status for assignment to the Treasury group that is proceeding to SHAEF Headquarters. I think you will agree that in such an assignment they can from here on make their maximum contribution to the war effort.

In view of the time factor, your immediate consideration of this matter will be appreciated. I suggest that the person designated by you to handle

the matter work out the details of the transfer with Mr. Orvis A. Schmidt, Director of Foreign Funds Control, who is handling this matter for the Treasury Department.

Sincerely yours,

(Signed) H. Morganthau, Jr.

Secretary of the Treasury

The Honorable

The Secretary of War.

LJBhuncik:RRShwartz:OASchmidt:mbw 4/20/45

Brand, Paul J. (Sgt.) (33,740,616)
Psych. Warf. Div., SHAEF.

Florman, Marvin G. (2nd Lt.) (O-2,064,408)
Mitchell Field, New York.

Friedman, Stanley B. (Cpl.) (33,747,815)
Renegotiation of war contracts in Columbus, Ohio.

Gutwirth, Charles A. (Cpl.) (32,626,834)
Camp Ritchie, Maryland.

Kotlar, Harry (2nd Lt.) (enlisted serial no. was 32,434,075)
C.A.A.F., Clovis, New Mexico.

Malden, Neil D. (Lt.)
Sq. 6., L.A.A.F., Army Air Base, Kansas City.

Seibel, Irwin A. (Sgt.) (30,107,519)
Provost Marshal, Hawaii.

Thorsen, Phillip T. (Cpl.) (33,858,104)
Washington, D. C.

Timmons, Benson E. L. (Major) (O-353,545)
Presently in Italy

Weissbrodt, William A. (Sgt.)
(A.T.C.), New York City

APR 30 1945

My dear Admiral Waesche:

The War Department, at the urgent request of General Eisenhower, has asked the Treasury Department, as a matter of urgency, to send financial experts to assist SHAEF in work necessary to the institution and effective administration of its financial program in Germany. Because of the importance which the theater command places on this operation, I am arranging for the immediate assignment to the Finance Division of SHAEF of a group of Treasury people who have assisted in the development and administration of this country's wartime financial controls.

My ability to fulfill the request of the War Department is limited by the fact that a large number of our employees who have had seasoned experience in the type of work for which SHAEF is requesting immediate assistance are at present in the armed services. Attached is a list containing the names of several former employees of the Treasury Department who are among the best qualified to meet SHAEF's urgent needs and who are now serving with the Coast Guard. Because of the urgent need for men of these qualifications, I hereby request that those named on the attached list be immediately released from Coast Guard duty and returned to civilian status for assignment to the Treasury group that is proceeding to SHAEF Headquarters. I think you will agree that in such an assignment they can from here on make their maximum contribution to the war effort.

In view of the time factor, your immediate consideration of this matter will be appreciated. I

- 2 -

suggest that the person designated by you to handle the matter work out the details of the transfer with Mr. Orvis A. Schmidt, Director of Foreign Funds Control, who is handling this matter for the Treasury Department.

Sincerely yours,

(Signed) H. Stansbury, Jr.

Secretary of the Treasury

Vice Admiral R. R. Waesche,
The Commandant,
United States Coast Guard

Carleek, John K. (Ensign)

Edelman, Albert I. (Ensign)

Lewler, J. John (Commander)

EJBehuncik:RRShwartz:OASchmidt:mbw 4/20/45



THE SECRETARY OF COMMERCE
WASHINGTON

April 30, 1945

Honorable Henry Morgenthau
Secretary of the Treasury
Washington 25, D. C.

Dear Henry:

Thanks so much for writing such a nice letter to the employees of the Office of Surplus Property. I hope that we shall be able to do a good job with this new organization. It is more complicated than I realized and the Congressmen have already been coming in to see me.

I had a nice meeting with the Board on Saturday and am hopeful that we can do a really constructive job.

Sincerely yours,

H. Wallaw

April 30, 1945.

ORDER PURSUANT TO EXECUTIVE ORDER NO. 9541

Pursuant to the provisions of Executive Order No. 9541 of April 19, 1945, it is hereby ordered, effective May 1, 1945, as follows:

1. The personnel (including positions), funds, property, contracts (including leases), and records of the Procurement Division of the Department of the Treasury, listed in Schedules A to G, inclusive, attached or to be attached to this order, are determined to be engaged or used primarily in, or to relate primarily to, the administration of the functions, powers, and duties of the Department of the Treasury as a disposal agency under the Surplus Property Act, and are hereby transferred to the Department of Commerce for use in connection with the exercise and performance of such functions, powers, and duties. Transfers of personnel shall carry with them accrued annual and sick leave benefits. Re-employment obligations to personnel listed in Schedule A as on inactive military furlough are assumed by the Department of Commerce in accordance with section 4 of War Service Regulation XIII, as amended, of the Civil Service Commission.

2. It is recognized that time limitations do not permit the preparation of complete and final schedules at this time. Accordingly, the schedules hereto attached will from time to time be amended to such extent and in such respects as the Secretary of the Treasury and the Secretary of Commerce deem appropriate, until such time as the separation of the Office of Surplus Property from the Procurement Division is completed. The determinations required by paragraph 2 of Executive Order No. 9541 shall be deemed to have been made with respect to each such amendment.

- 2 -

3. In the amendment of the schedules hereto attached, and until such schedules have been finally completed, the following shall be observed:

(a) A date for the completion of all transfers pursuant to Executive Order No. 9541, hereinafter referred to as the "closing date", shall be determined by authorized representatives of the Secretary of the Treasury and the Secretary of Commerce for each departmental and field office of the Procurement Division.

(b) Until the closing date in each office otherwise proper payments of salary to employees in such office shall continue to be made from the appropriation chargeable prior to the effective date of this order. Adjustments between the applicable appropriations shall from time to time be made so as to reflect the transfer of all personnel as of May 1, 1945.

(c) The physical segregation of expendable property shall take place in each office on or before the closing date.

(d) Nonexpendable property available for use exclusively by transferred personnel prior to the effective date of this order shall be transferred with such personnel.

(e) All automotive equipment procured from funds transferred pursuant to Executive Order No. 9541 shall be transferred to the Department of Commerce.

- 3 -

(f) Supplies and equipment, including automotive equipment in the District of Columbia, which prior to the effective date of this order has been available for use jointly in the disposal of property under the Surplus Property Act and in other functions of the Procurement Division may continue to be so used until the closing date in each office.

(g) Otherwise proper payments under contracts and leases covering continuing services, equipment rental, and rental of space shall continue to be made from the appropriation chargeable prior to the effective date of this order until the closing date in each office. Where such facilities are utilized jointly in the disposal of property under the Surplus Property Act and in functions remaining in the Procurement Division, adjustments between the applicable appropriations shall from time to time be made so as to reflect the transfer of such facilities as of May 1, 1946.

(h) At the time of the closing date in each office, supplies, equipment, and contracts and leases subject to subparagraph (g) hereof that have been used jointly in the disposal of property under the Surplus Property Act and in other functions of the Procurement Division shall be fairly apportioned between the Procurement Division and the Department of Commerce in accordance with the standard of primary use established by paragraph 2 of Executive Order No. 9541.

- 4 -

4. To the extent not otherwise provided for herein, and until otherwise agreed by the Secretary of the Treasury and the Secretary of Commerce, the Department of the Treasury and the Department of Commerce shall supply and render, each to the other, materials, supplies, equipment, work, and services in accordance with paragraph 3 of Executive Order No. 9541. To the extent feasible payment therefor shall be made by periodic adjustments between applicable appropriations on the basis of the net difference between the costs borne by the respective appropriations, computed on an actual cost basis or on the basis of fair estimates of costs. Reimbursement for duplicating and distribution services performed by the Duplicating and Distribution Branch of the Procurement Division, however, shall be made in accordance with adjustment vouchers submitted by that Branch on the basis of its published price schedules and rules and regulations.

Wm. H. H. H.
Secretary of the Treasury

W. H. H.
Secretary of Commerce

Schedule B

April 30, 1945

FUNDS TRANSFERRED
FROM
PROCUREMENT DIVISION
TREASURY DEPARTMENT
TO
OFFICE OF SURPLUS PROPERTY
DEPARTMENT OF COMMERCE

FUNDS

From	To	Maximum Amount to be Transferred
2042504 Federal Property Utilization Program, Procurement Division, 1944	1341810 Federal Property Utilization Program, Department of Commerce, 1944	\$ 275,000.00
2042504 Federal Property Utilization Program, Procurement Division, 1945	1351810 Federal Property Utilization Program, Department of Commerce, 1945	11,000,000.00
2062505 Surplus Property Program, Procurement Division, 1946	1361815 Surplus Property Program, Department of Commerce, 1946	15,000,000.00
20-112/50006(25) Emergency Fund for the President, National Defense (Allotment to Treasury Procurement), 1942-1945	13-112/50006(18) Emergency Fund for the President, National Defense (Allotment to Commerce, Office of Surplus Property), 1942-1945	25,000.00
20F5885 Special Deposits, Proceeds of Sales of Surplus Property, Procurement Division, Treasury Department	13F5885 Special Deposits, Proceeds of Sales of Surplus Property, Department of Commerce	30,000,000.00
20F5887 Special Deposits, Refunds from Sales of Surplus Property, Procurement Division, Treasury Department	13F5887 Special Deposits, Refunds from Sales of Surplus Property, Department of Commerce	550,000.00
20F5875 Special Deposits, Suspense, Treasury Department	13F5875 Special Deposits, Suspense, Department of Commerce	250,000.00
20F5850 Special Deposit, Employees' Payroll Allotment Account, U. S. War Savings Bonds, Treasury Department, Procurement Division	13F5850 Special Deposit, Employees' Payroll Allotment Account, U. S. War Savings Bonds, Department of Commerce	100,000.00

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

April 30, 1946.

TO Charles S. Bell
FROM Secretary Morgenthau

During the absence of Mr. Pehle from the Treasury Department from May 1 to May 15, you will assume responsibility for the supervision of the Procurement Division.

O.K.
Hmh

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE April 30, 1945

TO Secretary Morgenthau

FROM Charles S. Bell *CSB*

Subject: Lend-Lease Accounting in Treasury Procurement

For some time we have been receiving alarming reports regarding the Lend-Lease accounting operation carried on in the Procurement Division. There exists a tremendous backlog of work in some operations, and substantial discrepancies in others.

From the standpoint of the Treasury Department, perhaps the strongest charge against the present setup is illustrated by this statement in a recent report from the man in charge of the operation: "When the final statements are prepared for reconciliation with those of the countries involved, it will be very embarrassing to find that their records are more accurate than ours." The time for a termination accounting is rapidly approaching and it seems imperative that we make every effort to get the house in order at once. The Fiscal Service has supplied personnel, on detail, to Procurement to aid in solving this problem. Unfortunately, up to now they have not supplied a force for a period of time sufficient to do the job. Under the terms of Reorganization Plan III the Fiscal Service has the responsibility for seeing to it that this accounting job in Procurement is performed properly.

- 2 -

I strongly urge that the Fiscal Assistant Secretary be asked to detail such personnel as may be necessary to work on the accounting system of the Finance Division of Treasury Procurement. My office will supply assistance on organizational changes and personnel improvement.

Approved: *W. M. Rutledge**W. M. Rutledge*

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

CONFIDENTIAL

DATE April 30, 1945

TO: Secretary Morgenthau
 FROM: Mr. Hane
 Subject: The Business Situation,
 Week ending April 28, 1945.

Summary

Industrial production: Industrial output was maintained at a high level in March, and the FRB adjusted index of production was unchanged from the previous month at 236. Munitions output during March slightly exceeded schedule for the first time since the war began. Iron and steel output improved substantially but shipbuilding activity was curtailed.

Employment: Factory employment declined about 1 percent in March, largely due to decreases in shipbuilding and other war industries. However, total nonagricultural employment increased moderately, partly because of increased employment in trade necessitated by heavy pre-Easter retail buying. Despite the gain over the previous month, nonagricultural employment was about 725,000 less than in March 1944. However, during the intervening year the armed forces showed a net increase of 1,250,000.

Reconversion: Recent developments have clearly indicated that the trend of war production schedules is downward and that V-E Day adjustments are already under way. As a step in facilitating the adjustment of industry to a one-front war basis, the WPB has restored the spot authorization program for civilian goods production on a nation-wide basis.

Prices: Commodity prices last week continued to show gradually rising tendencies, with the Dow-Jones futures index touching a new high since early February. The BLS cost-of-living index showed a small decrease in March as a result of a moderate reduction in food prices. However, clothing prices rose further and the cost of housefurnishings increased slightly.

Stock market: Stock prices rose to a new high for the year last week in active trading, with the Dow-Jones average of 65 stocks at the close on Saturday standing about 2 percent above week-earlier levels. Industrial stock prices in London also continued to rise.

- 2 -

Industrial output maintained at high level in March

Despite a further curtailment in shipbuilding, industrial output in March was maintained at a high level and the FRB adjusted index of industrial production showed no change from the previous month at 236. This is the highest figure attained since last May and compares with the wartime peak of 247 reached in the fall of 1943. Factory output, unadjusted for seasonal variation, likewise held steady at the February level and was slightly higher than in the late fall and early winter. (See Chart 1.)

Iron and steel production rose substantially in March, while output of most nonferrous metals, anthracite coal and crude petroleum also showed gains. On the other hand, the important transportation equipment group of industries showed a further decline in output, largely in reflection of the curtailment in shipbuilding. Production at automobile plants also declined moderately, but aircraft output was maintained at February levels.

The production of nondurable goods maintained a very steady pace last month, and was slightly above last year's level. Production of such items as rayon textiles and shoes was greater than in March 1944, and output of manufactured foods was only slightly lower. Meatpacking, however, dropped 20 percent below the corresponding month last year. Crude petroleum output reached a record high, but soft coal output lagged and showed a further decline in the early part of April as a result of unauthorized work stoppages.

Munitions output rises above schedule

Munitions output in March rose above the previous month and reached the highest level since last October. Moreover, for the first time since the war began, actual output slightly exceeded schedules. Nevertheless, employment in the munitions industries declined in March, and was largely responsible for a reduction in total factory employment of 131,000, or about 1 percent, below that in February. (Refer to Chart 1.) Employment in the transportation equipment group of industries dropped 62,000, and was 20 percent below the previous year's level. Except for gains in the nonferrous metals and chemicals industries, all major munitions industries showed employment declines.

In addition to the reduced employment in the munitions industries in March, noticeable decreases also occurred in the food industries group and in the textile mill products

- 3 -

group. Seasonal lay-offs and a continued shortage of home were factors in the decline in the food group, while the drop at textile mills was attributed to the return of transient workers to farms and the difficulty of recruiting labor in the face of more favorable wage scales in many other industries.

Total nonagricultural employment increases moderately

Despite the decline in factory employment and a further small drop in mining, total nonagricultural employment last month was 62,000 higher than in February. The principal factor in the rise was an increase in employment in trade caused by large retail buying for Easter. However, all other major industry divisions, such as transportation and public utilities, construction, etc., also showed employment gains. Nevertheless, total nonagricultural employment of approximately 36 millions in March was still about 725,000 less than a year earlier. This decline compares with a net increase of about 1,250,000 in the armed forces during the same period.

V-E Day adjustments setting under way

With munitions output finally rising slightly above scheduled requirements, and organized German resistance weakening rapidly, the WFB made it clear last week that the trend of war production schedules is now downward, and V-E Day adjustments are already under way. Among other significant developments it was revealed that the Army has adopted a policy of canceling plant expansions that will not be needed for a one-front war and that cannot be completed by September 1. Also, planned peaks for small arms ammunition, medium artillery, and mortar ammunition have been considerably reduced. The fourth quarter schedule for tanks has been cut substantially and will be reduced further at the end of the war in Europe. Schedules for certain types of aircraft have been reduced to a one-front war basis, while the Maritime Commission recently announced the cancellation of contracts for 30 of 126 tankers which had been scheduled for completion.

Spot authorization plan for civilian goods production restored

As an important step in facilitating the adjustment of industry to a one-front war basis, the WFB last week announced the restoration of the spot authorization program for civilian goods production on a nation-wide basis.

Under the pressure of heavy war production demands, the spot authorization program had been banned, with some exceptions, in Group I and Group II labor shortage areas since last December. In view of the fact that the last WFO monthly classification list showed 167 areas in Group I or Group II, a great many producers of civilian goods should be benefited by the action taken by the WFB.

The spot authorization program is viewed as a helpful stop-gap measure to facilitate reconversion until existing controls over steel, copper and other important materials can be substantially revised. In this connection, an official of the WFB revealed last week that aluminum is expected to be released from controls within a few days. If such action is taken, aluminum producers will be free to fill civilian orders at will, provided essential military requirements are met.

Curbs on communications industry lifted

Another development in the trend toward relaxation of controls is seen in the elimination last week of restrictive controls on manufacture of telephone instruments and installation of telegraph and teletypewriter service. In announcing the revocation, the Office of War Utilities indicated that estimated applications for telephone service during the remainder of 1945 totals 2,750,000, whereas current production schedules for telephone sets would supply only 1,220,000 instruments. Following the action, an official of the American Telephone and Telegraph Company indicated that the company would manufacture additional telephones to the extent conditions permit. However, it was pointed out that inability to provide service to many applicants has been due to lack of switchboards, central office equipment, and other facilities as well as telephone instruments.

Recently the vice president in charge of operations and engineering of the American Telephone and Telegraph System estimated that gross expenditures of the company in the 5 years following the war would exceed \$2 billions, assuming favorable business conditions. Of this amount, \$1 billion is expected to be spent quickly in an initial program. Nearly one-third of this initial expenditure is to be used to fill the backed-up demand for equipment.

- 5 -

Stock prices rise to new high

Following the substantial gains of the previous week, stock prices moved up to new highs for the year last week in active trading. Although railroad stocks continued to pace the rise, industrial and utility stocks scored further gains and at the close on Saturday the Dow-Jones average of 65 stocks was about 2 percent above week-earlier levels. (See Chart 2.) As measured by this average, stock prices now stand about 3 percent above the earlier 1945 high reached in the early part of March. Moreover, the industrial stock average has reached the highest level since September 1937, while the railroad stock average is at the highest level since May 1937.

The rise in stock prices in the United States continues to be accompanied by a steady upward in industrial stock prices in London. (See Chart 3.) Although in recent weeks stock prices in New York have been rising somewhat faster than in London, it should be noted that the London industrial stock average now stands above both the 1936 and 1929 peaks.

Commodity prices rising

Commodity prices last week were generally firm with a rising tendency. In the futures markets, grains and cotton were higher, raising the Dow-Jones futures index to a new high since early February. In the spot markets, most commodities remained unchanged at ceiling prices, but corn, steers, and cotton advanced, while print cloth was reduced by an OPA order rolling back the manufacturers' ceiling price. As a result of these divergent price changes the BLS index of basic commodity prices showed a net advance of 0.1 percent for the week, remaining within its recent narrow range. (See Chart 4.)

The BLS all-commodity index in the week ended April 21 advanced 0.1 percent as a result of further increases in prices of farm products. The all-commodity index is now 1.9 percent higher than at this time last year, while farm products are 5.4 percent higher.

Cost-of-living index slightly lower

A further moderate decline in food prices caused an additional slight reduction in the BLS cost-of-living index

- 6 -

in March, according to confidential figures just received. (See Chart 5.) The lower food costs, however, were partly offset by a further advance in clothing prices, and by a slight rise in costs of housefurnishings.

In view of the advance in wholesale prices of farm products and foods since March, the cost-of-living index for April may be somewhat higher.

Auto industry will need textiles

An important factor in the reconversion of the automobile industry will be the availability of textiles used in automobile manufacture, according to WFB officials and industry representatives. It was brought out at a recent Detroit conference that the necessary textile fabrics must be on hand about 60 days before the first autos are turned out, in order to get production started on seat cushions, upholstery, etc.

To obtain these fabrics, a major problem will be to increase the labor force at textile mills, since in recent years the high wages paid in war plants, together with the draft and other factors, have depleted the supply of mill labor. As a consequence, the output of cotton mills (as measured by the mill consumption of cotton) has been declining since March 1943. (See Chart 6.) While cotton consumption increased seasonally last month, the total of 352,000 bales was lower than in any March of the previous 5 years.

World textile shortage foreseen

The recent shortage of civilian textiles in the United States is part of a developing world-wide shortage. The available world supply of cotton textiles in 1946 may fall as much as 1,250,000,000 yards below world requirements, according to a statement issued last week by the Combined Production and Resources Board, on which WFB Chairman Krug is the United States representative. The liberation of Europe has created a serious immediate problem, which will continue until production is restored in the mills of Continental Europe. Textiles are needed not only for short-term relief, but more generally to enable the people of liberated areas to contribute more effectively toward reconstruction in their own countries, as well as toward prosecution of the war against Japan. A further textile

- 7 -

problem will arise with the liberation of the Philippines, the Dutch East Indies, and other Far East areas, which before the war formed the world's largest importing area for cotton textiles.

In addition to the present shortage of textiles for civilians, the armed forces have had difficulty in obtaining needed supplies. The urgent needs of the Army in December 1944 caused the assignment of a group of Army officers and about 1,000 men with mill experience to help step up the production of duck and tent cloth. The War Labor Board recently took action to raise minimum wages in the textile industry as one means of increasing production.

The textile shortage is developing at a time when the world supply of cotton is so large that it threatens to become burdensome. Data presented at a recent international cotton conference in Washington indicated that cotton-producing countries will have about 20 million bales available for export in the 1945-46 season, while the prospective absorption by importing countries will be no more than 10 million bales and may be as low as 5 millions.

In the United States, the total stock of cotton at the beginning of April amounted to 14.6 million bales, as compared with a pre-war 5-year average (already high) of 11.3 millions. Domestic consumption and exports last season amounted to 11.2 million bales. More than half of the present stock is held by the Government, either under outright ownership or as collateral for loans. Government holdings at the beginning of April (including 1.3 millions acquired under the Purchase Program initiated last year) totalled 8.4 million bales, leaving a "free" stock of 6.5 millions.

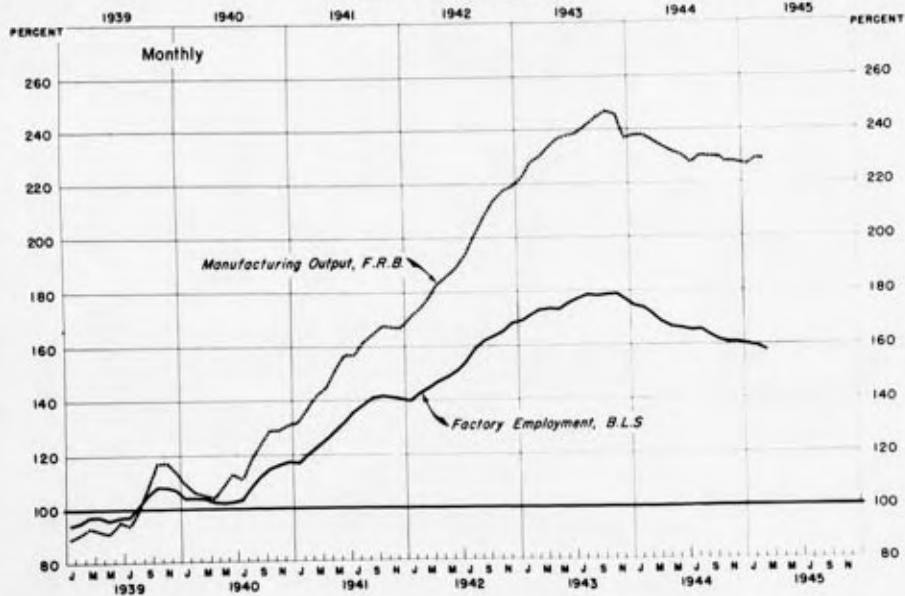
Department store sales resume rise

Following a sharp rise in department store sales in March, which lifted the FRB adjusted index of sales to the highest level on record at 224 (1935-36=100), sales dropped sharply in the first half of April. However, the decline in the first week of the month was attributable to the customary lull in buying immediately after Easter, while sales in the second week of the month were adversely affected by store closings after the death of President Roosevelt.

- 8 -

Department store sales in the week ended April 21, with normal comparisons again operative, were 12 percent above year-earlier levels. This compares with a cumulative sales gain of 14 percent thus far in 1945. (See Chart 7.) All Federal Reserve districts participated in the sales gains in that week, with increases ranging from 12 percent in the Richmond district to 27 percent in the St. Louis district.

FACTORY EMPLOYMENT AND OUTPUT 1939=100, Unadjusted

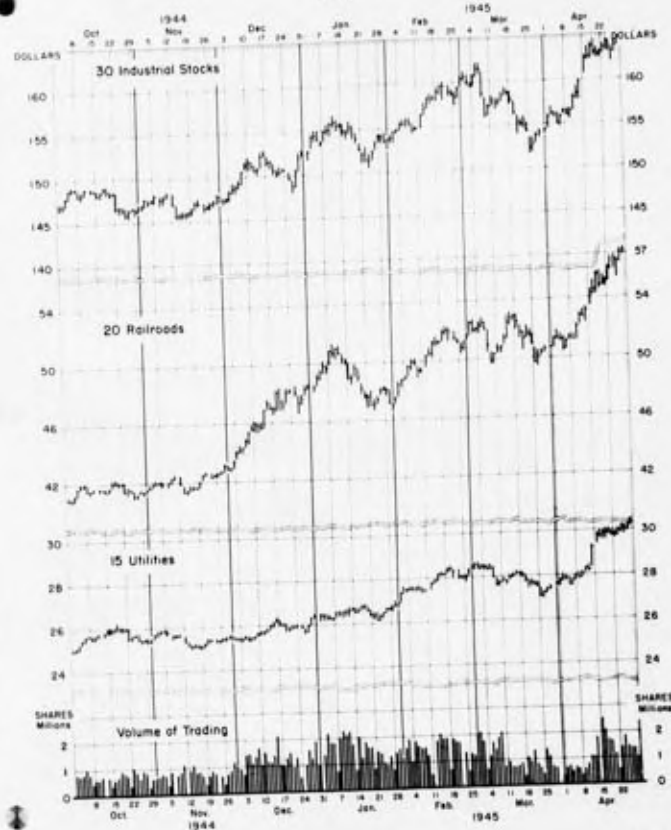


Office of the Secretary of the Treasury
Bureau of Research and Statistics

C-537-A

Chart 2

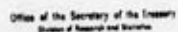
STOCK PRICES, DOW-JONES AVERAGES Daily



Office of the Secretary of the Treasury
Bureau of Research and Statistics

P-104-B

Monthly



G-957-A

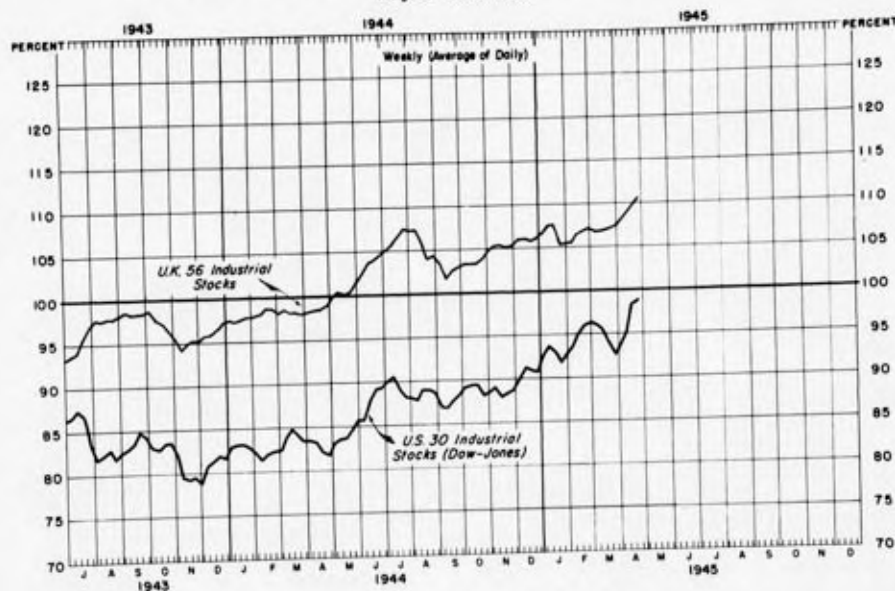
Chart 2

106



844-8

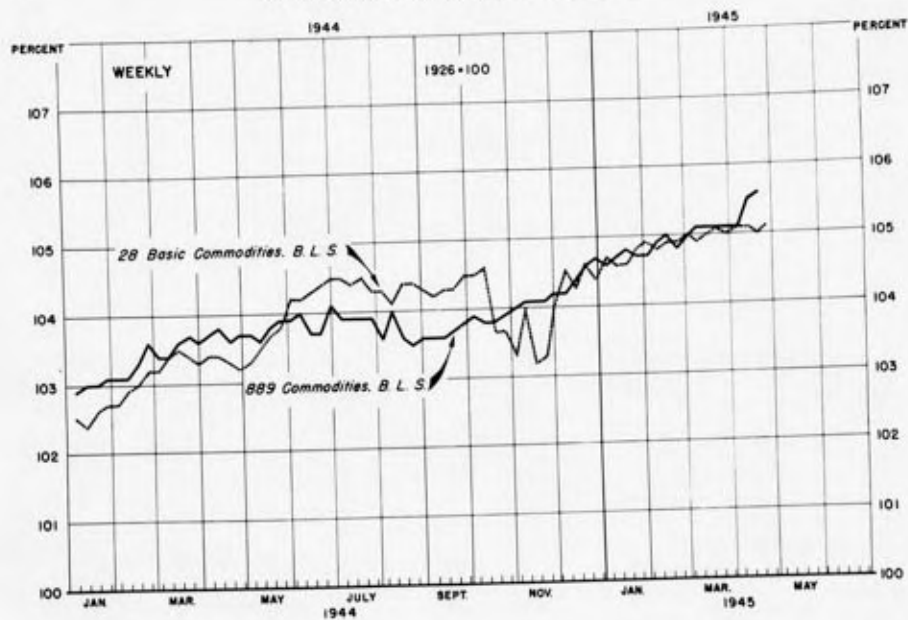
INDUSTRIAL STOCK PRICES IN U.S. AND U.K. August 1936 = 100



Office of the Secretary of the Treasury
Division of Research and Statistics

FD-156-0

WHOLESALE COMMODITY PRICES

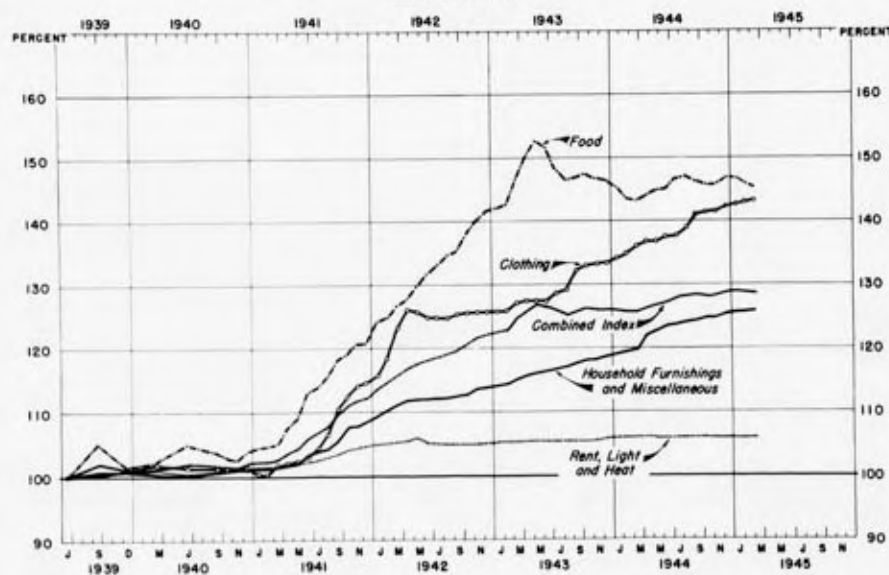


Office of the Secretary of the Treasury
Division of Research and Statistics

P-196-G

COST OF LIVING AND SELECTED ITEMS

June 1939 = 100



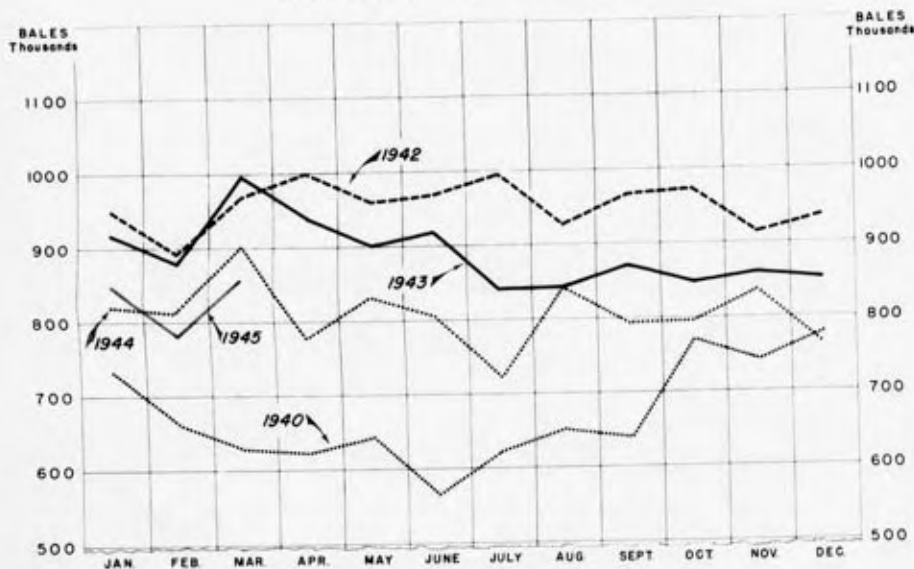
Office of the Secretary of the Treasury
Bureau of Economic Warfare

Source: B. L. S.

C-413-0

CONFIDENTIAL
Chart 5

U. S. COTTON CONSUMPTION



Source: Bureau of Census

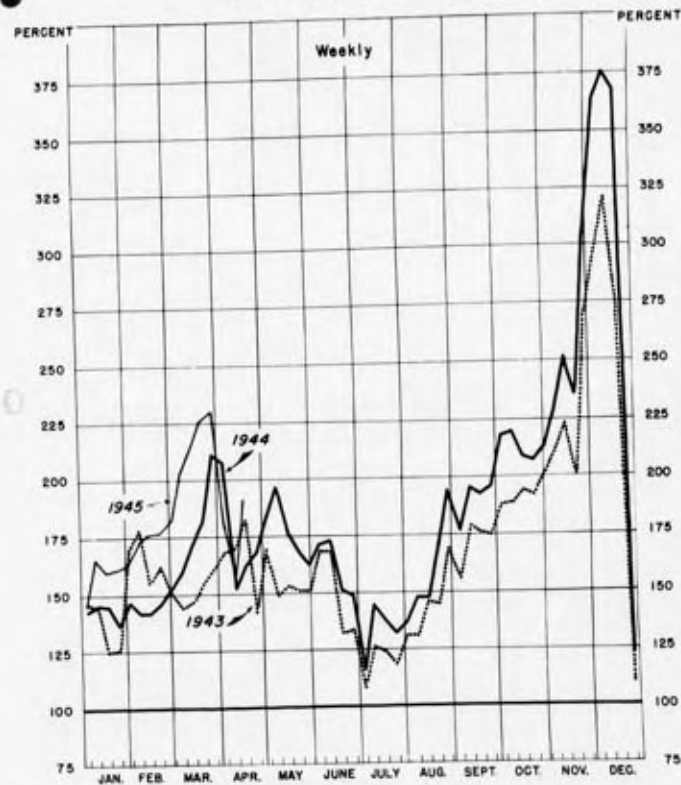
Office of the Secretary of the Treasury
Bureau of Research and Statistics

C-487-A

Chart 6

Chart 7

DEPARTMENT STORE SALES 1935-'39 = 100, Unadjusted



Office of the Secretary of the Treasury
Bureau of Research and Statistics

C-390-D

Mr. Harry White, San Francisco
From: Frank Coe

Pol. Hough.

SF 23.6

April 30, 1948

MEMORANDUM

Application of Economic and Financial Sanctions against Potential Belligerents

Assuming that the use of financial and economic sanctions is the last alternative to the use of military force, simultaneous application by all members of the World Security Council of the following sanctions would provide effective deterrents to acts of aggression:

(1) Immediate embargo on export-import trade. Probably the most effective sanction is an embargo on trade with the potential belligerent. Embargoes may be partial involving only certain commodities or they may be complete, depending upon the nature of the potential belligerent's economy. In any embargo, however, emphasis should be placed on exports. The initial step should be an immediate embargo on exports of all commodities and supplies considered essential to military operations (e.g., oil, rubber, steel, munitions, armaments, machine tools, etc.). If the export embargo is to be complete, there could then be an embargo on exports of consumer goods (e.g., food, textiles, etc.).

There need be no immediate embargo on imports, provided all payments therefor are blocked. In general, the principal purpose of an embargo on imports or of controlling the payments would be to prevent the potential belligerent from obtaining foreign exchange for making purchases not restricted under the terms of the embargo, or purchases from countries not abiding by the terms of the embargo. Where the economy of the particular country is highly dependent upon its export trade, an import embargo would, of course, be particularly effective.

When countries are asked to impose an embargo on trade with the offending country, some countries will inevitably suffer more than others. Certain countries may not be able to purchase essential commodities from the country on whom sanctions have been imposed, either because of the terms of the embargo or because of retaliatory action by the country itself. If the essential commodity is not in plentiful supply in other countries, it may be necessary to allocate the world supply in some equitable manner. This could be worked out by the proposed International Trade Organization under the Social and Economic Council. But even if supplies can be purchased elsewhere, a country may not have sufficient foreign exchange because of the loss of its export market in the country on which sanctions are being applied. In this case, the Security Council might call upon the Fund and the Bank to supply the necessary foreign exchange credits for such purchases.

(2) Immediate freeze of assets. Although freezing controls can be applied in progressive steps to achieve increasing severity, it would appear desirable to achieve the greatest effect as quickly as

possible. This could be accomplished by simultaneous application of the following measures:

(a) Freezing of all assets of the potential belligerent and its nationals resident outside of cooperating United Nations countries. Those nationals resident within cooperating United Nations countries should be excluded in order to avoid the administrative difficulties which would be involved in licensing their activities. Particularly objectionable cases could, of course, be handled on an ad hoc basis.

(b) Application of stringent licensing policies to financial transactions involving the government and nationals frozen under (a) above.

(c) Revocation of all outstanding private or public credits and prohibit extension of new credits in favor of the government and nationals frozen under (a) above.

(d) Suspension or prohibition against all gold transfers involving the government and nationals frozen under (a) above.

(e) Prohibition against all dealings in currency and securities of the potential belligerent and delisting of its securities from all exchanges.

(3) Recommendation to the International Monetary Fund and the International Bank for Reconstruction and Development to take appropriate action with respect to the offending country. If the country is a member of the Bank, the Bank might refuse to make or guarantee any loans to that country on the grounds that loans made under such circumstances would not be in accord with the purposes of the Bank and would be prejudicial to its interests. Similarly, the Fund might suspend the offending country from the use of its resources or even ask the country to withdraw. Certainly a country which acted in such manner that the Security Council found it necessary to apply sanctions would be acting contrary to the purposes of the Fund, and if trade sanctions were applied it would be prejudicial to the Fund's interests to sell foreign exchange to that country. Once the country were required to withdraw from the Fund, members would be free to impose restrictions on exchange dealings with that country.

(4) Cessation of communications and transportation. The purpose of this sanction would be to completely isolate the potential belligerent from the outside world. While it is not strictly an economic or financial sanction, it would clearly have economic consequences. In this connection the following measures could be taken:

- 3 -

- (a) Suspension of all cable, telecommunication and wireless service.
- (b) Prohibition against any form of postal communication. This could be accomplished by instructions to the Post Office Department to hold or return to sender any letters addressed to the potential belligerent's territory.
- (c) Termination of all shipping facilities including:
 - (i) The immobilization of all ships owned by the potential belligerent;
 - (ii) Prohibition against any ship stopping at the ports of the belligerent, except for the purpose of carrying out (d) below;
 - (iii) Prohibition against any ship owned by the belligerent stopping at ports of any member country.
- (d) The aforementioned sanctions on shipping would, of course, have to be integrated with any sanctions imposed upon export-import trade.
- (e) It should be the stated policy of the World Security Council that it will determine and assess the costs and penalties to be imposed upon any actual or potential aggressor. These would be divided into:
 - (a) The cost to the World Security Council for any measures which it had to take in order to prevent aggression.
 - (i) The costs incurred by the member countries in combatting aggression, and
 - (ii) The damages sustained by the member countries as a result of the aggression;
 - (b) Penalties.
 - (i) Forfeiture of assets, and
 - (ii) The supplying of men and material to rebuild or replace damaged property, or other punitive measures.

While these are not strictly preventive measures, they would indicate that an act of aggression may be very costly for the aggressor and to that extent should be an effective deterrent.

- 4 -

In connection with the foregoing, the World Security Council should have authority to apply all or any of the above sanctions against any country, whether a member or non-member, which in any way supports or deals with the potential belligerent. In addition, each member of the World Security Council should make evasion of any of the above sanctions by any of its citizens a criminal violation with severe criminal penalties.

It is of course possible to apply the above suggested sanctions singly or in combination or adapt them to achieve various degrees of severity, depending upon the circumstances surrounding each case. Obviously, however, it is essential that whatever measures are taken have to be taken by all members of the Council, if the measures are to be effective.

MR HARRY WHITE CARE COL MOUGH

FROM FRANK COE

APRIL 30 1945

MEMORANDUM

APPLICATION OF ECONOMIC AND FINANCIAL SANCTIONS AGAINST
POTENTIAL BELLIGERENTS

ASSUMING THAT THE USE OF FINANCIAL AND ECONOMIC SANCTIONS IS THE
LAST ALTERNATIVE TO THE USE OF MILITARY FORCE, ~~SM~~ SIMULTANEOUS
APPLICATION BY ALL MEMBERS OF THE WORLD SECURITY COUNCIL OF THE
FOLLOWING SANCTIONS WOULD PROVIDE EFFECTIVE DETERRENTS TO ACTS OF
AGRESSION

/1/ IMMEDIATE EMBARGO ON EXPORT-IMPORT TRADE. PROBABLE THE
MOST EFFECTIVE SANCTION IS AN EMBARGO ON TRADE WITH THE POTENTIAL
BELLIGERENT. EMBARGOES MAY BE PARTIAL INVOLVING ONLY CERTAIN
COMMODITIES OR THEY MAY BE COMPLETE DEPENDING UPON THE NATURE OF
THE POTENTIAL BELLIGERENTS ECONOMY. IN ANY EMBARGO, HOWEVER, EMPHASIS
SHOULD BE PLACED ON EXPORTS. THE INITIAL STEP SHOULD BE AN
IMMEDIATE EMBARGO ON EXPORTS OF ALL COMMODITIES AND SUPPLIES
CONSIDERED ESSENTIAL TO MILITARY OPERATIONS /E.G., OIL, RUBBER,
STEEL, MUNITIONS, ARMAMENTS, MACHINE TOOLS, ETC./.
IF THE EXPORT EMBARGO IS TO BE COMPLETE, THERE COULD THEN BE AN
EMBARGO ON EXPORTS OF CONSUMER GOODS /E.G., FOOD, TEXTILES, ETC./.

THERE NEED BE NO IMMEDIATE EMBARGO ON IMPORTS, PROVIDED ALL
PAYMENTS THEREFOR ARE BLOCKED. IN GENERAL, THE PRINCIPAL PURPOSE
OF AN EMBARGO ON IMPORTS OR OF CONTROLLING THE PAYMENTS WOULD BE
TO PREVENT THE POTENTIAL BELLIGERENT FROM OBTAINING FOREIGN
EXCHANGE FOR MAKING PURCHASES NOT RESTRICTED UNDER THE TERMS OF
THE EMBARGO, ~~NNX~~ OR PURCHASES FROM COUNTRIES NOT ABAXXX ABIDING
BY THE TERMS OF THE EMBARGO. WHERE THE ECONOMY OF THE PARTICULAR
COUNTRY IS HIGHLY DEPENDENT UPON ITS EXPORT TRADE, AN IMPORT EMBARGO
WOULD, OF COURSE, BE PARTICULARLY EFFECTIVE.

WHEN COUNTRIES ARE ASKED TO IMPOSE AN EMBARGO ON TRADE WITH THE
OFFENDING COUNTRY, SOME COUNTRIES WILL INEVITABLY SUFFER MORE THAN

9 THERE NEED BE NO IMMEDIATE EMBARGO ON IMPORTS, PROVIDED ALL PAYMENTS THEREFOR ARE BLOCKED. IN GENERAL, THE PRINCIPAL PURPOSE OF AN EMBARGO ON IMPORTS OR OF CONTROLLING THE PAYMENTS WOULD BE TO PREVENT THE POTENTIAL BELLIGERENT FROM OBTAINING FOREIGN EXCHANGE FOR MAKING PURCHASES NOT RESTRICTED UNDER THE TERMS OF THE EMBARGO, ~~XXX~~ OR PURCHASES FROM COUNTRIES NOT ~~ABAXXX~~ ABIDING BY THE TERMS OF THE EMBARGO. WHERE THE ECONOMY OF THE PARTICULAR COUNTRY IS HIGHLY DEPENDENT UPON ITS EXPORT TRADE, AN IMPORT EMBARGO WOULD, OF COURSE, BE PARTICULARLY EFFECTIVE.

WHEN COUNTRIES ARE ASKED TO IMPOSE AN EMBARGO ON TRADE WITH THE OFFENDING COUNTRY, SOME COUNTRIES WILL INEVITABLY SUFFER MORE THAN OTHERS. CERTAIN COUNTRIES MAY NOT BE ABLE TO ~~XXX~~ PURCHASE ESSENTIAL COMMODITIES FROM THE ~~XXX~~ COUNTRY ON WHOM SANCTIONS HAVE BEEN IMPOSED, EITHER BECAUSE OF THE TERMS OF THE EMBARGO OR BECAUSE OF RETALIATORY ACTION BY THE COUNTRY ITSELF. IF THE ESSENTIAL COMMODITY IS NOT IN PLENTIFUL SUPPLY IN OTHER COUNTRIES, IT MAY BE NECESSARY TO ALLOCATE THE WORLD SUPPLY IN SOME EQUITABLE MANNER. THIS COULD BE WORKED OUT BY THE PROPOSED ~~N~~ INTERNATIONAL TRADE ORGANIZATION UNDER THE SOCIAL AND ECONOMIC COUNCIL. BUT EVEN IF SUPPLIES CAN BE PURCHASED ELSEWHERE, A COUNTRY MAY NOT HAVE SUFFICIENT FOREIGN EXCHANGE BECAUSE OF THE LOSS OF ITS EXPORT MARKET ~~N~~ IN THE COUNTRY ON WHICH SANCTIONS ARE BEING APPLIED. IN THIS CASE, THE SECURITY COUNCIL MIGHT CALL UPON THE FUND AND THE BANK TO SUPPLY THE NECESSARY FOREIGN EXCHANGE CREDITS FOR SUCH ~~XXXX~~ PURCHASES.

/2/ IMMEDIATE ~~N~~ FREEZE OF ASSETS. ALTHOUGH FREEZING CONTROLS CAN BE APPLIED IN PROGRESSIVE STEPS TO ACHIEVE INCREASING SEVERITY, IT WOULD APPEAR DESIRABLE TO ACHIEVE THE GREATEST EFFECT AS QUICKLY AS POSSIBLE. THIS COULD BE ACCOMPLISHED BY SIMULTANEOUS APPLICATION OF THE FOLLOWING MEASURES

1 /A/ FREEZING OF ALL ASSETS OF THE POTENTIAL BELLIGERENT AND ITS NATIONALS RESIDENT OUTSIDE OF COOPERATING UNITED NATIONS COUNTRIES. THOSE NATIONALS RESIDENT WITHIN COOPERATING UNITED NATIONS COUNTRIES SHOULD BE EXCLUDED IN ORDER TO AVOID THE ADMINISTRATIVE DIFFICULTIES WHICH WOULD BE INVOLVED IN LICENSING THEIR ACTIVITIES. ~~XXXX~~ PARTICULARLY OBJECTIONABLE CASES COULD, OF COURSE, BE HANDLED ON AN AD HOC BASIS.

/B/ APPLICATION OF STRINGENT ~~XXXXXX~~ LICENSING POLICIES TO FINANCIAL TRANSACTIONS INVOLVING THE GOVERNMENT AND NATIONALS

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/B/ APPLICATION OF STRINGENT ~~LICENSE~~ LICENSING POLICIES TO FINANCIAL TRANSACTIONS INVOLVING THE GOVERNMENT AND NATIONALS FROZEN UNDER /A/ ABOVE.

~~XE~~ /C/ REVOCATION OF ALL OUTSTANDING PRIVATE OR PUBLIC CREDITS AND PROHIBIT EXTENSION OF NEW CREDITS IN FAVOR OF THE GOVERNMENT AND NATIONALS FROZEN UNDER /A/ ABOVE.

/D/ SUSPENSION OR PROHIBITION AGAINST ALL GOLD TRANSFERS INVOLVING THE GOVERNMENT AND NATIONALS FROZEN UNDER /A/ ABOVE.

/E/ PROHIBITION AGAINST ALL DEALINGS IN CURRENCY AND SECURITIES OF THE POTENTIAL BELLIGERENT AND DELISTING OF ITS SECURITIES FROM ALL EXCHANGES.

/3/ RECOMMENDATION TO THE INTERNATIONAL MONETARY FUND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT TO TAKE APPROPRIATE ACTION WITH RESPECT TO THE OFFENDING COUNTRY. IF THE COUNTRY IS A MEMBER OF THE BANK, THE BANK MIGHT REFUSE TO MAKE OR GUARANTEE ANY LOANS TO THAT COUNTRY ON THE GROUNDS THAT LOANS MADE UNDER SUCH CIRCUMSTANCES WOULD NOT BE IN ACCORD WITH THE PURPOSES OF THE BANK AND WOULD BE PREJUDICIAL TO ITS INTERESTS. SIMILARLY, THE FUND MIGHT SUSPEND THE OFFENDING COUNTRY FROM THE USE OF ITS RESOURCES OR EVEN ASK THE COUNTRY TO WITHDRAW. CERTAINLY A COUNTRY WHICH ACTED IN SUCH MANNER THAT THE SECURITY COUNCIL FOUND IT NECESSARY TO APPLY SANCTIONS WOULD BE ACTING CONTRARY TO THE PURPOSES OF THE FUND, AND IF TRADE SANCTIONS WERE APPLIED IT WOULD BE PREJUDICIAL TO THE FUNDS INTERESTS TO SELL FOREIGN EXCHANGE TO THAT COUNTRY. ONCE THE COUNTRY WERE REQUIRED TO WITHDRAW FROM THE FUND, MEMBERS WOULD BE FREE TO IMPOSE

XE /C/ REVOCATION OF ALL OUTSTANDING PRIVATE OR PUBLIC CREDITS AND PROHIBIT EXTENSION OF NEW CREDITS IN FAVOR OF THE GOVERNMENT AND NATIONALS FROZEN UNDER /A/ ABOVE.

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/4/ CESSATION OF COMMUNICATIONS AND TRANSPORTATION, THE PURPOSE OF THIS SANCTION WOULD BE TO COMPLETELY ISOLATE THE ■ POTENTIAL BELLIGERENT FROM THE OUTSIDE WORLD. WHILE IT IS NOT STRICTLY AN ECONOMIC OR FINANCIAL SANCTION, IT WOULD CLEARLY HAVE ECONOMIC CONSEQUENCES. IN THIS CONNECTION THE FOLLOWING MEASURES COULD BE TAKEN

/A/ SUSPENSION OF ALL CABLE, TELECOMMUNICATION AND WIRELESS SERVICE.

/B/ PROHIBITION AGAINST ANY FORM OF POSTAL COMMUNICATION. THIS COULD BE ACCOMPLISHED BY ■ INSTRUCTIONS TO THE POST OFFICE DEPARTMENT TO HOLD OR RETURN TO SENDER ANY LETTERS ADDRESSED TO THE POTENTIAL BELLIGERENTS TERRITORY.

/C/ TERMINATION OF ALL SHIPPING FACILITIES INCLUDING

ECONOMIC OR FINANCIAL SANCTION, IT WOULD CLEARLY HAVE ECONOMIC CONSEQUENCES. IN THIS CONNECTION THE FOLLOWING MEASURES COULD BE TAKEN

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/B/ PROHIBITION AGAINST ANY FORM OF POSTAL COMMUNICATION. THIS COULD BE ACCOMPLISHED BY INSTRUCTIONS TO THE POST OFFICE DEPARTMENT TO HOLD OR RETURN TO SENDER ANY LETTERS ADDRESSED TO THE POTENTIAL BELLIGERENTS TERRITORY.

/C/ TERMINATION OF ALL SHIPPING FACILITIES INCLUDING

1 /I/ THE IMMOBILIZATION OF ALL SHIPS OWNED BY THE POTENTIAL BELLIGERENT

/II/ PROHIBITION AGAINST ANY SHIP STOPPING AT THE PORTS OF THE BELLIGERENT, EXCEPT FOR THE PURPOSE OF CARRYING OUT /D/ BELOW

/III/ PROHIBITION AGAINST ANY SHIP OWNED BY THE BELLIGERENT STOPPING AT PORTS OF ANY MEMBER COUNTRY,

/D/ THE AFOREMENTION SANCTIONS ON SHIPPING WOULD, OF COURSE, HAVE TO BE INTEGRATED WITH ANY SANCTIONS IMPOSED UPON EXPORT-IMPORT TRADE.

/5/ IT SHOULD BE THE STATED POLICY OF THE WORLD SECURITY COUNCIL THAT IT WILL DETERMINE AND ASSESS THE COSTS AND PENALTIES TO BE IMPOSED UPON ANY ACTUAL OR POTENTIAL AGGRESSOR. THESE WOULD BE DIVIDED INTO

/A/ THE COST TO THE WORLD SECURITY COUNCIL FOR ANY MEASURES WHICH IT HAD TO TAKE IN ORDER TO PREVENT AGGRESSION.

/I/ THE COSTS INCURRED BY THE MEMBER COUNTRIES IN COMBATTING AGGRESSION, AND

/II/ THE DAMAGES SUSTAINED BY THE MEMBER COUNTRIES AS A RESULT OF THE AGGRESSION

/B/ PENALTIES.

/I/ FORFEITURE OF ASSETS, AND

/II/ THE SUPPLYING OF MEN AND MATERIAL TO REBUILD OR REPLACE DAMAGED PROPERTY, OR OTHER PUNITIVE MEASURES.

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/B/ PENALTIES.

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/II/ THE SUPPLYING OF MEN AND MATERIAL TO REBUILD OR REPLACE DAMAGED PROPERTY, OR OTHER PUNITIVE MEASURES.

WHILE THESE ARE NOT STRICTLY PREVENTIVE MEASURES, THEY WOULD INDICATE THAT AN ACT OF AGGRESSION MAY BE VERY COSTLY FOR THE AGGRESSOR AND TO THAT EXTENT SHOULD BE AN EFFECTIVE DETERRENT.

IN CONNECTION WITH THE FOREGOING, THE WORLD SECURITY COUNCIL SHOULD HAVE AUTHORITY TO APPLY ALL OR ANY OF THE ABOVE SANCTIONS AGAINST ANY COUNTRY, WHETHER A MEMBER OR NON-MEMBER, WHICH IN ANY WAY SUPPORTS OR DEALS WITH THE POTENTIAL BELLIGERENT. IN ADDITION, EACH MEMBER OF THE WORLD SECURITY COUNCIL SHOULD MAKE EVASION OF ANY OF THE ABOVE SANCTIONS BY ANY OF ITS CITIZENS A CRIMINAL VIOLATION WITH SEVERE CRIMINAL PENALTIES.

IT IS OF COURSE POSSIBLE TO APPLY THE ABOVE SUGGESTED SANCTIONS SINGLY OR IN COMBINATION OR ADAPT THEM TO ACHIEVE VARIOUS DEGREES OF SEVERITY, DEPENDING UPON THE CIRCUMSTANCES SURROUNDING EACH CASE. ~~XXX~~ OBVIOUSLY, HOWEVER, IT IS ESSENTIAL THAT WHATEVER MEASURES ARE TAKEN HAVE TO BE TAKEN BY ALL MEMBERS OF THE COUNCIL, IF THE MEASURES ARE TO BE EFFECTIVE.

439P

UNDER PARAGRAPH /2/ 4TH LINE 4TH WORD SHUD BE COULD RPT COULD
THATS THE 4TH LINE OF THE MSG

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UNDER PARAGRAPH /2/ 4TH LINE 4TH WORD SHUD BE COULD RPT COULD
THATS THE 44TH LINE OF THE MSG

END WA 168 TRSY WASHDC PLS ACK

FROM

LONDON

DATED April 30, 1945

RECD. May 7th, 3 pm

CONFIDENTIAL

Secretary of State

Washington

A-479, April 30, 1945

For the Department, WRB and Earl Harrison,
United States Representative on ICC.

Sir Herbert Emerson, Director of the Intergovernmental Committee on Refugees wrote on April 27, 1945, that he would "be grateful if the approval of the Government of the United States of America can be granted to the expenditure proposed" in his memorandum of the same date which reads as follows:

"1. In my Memorandum of the 8th December, 1944, I proposed, in connection with the extension of the Credit Scheme, the allotment of 300,000 dollars each for Roumania and Hungary, and 50,000 for Italy. These allotments were for the last quarter of 1944 and the first quarter of 1945. In regard to Roumania it was anticipated that part of the allotment might be utilised for assistance to Roumania Jews in Roumania, since, if they were unable to maintain themselves until they were re-established in their former callings, a large number were likely to leave their country and so become a responsibility of the Intergovernmental Committee. It was observed that:

"While the Intergovernmental Committee should be careful not to accept the maintenance of Roumania Jews in Roumania as an obligation falling as a matter of course within the terms of the Mandate or involving a continuing liability, it is, I think justified in regarding emergency relief as a reasonable liability which will help to save the Committee from more onerous and enduring obligations'.

-2-

"From such information as we have had, some progress seems to have been made in the process of restoration, but there is still acute distress among the Roumanian Jews, and the voluntary agencies have still to make very large allotments of money for relief. It was reported at the end of March that one hundred thousand people are completely dependent for their support upon private agencies which, in practice, means that the Joint Distribution Committee has to bear practically the whole burden. In addition there are approximately seven thousand refugees in Roumania of Hungarian, Polish and Czech nationality. Further, there has been an influx of repatriates from Transnistria who are also in great distress. The net result is that, although there has been some improvement in the position of Roumanian Jews, there has been no diminution in the need for relief. In these circumstances we have received from the Joint Distribution Committee a request that a further grant of 300,000 dollars be made for assistance in Roumania. This would cover the second quarter of 1945. The British Government, conveying their approval to the allotment for the first quarter observed that:

"The authorities are not very happy at the proposal to maintain Roumanian Jews in Roumania, since they are apprehensive of the idea of the Intergovernmental Committee giving help to people who are living openly in their own homes: this would be liable to involve very considerable repercussions. They do not, however, press such objection on the understanding that such relief is to be maintained for a quite limited period, since they recognise that this may save the Committee more onerous and enduring obligations'.

Re:in regard to the considerations mentioned, which have indeed considerable weight, it is proposed that in making a further allotment of 300,000 dollars for the second quarter of 1945, the condition be attached that this sum be devoted primarily to the relief of non-Roumanian refugees now in the country.

"2. With regard to Hungary, this country has been completely liberated since the last allotment was made. So far as Hungarian Jews are concerned,

-3-

the position is therefore similar to that of Romanian Jews in Romania when the last allotment was made. If anything it is worse, since in the few months previous to liberation, the persecution and spoliation of the Jews was worse in Hungary than in Romania, while the distress is more acute owing to the lengthy siege of Budapest. We have been informed by the Joint Distribution Committee that 80,000 out of the remaining Jewish population of 120,000 in Budapest are in very great distress, and that in addition some repatriates also require assistance. We have no precise information about non-Hungarian refugees in that country. The same problems of restoration and rehabilitation exist as in Romania. On these grounds the Joint Distribution Committee has asked for a further allotment of 300,000 dollars. It is recommended that this be made on the understanding that in so far as it is required for Hungarian Jews, it will not create a precedent for the future; that such help can be given for only limited periods and that the situation will be reviewed at the end of the quarter.

"3. The assistance will be given either by credits raised in Romania and Hungary respectively, or by the purchase of lei or pengoes, as the case may be, in Switzerland. There will be no remittance of sterling or dollars, and in making purchases in Switzerland, care will be taken that these do not assist the enemy or collaborationists.

"4. The expenditure on the Credit Scheme originally sanctioned was £900,000 or 3,600,000 dollars. The allotments hitherto sanctioned amount to 1,580,000 dollars, leaving a balance of 2,020,000 dollars. The allotments thus proposed are, therefore, within the scope of the original sanction. They are also within the operational budget of £2,000,000 or 8,000,000 dollars for the current year.

"5. If these proposals are approved, the Allied Commission of Control in Romania and Hungary will be informed of their scope and

-4-

purpose, in accordance with the procedure adopted in respect of the Allied Commission of Control for Romania on the occasion of the previous allotment (Memorandum of 8th December, 1944)."

The substance of Sir Herbert's memorandum of December 8, 1944, was contained in the Embassy's confidential telegram No. 11434 of December 25, noon, and 11461 of December 27, 6 p.m., 1944.

The Department's instructions are requested.

WIRLBY

MR. GALLAGHER
MR. WATSON
MR. HARRIS

CJW:rh

Rome

Dated April 30, 1948

Rec'd 6:13 p.m.

Secretary of State,

Washington.

1083, April 30, noon

FOR MOSES LEAVITT FROM RESNIK

29. Resnik completing organization and emergency assistance Bologna, Ferrara Modena and provinces, proceeding Genoa, and other cities. Food supplies, clothing, blankets going forward. Situation in hand. 350 out of 1,200 found in Bologna, 100 of 400 in Modena, 50 out of 600 in Ferrara, but were coming from provinces. Ferrara and Bologna, synagogues much destruction, Modena intact. Have obtained records confiscated and sequestered property hereby assuring early restoration. Regards".

Repeated to Paris STATE 69 JDC 25 for Schwartz, Lisbon
STATE 61 JDC 66 for Trebe.

KIRK

JMS

208

Florence via War

Dated April 30, 1948

Rec'd 11 a.m., May 3

Secretary of State,

Washington.

28, April 30.

So far the Allied Financial Agency has not reimbursed our account. They will do so as soon as they receive from the Treasury of Palestine the necessary certificate. The foregoing is for Moses Leavitt from the American Joint Distribution Committee (Resnik).

AMERICAN CONSUL

CMB

12

PLAIN

Lisbon

Dated April 30, 1945

Rec'd 9:15 a.m., May 1st

Secretary of State

Washington

934, Thirtieth

NRB 403 JDC 231 FOR LEAVITT FROM TROBE

Saly advises he attempting bring 400 children
ex Buchenwald to Switzerland.

BARUCH

MJP

209

AIM-1038

Distribution of
true reading only by
special arrangement.
(DISCOUNT 2)

Lisbon

Dated April 30, 1945

Rec'd 11:20 a.m., May 1st

Secretary of State

Washington

935, April 30, 7 p.m.

FROM TROBE FOR LEAVITT

This is NRB 404 JDC 232

Please advise re following. To date Saly has
received only \$400,000 although in accordance your
letter 677 we advised him he would receive \$1,000,000
April.

BARUCH

MJP

210

211

CABLE TO AMERICAN EMBASSY, LISBON, FROM THE WAR REFUGEE BOARD

Please deliver the following message to Harold Trobe from
E. A. Leavitt of American Jewish Joint Distribution Committee:

QUOTE COMMITTEE APPLIED LICENSE REMIT \$177,000 BELGIUM
OF WHICH \$62,000 BALANCE EXISTING APPROPRIATIONS BELGIUM
AND \$115,000 FOR LOAN YASSA. COMMITTEE APPROPRIATED FOR
MAY JUNE JULY \$250,000 ON FOLLOWING BASIS MAY \$85,000
JUNE \$75,000 JULY \$60,000. INLIGHT OUR FINANCIAL SITUATION
COMMITTEE PROGRESS UNABLE MEET FULL BUDGETARY REQUEST FOR
BELGIUM AND HOPEFUL THAT PAROLIS WILL BE ABLE PLAN RELIEF
PROGRAM NEXT THREE MONTHS WITHIN ANNUAL BUDGETARY LIMITS.
ASSUME SCHWARTZ WILL CONSIDER ADVISABILITY REQUESTING SOUTH
AFRICAN WAR APPEAL PARTICIPATE IN MEETING BELGIAN REQUIRE-
MENTS AS ONE SPECIFIC PROJECT. REGARDING HOLLAND WILL
PRESENT BUDGETARY REQUEST COMMITTEE AND WILL ADVISE. CANNOT
APPLY LICENSE UNTIL HAVE BANKING INSTRUCTIONS. ADVISE
SCHWARTZ LATER. UNQUOTE

THIS IS WAR LISBON CABLE NO. 178

11:15 a.m.
April 30, 1945

212

CABLE TO AMERICAN LEGATION, BERLIN, FROM THE WAR REFUGEE BOARD

Please deliver the following message to Saly Mayer, St. Gall, from
Paul Baerwald of American Jewish Joint Distribution Committee:

QUOTE HOPE KATZKE EXPLAINED TO YOU EXTRAORDINARY CIRCUMSTANCES
WHICH COMPELLED US MAKE VAAD HANATZALA APPROPRIATION. YOU MUST
UNDERSTAND THAT THIS WAS DONE UNDER INESCAPABLE PRESSURE. IN
NO WAY DOES THIS ACTION REFLECT ON YOUR INCOMPARABLE SERVICES
DURING MOST DIFFICULT PERIOD IN HISTORY OF JDC. WE HOPE TIME
WILL SOONLY ARRIVE WHEN WE WILL HAVE OPPORTUNITY OF EXPRESSING
TO YOU IN PERSON OUR DEEP APPRECIATION FOR YOUR ACCOMPLISHMENTS
AND DEVOTED SERVICES. UNQUOTE

THIS IS WAR BERLIN CABLE NO. 516

11:45 a.m.
April 30, 1945

213

CABLE TO AMERICAN LEGATION, BRUS, FOR NOCHILLAND, FROM THE WAR REFUGEE BOARD

Please deliver the following message to Gerhard Reigner, Quai Wilson, Geneva, from the World Jewish Congress:

QUOTE PLEASE INVESTIGATE THE SITUATION OF THE FAMILY, HOSTIAS-SIE SCHROSS, RICHARST, WIFE FANNY, CHILDREN ARNOLD AND MAXIMILIAN. LAST KNOWN ADDRESS, STRADA POPA NAN 52, RICHARST STOP PLEASE INTERVIEW FOR BOCA LUSTIS, LES AVANTS S/CHATELUX, GRAND HOTEL, AUFFANGELAND, IN ORDER THAT SHE MAY BE REUNITED TO HERSTODIS BASEL. UNQUOTE

THIS IS WITH BRUS CABLE NO. 515

11:15 a.m.
April 30, 1945

214

CABLE TO AMERICAN EMBASSY, LISBON, FROM THE WAR REFUGEE BOARD

Please deliver the following message to Harold Trobe from M. A. Leavitt of American Jewish Joint Distribution Committee:

QUOTE ADVISE SCHWARTZ RE FOLLOWING UP QUESTION OF CLOTHING ALLOCATION BUT MUST POINT OUT THAT IN AREAS WHERE UNRRA OPERATES NO PROBABILITY RESERVING SEPARATE ALLOCATION. FERN LINE ADVISES NO ASSURANCE DIRECT REGULAR SAILINGS ISTANBUL NEAR FUTURE AND CANNOT RELY THEIR FACILITIES HOWEVER BELIEVE ALTERNATE SHIPPING FACILITIES AVAILABLE FULLSTOP REMITTED SALY MAYER \$400,000 SECOND HALF APRIL OF WHICH \$100,000 SHANGHAI STOP REMITTED \$100,000 LOAN FUND GREECE. UNQUOTE

THIS IS WITH LISBON CABLE NO. 177

11:15 a.m.
April 30, 1945

NOT TO BE RE-TRANSMITTED

COPY NO. 4

SECRETOPTEL No. 132

Information received up to 10 a.m., 30th April, 1945.

NAVAL

1. MEDITERRANEAN. Preliminary report states many quays intact with cranes and gantries standing at Genoa but weather so far prevented minesweeping in approaches. Small British mine-sweepers mined in Northern Adriatic later sank whilst in tow.

MILITARY2. WESTERN FRONT.

Southern Sector: Very rapid progress made along whole front this sector with French armour reaching point 5 miles N.E. Friedrichshafen which, however, still remains in German hands, while 7th U.S. Army after capturing Kempten have pushed on to S.E. of town to reach Austrian frontier at several points, while further north Schongau has been captured and advances of 10 to 15 miles made on front between this town and Ingolstadt. Late reports state Munich has surrendered.

Central Sector: Between Ingolstadt and Straubing, River Danube crossed along its entire length with latter town captured while further east and to north of Danube thrust by armour of 3rd U.S. Army across Austrian frontier N.E. Passau has been extended.

Northern Sector: Assault by 2nd British Army launched across Elbe in area Lauenburg and by 1200 hours 29th bridgehead with width 5 miles and depth 2 miles established in face slight enemy opposition.

3. EASTERN FRONT.

Central Sector: On right Russians occupied Neu Brandenburg (west Stettin) while in Berlin area Moabit district taken.

4. ITALY.

8th Army Sector: 2nd New Zealand Division on left of 8th Army joined up with 6th South African Armoured Division on right of 5th Army S.W. of Padua and after entering this town unopposed elements of former division have pushed on through Mestre to 4 miles N.E. this town, while further north U.S. forces of 5th Army thrusting N.E. from Vicenza have crossed River Brenta.

5th Army Sector: U.S. troops thrusting west have occupied Milan where 6,000 men of a German infantry division with horses and vehicles have surrendered to the Brazilians.

5. BURMA.

Central Sector: Allamyo on Irrawaddy captured after heavy fighting in face determined opposition while N.E. Rangoon our troops with tank support cleared enemy from strong positions area Pyinbon and leading elements now encountering heavy Japanese opposition ten miles north Pegu.

AIR6. WESTERN FRONT.

29th. 253 Bomber Command aircraft dropped 500 tons food over Hague, Leiden and Rotterdam areas. 965 SRAEF (Air) fighter bombers and fighters (8 missing) operated battle areas destroying or damaging 1700 road and rail vehicles and inflicting enemy air casualties 14,1,4 in combat and 4,0,5 on ground.

MEDITERRANEAN.

28th. 321 fighter bombers and bombers (3 missing) attacked troop movements north Italy, destroying 430 road and rail vehicles.